

BBC



Annual Report
and Accounts
2017/18

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and Accounts
2017/18

Presented to Parliament by the Secretary of State for Digital,
Culture, Media and Sport by Command of Her Majesty

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Contents

p.02

About the BBC
The year at a glance, award-winning content and how we're structured



Performance and market context
p.59

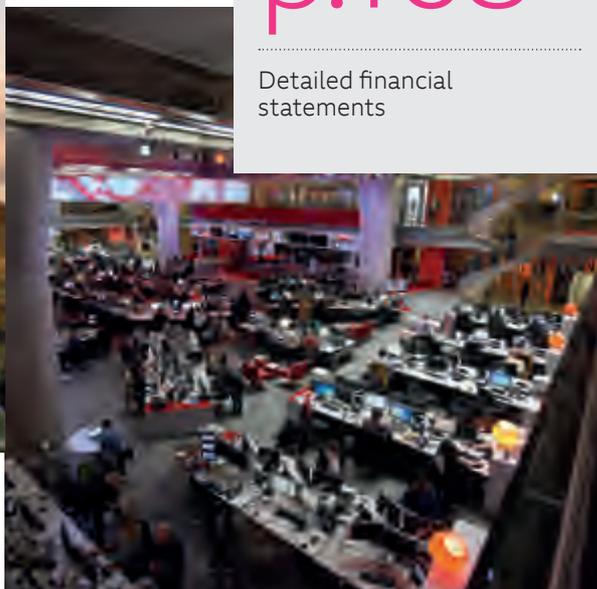
Nations' data packs
p.150

p.168

Detailed financial statements

p.08

Forewords from the Chairman and Director-General

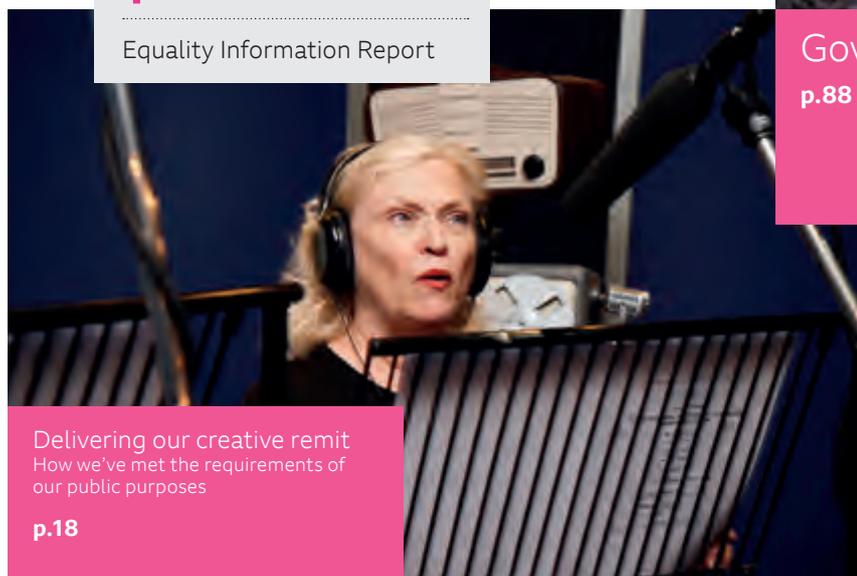


p.240

Performance against public commitments
p.125

Equality Information Report

Governance
p.88



Delivering our creative remit
How we've met the requirements of our public purposes

p.18

p.66

Finance and operations



About the BBC

02 The year at a glance

Strategic report

08 A message from the Chairman
10 Director-General's statement
16 Our reporting structure
18 Delivering our creative remit
20 – *Impartial news and information*
24 – *Learning for people of all ages*
28 – *Creative, distinctive, quality output*
38 – *Reflecting the UK's diverse communities*
52 – *Reflecting the UK to the world*
59 Performance and market context
67 Deputy Director-General's finance review
69 Financial overview
74 Our people
78 Developing our people
79 Diversity
84 Charitable work
86 Environmental sustainability

Governance

90 BBC Board
92 Governance Report
93 Remuneration Report
101 Pay disclosures
107 NAO opinion on pay disclosures
108 Nominations Committee Report
109 Audit and Risk Committee Report
113 Risks and Opportunities
117 Viability Statement
118 Editorial Guidelines and Standards Committee Report
119 Nations Committee Reports
121 Fair Trading Report
123 Regulatory Report
124 Statement of Board responsibilities
125 Performance against public commitments
150 Nations' data packs
167 NAO opinion on Nations' data packs

Financial statements

169 Certificate and Report of the Comptroller and Auditor General
185 Consolidated income statement
185 Consolidated statement of comprehensive income/(loss)
186 Consolidated balance sheet
187 Consolidated statement of changes in equity
188 Consolidated cash flow statement
189 Key themes for the BBC
190 Notes to the accounts

Additional information

240 Equality Information Report
264 Index
265 Image credits
266 Contact information and feedback

The year at a glance

In the first full year of a new Royal Charter, BBC Local Radio celebrated its 50th birthday, BBC iPlayer recorded its best year ever and we announced the merger of BBC Worldwide and BBC Studios into a single commercial organisation. We continue to bring audiences, across the UK and around the globe, award-winning content on television, on radio and online.

92%

Adult reach

Percentage of UK adults who use BBC television, radio or online each week. Target: 92-95%

Blue Planet II

Spectacular natural history programme *Blue Planet II* was BBC iPlayer's most popular programme of the year, with 4.8 million requests for the first episode. The impact of the show led to widespread change in the public awareness of plastic waste.



7/10

General impression

Audiences' general impression of the BBC (mean average). Target: 6-7/10

BBC World Service

As the World Service undergoes its biggest expansion since the 1940s, we reached a record weekly global audience of 279 million people around the world. By this summer, our international news services will broadcast online, on TV, and on radio in more than 40 languages.

12 new services launched:

- Pidgin
- Afaan Oromoo
- Amharic
- Tigrinya
- Korean
- Gujarati
- Marathi
- Punjabi
- Telugu
- Igbo
- Yoruba
- Serbian

19:12

Total time spent

Length of time UK adult audiences spend with the BBC each week on average. Target: 18:15-19:45

BBC Local Radio

BBC Local Radio, which includes 40 local radio stations across England and the Channel Islands, with more than six million listeners a week, celebrated its 50th anniversary.





48m

General Election

Close to 48 million UK browsers came to the BBC website and news app in the week of the General Election – an all-time record.

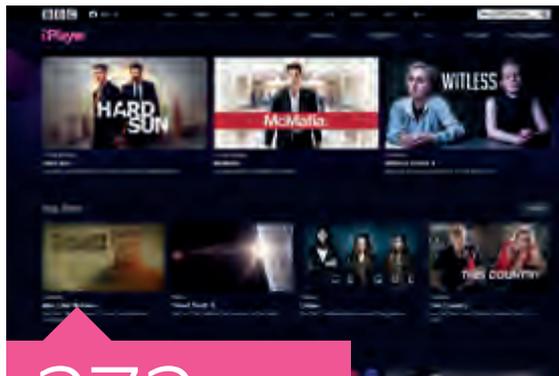


£34m

We announced our biggest investment in children's services in a generation – an additional £34 million.

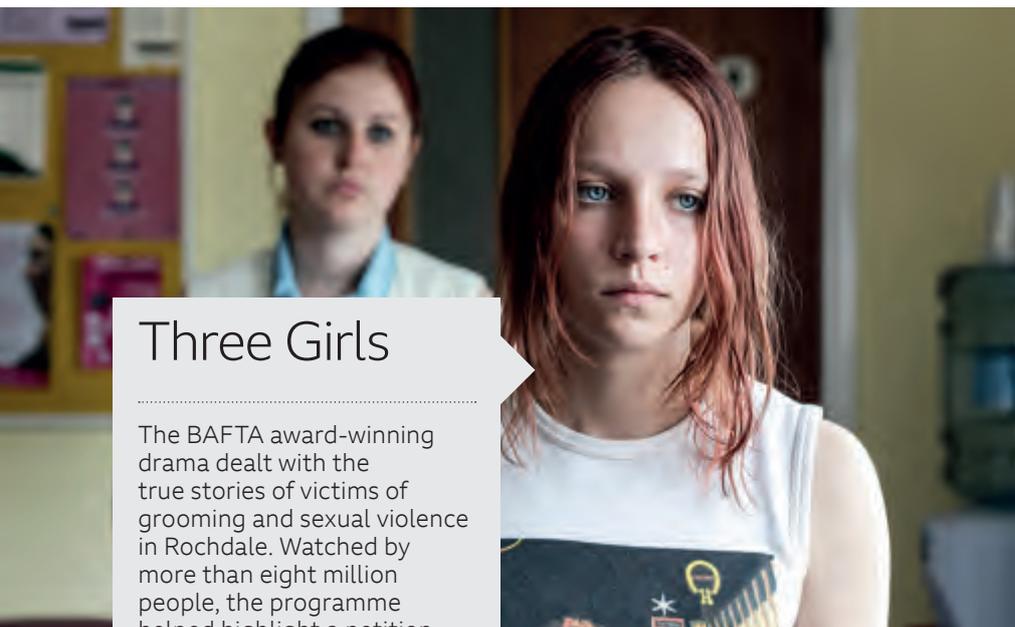
BBC Studios

We announced BBC Worldwide and BBC Studios would join forces, integrating programme production, sales and distribution in a single commercial organisation, and producing programmes such as *Strictly Come Dancing*, *EastEnders*, *Countryfile* and BBC One's popular daytime drama *Shakespeare & Hathaway*.



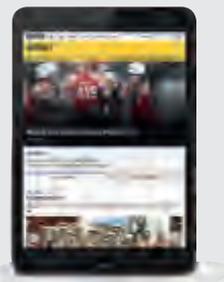
272m

BBC iPlayer recorded its best year ever in 2017. With a host of box sets, hits from the archive and greater personalisation, viewers streamed on average 272 million programmes per month.



Three Girls

The BAFTA award-winning drama dealt with the true stories of victims of grooming and sexual violence in Rochdale. Watched by more than eight million people, the programme helped highlight a petition for Sara Rowbotham to be recognised for her role in bringing the scandal to light.



Live sports coverage

We announced plans to reinvent free-to-air sports broadcasting. Working in partnership with the sports industry and making the most of digital technology, our aim is to bring more sports to more people.

Award-winning content

We invest in award-winning programmes and services across television, radio and online.

4

Association for International Broadcasting Awards
November 2017

10

Broadcasting Press Guild Awards
March 2018

BBC named Broadcaster of the Year at the Diversity Media Awards

17

British Academy Television Awards
May 2018

7

British Academy Scotland Awards
November 2017



6

Broadcast Digital Awards
July 2017

6

British Academy Children's Awards
November 2017



18

RTS Programme Awards
March 2018



37

Audio and Radio Industry Awards
October 2017

8

Grierson Awards
November 2017

11

RTS Television
Journalism Awards
March 2018

16

British Academy
Cymru Awards
October 2017

6

National Television
Awards
January 2018

15

British Academy
TV Craft Awards
April 2018

8

Broadcast Awards
March 2018

6

Writers' Guild
Awards
January 2018

8

Comedy.co.uk Awards
January 2018

6

Creative Diversity
Network Awards
June 2017



Inform. Educate. Entertain.

Distinctive, world-class content that is engaging, risk-taking, educational and award-winning.



75%

% of UK adults who say the BBC is effective at **informing, educating and entertaining** people in the UK (8% say ineffective)

75%

% of UK adults who say the BBC is effective at **informing** people in the UK (9% say ineffective)

72%

% of UK adults who say the BBC is effective at **educating** people in the UK (9% say ineffective)

77%

% of UK adults who say the BBC is effective at **entertaining** people in the UK (7% say ineffective)

Ipsos MORI: 3,568 UK adults 16+, April-May 2018.

We create cutting edge content...

[Read more on pages 02-05 and 28-37](#)

Documentaries that encourage change.

Blue Planet II won the Special Impact Award at the NTAs for its role in raising awareness of the deadly impact of plastic waste.

First TV programme with an all-autistic core cast. CBeebies launched animated TV series *Pablo*.

Using technology to broaden the appeal of content. As part of the *Civilisations* Festival we launched a suite of digital tools including the *Civilisations* Augmented Reality app.

Forging dynamic partnerships across the country. From Hull City of Culture to Super Movers with the Premier League; from *Tomorrow's World* to *Opera Passion* with the Royal Opera House and the V&A.

Award-winning podcasts from one of the largest podcast producers in the world. We create bespoke, entertaining and revealing podcasts for a wide audience including the new generation who increasingly listen online.

Channel of the Year. BBC One was named Channel of the Year at the RTS Programme Awards.

...broadcast across multiple channels...

[Read more on pages 18-58](#)

Television
Nine pan-UK television services, including online-only youth service BBC Three.

National and regional television services across England, Northern Ireland, Scotland and Wales.

Radio
Ten pan-UK radio networks and two national radio services each in Scotland, Wales and Northern Ireland.
40 local radio stations across England and the Channel Islands.

The BBC World Service television, radio and online in more than 40 languages.

Online
Online services including BBC News, Sport, Weather, CBBC and CBeebies, iPlayer and iPlayer Radio, BBC Red Button and our vast archive via a variety of internet-connected devices including tablets, smartphones and connected televisions – as well as computers.



...working with talent across the UK creative industries.

[+](#) Read more on pages 74-83 and page 144

BBC staff

Our people are talented, diverse, dedicated and passionate. They make us what we are.

Partnerships

We work with organisations that share our passion for creativity, quality and distinctiveness.

Investment

The BBC is a major investor in the UK creative industries, contributing hundreds of millions of pounds to the wider sector.

Knowledge-sharing

BBC engineers have always been at the forefront of technological development. We provide a 'centre of excellence', sharing advances and best practice across the industry.

Training

We are committed to offering opportunities to everyone. Since 2014, 1.9% of our workforce has been made up of apprentices and last year we launched a £1 million scheme to recruit, train and develop journalists with disabilities.

We deliver our public purposes...

[+](#) Read more on pages 18-58

1. To provide impartial news and information to help people understand and engage with the world around them.
2. To support learning for people of all ages.
3. To show the most creative, highest quality and distinctive output and services.
4. To reflect, represent and serve the diverse communities of all of the UK's nations and regions and, in doing so, support the creative economy across the UK.
5. To reflect the UK, its culture and values to the world.

...and ensure value for money for our audiences.

[+](#) Read more on pages 66-73 and 74-77

Investing as much money as possible in delivering great content and services.

Reduction in overheads

94% of the BBC's controllable spend this year was focused on content and delivery, just 6% was spent on running the organisation.

Talent spend reduction

Our total spend on on-screen and on-air talent has been reduced to 11.1% of our internal spend on content.

Senior manager paybill

The ratio of senior managers to total public service employees is now 1.5% and the paybill for senior managers has reduced by over £36 million since 2009.

Total cost savings

£160 million of annual savings were delivered during the year, taking the cumulative savings to £244 million. See pages 67 and 70 for more information.

A message from the Chairman



“The value of our role as one of the most trusted sources of accurate, impartial news, both in this country and around the world, has not diminished in the digital age, but grown.”

Sir David Clementi
Chairman

This Annual Report and Accounts covers the year to 31 March 2018, the first financial year in which a new unitary Board and governance arrangements have been in place at the BBC.

These arrangements now make a clear distinction between governance of the BBC, which falls to the new Board, and external regulation of the BBC, which lies with Ofcom. Perhaps for the first time in the BBC’s history, they allow the corporation to speak clearly with a single voice, and for accountability to rest unambiguously in a single set of hands.

During the course of the year the Board has covered a significant range of issues that the BBC faces, including: building an effective relationship with our new regulator Ofcom; internally, working hard to ensure that the BBC remains a fair and decent place to work; and externally, helping the BBC to meet the challenges it faces from a growing set of global competitors.

I am proud of the progress that is laid out in this report, of the way in which our new governance processes have embedded, and of what the Board has achieved in its first year. I am also, however, very conscious that the environment around the BBC – competitive, financial, technological – has never been tougher. This is something we discussed in detail in our 2018/19 Annual Plan, published in March, and it is important to view this Annual Report in that context.

All Board members are acutely aware that our first responsibility is to serve and protect the public interest, primarily by ensuring that the BBC meets the five public purposes that are set out in our Charter and that we report against here.

Some may perceive these public purposes to be obligations imposed on us, or consider them a kind of burden. As Chairman of the BBC, I view them differently. It is these public purposes that set us apart from other broadcasters and underline that we have a distinctive role to play. They represent our contract with the public, and are critically important as our audiences’ fundamental means of holding us to account.

Over the course of this year, I have been impressed by the depth of commitment our staff have shown to delivering on these purposes. Whilst the organisation continues to address key issues, such as those of fairness and pay, our people have nevertheless constantly kept the needs of our audiences front of mind. I have also been struck by the extent to which the BBC’s public service mission is growing in importance in a fast-changing world.

News is a good example. Our audiences have long relied on the BBC to be the place they can come to for news they can trust and analysis they can rely upon. This year, BBC News remained the country’s biggest provider of news and audiences’ preferred source of trusted information.

Overall, BBC News reached a weekly average of over 80% of adults in the UK. BBC News Online continued to attract 30 million UK browsers a week on average in 2017, while the BBC News app had an average of 7.8 million monthly browsers.

The fact that the BBC is where the country comes to understand what is happening at key moments was demonstrated once again in the week of the General Election last June, when close to 48 million UK browsers came to the BBC site and news app – an all-time record.

It is clear to me that the value of our role as one of the most trusted sources of accurate, impartial news, both in this country and around the world, has not diminished in the digital age, but grown. This is because we now live in an age when trust is at a premium, and truth and accuracy are increasingly under assault.

'Fake news' has become harder to challenge. False claims can travel the globe in an instant. Social media echo chambers reinforce our own views of the world and new media channels can speak to closed groups of people unchallenged. It is becoming ever harder to separate fact from falsehood, truth from opinion, prediction from assertion.

In this landscape, the BBC's historic role as a trusted guide could hardly be more vital. It is a responsibility we take very seriously and we have responded with initiatives like an expanded Reality Check, our fact-checking service designed to get to the bottom of the various claims and counterclaims that surround the news agenda. This includes the introduction of a television version, and we were pleased to have the impact of this service recognised recently when Reality Check was given an 'Award for Innovation' by Voice of the Listener and Viewer.

Another important area in which audiences rely on us is original, home-grown content. The BBC's priority has always been high quality, British programming and it is part of our public mission to reflect and represent the diverse communities of all the UK's nations and regions.

The report from the Director-General emphasises how much our audiences value programmes that speak directly to them about their lives, or say something significant about the country and the society they live in. But it also highlights the threats that are now facing original, British content right across the industry.

At a time when the UK is more and more being portrayed as fragmented and divided, the BBC must continue to be the place that brings the country together and helps it understand itself. This means making sure that our creative output portrays the full richness and breadth of an increasingly diverse and devolved UK, and that all its many voices are heard. It also means reminding all our communities what they have in common, as well as what sets them apart.

The BBC has always been the place where the whole country comes together to celebrate big national events, like a Royal Wedding, Jubilee or the Olympics. It is also the place for shared national moments and conversations – whether it is audiences of all ages coming together in their millions for *Strictly*, *Doctor Who* or *Blue Planet II*, audiences returning year after year to shows like *Just a Minute* and *Desert Island Discs*, or output that commemorates important landmarks in our history both on-screen and on-air, such as this year's programming on World War I and the campaign for women's suffrage.

This Annual Report sets out an analysis of our performance against our public purposes. It is important to underline that, as well as marking the first year of the BBC's new operating arrangements, this also marks the first year in which we see changes to the way we measure our performance. This means that many statistics will look different this year and may not be directly comparable to previous years.

As the Director-General's report underlines, the market around us is becoming more global and competitive. We face a threat to British content from the west coast of America, and we need to respond to the rapidly changing habits and needs of our audiences in the digital age. All this must be set alongside the BBC's tougher-than-ever financial context.

As the BBC moves towards its centenary year in 2022, I believe that the role it plays for the UK grows increasingly valuable. I am proud of the progress set out in this report, but I am also very aware of the challenges ahead.



Sir David Clementi
Chairman

21 June 2018

"I have been struck by the extent to which the BBC's public service mission is growing in importance in a fast-changing world."

Director-General's statement



“Never has the BBC been more vital as the cornerstone of the UK’s creative and cultural strength.”

Tony Hall
Lord Hall of Birkenhead CBE
 Director-General and
 Editor-in-Chief

It’s been a remarkable year of change, challenge and creative success for the BBC. This year’s Annual Report sets out – I hope above all – a picture of an organisation on top creative form, driving the national conversation with content that changes the way people view the world. Who else but the BBC could, for example, start a fundamental conversation on an issue like plastics, such as was generated by the astonishing *Blue Planet II*?

But beyond this, the Report also tells the story of an organisation which is moving at speed to adapt to a changing environment – both competitively and in the country itself. We are meeting these challenges in a wide range of ways, for example by bringing together our production and distribution businesses in the new BBC Studios. Or, for that matter, by investing in content for each of the nations; putting £34 million into children’s content; or by committing to reshape what we do locally and regionally across England.

And we also tell a story of continued reinvention – building a BBC that is able to meet the challenges posed both by the changing habits of young audiences and the global shift in content production toward a small number of US-based competitors. Whether it be our continued focus on great British content; our concentration on nurturing and developing new young talent; or continuing to reinvent the way we make video and audio available online, I believe this Report shows a BBC that is adapting and changing to the benefit of all its users.

I would like to begin, though, by paying tribute to the extraordinary job that our news teams have done throughout what has been an extremely tough and challenging year; perhaps one of the toughest in memory.

It began with the calling of a snap General Election, which kept our political teams on their toes just two years after the last poll and less than one year since the referendum on EU membership.

Aside from the political developments of an intense election campaign, all of us recall the series of terrible terrorist atrocities that took place during that period, as well as the appalling tragedy of Grenfell Tower. Teams in London and Manchester demonstrated great professionalism and exceptional resilience in reporting on these awful events, sometimes in unimaginable circumstances.

Serving local communities

The BBC’s coverage of national events such as the Manchester Arena bombing, the London attacks and Grenfell Tower fire are absolutely core to what we do, but it is also important to recognise here the role of our local radio services, which each week reach more than six million listeners.

As I have witnessed for myself during so many visits to our local radio stations around the country, local teams are always there for their local communities at the moment they are most needed, whether for coverage of breaking news or for information and advice that can keep them safe during periods of freak weather

or flooding. And they are still there long after the national attention has moved on.

In Manchester, it was moving to hear how people turned to their local radio in the wake of the bombing for comfort and support. Instead of finishing at 1am, BBC Radio Manchester’s late-night phone-in show went on until 5am and received around three times its usual number of callers – all keen to relate their experience or share details of extraordinary acts of kindness or support.

It was a reminder of something really significant: that local radio is in the DNA of our communities; part of what defines them. Great local radio is not about broadcasting to audiences, but broadcasting with them.

That is why I was pleased to be able to announce our commitment to invest in BBC Local Radio for the future, on the occasion of its 50th anniversary in November. Our ambition is to reinvent local radio to ensure that it better reflects local voices, celebrates local identities, nurtures new talent and engages local audiences on digital platforms.

Bringing the country together

Within two weeks of the Manchester bombing, the country came together for a benefit concert, One Love Manchester. I am proud of the role the BBC was able to play in helping to make happen an event that raised almost two and a half million pounds for the victims and their families during the concert alone.

“It has been a year that has proved once again why BBC News is not only so trusted and relied upon, but also so needed.”

At home, we brought it to a TV audience of close to 12 million, one of the highest of the year. And as host broadcaster for the international networks, we were able to play our part in taking it to a global audience of tens of millions, in over 50 countries worldwide.

For me, it was a moment that underlined the unique nature of the role the BBC plays for the country: through local radio, representing communities to themselves; as the national broadcaster, bringing the country together at important moments; and as a global influence, taking Britain's voice and values to the world.

Taking the UK to the world

This last task – reflecting the UK, its culture and values to the world – is fundamental to our public service mission. This year the BBC reached a record weekly global audience of 376 million people around the world, and we have enhanced our role significantly by carrying out the biggest expansion of the BBC World Service in 70 years.

Thanks to new, Government-funded investment designed to help increase the UK's international impact and reach, we now operate in more than 40 languages – launching 12 new language services over the course of the year, from Korean to Pidgin to Punjabi. We have also opened new and expanded bureaux in locations from Lagos to Bangkok, and Cairo to Seoul. Meanwhile, the World Service has continued to bring the best of the UK's culture to the rest of the world, from the Proms to the Edinburgh festival to the FA Cup.

“Taking risks with fresh new voices in front of and behind the camera is critical to the BBC and to ensuring it best serves the public.”

Reporting around the world, of course, is fraught with danger, and nowhere was this more tragically evident than in Kabul, where, in May 2017, a bomb blast took the life of Mohammed Nazir, a BBC driver, who was taking colleagues to work. Mohammed was a popular colleague who left behind a young family. His was a devastating loss to his family, friends, and the BBC.

More recently came the terrible news that our colleague Ahmad Shah was killed while working for BBC News in Khost Province. His death came on a dreadful day for journalism in Afghanistan, with nine journalists and photographers killed in bombings in Kabul. Ahmad was a talented journalist and a popular and respected colleague, and we continue to do all we can to support his family and friends.

We have also joined forces with others to highlight the case of our BBC Persian staff, who, along with their families, are being harassed and persecuted by the Iranian authorities. This year we took their case to the UN Human Rights Council, the first ever time the BBC has made an appeal to the UN.

Trust and integrity

Overall it has been a year that has proved once again why BBC News is not only so trusted and relied upon, but also so needed. In addition to the news services we provide, we believe that the BBC can also play a vital role in helping audiences combat misinformation, by leading the way for integrity in news.

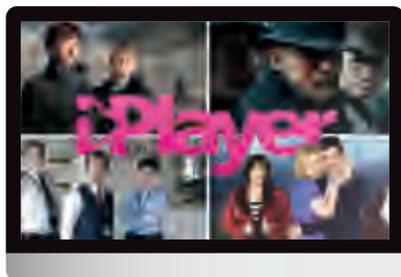
We are acutely aware that, if it is often hard for adults to tell the difference between fact and falsehood, it is even harder for young people. We are determined to use the unrivalled experience and expertise of our news staff to help young audiences develop their critical thinking and become news literate.

That is why more than 1,000 schools around the country are now being offered mentoring in person, online or at group events, from BBC journalists, to help students identify real news and filter out false information.

All schools can access free online material, classroom activities and video tutorials via our School Report website. We have also launched the BBC iReporter app, which was developed by the Academy Award-winning studios, Aardman, and allows 11-18 year olds to experience the decision-making pressures of being a BBC journalist in the heart of the newsroom.



BBC Three's award-winning comedy *This Country*



Record figures for BBC iPlayer

Our iPlayer Christmas box sets contributed to the service's best-ever weeks, with nearly 80 million requests between Christmas and New Year.

Investing in children and young people

In a further sign of our commitment to supporting young people in today's media environment, the BBC was proud in December to host the Children's Global Media Summit for the first time. Our aim was to bring together leading voices in media, technology and beyond, from around the globe, to help tackle the issues facing young people and empower them to take control of their digital futures.

During the event, we launched Own It, a new website designed to help 9-12 year olds develop the confidence and resilience they need to tackle the everyday challenges they face online.

This was the first product to launch from the BBC's biggest investment in children's services in a generation: an additional £34 million for children's content. More recently it has been joined by BBC Buzz, an app for 8-12 year olds that provides children with a daily diet of interesting and inspiring facts, and encourages them to share their passions and creative endeavours.

"To me it was a really powerful example of the impact public service broadcasting can have in giving a voice to those who might not otherwise be heard."

These initiatives are great examples of how we are using the extra investment in children's services both to sustain CBBC and CBeebies, which has performed extremely well for under 6s despite increased competition, and to raise our creative ambition significantly, supersizing our content in the digital space.

And I'm incredibly proud that BBC Bitesize remains the most popular dedicated education site in the UK on the eve of its 20th birthday, and has been joined by The Mind Set, the UK's first national peer-to-peer coaching network for GCSE and National students.

Creativity and risk-taking

Of course, the level of that creative ambition remains high across all areas of our output. As ever, this year has been above all about our programmes and our commitment to creativity and risk-taking. This is something I picked out at the start of the year as our first priority as we seek to reinvent the BBC for a new generation, and nowhere has it been more evident than in the quality and distinctiveness of our output on-air and on-screen.

Landmark series like *Blue Planet II* on BBC One have proved once again that, when you create television that is truly world-class, audiences of all ages respond. Major programmes like *Civilisations* on BBC Two and *Living with the Gods* on Radio 4 have demonstrated what the BBC can do like nobody else.

In drama, big hits like *Line of Duty*, *Doctor Foster* and the newly regenerated *Doctor Who* have shown how British audiences still want to come together for unmissable, appointment-to-view television. Audiences have been gripped by shows like *Poldark*, *The Replacement*, *Trust me*, *Broken*, *Clique*, *Shakespeare & Hathaway* and the BAFTA award-winning *Peaky Blinders*.

We have made them laugh together at comedies like Peter Kay's *Car Share*, *Still Game*, *Two Doors Down*, *The Young Offenders* and *Man Like Mobeen*. We have kept them informed with daily developments from *Today* to *The Daily Politics* to *5 live Drive* to *Newsnight*, and offered them new perspectives on history with shows like *A House Through Time* and *Back in Time for Tea*. And we have kept them entertained with everything from *Casualty* and *The Archers* to *The News Quiz* and *The Mash Report*, to the BAFTA award-winning *Murder in Successville* and a record-breaking series of *Strictly*.

Innovating for our audiences

Meanwhile, we have increasingly experimented with how we deliver content to our audiences. This year BBC Radio launched its first podcasts made specifically for the medium, and new ideas like *The Naked Podcast* from BBC Radio Sheffield joined popular podcasts such as Radio 4's *Political Thinking* with Nick Robinson and *Flintoff*, *Savage and the Ping Pong Guy* from 5 live – which had a record half a million downloads in March.

Award-winning drama *Three Girls*



The official opening of Hull's tenure as UK City of Culture

Celebrating Hull 2017 UK City of Culture

Our partnership with Hull City of Culture 2017 was an outstanding success and a great example of the BBC working with an outside organisation. A 'Hull-centric year' in 2017 was promised and we more than delivered on that. Here are a handful of the many BBC highlights from Hull's special year:

- A major national spoken word festival, *Contains Strong Language*, was launched in Hull in September. Events were broadcast across all the BBC's network radio stations.
- Thousands of people attended a range of live music events organised by the BBC in Hull during 2017. These included Radio 1's Big Weekend, Radio 2's I Feel Love concert and Radio 3's Uproot Festival.
- For the first time since 1930, the BBC Proms left London and a Prom was performed on the Hull waterfront.
- TV highlights included BBC Four documentary *Through the Lens of Larkin*, travel series *Yorkshire Wolds Way*, featuring the countryside of East Yorkshire, and *Welcome to Hull*, a BBC Two documentary looking at the impact of City of Culture on Hull.
- BBC Radio Humberside produced 200 outside broadcasts over the year and BBC programmes that broadcast from Hull in 2017 included *Songs of Praise*, *Any Questions*, *The Jeremy Vine Show*, *The Listening Project*, *The One Show* and *BBC Breakfast*.

With BBC Ideas, we are experimenting with a short-form video platform which makes trusted factual content easier to find, introducing busy users to illuminating ideas and perspectives. This year we also reinvented BBC Weather to offer an even better experience – including a refreshed look, new data and new digital features such as 'chance of rain' percentage and 'feels like' temperature guide.

With iPlayer, personalisation is now right at the heart of the design. We now have around 15 million people actively signed in each month so that we can provide them with the tailored services they increasingly



expect. Box sets such as *Top of the Lake*, *Requiem* and the full back catalogue of *Peaky Blinders* – which we released to accompany the latest series – have allowed viewers the opportunity to watch the shows they want, the way they want to.

In fact, the host of drama programming that we released on iPlayer at Christmas to accompany everything on offer on our schedules led to its best-ever weeks, with almost 80 million requests-to-view between Christmas and New Year. Overall, 2017 was iPlayer's best-ever year, with total requests up 11%.

Finally, I want to highlight the innovation that goes on behind the scenes. This year we undertook a number of major projects to modernise and improve the resilience of our broadcast system – including putting in place new infrastructure for the 'playout' of network and nations programming and a new TV scheduling system – all with no disruption to viewers.

Telling important stories

I have been particularly proud this year of programmes that have made genuine contributions to public debate or taken on some of the critical issues facing our society.

Award-winning shows like *Hospital* and *Ambulance* continue to focus urgent attention on areas that could not be closer to the nation's heart. And they do so in a way that uncovers true complexities by focusing on the incredibly hard, human

decisions that NHS staff must take every day. Meanwhile, *Surgeons: At the Edge of Life* massively broadened the audience for science programming while generating an incredible response on social media, in particular from younger viewers.

Compelling documentaries such as *Rio Ferdinand: Being Mum and Dad*, *Chris Packham: Asperger's and Me*, and Patrick Kielty's *My Dad, the Peace Deal and Me*, have explored important issues through real-life experience. Programmes like *Growing Up In Care* and *My Extraordinary Skin* did the same on Radio 1 and 1Xtra, while *The Fix* on Radio 4 brought together 12 of the country's brightest young minds to take on our most complex social problems. And factual dramas such as *The Moorside* and the multi-award-winning *Three Girls* have told challenging, important stories that urgently need to be told.

Three Girls was an extraordinarily powerful drama that dealt with the true stories of victims of grooming and sexual violence in Rochdale. It was not only the fact that more than eight million people watched it that demonstrated its importance to audiences. It was also the fact that, within days, more than 300,000 people had signed a petition for Sara Rowbotham – played brilliantly by Maxine Peake – to be recognised for her role in bringing the terrible scandal to light. To me it was a really powerful example of the impact public service broadcasting can have in giving a voice to those who might not otherwise be heard.

BBC Drama produced 85 hours of content last year for £97 million – the same cost as two series of Netflix’s *The Crown*. £97 million/\$130 million gets you:

BBC Drama – £97 million

- 18 series/c.85 hours of content
- Viewed by 74% of UK adults
- Viewer appreciation: 8.7/10

The Crown – \$130 million

- 2 series/c.20 hours of content
- Viewed by 14% of UK adults
- Viewer appreciation: 8.2/10

Sources: BARB, ONS, Populus, GfK.

“Home-grown shows that reflect the whole of the nation and resonate directly with British audiences have never been more important.”

Investing in new talent

Essential to this is a determination to unearth and support new talent, wherever it is in the country. I was pleased, right at the turn of the financial year, when creative leaders from across the BBC came together to identify the UK’s most exciting on and off-screen talent – producing a New Talent Hotlist that earmarked over 200 broadcasting stars of the future.

Creating a pipeline for new talent is vital for the future of the BBC and the UK’s wider creative industries. Taking risks with fresh new voices in front of and behind the camera is critical to the BBC and to ensuring it best serves the public.

It is through backing new thinking, new perspectives, and taking creative risks that the BBC will not only better reflect the full diversity of modern Britain but also deliver even more engaging, relevant and ground-breaking programming. Award-winning comedy shows like *This Country* and *Famalam* are great examples of our commitment to supporting exciting new voices, and I see this as central to our mission as a public service broadcaster.

17 BAFTAs and 18 RTS Programme Awards tell their own story about the BBC’s creative track record this year. I am pleased that the commitment that goes into taking risks, telling important stories, and investing in new talent has been so widely recognised by audiences and the industry alike.

Reflecting the whole of the UK

I believe that programmes such as those I have mentioned here – world-class, home-grown shows that reflect the whole of the nation and resonate directly with British audiences – have never been more important. Nor has the fact that, as we seek to respond to the needs of an increasingly diverse and devolved UK, we are making big changes to invest more in our nations.

In Scotland, we are launching a brand new channel, with a special news hour

that will blend Scottish and UK coverage. In Wales, we are focusing investment on BBC One and iPlayer, and we’re strengthening our mobile services. And in Northern Ireland, we are working on an online news service with enhanced news coverage right across the week.

Alongside our news services, we have also deepened our commitment to telling our nations’ stories. The centres for drama production that we have in Glasgow, Cardiff and Belfast help to act as magnets for ideas and talent, find and develop local talent, and generate new jobs and investment. And this year programmes like *Shetland* in Scotland, *Keeping Faith* in Wales and *Come Home* in Northern Ireland have helped to shine a light on our nations and speak directly to their communities.

Our role in British creativity

Right now, this is truly vital. In the UK, we like big global shows that are designed to travel widely and have international appeal, but we also want content that has something authentic and relevant to say about our society and can help us to understand ourselves as a country.

This could not be more essential at a time when the UK feels increasingly fragmented at home and is seeking to redefine its identity abroad. Yet home-grown, British content has never been more under threat. Today’s media environment is increasingly global, and more and more dominated by a small number of US-based giants with extraordinary creative and financial firepower.

This has brought real benefits for audiences by driving quality and choice. But it has also driven up costs across the market. And it has done so at a time when the budget of the BBC – which has long been the largest single investor in British talent and ideas – has become increasingly squeezed, and our ability to fund original British content has diminished. What this adds up to is that the volume and breadth

of British content that British audiences rely on is at real risk. And it is a trend that is set to continue. In fact, over the next ten years we expect a very substantial gap to open up between the overall amount that is spent on UK content now and the amount that will be spent in the future.

This was at the heart of our decision to bring together BBC Studios and BBC Worldwide this year. We believe a single organisation focused on producing the highest quality, homegrown content is the best way of ensuring that the BBC can help safeguard the future of British content and continue to play its crucial role in supporting the success of the UK’s creative economy.

Financial challenge

This is one of the most critical challenges we need to respond to as we seek to reinvent the BBC. And we need to do it in a financial context that is tougher than ever.

Put simply, in the past few years, the BBC has shrunk as the market has grown. Since 2010, when the licence fee was frozen and the BBC was required to take on new obligations, including financial responsibility for the World Service, our funding has fallen in real terms. Meanwhile, the broader market around us has undergone a remarkable transformation which has seen accelerating super-inflation in key areas such as drama and comedy production, sports rights and talent costs.

Fundamental to the way we have been able to maintain spend and deal with new funding obligations over the past few years has been a substantial and extensive programme of cost management. We have worked hard to make sure that the organisation is run as efficiently and effectively as possible, and to redirect spending and simplify procedures in a way that supports a more sustainable and creative BBC.

As Anne Bulford sets out in her Deputy Director-General’s finance review, we have done a vast amount to make the BBC simpler, leaner and more efficient. We have brought down overheads to industry-leading levels: just 6 per cent of our controllable costs. This is better than most in the private sector, and puts us in the most efficient 25 per cent of benchmarked regulated and non-profit organisations in the country. All in all, by the end of 2018 we will have delivered more than £200 million of annual recurring savings.

Of course, there is more to do. We know we will need to push even harder. There are many more challenges ahead as we look to meet our savings targets and respond to the significant financial challenges we now face. The most pressing of these, of course, stems from the fact that the cost of free TV licences for the over-75s – previously met by Government – will be transferred over to the BBC from 2020. This will mean some tough decisions in the future, but what is clear is that, as an organisation, we are committed to our aim to be as efficient as possible.

Fairness and diversity

In addition to financial pressures, we also face other organisational challenges. Not least, to ensure that the BBC is one of the very best and fairest places to work and that our workforce reflects the country as a whole.

The BBC believes in equality: no one should be paid differently because of their gender. More than that, we recognise that we have a very special role to play representing the UK and leading the way. That is why we are determined to be an exemplar on gender pay and equality.

We know it is not enough to say that our gender pay gap is narrower than most other media organisations. The public, quite rightly, hold us to a higher standard. That is why we have committed to closing the gender pay gap by 2020 – something that no other large media organisation has done, as far as we are aware – and why we want an equal split of men and women across our airwaves by the same year.

We are also absolutely committed to equal pay. We know that this is not a structural problem across the BBC, but we also know that we still have real and important issues to tackle and we have been working very hard to do so. As part of this, we want to ensure that any individual in the BBC has the chance to progress in the organisation, regardless of gender, race, disability or background. We've been looking closely at this over recent months and are setting out plans to allow talented people to progress more quickly in the BBC, with a particular focus on getting more women and more BAME at the most senior levels.

And we have pledged to have a workforce at least as diverse as any other in the industry, if not more so, by 2020. We are already well on track to hitting a target of having 15% of staff from a BAME background by that year, with the proportion rising from 13.1% to 14.8% since 2015. Meanwhile our BAME pay gap as of March 2018 is 0.4%.

But we know there is much more to do. Our goal is not only to become stronger and more representative as

an organisation, but to be a standard bearer for equality and fairness for the whole of the country we serve.

Reinventing the BBC for a new generation

All this puts the challenge that the BBC set itself at the start of last year – to reinvent the organisation for a new generation – in a broader perspective. Even over the past 12 months, we have seen an extraordinary pace of change in the media industry. Global media giants are being bought and sold in a race for scale. Consumers have more choice and more competition for their time and attention than ever before. Audience habits are changing more rapidly than ever.

Nowhere is this more obvious than with young audiences. Young adults watch less television than older people, and listen to much less radio. In just a few years, online-only video has grown from 5% of young people's consumption to 25%. Music streaming has gone from around 10% to around 30% of listening.

Where younger audiences lead the way, older audiences will likely follow. That is why we have put this challenge right at the heart of our strategy to reinvent the BBC for a new generation. We want to make sure we can continue to reach everyone to inform, educate and entertain at a time when that mission is more important than it has ever been.

Never has it been so important for the BBC to be the country's trusted voice, providing accurate news and information and making sure all views are heard. Never has the BBC been more vital as the cornerstone of the UK's creative and cultural strength. Never has it been more important to strengthen the BBC's unique global voice, as Britain seeks to reshape its relationship with the world.

The following pages set out how we have delivered our creative remit and performed against our public purposes. They show that this has been an outstanding year for the BBC, but we remain acutely aware of the challenges we face as we seek to reinvent the BBC for the future.

I am very confident about our ability to succeed. I am determined to make sure that a strong BBC can be a powerful champion for the UK, at home and abroad, in the years to come.



Tony Hall, Lord Hall of Birkenhead CBE
Director-General and Editor-in-Chief
21 June 2018

Responding to our challenges

We recently published our Annual Plan for 2018/19, and in that we set out what we will be doing in the months ahead to meet the strategic challenges outlined in this document.

There is plenty of work now underway, but some of the areas we are focusing on in particular include:

Tackling fake news

- Reality Check – our expanded fact-checking service
- 'Slow news' – more in-depth coverage and analysis behind the events
- Online news services – doing more for younger and harder-to-reach audiences
- Media literacy – expert mentoring in schools around the country

Investing in content, new talent and new voices around the UK

- British talent – commissioning distinctive, world-class content from across the UK
- Local radio – new investment for local voices and local services
- Nations – transforming the BBC's Nations services, including a new Scottish channel

Reinventing the way we deliver our content

- iPlayer – reinventing through more personalisation and an enhanced user experience
- Audio – a bolder and more intuitive platform for all our radio and audio content

Taking the UK to the world

- BBC World Service – the biggest expansion since the 1940s
- BBC Studios – newly created to bring British creativity to new global audiences

More details on these and all of our strategic priorities for reinventing the BBC can be found in our Annual Plan: bbc.co.uk/aboutthebbc/insidethebbc/howwework/reports/annual_plan_2018

Our reporting structure

The way we are governed and funded is established by Royal Charter. The Charter and the accompanying Agreement are the constitutional basis for the BBC – they set out our public purposes, guarantee our independence and outline the duties of the Board.

Our current Charter came into effect on 1 January 2017 following a wide-ranging Charter review process which was conducted by Government.

As part of that review, new governance and regulatory arrangements were put in place which established a single BBC Board and gave sole regulatory responsibility for the BBC to Ofcom.

The new Charter also amended the public purposes, which we report against in this Annual Report.

The Charter and Agreement, combined with our governance and regulatory obligations, define the way we operate and the way we report our activity and progress.

Governance

BBC Board

The Board, which came into being on 3 April 2017, is chaired by Sir David Clementi and consists of ten non-executive directors, including the Chairman, and four executive directors, including the Director-General.

The Board is responsible for ensuring we meet our mission and public purposes. It does this by:

- setting the strategic direction for the BBC
- establishing the creative remit
- setting the BBC's budget
- determining the framework for assessing performance.

The Board makes its decisions in the public interest and is accountable for all of our activities including the publicly funded services, as well as our commercial activities, both in the UK and around the world.

The Board demonstrates we are meeting our obligations through the publication of two key governance documents; the forward-looking Annual Plan and this Annual Report and Accounts.

Annual Plan

We publish an Annual Plan setting out our intentions and future priorities for the financial year.

The Annual Plan is an essential part of our accountability to licence fee payers and is a key document in the relationship between the BBC and Ofcom. It provides a framework on which we can be judged as to whether we have delivered our mission and public purposes.

The Annual Plan contains information on three areas:

- the BBC's creative plans for the year ahead
- the BBC's three-year strategy and work plan for the year ahead
- each BBC services' contribution to distinctiveness.

External regulation

Annual Report

The Annual Report and Accounts sets out how we have delivered our mission and public purposes and the extent to which the commitments set out in the Annual Plan (as well as regulatory and other commitments) have been met. It is published after the end of each financial year.

A key change in this year's Annual Report is that it is structured around reporting how we have met each of the public purposes.

This Annual Report continues to report for the whole of 2017/18 against the previous BBC Trust Service Licence and Ofcom Tier 2 requirements. This is because Ofcom's operating framework did not begin until 1 January 2018 for calendar year targets and from 1 April 2018 for financial year targets.

Ofcom

The Office of Communications (Ofcom) is the UK's broadcasting, telecommunications and postal regulatory body.

Ofcom assumed its full regulatory responsibilities for the BBC on 3 April 2017, at the same time as the new Board took over the governance from the BBC Trust. Ofcom regulates the BBC via an operating framework and by setting a licence for the BBC that contains the regulatory conditions the BBC is required to meet. Ofcom also assesses performance, ensures fair and effective competition and regulates how the BBC's commercial activities interact with its public services. In addition, it regulates BBC content and output against its Broadcasting Code.

Audit arrangements

The Comptroller and Auditor General, Sir Amyas Morse KCB, is the BBC's external auditor and is supported in this role by the National Audit Office (NAO).

As part of the governance arrangements, the Comptroller and Auditor General examines, certifies and reports on the BBC's group accounts and is appointed as auditor of the BBC's relevant subsidiaries unless the Comptroller and Auditor General and the BBC agree otherwise. The NAO also conducts value-for-money examinations on the use of the licence fee and in relation to the BBC's commercial activities. Sir Amyas and the NAO are independent of Government.

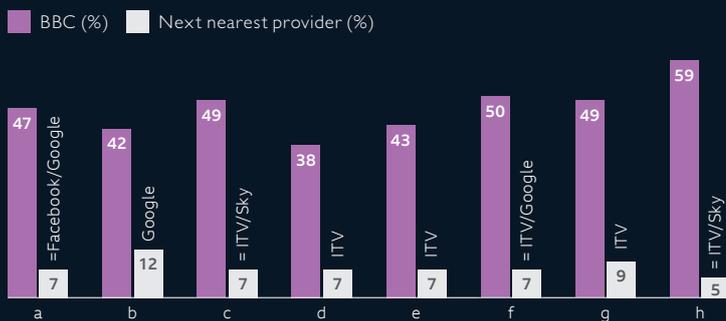
Delivering our creative remit

The BBC's public purposes are enshrined in the Royal Charter and Agreement and are at the core of everything we do.

The public purposes outline the values we hold when striving to achieve our mission to inform, educate and entertain and they provide a clear framework through which we are held to account. The following pages set out how we have met the requirements of those public purposes.

The BBC's role in UK life is clear from the below; when asked to pick the one media provider that does most for people in the United Kingdom the BBC is chosen the most often across a range of characteristics.

Of all the media providers (TV, radio, newspaper, magazine, website, app or social media), which one does the most to/has the most...



- a. Help people in the UK understand and engage with the world around them
- b. Help people in the UK learn new things
- c. High quality content and services for people in the UK
- d. Creative content and services for people in the UK
- e. Distinctive content and services for people in the UK
- f. Content and services relevant to people in the UK
- g. Reflect life in different parts of the UK
- h. Reflect the UK around the world

Source: Ipsos MORI for the BBC, 3,568 UK adults 16+, April-May 2018.

1

To provide impartial news and information to help people understand and engage with the world around them

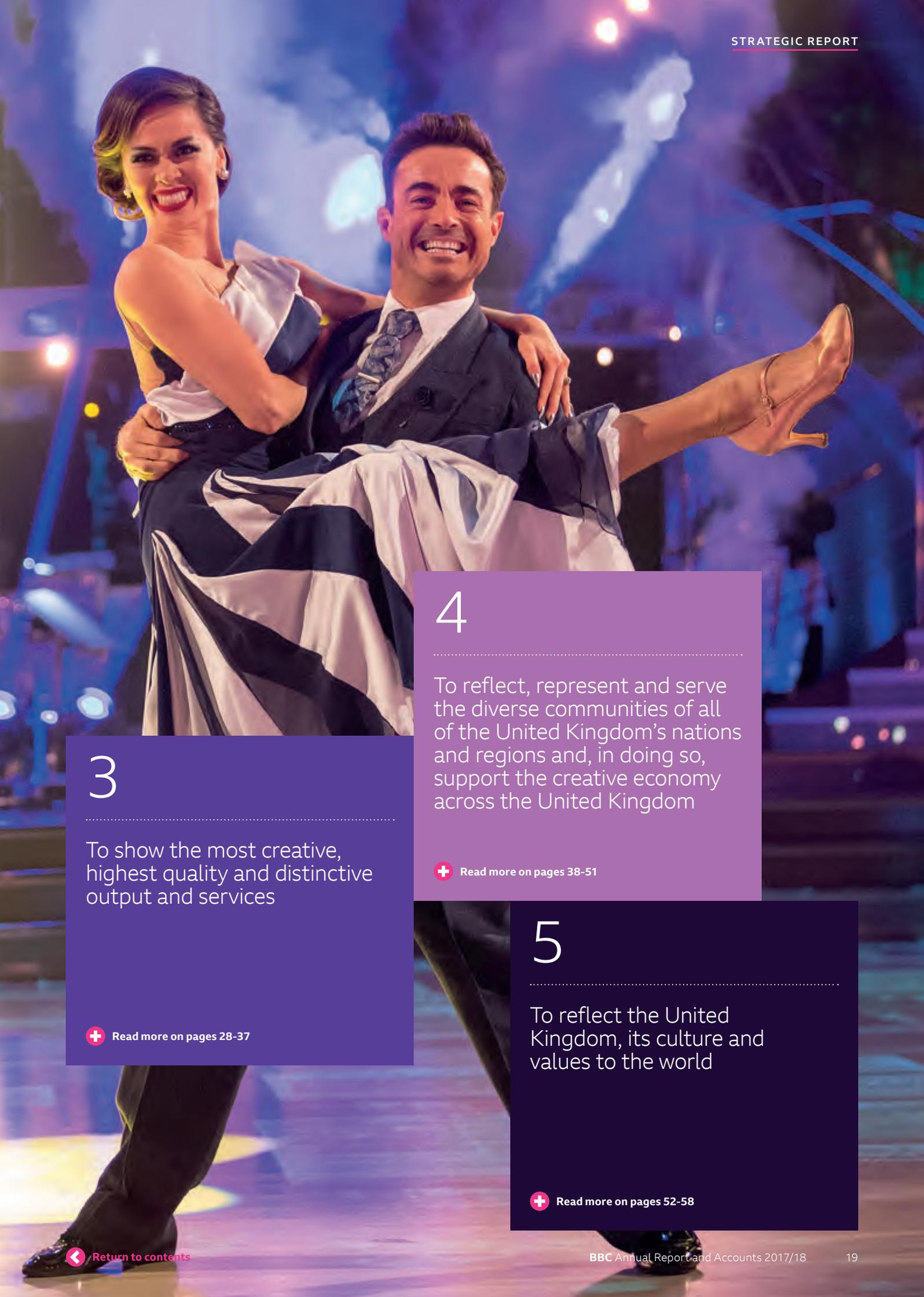
[+ Read more on pages 20-23](#)

2

To support learning for people of all ages

[+ Read more on pages 24-27](#)

Strictly Come Dancing



3

To show the most creative, highest quality and distinctive output and services

[+ Read more on pages 28-37](#)

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

[+ Read more on pages 38-51](#)

5

To reflect the United Kingdom, its culture and values to the world

[+ Read more on pages 52-58](#)

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

The BBC has no more important purpose than to inform. All citizens have a stake in the news. In a democracy, it is an essential public service. Every member of the public needs access to reliable information in order to understand the world around them and to make decisions for themselves, their communities, their countries and their shared future.

In such consequential times – when the news matters and the way stories are told is so fiercely contested – the need for an independent, impartial and accurate BBC is greater than ever.

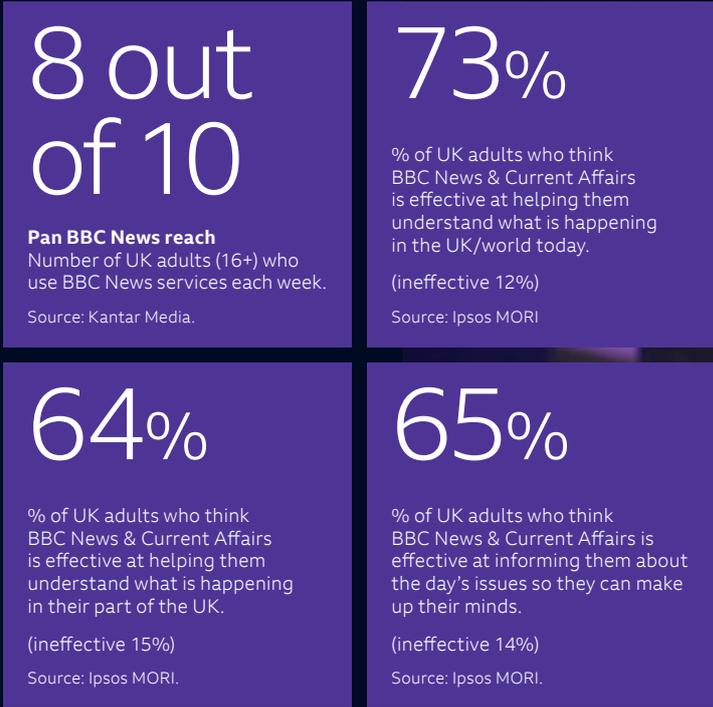
The BBC remains the most trusted source of news in this country, providing an unrivalled level of local, regional, national and international news and current affairs. But the strategic context for that work has become more challenging than ever. Technology and social media have contributed to a polarisation of our national debate. Generational, political and social differences have widened markedly. Fake news compounds that challenge by eating away at trust in the media, including the BBC, and blurring the line between reality and so-called ‘alternative facts’. Given these challenges, it’s testament to the quality of our journalism that BBC News is the most trusted: when asked to pick the one source they turn to first for news they trust the most, BBC News is chosen most often, named by 55% of audiences, five times more than the next nearest provider (ITV).

But these trends are accentuated in the demographics the BBC finds hardest to reach. Under-35s especially are spending less time with BBC News and this is particularly acute in less affluent socio-demographics.

Tackling these issues will be challenging. BBC News continues to make plans to deliver the annual savings that were required by the 2015 licence fee settlement.

Delivering these savings will also help enable us to make additional investment in new content for our audiences.

This year we continued to provide trusted and reliable information, news, current affairs and factual output to the highest editorial standards. We have sought to reach and serve all audiences with this output, to contribute to a better-informed society, a more engaged citizenship and a world of greater understanding. We are proud of the fact that BBC News services are used by eight out of ten UK adults each week and 73% of adults think that BBC News and Current Affairs is effective at helping them understand what is happening in the UK and world today. But we are aware that, as the importance of our role has grown, so have the challenges we face.



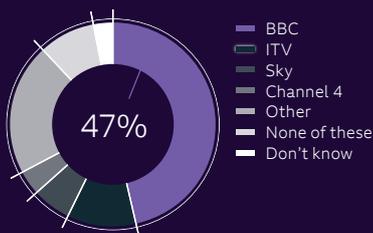
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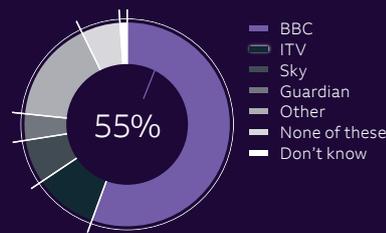
The need for an independent, impartial and accurate BBC is greater than ever... but the strategic context for that work has become more challenging than ever.

Of all the news sources (TV, radio, newspaper, magazine, website, app or social media) which one source are you most likely to turn to...

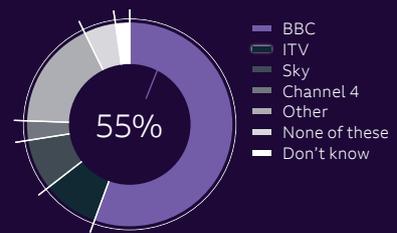
...if you want impartial news coverage



...for news you trust the most



...if you want accurate news coverage



Source: Ipsos MORI, 2,467 UK adults 15+ who follow the news, March-April 2018.

Delivering impartial news and information

This has once again been a year of massive news events – the snap General Election, terror attacks in London and Manchester, and the devastating Grenfell Tower fire, as well as the extreme weather which swept the country. It has also been another year in which concerns about misinformation and fake news have loomed large.

Throughout this, BBC News continued to be the biggest provider of news and the UK’s favoured source of trustworthy information, from the daily news bulletins to radio current affairs, to ever more innovative ways of storytelling.

BBC News reached over 80% of adults in the UK weekly on average and BBC News Online continued to attract 30 million UK browsers a week on average in 2017.

The unexpected General Election drew huge audiences and led to an all-time record for UK traffic to BBC News Online, with 47.8 million UK browsers coming to the BBC site and app in the week of the vote.

We hosted a range of special programming from around the country, bringing audiences to the fore. The *BBC Election Debate* came live from Cambridge; *Question Time* leaders’ specials were broadcast from York and Edinburgh, with a further special programme devoted to Northern Ireland; *Election Questions* came from Swansea and Bristol; and a *Newsbeat Youth Debate* took place in Manchester. Andrew Neil also interviewed the leaders of the biggest political parties.

Large audiences came to BBC TV for election coverage overnight and throughout results day. Results programming before 7am reached 19.1 million adults across all channels, and coverage the next day reached almost 17 million viewers, rising to 24 million with news bulletins and *Question Time*.

The fire at Grenfell Tower was a huge and dreadful story. The BBC reported from the scene for several weeks, including outside broadcasts of *Victoria Derbyshire*. We continued to focus on the story and notably on *BBC Newsnight*, through Chris Cook’s forensic investigative journalism on cladding and fire safety, and Katie Razzall’s detailed and award-winning

account of the fate of the residents of the 21st floor, we gave residents the chance to tell their own stories.

We provided wide-ranging coverage across all output of the shocking terror attacks affecting the UK.

We continued to analyse the impact of Brexit, launching a monthly sector-by-sector analysis on issues such as fishing and the tech sector.

BBC News continued to break stories throughout the year, notably the poisoning of Sergei Skirpal in Salisbury and the revelations about the former International Development Secretary’s meetings in Israel, which ultimately led to her resignation.

As ever, the BBC brought brave and hard-hitting international reporting to UK audiences – from Syria, although access to the country is difficult and dangerous, to Myanmar to Yemen.

Panorama continued to be the home of influential undercover investigations, broadcasting the major Paradise Papers investigation, and the BAFTA award-winning undercover investigation of an immigration removal centre, as well as editions on Facebook and sepsis.

It is evidence of the quality of our journalism that audiences continue to regard BBC News as the most trustworthy provider. But we know impartiality requires continued focus after a series of polarising events – the vote on Scottish independence, the EU Referendum and the 2017 General Election – and as public opinion on issues of the day can transcend traditional party lines. This year 54% of adults thought the BBC was effective at providing news and current affairs that is impartial but 26% perceived it to be ineffective. Audiences continue to regard BBC News as the most impartial provider of all though – when asked to name the one source they turn to first for impartial news coverage, the BBC is chosen most often, far ahead of the next nearest provider. However we are not complacent about this, and impartiality is an area that the Board is looking at closely.

When it comes to engaging young people, over 70% of 16-34 year olds were reached weekly by BBC News on average. To try to maintain this, we are continuing to seek ways to make our news even more relevant, building on the high levels of trust young people have in BBC News.

47.8m

The General Election drew huge audiences and led to an all-time record for UK traffic to BBC News online in the week of the vote.



The BBC Election Debate



Above: BBC News' Clive Myrie reported from the frontline of the Rohingya refugee crisis

Left: Nikki Fox reported on the Ukraine's state-run institutions for children with disabilities

We have already been doing more to reach a more varied audience.

Victoria Derbyshire, named network presenter of the year at the RTS awards, focused on a health issue blighting the lives of many women across the UK, vaginal mesh implants, as well as her award-winning interviews with the footballers who survived sexual abuse. Her programme continues to make an impact beyond television on social media.

BBC Radio 5 live, which won six ARIA awards, continued to innovate to reach new audiences. The station's #mumtakeover project, which saw a live broadcast discussing modern issues around motherhood and mental health, reached more than 3.5 million people on social media with the most engaged audience being women aged 25 to 34 years.

BBC Breakfast focused on the experiences of people with special educational needs and their families, as well as challenging their presenters to resit a GCSE in maths.

BBC Three continued to bring current affairs to a young audience, with innovative approaches such as the *Sex, Drugs & Murder: Life in the Red Light Zone* series, an uncompromising look at the life of sex workers in Holbeck in Leeds, the first place in the UK where selling sex is permitted. The programme has had over 12 million iPlayer requests since its launch.

Our BBC Stories brand has helped us to engage with a wider range of audiences, including women, young people and less well-off groups.

And BBC Radio 1's *Newsbeat* has been tackling mental health issues with their *My Mind and Me* project.

Concerns about online misinformation have not diminished this year. The BBC's fight against fake news and push for media literacy accelerated as we launched an online interactive game, BBC iReporter, created by animation studios Aardman.

The game allows players to experience being a BBC reporter in the heart of the newsroom, helping them learn to identify 'fake news'. This is one of a range of free resources for schools and sixth forms across the country.

Our expanded Reality Check fact-checking team continued to cut through rumour and speculation online. We introduced a special TV version of Reality Check during the General Election, in which Steph McGovern tackled issues such as taxes and pensions.

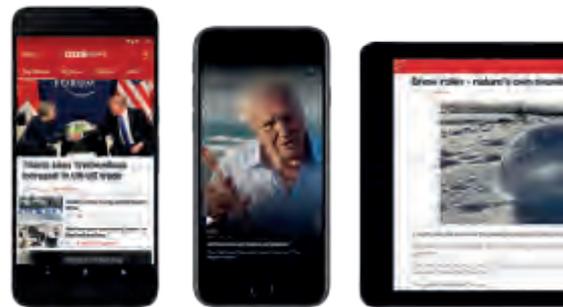
Investing in our video and data journalism has allowed us to give our audiences more personalised experiences, such as the award-winning NHS Tracker project, which allows users to find out how their local services are performing against key targets.

We've also been finding ever more innovative ways for people to explore the world around them, with our virtual reality project *Damming The Nile*, offering a 360 degree video experience.

Weather has been a focus for us this year in more ways than one. Working with our new provider, MeteoGroup, we launched a new-look weather service, with more data, new on-air graphics and a more contemporary design with more realistic mapping.

And the harsh winter weather drew major audiences to the BBC. 69% of UK adults came to BBC Network TV news coverage in the week of 26 February, as the 'Beast from the East' hit parts of the UK, and there were record-breaking figures for BBC Weather online with 24.9 million UK browsers in the same week. Audiences also turned to regional coverage, with an 8.6 million average audience across the UK for the 6.30pm bulletins on 1 March the highest seen in five years.

Throughout this year, BBC News has continued to inform its audiences and to report impartially, accurately and independently.



BBC News Online continued to attract 30 million UK browsers a week on average in 2017



BBC Radio 5 live continued to innovate to reach new audiences

2 To support learning for people of all ages

From its earliest days, the BBC has informed, educated and entertained the nation's children. Our children's output helps generations to develop their language, reading and social skills in fun, playful ways. As they grow through childhood and approach their teenage years, the BBC's children's content grows with them, entertaining them, but also helping them navigate the world around them, discover what ignites their enthusiasm and inspiring them to learn.

In today's heavily commercialised, global media, there has never been a more important time to assert the values of trust, safety, quality and fun that the BBC is valued for by children and their parents.

This generation of children embody the digital transformation. They are the audience group that are changing fastest. That's why last year we announced an additional £34 million into our content for children and we're investing more into digital while ensuring that our terrestrial channels continue to showcase quality content that reflects all of our audience.

Although TV continues to be the main platform for children's viewing, what they consider to be 'TV' and how they access this is rapidly evolving. Children's content has continued to thrive on iPlayer with 1.1 billion requests in the last year. 43% of 5-11 year olds now use their mobile phone to watch TV and children aged 5-15 now spend more time each week online than they do watching TV. As a result, the average weekly reach of CBBC among its 6-12 year old target audience has fallen to under 25% in 2017/18.

Online has not yet compensated for this fall. However, CBeebies' reach amongst the under 6s has stayed much steadier, despite increased competition. And the percentage of under 16s who use BBC television, radio or online each week remains high at 83%.

The BBC's unique role in children's media has never been more important. We are by far the UK's biggest investor in home-grown content. We reflect national diversity and British children's voices in a way no one else does. And we play a unique role in formal learning – with invaluable resources that are trusted by children, parents and teachers alike.

This year we also began transforming our education offer and in March we set out a range of priorities, including improving literacy rates and opening up the world of employment to young people.

As we seek to reinvent the BBC for a new generation, we face real challenges in building a lifelong relationship with young audiences. At the same time we have begun the transformation of our mission in education by working to enable everyone to achieve their full potential through educational content, services and participative experiences from the BBC, from partners and from each other.





There has never been a more important time to assert the values of trust, safety, quality and fun that the BBC is valued for by children and their parents.

83%

Under 16s reach
% of under 16s who use BBC television, radio, or online each week.
(Jun 17–Mar 18)
Source: Ipsos MORI.

06:12

Total time spent (per head)
Length of time under 16s spend with the BBC each week (hh:mm).
(Jun 17–Mar 18)
Source: Ipsos MORI.

67%

% of UK adults who think the BBC is effective at helping them learn new things.
(ineffective 14%)
Source: Ipsos MORI.

62%

% of parents who think the BBC is effective at supporting children and teenagers with their learning.
(ineffective 9%)
Source: Ipsos MORI.

7/10

Perception of BBC by under 16s: mean score out of 10.
Source: Ipsos MORI.

Delivering learning for people of all ages

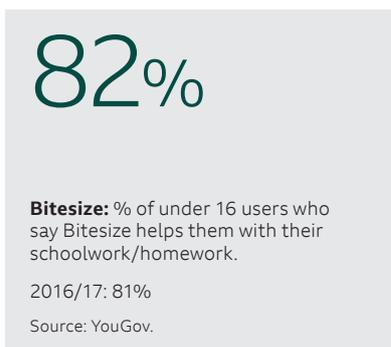
CHILDREN'S

The purpose of the BBC's children's output remains the same: to inform, educate and entertain our youngest audiences. But we increasingly have to evolve what we do and how we do it as the consumption habits of our youngest audiences continue to rapidly change. We still help children develop their language, reading and social skills, but we now also have a role in helping them navigate the digital world and helping to make their online experiences safe.

As children watch more content from overseas it's critical that we invest in high-quality, distinctive UK content that reflects all of our audience. But it's becoming increasingly difficult to reach younger audiences via traditional platforms. YouTube and YouTube Kids reached 73% of 6-12 year olds. This presents a real challenge for the BBC and to effectively respond we need to do things differently.

This year we have seen a strategic shift in how we deliver our content to audiences. Our two linear channels are still hugely important to us and remain the 'shop window' for our content, but we're moving towards a more developed, connected multiplatform offer which will see our digital offers become more important.

We announced last year that we would be investing an additional £34 million into our content for children and we've begun to do that across all of our platforms. We've invested more into digital while ensuring that our terrestrial channels continue to showcase quality content that reflects all of our audience. From new pre-school animation *Bitz and Bob* to *Creeped Out*, a thrilling drama aimed at our older audience, 2017 saw fresh new content that continues to push boundaries. Last year we were by far the biggest commissioner of UK content, with 95% of all our commissions coming from our in-house team or UK-based indies. And we make content that no one else does; in the last year we've brought live-action drama *Waffle the Wonderdog* to CBeebies, while *The Tempest* wowed pre-schoolers and their parents as we brought more Shakespeare to the channel. We introduced a new generation of CBBC viewers to *Dennis & Gnasher* with a whole new reboot, while *Jamie Johnson* brings footballing drama to appeal to our young sports fans. And *Newsround*



continues to deliver the news in a way that kids can understand and relate to and has received critical acclaim in the last year for its approach to national stories including the Manchester bombing.

We're also changing how we work to make sure we're as efficient as possible, focusing on fewer key brands that deliver across all of our platforms, and we've streamlined our commissioning process to reflect this.

For our older audiences we've launched a CBBC account on Instagram as we continue to adapt to the ever-changing needs of the audience, while our YouTube channels now have a total of nearly 700,000 subscribers.

Children's content has continued to thrive on iPlayer, with 1.1 billion requests in the last year.

In December we hosted the Children's Global Media Summit in Manchester. With a keynote speech from the Duke of Cambridge, the Summit brought together thought leaders from across the world to discuss the issues facing the children's media industry right now and those that we will need to tackle in the future.

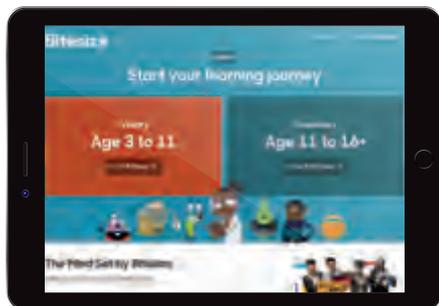
In March we launched our first ever kids festival, CBBC Summer Social. Taking place in Liverpool in August 2018, Summer Social will be our biggest ever outdoor event and represents our desire to get even closer to our audience.

LEARNING

This year the BBC began to transform what we do in education in order to fully deliver our public purpose to support learning for people of all ages, whilst reinventing the BBC for a new generation.

Supporting learners

As it approaches its 20th anniversary, BBC Bitesize remains the cornerstone of our education proposition by supporting children and young people with their study and revision needs, wherever they are in the UK. It is the most popular dedicated education site in the UK – reaching around 80% of secondary students and around 40% of primary students. Of those using Bitesize for GCSE/Nationals study and revision, 78% think Bitesize helped them to feel better prepared for their exams and 54% feel it helped them get better GCSE/Nationals results.



BBC Bitesize is the most popular dedicated education site in the UK

We have begun the process to transform Bitesize to help students reach their academic potential by providing a more structured service, tailored to the individual learner. Older students can now sign in to a personalised Bitesize which remembers who they are and what they are studying. We will build on these initial steps to deliver adaptive learning and new interactive content.

Supporting teachers

We have continued to build our support for teachers. 60% of them use BBC material in their classrooms and BBC Teach brings together the best BBC content alongside award-winning short films – all tagged to the curriculum. We also deliver interactive Live Lessons for classroom use and educational audio content through Schools Radio.

Education campaigns

We work in partnership with a wide range of organisations to deliver major campaigns that address UK-wide challenges.

In the last 18 months, over 40% of primary schools in the UK signed up to Terrific Scientific, our major partnership with Wellcome and 30 other organisations and universities, designed to inspire primary school science and help counter the STEM crisis in the UK. There have been over 125,000 downloads of our resources and nine out of ten teachers using them say they intend to use the material again, demonstrating its legacy.

In January we launched Super Movers, a partnership with the Premier League and the Scottish Professional Football League to help get kids active. Super Movers supports teachers and parents with simple, fun films that get children moving while they learn.

Other campaigns have included The Mind Set, offering practical advice to students during their exams; Ten Pieces, which continues to inspire children through classical music; and the Radio 1 Academy which encourages young people to reach their potential.

Supporting adult learning

We support adult learning through our partnership with the Open University (OU). Each year the OU invests in 12-15 BBC projects, ranging from major series such as *Civilisations* and *Blue Planet II*, to more experimental projects such as digital shorts for BBC Three and videocasts for BBC Ideas. In every case the OU is looking to extend the learning opportunities presented by these programmes and offer onward learning journeys to enable audiences to explore subjects of interest to them.

Tomorrow's World has been a pan-BBC partnership aimed at adults aged 25-44, that has connected audiences with the brightest minds and biggest science organisations in the country, including the Science Museum Group, Wellcome, the OU and the Royal Society. It has been a public celebration of all things science, including a Tomorrow's World Live event with Eric Schmidt and Brian Cox.

New education vision

In an age when education is widely recognised to be the most significant element in determining life chances, we've been considering how the BBC can build on our existing strengths and ensure that everything we do in this space is impactful.

We have consulted with stakeholders in education and business to identify key areas where the BBC can have a positive effect.

In March we publicly set out the priorities, which we will explore in partnership with a range of organisations:

- Improving literacy rates by focusing on pre-school children to counter the fact that the most disadvantaged five year olds can be 19 months behind their more affluent peers in vocabulary development on school entry
- Championing the wider needs of children by building resilience and self-esteem and by supporting mental health just as much as we currently support their academic needs
- Opening up the world of employment to young people at a time when recent CBI research has revealed that 84% of UK businesses feel the quality of careers advice young people receive is not good enough
- Exploring opportunities that make it easier for adults to retrain; equipping them to thrive in a changing labour market and an increasingly digital world.



There were a record-breaking 134,000 entries for Radio 2's 500 Words short story competition.

CBeebies' *The Tempest* brought Shakespeare to pre-schoolers

3 To show the most creative, highest quality and distinctive output and services

Maintaining our unique breadth and range of output with a commitment to the highest production and editorial standards is at the heart of what the BBC does. This year we have continued to invest in new and original content made all over the UK; taking creative risks while maintaining a balance between new series and returning favourites, all aimed at serving our audiences.

The following pages demonstrate how we have delivered this purpose. Our reporting is broken down by genre – factual, arts, drama, entertainment, comedy, sport and music – and demonstrates that our output on TV and radio is unique in its distinctiveness and in its focus on British content from across the UK.

These pages tell a strong story of the British creativity, quality and risk-taking that is the first priority for output on the BBC. They show an organisation on top creative form, setting the standards through delivery of a staggering breadth of high quality and distinctive content. Indeed 72% of regular users think BBC Television is effective at providing content and services that set a high standard for quality, while 81% of weekly users rate BBC Radio as high quality.

But sustaining the quality that audiences demand is increasingly difficult in a world where inflation in some genres is running at unprecedented levels. The BBC continues to seek out investment from other providers to reduce the demand on the licence fee, but these deals are not as available or as attractive as they used to be.

At the same time, maintaining the reach and time that audiences spend with our output is equally difficult, when they have so many other choices at their disposal.

This challenge is most acute for young audiences. Our most recent estimates suggest that 16-34 year olds spent similar amounts of time with BBC One, ITV and Netflix a week – around two hours a week for each. 16-24 year olds spend more time with Netflix than all of BBC TV, including iPlayer. Similarly, for the first time, in 2017/18 estimates suggest that 15-34 year olds spent around as much time listening to music streaming services as they did to all of BBC Radio.

But we are also aware of the scale of the challenge we face, particularly from international competitors. This report shows we are well placed to remain the champion of home-grown, British content that means so much to British audiences, and the cornerstone of the creative industries that allows this country to punch well above its weight worldwide.

80%

% of UK adults (16+) in TV homes who watch BBC TV each week.
2016/17: 82%
Source: BARB.

08:16

Length of time UK adults (16+) in TV homes spend with BBC TV each week (hh:mm).
2016/17: 08:46
Source: BARB.

64%

% of UK adults (16+) who listen to BBC Radio each week.
2016/17: 65%
Source: RAJAR.

10:03

Length of time UK adults (16+) spend with BBC Radio each week (hh:mm).
2016/17: 10:09
Source: RAJAR.

74%

% of UK adults (15+) who use BBC Online each month.
Source: comScore MMX Multi-Platform, ONS.

My Family, Partition and Me: India 1947 with RTS award-winning presenter Anita Rani



65%

% of UK adults who think the BBC is effective at providing content/ services that set a high standard for creativity.
(ineffective 13%)
Source: Ipsos MORI.

64%

% of UK adults who think the BBC is effective at providing content/ services that set a high standard for originality.
(ineffective 14%)
Source: Ipsos MORI.

69%

% of UK adults who think the BBC is effective at providing content/ services that cater for a wide range of tastes.
(ineffective 13%)
Source: Ipsos MORI.

72%

% of UK adults who think the BBC is effective at providing content/ services that set a high standard for quality.
(ineffective 11%)
Source: Ipsos MORI.

BBC quality and distinctiveness by platforms

	Sets a high standard for quality	Distinctive
BBC TV	72% weekly users saying effective (ineffective 7%)	68% weekly users saying effective (ineffective 8%)
BBC RADIO	81% weekly users saying effective (ineffective 6%)	77% weekly users saying effective (ineffective 7%)
BBC ONLINE	74% weekly users saying effective (ineffective 6%)	70% weekly users saying effective (ineffective 6%)

Source: Ipsos MORI.

66%

% of UK adults who think the BBC is effective at providing content/ services that are distinctive.
(ineffective 12%)
Source: Ipsos MORI.

Delivering creative, high quality and distinctive output and services

FACTUAL

This year a unique combination of entertainment and education across all our platforms allowed powerful stories to be heard, took audiences on journeys of discovery and created jaw-dropping moments that got the nation talking.

On BBC One, eye-opening documentary *Alan Shearer: Dementia, Football and Me* and the hard-hitting *The Betrayed Girls* moved viewers, while *Ambulance* and *The Met: Policing London* gave unprecedented access to Britain's emergency services; and *Mind Over Marathon* challenged ten runners to compete in the London Marathon for Heads Together, a campaign set up by the Duke and Duchess of Cambridge and Prince Harry to tackle the stigma around mental health.

On BBC Two, *Hospital* (averaging 2.4 million per episode in season one) and *Chris Packham: Asperger's and Me* (2.8 million) were powerfully human in their storytelling, winning awards and plaudits from viewers and critics alike. Constructed documentary *Exodus: My Journey to Europe* and longitudinal series *Generation Gifted* played with ambitious factual formats, while *Abortion on Trial*, and *My Family, Partition and Me: India 1947*, brought hard-hitting conversation and stories to primetime. *Louis Theroux: Dark States* gave viewers a unique insight into the USA in a hugely timely series that was popular with younger viewers, while *The Detectives: Murder on the Streets* provided a gripping insight into crime in the UK.

Back in Time for Tea returned stronger than ever, while *Absolutely Champers* with Joanna Lumley and Jennifer Saunders transported 2.9 million viewers to the Champagne region of France.

BBC Three led the charge with factual films that resonated with young audiences and tackled subjects important to them. Single films with a personal story at their heart, included *Chasing Dad: A Lifelong Addiction* and factual drama *Murdered for Being Different* proved popular, while *Drugsland* proved to be an uncompromising observational series seen through the eyes of professionals, users and dealers.

Radio 4 reached record on-air audiences and programmes like *You and Yours* and *Money Box* played an important role in providing advice and insight to listeners. This year *Gardeners' Question Time* marked 70 years of answering the UK's horticultural queries and *Woman's Hour* looked at the best and worst places in the UK to be a woman. New series also explored important political and social subjects. In *The Fix* some of the country's brightest young minds tried to solve complex policy problems and *Across the Red Line* brought together people on opposing sides of a political issue. Radio 1, 1Xtra and Asian Network produced a range of factual content providing insight

A type of plankton described as part of 'the beating heart' of the oceans has been named after *Blue Planet II*; the first time a species has been named after a British TV programme.

and a platform for younger people, including *High Street Hijabis*, *Growing up in Care* and *My Extraordinary Skin*.

The multi-award-winning *Blue Planet II* captivated viewers and became the most watched TV programme of 2017, with more than 14 million people tuning in to episode one, and challenged views across the globe on plastic pollution. *Dawn Chorus* and *Natural Histories* on Radio 4 explored nature's influence on culture and society and told the stories of the UK's flora and fauna, while the station's *Tweet of the Day* remains popular. Science-focused Radio 4 programmes such as



BBC One's landmark *Blue Planet II*



BBC Two's *Hospital*



Presenter David Olusoga in Giza, Egypt

CIVILISATIONS

This was a big year for arts television with BBC Two's *Civilisations* – the most ambitious arts season since *The Big Read* 15 years ago.

The landmark nine-part series, in partnership with the Open University, filmed in 31 countries, was accompanied by a host of additional programming on BBC television and radio, including 11 specially commissioned films in the English Regions.

The series prompted the *Civilisations* Festival – a collaboration with over 300 museums, galleries, libraries and archives to shine a light on UK collections and inspire debate through the staging of over 260 public events. To support the festival, the BBC opened up over 800 pieces of archive, a suite of digital tools including the *Civilisations* Augmented Reality app, and connected local radio stations with museum events.

BBC Research & Development offered partners access to digital technology, with 93 organisations attending workshops, and 28 included content in the augmented reality app. Art Fund made 21 grants to participating organisations. Festival partners also included Culture 24, Museum Association, National Museum Directors' Council, Society of Chief Librarians, Association of Independent Museums and Scottish Library and Information Council.

[+ Read more on page 144](#)

The Life Scientific and *The Infinite Monkey Cage* examined topical scientific subjects in ways that appeal to their audience.

Mars was a week of programming that explored our relationship with the Red Planet from the latest science, to science fiction. Radio 4 also marked 50 years since the first heart transplant, looking at the latest surgical techniques as well as our philosophical relationship with the heart.

BBC Two again produced award-winning knowledge-building history content, with *Elizabeth I's Secret Agents* scooping an RTS award, while David Olusoga's *A House Through Time* received plaudits and averaged 2.5 million viewers across its run.

BBC Four sought to provide an expert and new in-depth approach to well-known stories. Successes included box set history *The Ruth Ellis Files: A Very British Crime Story* and *England's Forgotten Queen: The Life and Death of Lady Jane Grey*.

Radio 4 continued to reflect significant historical moments with a range of content. *Partition Voices* highlighted the untold stories from British Asians and Colonial British who witnessed India's partition. To mark the centenary of the October Revolution the station broadcast the seminal book *Ten Days That Shook The World*. In *Our Man in the Middle East* Jeremy Bowen's 25 part series charted a personal history of the region based on his decades of reporting. While this year's *Reith Lectures*, which saw best-selling writer Hilary Mantel explore history and fiction, was named the Broadcasting Press Guild's best radio programme of the year.

Radio 4 provides a space for listeners to reflect on faith and explore the role of religion in the world. For its latest partnership with the British Museum, Neil MacGregor examined the role of shared beliefs in the development of societies throughout history in the landmark 30-part series *Living with the Gods*. Radio 4's long-running programmes *Sunday* and *Beyond Belief* continued to explore the place of belief in today's world, while *Moral Maze* debated the ethical issues behind topical subjects. On television, *Pilgrimage: The Road to Santiago* brought hard-hitting conversation and stories of faith and spirituality to primetime on BBC Two.

Radio 1's High Street Hijabis



Delivering creative, high quality and distinctive output and services

BBC iPlayer recorded its best year ever in 2017. With a host of box sets, hits from the archive and greater personalisation, viewers streamed on average 272 million programmes per month.

BBC One's global thriller *McMafia*



ARTS

The BBC's mission in arts is to ensure the UK remains one of the most creative countries in the world. We support artists, and arts organisations, and commission programmes to appeal to the widest possible audiences – estimates indicate BBC Arts reaches around 6.5 million adults a week. We worked alongside the Royal Opera House in a season of performances and digital activity designed to engage a new audience. #OperaPassion Day brought together the eight major opera companies in the UK for a festival which was viewed 500,000 times on Facebook, with a television and radio audience of millions. Our creative arts television documentaries filled the entire shortlist for the Grierson Best Arts Documentary Award 2017. BBC One brought big audiences to the arts with the *Big Painting Challenge*, *Fake or Fortune* and *imagine*. BBC Two documentaries covered J K Rowling, Picasso and Vera Lynn, and BBC Four covered the arts with depth and experimentation through acclaimed seasons on the art of Japan and Mexico, and documentaries on Leonora Carrington, Muriel Spark and James Joyce.

On Radio 4, *The Art of Living* series explored how art has transformed people's lives, including a powerful collaboration between musicians and pupils with educational needs. New programme *Only Artists* brought together artists to talk about the creative process in a free-flowing, illuminating conversation. Over the year, the BBC has offered unparalleled coverage of the arts across *Front Row* on Radio 4 and BBC Two, the Radio 2 *Book Club*, Radio 3's *Free Thinking* and *Open Book* and *The Film Show* on Radio 4, BBC Northern Ireland's *The Arts Show* and BBC Scotland's *Culture Studio*.

DRAMA

You do not have to look far to see we're living in a golden age of British drama and the BBC is at the heart of that with its commitment to producing original, diverse and exceptional programming.

High-rating BBC One hits like *Line Of Duty* (the final of which had an average audience of 9.9 million viewers) and *Doctor Foster* (which averaged 8.9 million viewers over the series), made without international partners, offered unmissable appointment-to-view television and communal viewing experiences for audiences, as did Peter Capaldi's regeneration into Jodie Whittaker in the *Doctor Who* Christmas special, as well as *Broken* and *Shetland*. While distinctive dramas such as the multi-award-winning *Three Girls* and recent global thriller *McMafia* (the opening episode was the fourth most popular drama on BBC iPlayer ever) contributed to public debate and the understanding of the world we live in. BBC Two dramas continued to tell compelling and bold stories, with the return of BAFTA award-winning *Peaky Blinders* for its most successful series ever, state-of-the-nation drama *Collateral* (BBC Two's biggest new drama launch since 2015, with 4.8 million viewers), *King Charles III* and thought-provoking

programming like *The Boy With The Topknot* and *Man In An Orange Shirt* which showcased the channel's creative diversity.

BBC Three's drama offering this year has been ground-breaking, innovative and creative, with *Overshadowed* told entirely through the vlogs of the lead character and *Five By Five*, a series of short films from new writers curated by Idris Elba.

BBC Drama has taken risks and been ambitious in producing original new British drama this year, while also maintaining the high quality of returning shows like *Silent Witness*, which launched to 8.7 million viewers, and *Death In Paradise*, that viewers know and love. The BBC is known for its sumptuous period dramas and this year didn't disappoint with *Little Women*, *The Miniaturist* and *Call The Midwife* (with a peak of 9.6 million viewers in series seven), all with strong female characters at their centres.

BBC iPlayer box sets such as *Top Of The Lake*, *Gunpowder* and *Requiem* have allowed viewers the opportunity to watch the shows they want to watch, the way they want to, which we know particularly appeals to younger audiences. The host of drama programming that returned to BBC iPlayer as a Christmas treat resulted



TOMORROW'S WORLD

A pan-BBC partnership that has connected audiences with the brightest minds and biggest science organisations in the country, including the Science Museum Group, Wellcome, the Open University and the Royal Society. It has been a public celebration of all things science, including a Tomorrow's World Live event with Eric Schmidt and Brian Cox.

in iPlayer's best-ever weeks (the week between Christmas and New Year saw close to 80 million requests to view).

Radio 4 continued to experiment with different forms of drama to reach new audiences: the second series of the station's digital-first innovative conspiracy thriller *Tracks* was the most visited Radio 4 programme online in the week it launched. The station offers a huge variety of drama, from adaptations of renowned literature to new writing for radio. Dramas such as a big series on the Russian tsars reflected the current affairs agenda. Across one day, Radio 4 broadcast a major dramatisation of Salman Rushdie's novel *Midnight's Children* as part of the BBC's programming on the Partition of India anniversary. Neil Gaiman's *Anansi Boys* entertained listeners and the series *Riot Girls* returned – dramas written by women featuring extraordinary female characters. Radio 3 also continued to broadcast remarkable drama this year, with seasons including a focus on Joe Orton and *Breaking Free a Century of Russian Culture*, featuring an acclaimed dramatisation of Turgenev's *Fathers and Sons*, as well as a new production of Louis MacNeice's iconic radio play, *The Dark Tower*.

ENTERTAINMENT

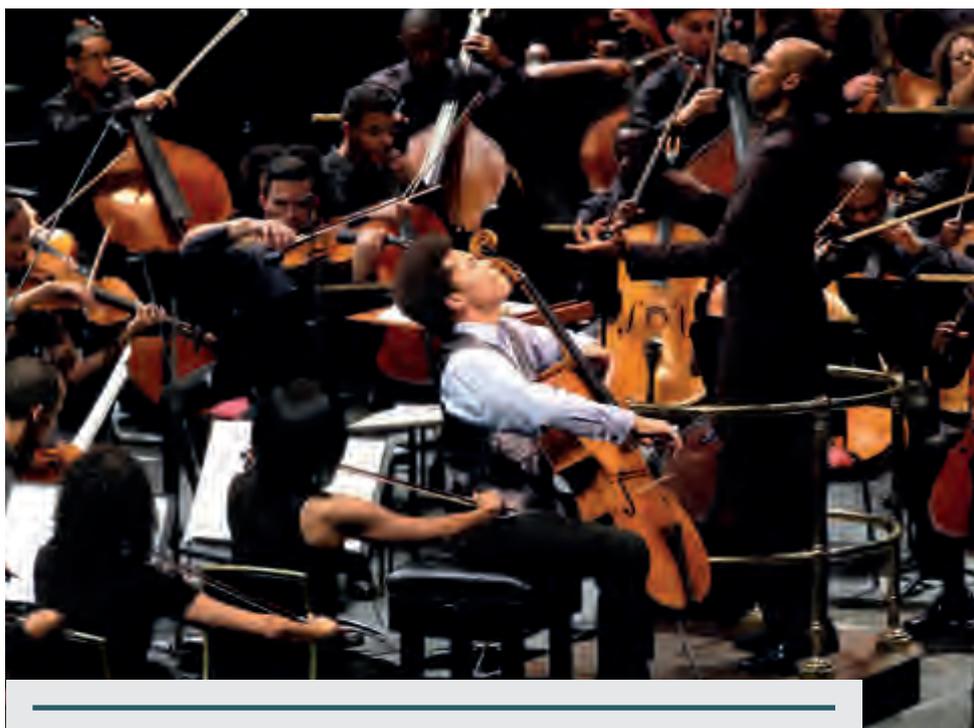
Over the last 12 months the BBC has brought a raft of entertainment into the homes of the nation, from big Saturday night spectaculars on BBC One through to clever and innovative quiz shows on BBC Four, delivering on the promise to fuel the national conversation and reflect the diversity of the UK.

On BBC One *Strictly Come Dancing* enjoyed its most successful series to date, with 13 million viewers tuning in to watch the live final. It is the perfect example of a British format not only going from strength to strength here in the UK, but seeing global success with now over 55 countries having bought the format licence for the show. Elsewhere on BBC One, successful returning series included *Michael McIntyre's Big Show*, *The Apprentice*

and *All Round to Mrs Brown's* all continuing to draw big audiences. We also delivered on our promise to introduce exciting new Saturday night formats in the form of *All Together Now* and *Even Better Than The Real Thing*. All of this plus annual events such as *Eurovision*, *Children in Need*, and *Comic Relief* prove that when the nation comes together, it comes to BBC One.

BBC Two is the home of intelligent quiz shows as well as talked-about factual entertainment. *University Challenge*, *Mastermind* and *Eggheads* have been joined by new stablemates such as *Letterbox*. *The Mash Report* has been a stand-out hit for the channel, with clips and content from the show reaching millions of people via social media, while *Dragons' Den* and *Top Gear* continue to attract younger and underserved audiences.

Chineke! and cellist Sheku Kanneh-Mason



PROMS 2017

Featuring more than 90 concerts of world-class music, the BBC Proms was attended by over 300,000 people.

Highlights included the debut of Chineke! – Europe's first majority BME orchestra – and the first Relaxed Prom, suitable for children and adults with autism, communication or sensory impairments and learning disabilities.

Plus, for the first time in recent history, the BBC Proms travelled outside London to Hull as part of the *Proms at...* series and returned to a Peckham car park for a wide-reaching programme featuring The Multi-Story Orchestra and Youth Choir. Content was also shared across the BBC World Service.

Delivering creative, high quality and distinctive output and services



BBC Three comedy *Man Like Mobeen*

COMEDY

As the home of British comedy, no other broadcaster is as committed to finding and nurturing future stars and championing portrayals of our diverse national character. From those taking their first performance steps such as Charlie and Daisy-May Cooper from multi-award-winning mockumentary *This Country*, to showcasing the most established stars such as Alison Steadman and John Cleese in *Hold The Sunset*. We are also dedicated to bringing through talented faces and voices for the mainstream, with BBC One's *Comedy Playhouse*, BBC Two's *New On Two* and *Slices* on BBC Three which have resulted in lots of exciting new series commissions.

On BBC One *Peter Kay's Car Share*, *Not Going Out*, *Mrs Brown's Boys* specials, *Still Game* and *Tracey Breaks The News* continued to delight audiences. On BBC Two there was more critically acclaimed *Inside No 9*, *Mum*, *Upstart Crow*, *W1A*, Frankie Boyle's *New World Order* and *Two Doors Down*, plus new series with *Motherland* and the heralded return of *The League Of Gentlemen*. BBC Four saw the last series of *Detectorists*, and biopics in the form of *Brian Pern: The Tribute* and *Eric, Ernie & Me*.

BBC Three is still the natural home for taking chances on distinct new voices; this bold approach to commissioning has resulted in many successes such as *People Just Do Nothing*, *The Young Offenders*, *Man Like Mobeen*, *Josh* and *Witless*.

BBC Radio continues to champion rising stars in comedy and many of our comedy programmes appeal to large core audiences and new younger listeners. This year Radio 1 brought back comedy with a new late night slot and the distinctive podcasts helped give a new generation of young comedians a platform. With heats all around the UK, Radio 4's *New Comedy Award* again recognised new comedians and the station welcomed back the 2014 winner Lee Ridley, also known as Lost Voice Guy. And award-winning stand-up Mae Martin returned with her *Guide to 21st Century*... this year on addiction. Comedy on Radio 4 gives listeners a mix of much-loved shows and new comedy. Nicholas Parsons marked 50 years of *Just A Minute* while *The News Quiz* has been entertaining with topical comedy for 40 years. The classic *The Hitchhiker's Guide to the Galaxy* returned to Radio 4 with the original cast and special guests including the late Professor Stephen Hawking. Miranda Hart's *Hampshire to Hollywood* was a three-hour special on Radio 4 Extra.

Radio 4's comedy podcasts regularly appear near the top of the BBC podcast chart and this year's commissions included short-form, online comedy *New Year New You* by David Schneider. BBC Three continues to explore opportunities with online short-form comedy, and shows such as *Pls Like* and *Big Field* are making the most of this pipeline that offers a route to longer-form.



Boy Blue Entertainment's *Emancipation of Expressionism*

CULTURE UK

Culture UK, our new partnership strategy launched and developed in collaboration with the Arts Councils of England, Wales and Northern Ireland and Creative Scotland, focused on UK-wide cultural development, artist-led commissioning and technological innovation. As part of this, a £4 million 'Artists First' commissioning budget is being dedicated to new television projects by arts organisations like Sadlers Wells, the National Theatre and Hull, UK City of Culture and artists like Wayne McGregor, Phil Collins and Rachel Maclean.

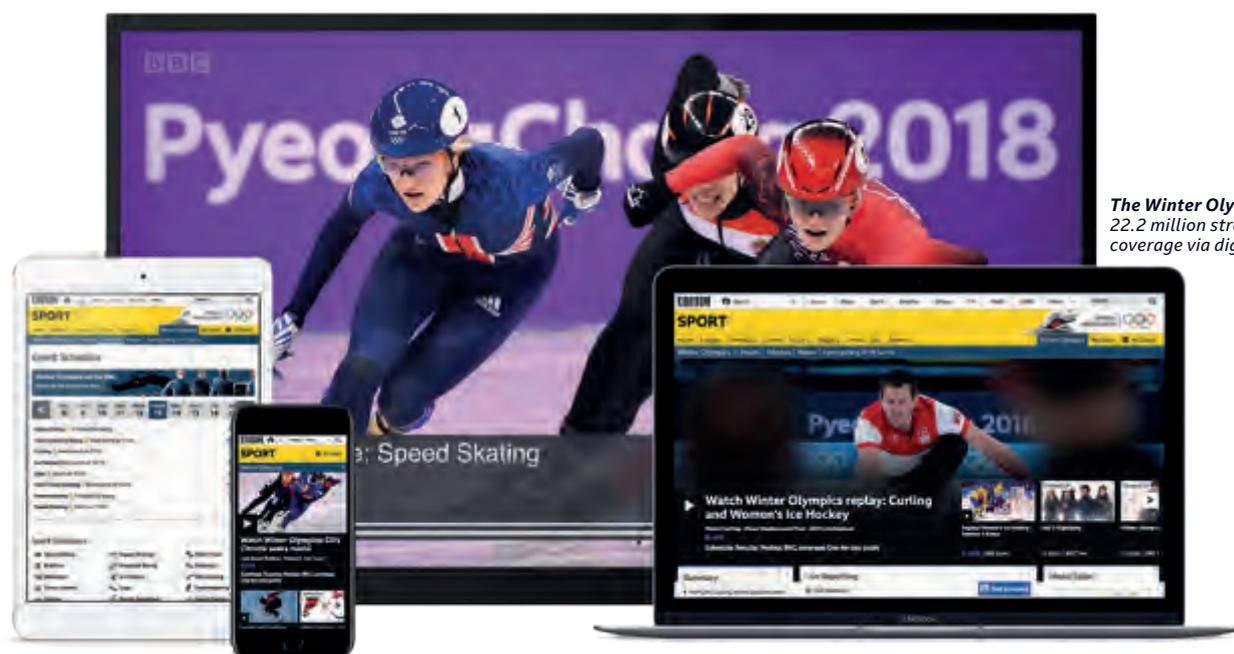
Performance Live, in partnership with Arts Council England and Battersea Arts Centre, showcases some of the most exciting artists working in performance today on BBC Two, and Opera Passion – a live digital festival – was launched with eight UK opera companies. BBC R&D has opened itself up to the arts sector, offering access and training around specially developed digital tools, including the *Civilisations* AR app.

£4m

'Artists First' commissioning budget to support new television projects by arts organisations.



The Hitchhiker's Guide to the Galaxy, Radio 4



The Winter Olympics
22.2 million stream starts of our coverage via digital platforms

SPORT

The BBC's aim is to bring audiences the big sporting moments that unite the nation while also providing up-to-the-minute news and opinion from across the world of sport. Despite the exceptional competition in the sports broadcasting market, the BBC remains the nation's favourite sports broadcaster. We run the most popular TV, radio and online sport services in the UK.

In 2017 we accounted for around 2% of the sport broadcast on TV, but delivered more than 34% of total TV viewing. Some sports, football in particular, play an important role in maintaining a relationship with younger and more diverse audiences. Our weekly football output, centred around *Match of the Day*, continued to entertain and attract large audiences in 2017, with nearly 60% of those watching any Premier League only watching it on BBC TV.

The BBC Sport website is the most popular in the UK, attracting 19 million unique UK browsers every week. Indeed, our sport offer is at the forefront of the BBC's digital transition, bringing extra action and news to audiences by supplementing our linear offer with increasingly personalised content. Our online streaming service is reinventing free-to-air sports broadcasting with the biggest increase of live sport content for a generation. Over a thousand extra hours of live sport will be available for audiences to watch online every year through BBC Sport and BBC iPlayer. Sports fans can also personalise the service to make sure they can watch all the live sport they love, whenever it's on the BBC, across computers, mobiles, tablets and connected TVs.

Beyond our big focus on the largest events, we maintained a deep breadth of sports coverage.

2017/18 SAW A NUMBER OF MAJOR SPORTING EVENTS ON THE BBC:

WIMBLEDON

— This year we celebrated the 80th anniversary of BBC Television coverage and the 90th anniversary of BBC Radio's coverage – marking the longest-running partnership in sports broadcasting.

THE FA CUP

— The most famous domestic cup competition in world football had unprecedented coverage on all broadcast platforms with complementary programming across the BBC's TV, radio and digital portfolio and reached 28.1 million people on the TV set alone.

WORLD ATHLETICS CHAMPIONSHIPS

— One of the biggest sporting events of the summer took place at the Olympic Stadium in London and the BBC had extensive live coverage across all broadcast platforms. TV coverage each night regularly peaked at over 6 million, with a top peak of just under 10 million.

SIX NATIONS RUGBY UNION CHAMPIONSHIP 2018

— No other sporting event brings together the nations of the UK in such a friendly but fiercely competitive rivalry. The BBC shared live coverage with ITV on TV, with the BBC alone reaching over 19 million to great audience appreciation. There was also full live coverage on BBC Radio.

THE WINTER OLYMPICS IN SOUTH KOREA

— The first major event in our new seven-year partnership with Discovery was delivered across all of our platforms. An exceptional 33.3 million watched our TV output. And the Games saw a significant shift in how our audiences are watching, with 22.2 million stream starts via our digital platforms.

Since the 2016 Olympics in Rio we have shown on our network TV channels and Red Button, major championships of all sports where GB won gold; and BBC Radio 5 live and 5 live sports extra have showcased 20 different sports in the last year.

BBC Radio 5 live and 5 live sports extra continued to offer a wider range of sports than any other UK broadcaster. Coverage of this year's Winter Paralympic Games

in Pyeongchang was available on the BBC Sport website and BBC Radio 5 live, where JJ Chalmers presented updates and highlights from South Korea. With 144 live radio commentaries, we broadcast more Premier League matches than any other radio broadcaster in the UK, while *Test Match Special* covered every England cricket match in the summer, which was complemented by a digital clips service on the BBC Sport website.

Delivering creative, high quality and distinctive output and services

MUSIC

Music is at the heart of many of the BBC's most popular services, inspiring and entertaining audiences with distinctive programming and bringing the best of the UK's music and live events to millions of people every week.

Radio 1 brought some of the biggest names in music to the Teen Awards, which recognises exceptional achievements of Teen Heroes. 1Xtra celebrated its 15th anniversary with a special *1Xtra Live* in Manchester and distinctive programming included *1Xtra in Jamaica* and coverage from carnivals in London, Nottingham and Leeds. For the first time, BBC Asian Network's flagship event, *Asian Network Live*, was held in Birmingham with outreach activity across the city.

Radio 2, the most listened to station in the UK, marked its 50th birthday by taking its Saturday night *Soul Zone* to Manchester for the first *Radio 2 All Star Party*. The station's commitment to specialist music was reflected in the Folk Awards, *In Concert* series celebrating artists from the past five decades, and broadcasts from Cheltenham Jazz festival, Glasgow's Celtic Connections and Evening Standard Theatre Awards. Radio 6 Music, which reached record listeners this year, has championed alternative and independent music including *Hip Hop Hooray*. With over 300 live performances, 6 Music broadcast more live music than any other station in the UK.

Accompanying landmark moments, Radio 3 broadcast *Music of the Reformation*, and seven operas complementing BBC television programmes, plus live events around the UK including the London Jazz Festival and Barbican concerts. A project with the Arts and Humanities Research Council to research forgotten works by female composers culminated in a gala concert. Radio 3 again curated a day of female composers to mark International Women's Day, and commissioned Lucy and Helen Pankhurst to write a new work that was freely available to the public to perform in their choirs.

BBC Music highlights on BBC One included three *At the BBC* shows featuring Harry Styles, Sam Smith and U2, and *Sounds Like Friday Night* launched. BBC Music specials included *Children in Need Rocks the 80s* and *Gospel Christmas* as well as benefit concert *One Love Manchester*. BBC Two celebrated *Later... with Jools Holland's* 25th year with a televised concert. The BBC's extensive Glastonbury coverage was watched by almost 23 million people. BBC Four broadcast from Radio 2's *In Concert*, Radio 1's *Live Lounge*, the Mercury Prize as well as highlights of the Radio 2 Folk Awards and Country Music Association Awards. Gregory Porter explored *Popular Voices* and fans were given a deeper insight to the music and lives of profiled artists.

With over 300 live performances, 6 Music broadcast more live music than any other station in the UK.



Asian Network Live in Birmingham

Radio 2's I Feel Love concert



GAY BRITANNIA SEASON

A season of bold and provocative stories marking the 50th anniversary of The Sexual Offences Act 1967.

Led by programming on BBC Two and BBC Four, with other content across radio and online, the season featured stories celebrating the LGBTQ community.

The season was rated highly by viewers and listeners with resonance particularly high among the community, having a positive impact on their views about the BBC.

TV programmes included *Against the Law* (nominated for a BAFTA for Best Single Drama), the acclaimed *Man In An Orange Shirt, Prejudice And Pride: The People's History Of LGBTQ Britain* (nominated for a Broadcast Digital Award), *Queers, Growing Up Gay* and *Is It Safe To Be Gay In The UK?*

Radio 2 broadcast a live Saturday night concert as well as a documentary presented by Andrew Scott exploring the last five decades of British history through gay culture and its impact on popular music. In 6 Music's *Loud and Proud* season, Tom Robinson explored the changing attitudes towards LGBTQ+ communities through the lens of Labi Siffre's life and music. Radio 4 highlights included the *Queer Icons* list and *From Shame to Pride* with Val McDermid, while Radio 1 also carried Gay Britannia documentaries.

PODCASTS

The BBC is one of the largest podcast producers in the world and this year has also commissioned new series which aren't made up of on-air programmes and exist first and foremost as podcasts. Younger and different voices delve into various topics analysing culture, shedding light on the world around us and sharing personal experiences. From Radio 1's new comedies to Radio 4's *GrownUpLand*, 5 Live's *Fit and Fearless* and podcasts such as *The Boring Talks* and *Unpopped*, listeners have been able

to enjoy a range of different content online as we reinvent BBC Radio for a new generation. These joined other popular podcasts with well-known BBC presenters such as *Political Thinking* with Nick Robinson, *Brexitcast*, *Kermode and Mayo's Film Review*, *The Assassination* and *Fortunately with Fi and Jane*. Radio 4 Extra introduced *Podcast Radio Hour* to give listeners the chance to hear from the people who make recommended podcasts.



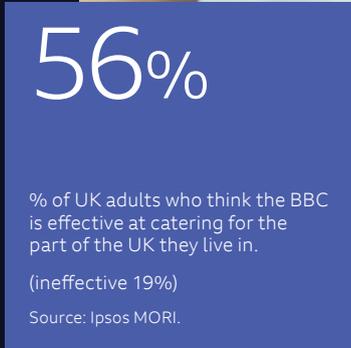
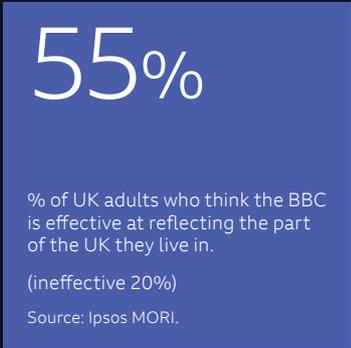
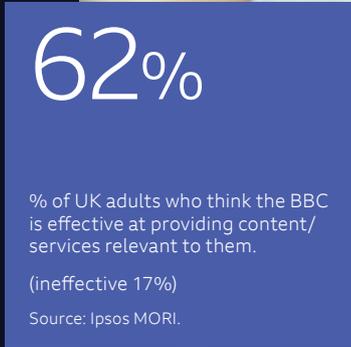
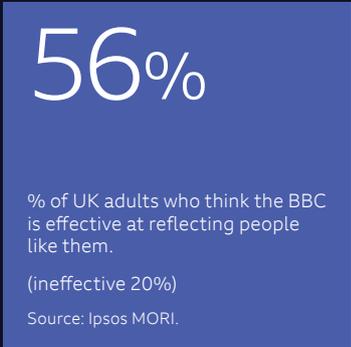
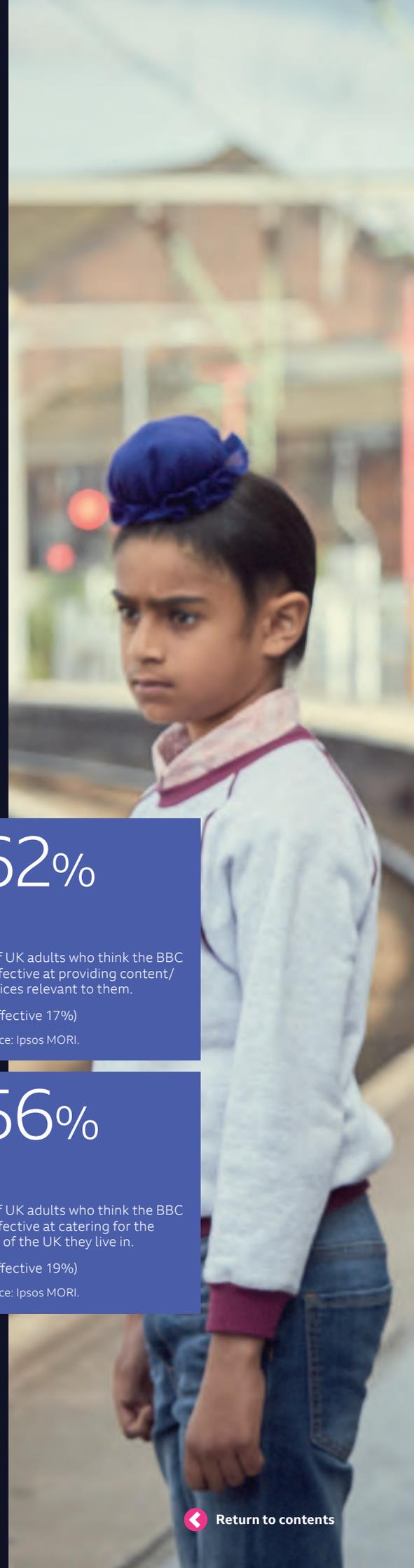
4 To reflect, represent and serve the diverse communities of all of the United Kingdom's nations and regions and support the creative economy

As an organisation, we endeavour to represent everyone – all the cultures and diverse voices that make the UK what it is. Our business is storytelling and we must make sure we tell stories that people all across the country will recognise, will understand and will relate to. That is why the BBC, as a truly creative organisation, must embrace as many voices and views as possible, as well as giving opportunities to people from all backgrounds.

It is fundamental to the BBC's public service mission that we strive to represent the whole of the UK, to reflect the whole of the country to itself and make sure all of its diverse voices are heard. We have set ourselves on and off-air targets that are as challenging as any in the UK media industry – so that, with the range and breadth of programming we make, audiences will be able to see and hear diverse voices in everything we do.

We recognise that, at a time when the country feels divided and fragmented, when the UK is increasingly diverse and devolved, this responsibility is perhaps more important than ever. Across the whole country, we know that the public wants us to do more to represent and portray, as accurately as possible, the full diversity of life and community throughout our programmes and services. Last year we reviewed our programmes and services in the nations and announced significant changes and major investments. Our programmes need to be made across the UK's nations and regions. Our local and nations services need to be relevant to audiences in each place.

But as well as showing what makes us different, we must also celebrate what unites the country for shared experiences and a shared national conversation. We believe the BBC's unique ability to highlight what brings the country together as well as what sets its communities apart is an invaluable asset for the UK at a critical time. The following pages demonstrate how we have met this purpose through our diverse output and through providing for audiences in Wales, Scotland, Northern Ireland and in the English Regions.



A man with dark hair and a beard, wearing a dark blue peacoat over a maroon t-shirt, stands in a train station. He is looking directly at the camera with a serious expression. In the background, a train is visible on the tracks, and there are some signs and structures of the station.

The BBC's unique ability to highlight what brings the country together as well as what sets its communities apart is an invaluable asset for the UK at a critical time.

BBC Two drama The Boy With The Topknot

Reflecting and representing the United Kingdom's nations and regions and supporting the creative economy

DIVERSE CONTENT

Our aim is to be the most creative organisation in the world – reflecting, representing and staying truly relevant to the communities across the UK. All audiences should feel that the BBC offers something for them.

We are committed to measure our performance against our ambition to reach all audiences through a range of audience panels, focus groups and satisfaction surveys.

Increased diversity of thought and experience, achieved through a more representative workforce, is a key driver of this creativity. That's why we're committed to ensuring we have a variety of voices across the whole of the BBC – from entry level right up to the Board. We achieved our 2017 diversity workforce targets and we're making steady progress against our 2020 targets (read more in the Our People section page 74).

Right across our services, you'll find the best in diverse on-screen and on-air content. And we've had an award-winning year of programming built on inclusive subject matters.

A strong sense of national identity is evident through our recent content. *The Moorside*, *Broken* and *Three Girls* told the complex stories of social class and communities in the North of England. *Paula* was filmed in Northern Ireland and *The Replacement* and *Trust Me* were high-end dramas from Scotland.

Women continued to lead the way with a wider range of women's voices and experiences portrayed across our programmes. Thandie Newton headlined the cast of series four of *Line of Duty* and the multi-award-winning female-led *Doctor Foster* returned for a second series to BBC One. Jodie Whittaker was announced as the first female Doctor and Shirley Ballas became Head Judge on *Strictly Come Dancing*.

We showcased Black, Asian and Minority Ethnic (BAME) talent through *The Boy With The Topknot* which brought to life the memoirs of a second generation Indian growing up in Britain.

New commissions also included Guz Khan's *Man Like Mobeen* and *Chinese Burn*. The Idris Elba BBC Three take-over featured *Marcus The Wheelchair Boxer*, *Breaking Out In Bradford*, *Being A Working Class Barrister* and *Five By Five*, a drama told in five short episodes.

Radio broadcast highlights included 1Xtra's *Carnival Weekend* with coverage from Notting Hill, Nottingham and Leeds and Levi Roots' series on reggae music from across the decades for Radio 2.

This year the representation of people with disabilities has been at the heart of schedules. We've been championing disabled presenters in peak shows and we're seeing and hearing more of a mix right across our sports content. Paralympian Jonnie Peacock featured on *Strictly Come Dancing*. There was an all disabled presenter/reporter line up for The Invictus Games and *Without Limits: Vietnam* documented six disabled travellers on an expedition.

Chris Packham provided a real insight in *Asperger's and Me* and *The A Word* returned for a second series. The BBC Minds Matter mental health season aimed to break through the stigma associated with mental illness while

BBC Three's short-form videos from the series *Things Not To Say* challenged misconceptions about mental health.

And our seasons grew from strength to strength. The 70th anniversary of the Partition of India featured *Partition: The Forgotten Story*, *Dangerous Borders: A Journey Across India and Pakistan* and *My Family, Partition and Me: India 1947*. While our Gay Britannia season, marking the 50th anniversary of the Sexual Offences Act 1967 featured range of content across TV, radio and online (see page 37).

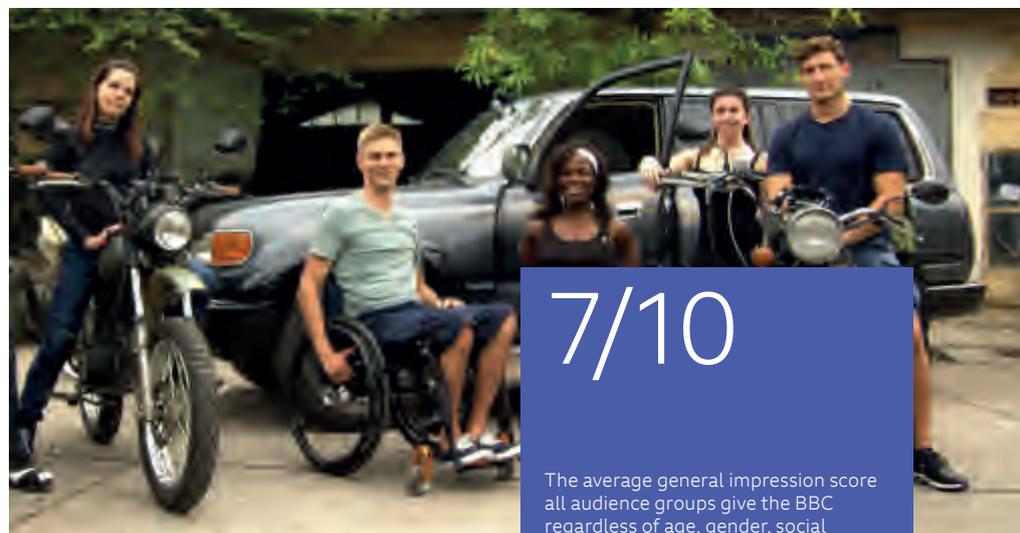
Further LGBT portrayal included *Two Doors Down* which featured a prominent inter-racial gay couple in lead roles, lead character Miriam Margolyes starred in *Bucket* and Pearl Mackie portrayed openly gay companion, Bill Potts, in *Doctor Who*.

We've been working towards more incidental inclusion on screen. We are seeing more LGBT characters in roles unrelated to sexuality or gender, in storylines and situations that are universal to all, that are authentic and as representative as possible.

Long-term health conditions that affect the lives of large parts of our audience are increasingly part of storylines. We want everyone to participate – so we're building the highest levels of accessibility and innovation into our digital products across subtitling and audio description.

We acknowledge that our content strategies need to be agile and forward facing in order to meet the needs of a changing, modern UK and all the groups and communities we serve. We are therefore building on knowledge about our audiences with new, more nuanced insight that feeds back directly into editorial decision making and commissioning.

+ Read more in **Our People: Diversity pages 79-83** and the **Equality Information Report on pages 240-263**



Without Limits: Vietnam
Our new Code of Practice puts diversity at the heart of the BBC's commissioning process

The average general impression score all audience groups give the BBC regardless of age, gender, social grouping, ethnic origin or geography.

Source: Kantar Media.

% of each audience group who think the BBC informs, educates and entertains people in the UK/them

	Male 16+	Female 16+	ABC1 16+	C2DE 16+	16-34	35-54	55+	White 16+	BAME 16+
Effective	73%	74%	81%	65%	71%	76%	74%	75%	67%
Ineffective	10%	8%	7%	11%	8%	9%	10%	8%	12%

% of each audience group who think the BBC is effective at reflecting people like them

	Male 16+	Female 16+	ABC1 16+	C2DE 16+	16-34	35-54	55+	White 16+	BAME 16+
Effective	56%	57%	64%	47%	51%	60%	58%	58%	48%
Ineffective	22%	18%	18%	23%	21%	18%	20%	19%	29%

BBC Television reach: % of each audience group in TV homes that watch BBC Television each week

	Male 16+	Female 16+	ABC1 16+	C2DE 16+	16-34	35-54	55+	White 16+	BAME 16+
2017/18	78%	82%	81%	80%	60%	82%	93%	81%	69%
2016/17	80%	84%	82%	82%	65%	85%	94%	83%	72%

BBC Radio reach: % of each audience group that listen to BBC Radio each week

	Male 16+	Female 16+	ABC1 16+	C2DE 16+	16-34	35-54	55+	White 16+	BAME 16+
2017/18	67%	62%	72%	56%	53%	64%	74%	68%	47%
2016/17	68%	61%	73%	55%	53%	64%	74%	68%	46%

BBC Online reach: % of each audience group that use BBC Online each month*

	Male 15+	Female 15+	ABC1 15+	C2DE 15+	15-34	35-54	55+
2017/18	76%	71%	86%	58%	82%	84%	57%

BBC Television: Time spent watching BBC TV in TV homes per head, per week (hh:mm)

	Male 16+	Female 16+	ABC1 16+	C2DE 16+	16-34	35-54	55+	White 16+	BAME 16+
2017/18	07:41	08:49	08:08	08:27	02:59	06:25	13:53	08:42	04:23
2016/17	08:17	09:13	08:37	08:56	03:28	06:55	14:33	09:13	04:54

BBC Radio: Time spent listening to BBC Radio per head, per week (hh:mm)

	Male 16+	Female 16+	ABC1 16+	C2DE 16+	16-34	35-54	55+	White 16+	BAME 16+
2017/18	10:38	09:30	10:57	09:00	04:39	09:17	15:10	11:10	04:41
2016/17	10:49	09:32	11:11	08:58	04:44	09:31	15:16	11:16	04:38

* comScore MMX Multi-Platform measures from 15+ and monthly.
Source: Ipsos MORI, BARB, RAJAR. Online reach data on page 28 and here from comScore MMX Multi-Platform, UK, Total Unique Visitors per month, [P] BBC Sites, October 2017-March 2018 (desktop data 15+, mobile data 18+); percentages based on overall UK populations using ONS population estimates and the BARB Establishment Survey. BBC TV and BBC Radio reach here and on page 28 based on 15+ mins.

Reflecting and representing the United Kingdom's nations and regions and supporting the creative economy

Providing for audiences across the UK

The BBC is committed to serving its audiences across the UK, providing high-quality, distinctive and relevant content for licence fee payers, helping to maintain reach and providing an effective vehicle to reflect the range of cultures and communities.

Dedicated services

The BBC also provides a range of dedicated, cross-genre output for Scotland, Wales and Northern Ireland and the English Regions across television, radio and online. Each area makes television and radio programmes for their local audience and for the network.

We have major production centres in Glasgow, Cardiff, Belfast, Salford, Bristol, Birmingham and London.

As part of our focus on providing for audiences across the UK, we are making further improvements to how we measure our performance in different parts of the UK. Comparable figures for BBC Online performance by geography are not included this year, but this will be rectified in subsequent years.





Network television programming spend by region as a percentage of eligible spend

	2017	2016
London	48.9%	49.4%
Scotland	9.1%	10.3%
Wales	6.7%	5.8%
Northern Ireland	2.4%	3.1%
Total nations	18.2%	19.2%
Midlands	1.9%	1.5%
North of England	18.4%	19.7%
South of England	8.7%	7.6%
Multi-region*	3.9%	2.6%
Total regions excl. London	32.9%	31.4%
Total nations and regions	51.1%	50.6%
Grand total	100%	100%

BBC Local Radio and nations radio hours of output**

	2017	2016
England (excl. London)	222,946	225,020
London	8,613	7,977
Scotland	11,866	11,977
Wales	14,366	14,594
Northern Ireland	8,639	8,560

Network supply

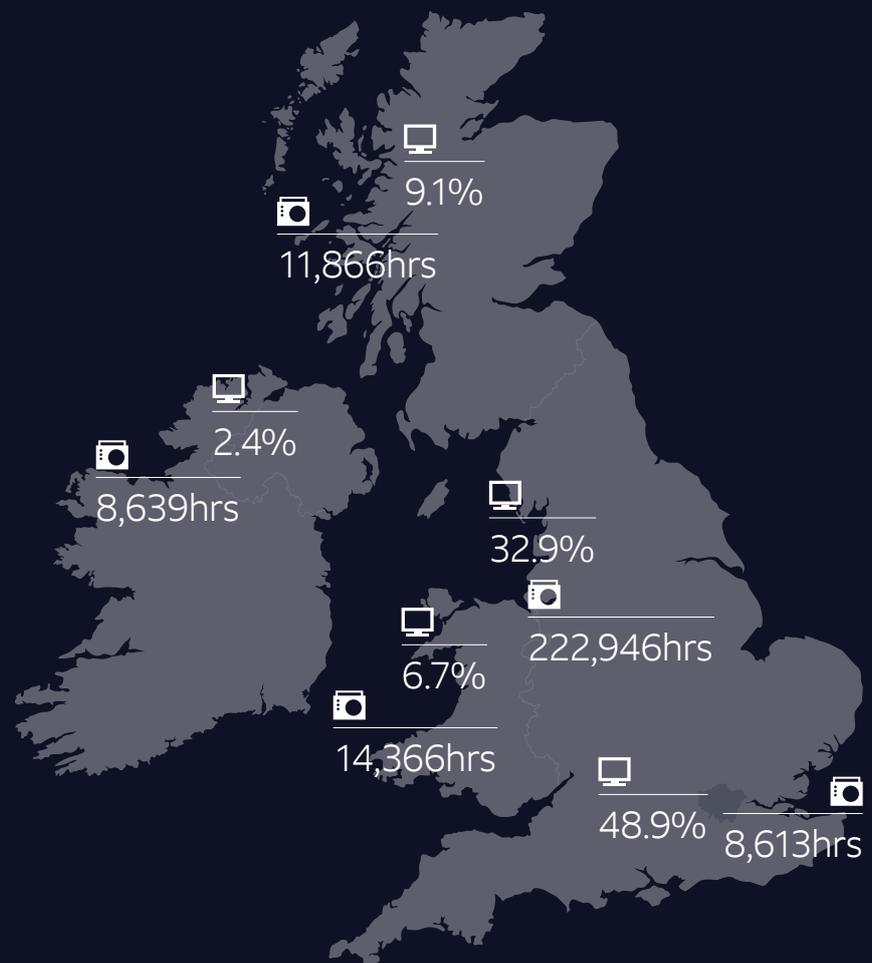
Over half of network television production is in the nations and regions, with 51.1% from outside London and more than 18% from Scotland, Wales and Northern Ireland.

Network television spend based on Ofcom definitions by calendar year.

* Multi-region covers programmes made outside London but which cannot be attributed to any one region or nation.

** The BBC Local Radio and nations radio hours of output only include BBC original programmes and excludes any repeat programmes.

[+ Read more on pages 150-167](#)



The BBC in Wales

In the first year of an additional £8.5 million per annum Charter reinvestment, the creative impact was immediate – and contributed to the BBC’s strong performance in Wales.



With a focus on delivering major landmark programming rooted in Wales for audiences everywhere, BBC Wales recorded its highest audiences for both factual and drama series in more than a decade.

Valley Cops – a revealing account of community policing in the South Wales Valleys – was co-commissioned by BBC Wales and BBC Three. The series attracted an impressive 346,000 viewers on BBC One Wales and was later broadcast on BBC One across the UK. There was similar success for *Keeping Faith* – an eight-part series starring Eve Myles, jointly commissioned by BBC Wales and S4C. The BBC One Wales screening attracted an average of 300,000 viewers per episode – with over 5 million further requests to view the series on iPlayer before the end of March 2018. In fact, such was its success, that a second series is in development.

Keeping Faith was in good company in the biggest year of Welsh drama for a generation, with the third and final series of *Hinterland* and the supernatural series *Requiem* also attracting audiences both in Wales and across the UK.

Alongside drama, BBC Wales continued to develop its focus on younger audiences, with a new series of *Hayley and Young, Welsh and Pretty Minted* both making their mark on BBC Three and BBC iPlayer, as well as on BBC One Wales.

Looking across the BBC’s services, the audience performance of both

BBC Television and Radio in Wales continued to be high, driven by the strong performance of BBC One Wales, Radio 1 and Radio 2. Radio Cymru also saw audience gains over the period, although Radio Wales’ reach continues to face competitive pressure.

In January, BBC Radio Cymru marked its birthday year with the launch of a second breakfast service, Radio Cymru 2, across DAB and mobile devices. For the first time, the new service provides real choice to Welsh language listeners – with the entertainment and music mix providing an alternative to the *Post Cyntaf* news service on Radio Cymru’s main service.

Radio Wales continued to develop the diversity of output – with a new nightly live show from Wrexham, with Janice Long, and the addition of Eve Myles and Lucy Owen to the presentation team. The station’s commitment to new comedy was also strengthened with a brand new Ruth Jones comedy, *Splott*, and a new partnership with the Machynlleth comedy festival.

Later this year, Radio Wales’ FM coverage will be boosted – with 175,000 households receiving FM access to the station for the first time.

In news, the Charter reinvestment saw a slate of new output and editorial enhancements, with the successful launch of a new political series *BBC Wales Live* on BBC One Wales, presented by Bethan Rhys Roberts and Jason Mohammad; a new monthly debate programme

The Hour; and new specialist Welsh correspondents for Brexit, Social Affairs, Sport and Home Affairs.

The new current affairs strand, *BBC Wales Investigates*, also made its mark immediately, with an exclusive report into the conviction of Michael Stone for the murders of Lin and Megan Russell.

The year also saw significant growth in mobile usage for our online content. The comedy short, *Nige*, and the development of a new social media service, *BBC Sesh* – inspired by the success of *The Social* in Scotland – both harnessed Facebook and YouTube to help build impact with younger audiences.

Across drama, factual and music, network television production spend in Wales represented 6.7% of total BBC investment in 2017, once again ahead of the target of 5%. Highlights included Peter Capaldi’s final series as the Doctor, with Jodie Whittaker revealed as the first female Doctor in the Christmas special.

BBC programming for S4C continued to play an important role at the heart of the channel’s schedule, with the popular drama *Pobol y Cwm* and *Newyddion 9* forming the bedrock of the channel’s nightly schedule. In addition, S4C programming continued to perform strongly on BBC iPlayer with around 90,000 requests to view content each week on average. Alongside this success, BBC Cymru Fyw – the Welsh language online and mobile service – attracted around 50,000 unique browsers each week.

Across the year, the development of BBC Wales’ new £100 million broadcast centre at Central Square in Cardiff continued apace. As part of this, S4C announced they would share transmission services at the new building from next year, building on our successful new partnership agreement which we signed under the new Charter. Meanwhile, Cardiff University announced they would relocate their journalism and media school to the new site from September 2018, to build on their existing strong partnership with the BBC. The new centre is expected to be operational from the end of 2019 once the technology fit-out is completed.

Performance by service

Dedicated services	Content We spent a total of £28.1 million on these services in 2017/18	Reach % of population who use the service each week	Time spent watching or listening to a service each week Length of time the average listener spent each week with the service	Appreciation Index by service Aggregate of how people rated individual programmes, expressed as a number out of 100	Costs per user hour How much it costs to deliver each service for each hour used
 BBC Radio Wales is a speech-led service for adults, which offers a wide range of genres and reflects the issues, events, culture and interests of the people of Wales.	£14.6m 2016/17: £14.2m	14.3% 2016/17: 13.9%	08:05 2016/17: 08:19	85.5 2016/17: 82.7	9.3p 2016/17: 9.1p
BBC Radio Cymru is a speech and music radio service for Welsh speakers, which offers a wide range of genres and reflects the issues, events, culture and interests of the people of Wales.	£13.5m 2016/17: £13.6m	21.1%* 2016/17: 16.7%*	13:02 2016/17: 12:23	81.7 2016/17: 78.8	16.9p 2016/17: 22.6p

Reach definition: 15+ minutes and audiences aged 15+. Sources: RAJAR (radio reach and time per listener, data based on Total Survey Area – TSA); Appreciation Index – Pulse Panel of 20,000 UK adults 16+ by GfK (data based on adults 16+ living in the BBC Wales area).

* BBC Radio Cymru: RAJAR data (reach and time per listener) based on 'Understand Welsh'; Appreciation Index data based on 'Speak Welsh Fluently & Speak Welsh but not Fluently'. BBC Radio Cymru reaches 5.0% of the overall 15+ population in Wales who listen for 11:59 a week on average and give an average Appreciation Index score of 81.8.

72%

% of adults in Wales who think the BBC is effective at **informing, educating and entertaining** people in the UK/them.
(ineffective 10%)

51%

% of adults in Wales who think the BBC is **effective at reflecting people like them**.
(ineffective 23%)

82%

BBC Television reach
% of adults in Wales in TV homes who watch BBC Television each week.
2016/17: 85%

72%

BBC Radio reach
% of adults in Wales who listen to BBC Radio each week.
2016/17: 71%

44%

Dedicated Welsh news services on television
% of adults in Wales in TV homes who view this content on BBC Television each week.
2016/17: 47%

09:35

BBC Television time per head
Time spent watching BBC TV in TV homes per head, per week in Wales (hh:mm).
2016/17: 10:18

11:49

BBC Radio time per head
Time spent listening to BBC Radio per head, per week in Wales (hh:mm).
2016/17: 11:39

Sources: Ipsos MORI, BARB, RAJAR. Note: All reach figures based on adults 16+ so the 2016/17 figures for BBC Television and BBC Radio will not match the 2016/17 Annual Report and Accounts because they were based on 4+ years (TV) and 15+ years (Radio). Time per head based on adults 16+. BBC TV and BBC Radio reach based on 15+ mins. BBC TV dedicated news services reach based on 3+ mins.

The BBC in Scotland

In the year that we announced a major new investment in Scotland – including a new channel with a dedicated news hour at 9pm – Brexit, a snap General Election and the extreme weather that the ‘Beast from the East’ brought to our shores were just three of the major stories covered by BBC Scotland’s news teams.

Election coverage included a televised leaders’ debate and a series of *Ask the Leader* programmes, extended editions of *Reporting Scotland*, radio interviews, phone-ins and content delivered via social media, tailored to reach underserved and young audiences.

As the winter weather brought much of the country to a standstill, audiences tuned in to extended early evening editions of *Reporting Scotland* – the audience of 930,000 for the first half hour of the 28 February programme was the highest in the last 15 years.

In *Humans for Sale*, BBC Scotland *Investigates* shone a spotlight on human trafficking. The programme’s shocking revelations were raised at First Minister’s Questions in May and referenced throughout a Holyrood debate in June.

Drama highlights on network included *Trust Me*, a psychological thriller set in Edinburgh, and the return of the acclaimed murder mystery, *Shetland*. Both drama series will make welcome returns next year. Children’s favourite, *Raven*, also returned to our screens, on CBBC, with Aisha Toussaint in the lead role.

It was another strong year for arts and factual production from Scotland. *The Proclaimers: This is the Story*, narrated by David Tennant, charted the 30-year career history of Auchtermuchty’s famous musical twins; the Scots who made Russia their own were the focus of the two-part *Brian Cox’s Russia*; and *Billy Connolly: Portrait of a Lifetime* celebrated the Big Yin’s 75th birthday, drawing 580,000 viewers and a 30% audience share in Scotland.

Major series included *The Forest*, which followed those who work in the vast Galloway Forest, and the 10-part *Island Medics*, for BBC One network, which went behind the scenes at the Gilbert Bain Hospital in Lerwick.



BBC Studios continued to produce high-quality programmes for the BBC, including *Earth’s Natural Wonders* and *The Truth About Getting Fit* for BBC One; and *Imagine*, *Trust Me I’m a Doctor* and *This Farming Life* for BBC Two, as well as bringing BBC Radio 4’s *Front Row* to TV.

Network comedy favourites across the year included two festive specials of *Mrs Brown’s Boys* (the Christmas Day episode attracted 9 million UK viewers), a new series of *Two Doors Down* and an eighth series of the comedy phenomenon that is *Still Game*.

The 70th anniversary of the Edinburgh Festival was celebrated across BBC broadcast platforms and services, including televised highlights of the *Royal Military Tattoo*, narrated by Bill Paterson, and 33 classical music events produced for BBC Radio 3.

Shinty, rugby, curling, international football and the Scottish Cup all featured in our sports coverage across the year. And music fans were treated to live and TV highlights coverage of events such as Proms in the Park, the TRNSMT Festival from Glasgow and Texas and the BBC SSO from the Barrowlands as part of BBC Music Day.

Now in its 10th year, BBC ALBA continued to reach out to Gaelic and non-Gaelic speaking audiences with its rich variety of programmes. The popular drama *Bannan* returned for a new series and *Dhan Uisge* followed Calum Maclean’s wild swimming exploits around Scotland.

There were new series on Radio Scotland, with the topical quiz *Stop the Press*, and history was to the fore with a new magazine strand, *Time Travels*, and oral history series, *Our Story*, with Mark Stephen.

On social media, *The Social’s* comedy and short-form documentaries continue to resonate with audiences, with *Natalie’s Snow Day* picking up over 13 million views and just under one million engagements.

Performance by service

Dedicated services	Content We spent a total of £34.5 million on these services in 2017/18	Reach % of population who use the service each week	Time spent watching or listening to a service each week Length of time the average viewer/listener spent each week with the service	Appreciation Index by service Aggregate of how people rated individual programmes, expressed as a number out of 100	Costs per user hour How much it costs to deliver each service for each hour used
 BBC ALBA offers, to Gaelic speakers and learners, a distinctive range of originated programming that reflects and supports Gaelic culture, identity and heritage.	£7.9m 2016/17: £6.0m	62.1%* 2016/17: 67.2%*	04:58 2016/17: 05:23	n/a 2016/17: n/a	14.3p 2016/17: 9.6p
 BBC Radio Scotland is a speech-led service for adults. Mixed-genre programming reflects the diversity of Scottish culture and covers national and international issues and events relevant to listeners across the country.	£22.6m 2016/17: £21.1m	19.2% 2016/17: 20.3%	06:25 2016/17: 07:18	76.7 2016/17: 75.8	7.8p 2016/17: 6.0p
 BBC Radio nan Gàidheal offers a comprehensive speech and music radio service for Gaelic speakers. Mixed-genre programming reflects the diversity of Scottish culture and, from a Gaelic perspective and through the medium of the Gaelic language, covers national and international issues and events relevant to listeners across the country.	£4.0m 2016/17: £3.7m	61.1%** 2016/17: 68.4%**	07:43 2016/17: 08:40	n/a 2016/17: n/a	20.8p 2016/17: 15.6p

BBC Radio Scotland: Reach definition: 15+ minutes and audiences aged 15+. Sources: RAJAR (Radio reach and time per listener; data based on Total Survey Area – TSA); Appreciation Index – Pulse panel of 20,000 UK adults, 16+ by GfK (data based on adults 16+ living in the BBC Scotland area).
 * BBC ALBA: TRP Panel based on Gaelic-speaking 16+ population in Scotland. BBC ALBA reaches 11.3% of the overall 16+ population in Scotland who use the service for 01:55 a week on average (source: TNS Scottish Opinion Survey based on all adults aged 16+ in Scotland).
 ** Radio nan Gàidheal: TRP Panel based on Gaelic-speaking 16+ population in Scotland.
 n/a means Data does not currently exist for this measure.

69%

% of adults in Scotland who think the BBC is effective at **informing, educating and entertaining** people in the UK/them.
 (ineffective 9%)

53%

% of adults in Scotland who think the BBC is **effective at reflecting people like them**.
 (ineffective: 19%)

82%

BBC Television reach
 % of adults in Scotland in TV homes who watch BBC Television each week.
 2016/17: 83%

58%

BBC Radio reach
 % of adults in Scotland who listen to BBC Radio each week.
 2016/17: 56%

49%

Dedicated Scottish news services on television
 % of adults in Scotland in TV homes who view this content on BBC Television each week.
 2016/17: 50%

09:22

BBC Television time per head
 Time spent watching BBC TV in TV homes per head, per week in Scotland (hh:mm).
 2016/17: 09:36

08:15

BBC Radio time per head
 Time spent listening to BBC Radio per head, per week in Scotland (hh:mm).
 2016/17: 08:01

Sources: Ipsos MORI, BARB, RAJAR.
 Note: All reach figures based on adults 16+ so the 2016/17 figures for BBC Television and BBC Radio will not match the 2016/17 Annual Report and Accounts because they were based on 4+ years (TV) and 15+ years (Radio). Time per head based on adults 16+. BBC TV and BBC Radio reach based on 15+ mins. BBC TV dedicated news services reach based on 3+ mins.

The BBC in Northern Ireland

The year started with the announcement of an additional £11 million investment in our local services and content in Northern Ireland, over a three-year period and ended with approval of a significant investment in our property and technology in Belfast.



Soft Border Patrol

With an increase in commissioning spend in local television, we developed the comedy series *Soft Border Patrol*. This topical new mockumentary follows a team of border patrol officers as they carry out their duties in a version of Northern Ireland where Brexit has resulted in a soft border.

We created more content for younger audiences. *The Top Table* – featuring young people challenging politicians and others in positions of power – reached 17% of the population in a short run of four programmes. *Beauty Queen And Single* was our first series to be made available as a box set on BBC iPlayer immediately after the first episode was broadcast. It generated more than one million iPlayer requests across the series.

BBC Bitesize and *School Report* also served younger audiences. Our Make It campaign, informed by extensive, evidence-based research, used digital assets and outreach events to reach boys and young men from disadvantaged backgrounds who are failing at school and seeking employment.

BBC News NI output, including *BBC Newsline* and *The View*, reflected the fast-changing news agenda and political situation in Northern Ireland, with audiences amongst the highest consumers of news in the UK across all platforms. BBC News NI Online attracted an average of 1.98 million weekly browsers, an increase of 11% on 2016/17, and we began plans to enhance our online news coverage, including a better service on week nights and weekends.

BBC Radio Ulster remained one of the top performing stations in the BBC's entire radio portfolio, thanks to programmes such as *Good Morning Ulster*, *The Nolan Show* and *Talkback*, as well as the diverse mix of music, speech and entertainment programming. The station delivered around half of the total BBC radio consumption in Northern Ireland, and accounted for a fifth of all listened-to radio hours in Northern Ireland. The station continued to develop upcoming talent in its *New Voices* strand.

We signed a new collaboration agreement with local universities to support the latest research and innovation in cutting edge broadcasting. This builds on existing R&D work for the BBC based in Belfast, including the continuing release of value from the digitised archive under Project Rewind. And we renewed our successful partnership with Northern Ireland Screen to help develop an internationally competitive screen industry in Northern Ireland. In drama, series four of *Line Of Duty* achieved an average audience across the UK of 8.2 million, was nominated for four BAFTA television awards and was commissioned for a further two series. *Come Home*, starring Christopher Eccleston and Paula Malcomson, is the latest drama to come from Belfast. The innovative new CBeebies series *Pablo*, about a creative autistic boy who draws imaginary animal friends, was the first animated TV series to star an autistic character and the first TV programme with an all-autistic core cast.

BBC Gaelige and Ulster-Scots content, supported by Northern Ireland Screen's Irish Language and Ulster-

Scots Broadcast Funds, benefited from dedicated collections on BBC iPlayer.

UK audiences experienced the beauty of Northern Ireland's coastline when *The One Show* travelled from Carrickfergus to the Giant's Causeway for a week of special programmes. This illustrated the positive impact of network portrayal, with the programme achieving 29% average share in Northern Ireland for that week, compared to a 16% average for the year. The stunning scenery of Castle Coole in County Fermanagh was also broadcast to UK audiences as part of the *Last Night of the Proms*.

BBC NI television reflected community life with local programmes including the long-running *Nolan Live*, *Spotlight* and *True North* attracting strong audiences and adding share to BBC One and BBC Two in Northern Ireland. The BBC One NI series *Survivors* reached 15% of the Northern Ireland population and afforded a unique platform for personal testimonies from victims of the Troubles. The mix of BBC NI television opt outs, portrayal and resonant network programming resulted in an average BBC One share in Northern Ireland of 20%, the highest level since 2008/09.

Documentaries *George Best: All By Himself* and *Wild Ireland: The Edge Of The World* were broadcast to UK audiences, with the latter being awarded Best Natural History Documentary at the British Documentary Awards.

In sport, we celebrated BBC Sports Personality of the Year runner-up Johnny Rea with the documentary *Johnny Rea: 3 In A Row*, captured the action of the North West 200 and Ulster Grand Prix and brought viewers the majority of Ulster games in the GAA Ulster Championship. Online, the NI women's team home World Cup qualifiers were streamed live. Ulster Rugby matches broadcast on BBC Two NI reached 30% of the Northern Ireland population.

The year ended with the approval of a £77 million investment into property and technology. This will help us serve future generations while retaining our heritage as a cultural destination for the whole community.

Performance by service

Dedicated services	Content	Reach	Time spent watching or listening to a service each week	Appreciation Index by service	Costs per user hour
 <p>BBC Radio Ulster is a speech-led service, providing a mix of programmes that reflect news, events and community life in all its different aspects and diversity.</p>	We spent a total of £17.6 million on these services in 2017/18	% of population who use the service each week	Length of time the average listener spent each week with the service	Aggregate of how people rated individual programmes, expressed as a number out of 100	How much it costs to deliver each service for each hour used
 <p>BBC Radio Foyle is a speech-led service for audiences in the North-West of Northern Ireland. It provides a mix of news and other programming which complements, and contributes to, BBC Radio Ulster's region-wide service.</p>	<p>£17.6m</p> <p>2016/17: £17.5m</p>	<p>38.0%</p> <p>2016/17: 34.3%</p>	<p>10:18</p> <p>2016/17: 11:19</p>	<p>77.1</p> <p>2016/17: 74.9</p>	<p>5.8p</p> <p>2016/17: 5.9p</p>

Reach definition: 15+ minutes and audiences aged 15+. Sources: RAJAR (Radio reach and time per listener; data based on Total Survey Area – TSA); Appreciation Index – Pulse panel of 20,000 UK adults, 16+ by GfK (data based on adults 16+ living in the BBC Northern Ireland area).

67%

% of adults in Northern Ireland who think the BBC is effective at **informing, educating and entertaining** people in the UK/them.

(ineffective: 16%)

55%

% of adults in Northern Ireland who think the BBC is **effective at reflecting people like them**.

(ineffective: 24%)

81%

BBC Television reach
% of adults in Northern Ireland in TV homes who watch BBC Television each week.

2016/17: 82%

62%

BBC Radio reach
% of adults in Northern Ireland who listen to BBC Radio each week.

2016/17: 60%

53%

Dedicated Northern Ireland news services on television
% of adults in Northern Ireland in TV homes who view this content on BBC Television each week.

2016/17: 52%

07:22

BBC Television time per head
Time spent watching BBC TV in TV homes per head, per week in Northern Ireland (hh:mm).

2016/17: 07:45

07:43

BBC Radio time per head
Time spent listening to BBC Radio per head, per week in Northern Ireland (hh:mm).

2016/17: 07:53

Sources: Ipsos MORI, BARB, RAJAR. Note: All reach figures based on adults 16+ so the 2016/17 figures for BBC Television and BBC Radio will not match the 2016/17 Annual Report and Accounts because they were based on 4+ years (TV) and 15+ years (Radio). Time per head based on adults 16+. BBC TV and BBC Radio reach based on 15+ mins. BBC TV dedicated news services reach based on 3+ mins.

The BBC in the English Regions

The BBC's local and regional services in England continue to adapt to shifting audience behaviour and the changing political landscape in the country.

The importance of the BBC's local and regional services in England was underlined this year when the Director-General announced a new strategy for the 39 local radio stations on the 50th anniversary of the service.

The Director-General renewed the BBC's commitment to local radio and announced that the BBC planned to reinvent the service for the future by making our stations even more local and more creative. The new strategy focuses on content that brings communities together, creates shared moments and celebrates local successes.

Our 39 stations in England will be more creative with a greater emphasis on uncovering and nurturing new talent and building partnerships with groups not currently well represented by their local radio station.

The shared evening programme broadcast across all English local radio stations will end in 2018 to be replaced by new local programmes reflecting the diversity of the places each station serves.

In its 50th year, BBC Local Radio in England still attracts more than six million listeners each week. Demonstrating the importance of the service, BBC Radio Merseyside was awarded the Freedom of the City of Liverpool in recognition of its services to the community.

Radio Humberside played a central role in the Hull City of Culture 2017 activities. The station completed 200 outside broadcasts reporting on events in Hull. Radio Leeds searched for a 'Voice of Bradford' and eventually discovered 24-year-old Faisal Motin, an HMRC employee now helping the station reach under-served communities.

Elsewhere, we have delivered an improvement to BBC local news online that has simplified the discovery of local content. Online users can now search for news stories by town and city, so it is easier to find content that is relevant to them. All our local services in England continue to experiment with new ways of telling stories on the BBC online platforms and on social media.

BBC English Regions has been tasked with the delivery of the BBC's Local News Partnership work. As part of the Local News Partnership, the BBC has committed to funding 145 new journalists to report exclusively on the work of local authorities. These 145 journalists are based across England, Scotland and Wales. There is a trial ongoing to extend the partnership to Northern Ireland.

The Local Democracy Reporters are paid for by the BBC but employed by outside news organisations. The material they produce is shared with the BBC and the more than 800 news outlets that are part of our partnership. The reporters ensure their public service journalism scrutinises decisions taken by those in power, which impact on local communities.

In addition to the Local Democracy Reporters, we will continue to work with external news organisations on our Shared Data Unit, which produces data-led journalism which is then shared with our partners. In 2018, we will share BBC content with our partners through our News Hub service, giving external organisations access to the material we have produced.

On television, *Inside Out* remains England's only regional current affairs TV programme. Our 11 *Inside Out* editorial teams continue to produce agenda-setting, original journalism. In 2018, we launched a 13th regional television news service at 6.30pm, as a short opt in Cambridge was expanded

to become a full programme, providing a better service to an area of England that has seen significant population growth.

Our regional television bulletins at 6.30pm on BBC One remain collectively the most watched news broadcasts in the UK based on average audience. In March, their combined audience was the highest for five years as people tuned in for the latest information on the cold weather. A total audience of 6.8 million in England watched the 6.30pm bulletins on 1 March, the highest overnight audience on television in England that day.

We will continue to make one-off television series and programmes reflecting life in England such as *Sea Cities*, which focused on the ports of Sunderland, Bristol and Brighton. This year we will broadcast a series about pioneering English hospitals and another looking into the history of some of England's oldest diverse communities.

We continue to forge partnerships across England, with the BBC taking a leading role in both Hull City of Culture 2017 and now an active role in Coventry City of Culture 2021. In 2018, the BBC is partnering with the Great Exhibition of the North.

We also held major events to celebrate BBC content made in England. A red carpet screening of *Peaky Blinders* was held in Birmingham while Sir David Attenborough attended a special screening in Bristol of *Blue Planet II*.



BBC Radio Manchester
Presenters Paul Lockitt, Chelsea
Norris and Inzy Rashid

Performance by service

Dedicated services	Content We spent a total of £118.2 million on these services in 2017/18	Reach % of population who use the service each week	Time spent watching or listening to a service each week Length of time the average listener spent each week with the service	Appreciation Index by service Aggregate of how people rated individual programmes, expressed as a number out of 100	Costs per user hour How much it costs to deliver each service for each hour used
BBC LOCAL RADIO BBC Local Radio is a primarily speech-based service of news, information and debate, with a strong emphasis on interactivity.	£118.2m 2016/17: £112.9m	14.3% 2016/17: 14.6%	08:52 2016/17: 08:36	82.5 2016/17: 82.7	4.1p 2016/17: 4.0p

Reach definition: 15+ minutes for audiences aged 15+

Sources: RAJAR (Radio reach and time per listener; data based on Total Survey Area – TSA); Appreciation Index – Pulse panel of 20,000 UK adults, 16+ by GfK (data based on adults 16+ living in the BBC England area).

% of adults in different areas of England who think the BBC informs, educates and entertains people in the UK/them

	England 16+	North of England 16+	Midlands 16+	South of England 16+	London 16+
Effective	74%	72%	77%	78%	69%
Ineffective	9%	9%	9%	8%	9%

% of adults in different areas of England who think the BBC is effective at reflecting people like them

	England 16+	North of England 16+	Midlands 16+	South of England 16+	London 16+
Effective	57%	54%	61%	57%	57%
Ineffective	20%	20%	19%	20%	19%

BBC Television reach: % of adults in TV homes in different areas of England who watch BBC Television each week

	England 16+	North of England 16+	Midlands 16+	South of England 16+	London 16+
2017/18	80%	81%	81%	82%	76%
2016/17	82%	83%	82%	84%	78%

BBC Radio reach: % of adults in different areas of England who listen to BBC Radio each week

	England 16+	North of England 16+	Midlands 16+	South of England 16+	London 16+
2017/18	65%	62%	69%	75%	53%
2016/17	65%	63%	69%	76%	53%

Dedicated English Regions news services: % of adults in England in TV homes who view this content on BBC Television each week

	England 16+	North of England 16+	Midlands 16+	South of England 16+	London 16+
2017/18	42%	44%	42%	46%	35%
2016/17	43%	45%	43%	47%	38%

BBC Television: Time spent watching BBC TV in TV homes per head, per week (hh:mm)

	England 16+	North of England 16+	Midlands 16+	South of England 16+	London 16+
2017/18	08:07	08:24	07:57	09:02	07:00
2016/17	08:37	08:50	08:31	09:38	07:29

BBC Radio: Time spent listening to BBC Radio per head, per week (hh:mm)

	England 16+	North of England 16+	Midlands 16+	South of England 16+	London 16+
2017/18	10:12	09:35	11:09	13:06	07:17
2016/17	10:22	09:34	11:13	13:22	07:36

Source: Ipsos MORI, BARB, RAJAR. BBC TV and BBC Radio reach based on 15+ mins. BBC TV dedicated news services reach based on 3+ mins.

5 To reflect the United Kingdom, its culture and values to the world

The BBC has an essential role to play for the UK in carrying the distinctive culture, voice and values of this country to the world. This responsibility has arguably never been more important at a moment when the UK is looking to reshape its national identity and redefine its relationship with the world.

Once again, the past year has highlighted the fact that, in many parts of the world, the media is less free than it was ten years ago. There has been the continued growth of big state-sponsored news organisations and from news aggregated by digital platforms. Al Jazeera, China Central Television (CCTV) and RT (formerly Russia Today) can command vast resources and, while the services offered by these organisations can be of high quality production, they also reflect a particular world-view and the agenda of their backers. With the possibility of state services from less free countries influencing global debate and news provision, the value to democracy and liberty of the BBC's global reach is higher than ever.

The BBC World Service is one of the UK's most important cultural exports. It inspires and illuminates the lives of millions around the world, helping them make sense of the world they live in. Over the past year, it has undergone its biggest expansion since the 1940s. We are now operating in more than 40 languages around the world, from Pidgin to Korean, with new Government investment to increase the international impact and reach of the BBC. As part of the expansion we have opened new and expanded bureaux from Cairo to Seoul, and employed new journalists across the world. This not only enhances our coverage for audiences abroad but also gives our UK news audiences a more in-depth view of areas that have traditionally received less coverage.

The BBC's two commercially funded international news services, BBC World News and bbc.com, continue to provide consumers with news from one of the most trusted and reliable news providers in the world. Meanwhile, BBC Worldwide – now part of the newly merged BBC Studios – invests in, commercialises and showcases content from the BBC around the world, to build the reach and reputation of the BBC brand overseas, champion British creativity and at the same time deliver commercial returns to the BBC to invest in public service content.

67%

% of UK adults who think that the BBC is effective at reflecting the UK to the world.

(ineffective 11%)

Source: Ipsos MORI.

59%

% who agree the BBC helps them to gain a more in-depth understanding of the news.

Source: BBC Brand Tracker 2017 (ex UK).

Ranked No.1 for: Trust Independence Reliability

Source: BBC Brand Tracker 2017 (ex UK).



This responsibility has arguably never been more important at a moment when the UK is looking to reshape its national identity and redefine its relationship with the world.

Reflecting the United Kingdom, its culture and values to the world

In another turbulent year, the BBC has continued to reflect the world to the UK, and the UK to the world.

The BBC once again attracted record audiences internationally, with the latest figures, the Global Audience Measure, revealing a total weekly audience of 376 million. This includes all international content.

This year has been a remarkable one for the BBC World Service, as it saw us carry out our biggest expansion since the 1940s, thanks to a £85 million investment during the year from the UK Government. This expansion is enabling us to bring trusted news to more parts of the world, including those in which access to free and impartial information is severely limited.

We began our expansion with the launch of BBC News Pidgin, aimed at audiences in West Africa.

Throughout the year new services followed in Afaan Oromoo, Amharic, Tigrinya, Korean, Gujarati, Marathi, Punjabi, Telugu, Igbo and Yoruba, and a historic year of expansion was capped with the launch of BBC Serbian in March.

As part of the project we opened new and expanded bureaux in locations such as Dhaka, Mumbai, Nairobi, Delhi, Seoul, Bangkok, Yangon, Tunis, Cairo, Beirut and Belgrade and employed more than 1,000 new staff across the world. Having more journalists on the ground also means that we're able to cover more under-reported areas and improve our offer to UK audiences.

The BBC World Service saw its audience grow from 269 million to 279 million, in line with our projected targets for both the new services and the overall BBC goal of 500 million by 2022.

Throughout the year the BBC World Service has continued producing hard-hitting and in-depth journalism across the world, in more than 40 different languages, including brave and award-winning reporting from Syria, Northern Iraq, Turkey, Yemen, Venezuela and Afghanistan.

In Africa we have run outstanding investigations into the impact of terrorism and war across Nigeria, Sudan and Somalia. African World Service journalists were right at the heart of our global reporting of the fall of Mugabe in Zimbabwe. And reporting from Brazil and Russia has called out misleading and fake news.

We're aiming our international news at a new generation of users, to safeguard the World Service for future generations. This means focusing on new formats and new audiences. It is clear, for instance, that shortwave radio listening has declined rapidly again this year, and research has shown that with the increased global availability of cheap smartphones, audiences continue to switch to digital platforms for news.

BBC World Service continues to do well with younger audiences internationally – a quarter of our weekly global audience is aged between 15-24.

BBC Minute, a 60-second global news round-up targeted specifically at younger listeners, is now broadcast in English by 28 radio partners around the world, in 16 different countries.

Our 100 Women season, running across all of our international platforms and now established as an annual highlight, took on a new 'solutions-focused journalism' aspect as we challenged teams of female experts to solve key problems facing women around the world.

The World Service in English has also benefited from the new funding boost, enabling a richer mix of content, in arts, culture, debate and science, and helping us develop new formats.



BBC Minute
Our 60-second global news round-up is broadcast by 28 radio partners in 16 countries



Above: BBC News Pidgin Presenter Ogechi Obidiebube

Left: Award-winning coverage of starvation in Yemen by RTS Young Talent of the Year, Nawal Al-Maghafi

Our live democracy debate programme, *World Questions*, in which audiences hold a panel of politicians and public figures to account, has been held in locations as diverse as Kathmandu, Moscow, Beirut, Nairobi and Belgrade, shortly ahead of the launch of BBC News Serbian.

The appointment of our first dedicated podcast editor has heralded the release of some remarkable and successful new podcast content – a million people listen to BBC World Service podcasts each week. Notable examples of content are *The Assassination*, Owen Bennett Jones' remarkable podcast about the murder of Benazir Bhutto, and the newly relaunched *Global News* podcast.

We're involving the audience in new ways – our programme *CrowdScience*, which tackles a listener's question each week, has answered questions from across the world, and we staged live recordings in Sydney and at the Free Thinking Festival in Gateshead.

The World Service has continued to bring the best of the UK's culture to the rest of the world, with our now annual Proms series bringing one of the jewels in the BBC's crown to a global audience. Our programmes have showcased British festivals and events including the Oxford Literary Festival and Free Thinking.

We have also worked in partnership with globally renowned UK museums and institutions such as the Science Museum and the British Museum.

The *Arts Hour on Tour* showcased arts and culture before enthusiastic audiences, with recordings in cities including Addis Ababa, Seoul and St Petersburg.

The World Service in English increased its geographical reach as well – a new partnership arrangement with an FM station in northern Norway meant that, for the first time ever, we were broadcasting from within the Arctic Circle.

Our international 24 hour TV news channel, BBC World News, has continued to bring English language news programming to an audience of nearly 100 million around the globe this year.

100 Days, co-presented from London and New York, became *Beyond 100 Days*, analysing the latest developments in President Trump's America.

We celebrated 20 years of the internationally renowned interview show *HARDtalk*. Other editorial highlights have included Zeinab Badawi's *A History of Africa*; a six-part series, *Tales of Modern China*; and a season of women's sport.

We brought UK cultural highlights to the rest of the world with special programming from the Hay Festival, the Royal Academy Summer Exhibition and the Imperial War Museum.

Our series of televised global debates included putting a Spanish Government minister head to head with a Catalan Government representative, broadcast live from Barcelona.

And our global commercial news website, bbc.com, continued to bring both news and features to a huge international audience. The audience for bbc.com is growing within the USA, the world's largest media market.

We have restructured our business to merge BBC Advertising with BBC Global News Ltd, the commercial subsidiary which runs both BBC World News and bbc.com. This means that the new single integrated business can develop our news content commercially.

Reflecting the United Kingdom, its culture and values to the world

The BBC has bureaux in 60 countries and 76 cities. These include Newsgathering, BBC World Service, BBC Monitoring, BBC Global News Ltd and Media Action.



347m

BBC News
Total international weekly audience.
2016/17: 345 million
Source: BBC Global Audience Measure.

160m

BBC World Service radio
English and other languages.
2016/17: 155 million
Source: BBC Global Audience Measure.

279m

BBC World Service
Includes TV, radio, online and social media in English and other languages.
2016/17: 269 million
Source: BBC Global Audience Measure.

42m

BBC World Service online & social media
English and other languages.
2016/17: 39 million
Source: BBC Global Audience Measure.

111m

BBC World Service television
Non-English languages.
2016/17: 110 million
Source: BBC Global Audience Measure.

376m

Global reach
Including BBC News and BBC Studios.
Source: BBC Global Audience Measure.

The Global Audience Measure is an annual update of how many people are consuming the BBC weekly for all services in all countries across all platforms (Television, Radio, website and social media). Key to this is de-duplication i.e. ensuring that a person who consumes multiple BBC services or platforms or on multiple devices, is not counted many times in the top level totals. For example BBC World Service television, radio and online audience is less than the sum of its parts to ensure we do not count people more than once when looking at the total World Service audience.



This is an illustration and not to scale. It is for pictorial reference only.

95m

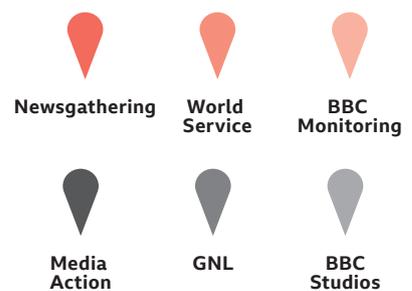
BBC World News TV channel*
English language global news channel.
2016/17: 99 million

Source: BBC Global Audience Measure.

37m

bbc.com* and social media
International English language website.
2016/17: 34 million

Source: BBC Global Audience Measure.



* BBC World News channel and bbc.com are commercially funded.

Reflecting the United Kingdom, its culture and values to the world

BBC World Service has again seen growth this year, especially digital growth on most services, with help in some markets from TV and radio syndication. However, the continuing decline of shortwave (SW) around the world and challenges with syndicated TV in some markets coupled with changes in the political environment have affected the performance of a few services.

BBC World Service reach across all platforms by language service

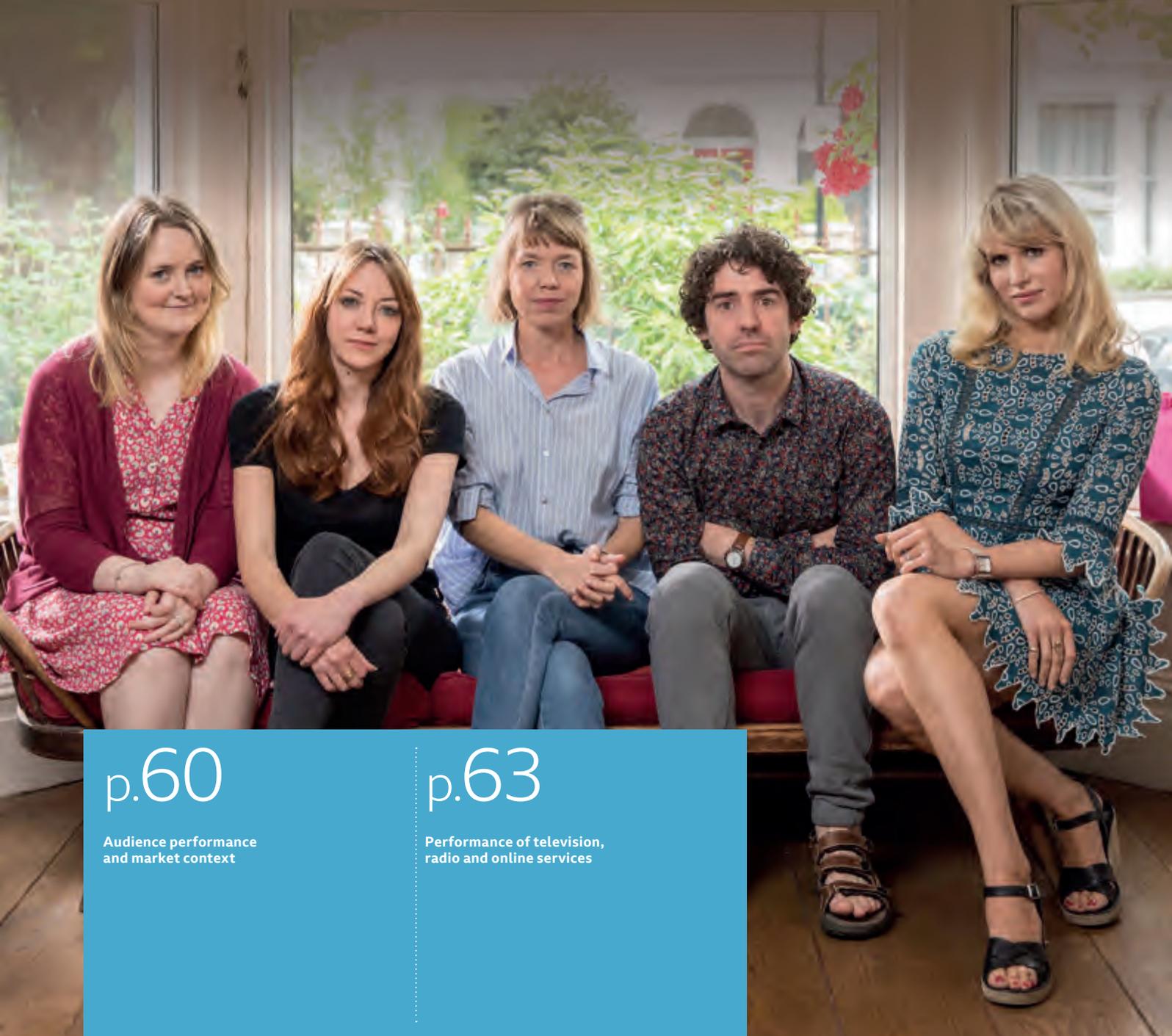
	2017/18 Millions	2016/17 Millions	Year-on-year change %		2017/18 Millions	2016/17 Millions	Year-on-year change %
World Service English	78.8	75.2	4.8%	Nepali	5.3	5.2	0.8%
Afrique	12.0	10.5	14.3%	Pashto	10.1	6.7	50.9%
Arabic	44.3	42.9	3.1%	Persian	22.5	18.0	24.8%
Azeri	0.1	0.1	-19.7%	Russian	2.9	3.9	-26.9%
Bengali	16.4	16.5	-0.6%	Sinhala	0.9	0.9	-3.6%
Brasil	5.6	6.3	-12.0%	Somali	3.6	3.6	1.8%
Burmese	4.2	6.0	-30.4%	Swahili	16.1	16.1	0.0%
Chinese	1.1	0.8	32.4%	Tamil	9.8	9.5	2.2%
Great Lakes	1.4	1.4	0.0%	Thai	1.1	1.6	-34.6%
Hausa	24.6	23.6	4.1%	Turkish	1.7	1.5	16.4%
Hindi	11.8	12.5	-6.6%	UK China	0.1	0.1	10.1%
Indonesian	4.0	3.9	2.5%	Ukrainian	3.6	3.6	1.4%
Kyrgyz	3.1	3.0	0.4%	Urdu	7.8	11.6	-32.5%
Learning English	2.3	1.9	17.2%	Uzbek	2.3	0.7	247.7%
Mundo	7.2	6.8	6.0%	Vietnamese	1.0	0.9	7.4%

The Global Audience Measure is an annual update of how many people are consuming the BBC weekly for all services in all countries across all platforms (Television, Radio, website and social media). Key to this is de-duplication i.e. ensuring that a person who consumes multiple BBC services or platforms or on multiple devices, is not counted many times in the top level totals. For example BBC World Service television, radio and online audience is less than the sum of its parts to ensure we do not count people more than once when looking at the total World Service audience.

Note: Individual service level data for the new services launched as part of the World Service expansion have not been included in this table because these services have not yet had a full year of operations.

Performance and market context

This section takes a look at the weekly reach of BBC television and radio versus the main commercial groups in the UK, as well as the performance of our network television and radio services.



p.60

Audience performance and market context

p.63

Performance of television, radio and online services

Audience performance and market context

The BBC's performance with audiences remains strong. The 2017/18 BBC Annual Plan specified targets for overall audience performance for the financial year, and all were achieved or exceeded.

Broad goals were set as the BBC is improving the audience measurement systems it uses which introduced some uncertainty into the objective-setting as migration to the new approaches takes place. 92% of online adults used the BBC each week in 2017/18, in line with the target of 92-95%, and UK adults spent over 19 hours on average per week consuming BBC services, within the target range of 18:15-19:45. They rated the BBC at seven out of ten, on average, in terms of their general impression, scored the quality of programmes and services at seven out of ten and value for money at six out of ten, all within target.

In terms of fulfilling the mission and public purposes, over 70% of adults think that the BBC is effective at delivering its mission to inform, educate and entertain in 2017/18*. And across all audience groups regardless of age, gender, social group, ethnic origin or geography, a clear majority

are of this view with two-thirds or more of each group rating the BBC as effective. The majority of UK adults also think that the BBC has delivered each element of the purposes effectively, with the highest scores for helping people understand what is going on in the UK and world today, and for the quality of content and services.

Despite these strong outcomes, there are significant differences in the consumption and impact of BBC output across the population.

Across each audience group, the largest number of people feel that the BBC has delivered its mission and purposes. In each age band, gender, social group and area of the UK, and among white and BAME audiences, the proportion rating the BBC as effective on each measure outnumber those saying ineffective by a considerable margin. But those with lower levels of usage of the BBC – C2DE groups, 16-34s, BAME audiences, those in Northern Ireland, Scotland and London – were among those who tended to give lower effectiveness scores than the rest of UK adults for delivery of the mission. As well as reflecting the relative appeal of the

BBC's offer, the absolute level of usage can vary, in part, owing to the extent of competition aimed at different groups, and different generations and life stages.

Effectiveness scores across all purposes, including the creativity, quality and distinctiveness purpose, were lower among C2DE than ABC1 audiences. Compared with older age groups, young audiences gave lower effectiveness scores especially in terms of the extent to which the BBC delivers the mission to them personally, caters for a wide range of tastes and reflects people like them. BAME audiences gave lower scores than white audiences in particular for the creativity purpose and the representation purpose. Effectiveness ratings in North of England tended to be lower than the all-England average, and audiences in Scotland and Wales also gave lower scores for the extent to which the BBC provides for their part of the UK.

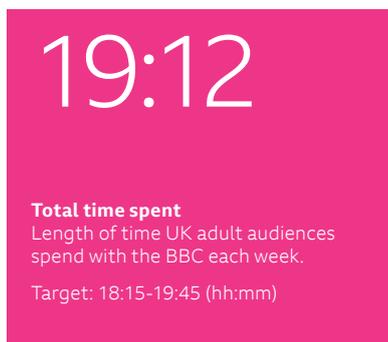
In addition to seeking to narrow gaps in consumption and impact of the BBC, we are also responding to continuing structural and competitive challenges that affect audience performance.

Notes:

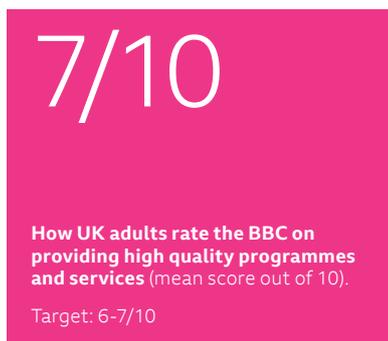
Ipsos MORI, 3,568 UK adults 16+, April-May 2018.

* Average score across informing, educating and entertaining people in the UK and them.

The weekly reach and time figures quoted in this report are average weekly reach and average weekly time per head across financial year 2017/18 unless otherwise stated.



Sources: Ipsos MORI, Kantar Media (Jul 17-Mar 18).



Weekly reach of BBC Television and Radio compared with other providers

Television set

Weekly reach	All BBC Television BBC	All ITV television itv	All Channel 4 television 4	All Channel 5 television 5	Other broadcast TV channels	Other uses of the TV set*
Adults aged 16+	80.2% 2016/17: 82.1%	69.7% 2016/17: 71.2%	62.2% 2016/17: 63.1%	44.9% 2016/17: 45.3%	70.6% 2016/17: 71.7%	55.3% 2016/17: 51.4%
Young adults 16-34	60.4% 2016/17: 64.8%	53.2% 2016/17: 55.9%	50.8% 2016/17: 53.9%	29.0% 2016/17: 32.0%	58.4% 2016/17: 61.8%	64.6% 2016/17: 60.4%

Source: BARB (TV-owning households), 15+ minutes consecutive reach.

* Include SVOD, gaming, DVDs.

Radio services/music streaming

Weekly reach	All BBC Radio	All commercial radio	Music streaming
Adults aged 15+	64.2% 2016/17: 64.3%	65.4% 2016/17: 64.7%	20.5% 2016/17: 16.8%
Young adults 15-34	53.0% 2016/17: 53.3%	70.8% 2016/17: 71.1%	40.8% 2016/17: 32.8%

Source: BBC and commercial radio from RAJAR, 15-minute reach. Music streaming estimates from MIDAS/RAJAR.

Usage of the BBC remains very high but intense competition from both long-standing broadcasters and newer media providers means overall weekly reach and time spent with the BBC was down year-on-year in 2017/18. For BBC Television the drop was greater than the rest of the broadcast TV market, reflecting, in part, the absence of the Olympics in the BBC schedule in 2017/18 compared with Rio 2016 the previous year. Over the longer term all broadcast television as well as BBC Radio have trended downwards as new competitors grow significantly. This is particularly the case among those aged under 35, and public service broadcasting will need to work hard to maintain relevance to younger generations.

Estimates suggest that while under 6s spend more time with the BBC than with any other media provider (around 7 hours a week), 6-15 year-olds spend similar amounts of time with the BBC and YouTube (around 5 and a half hours a week each).

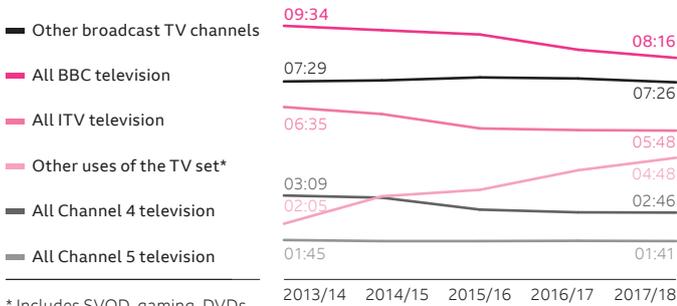
And young adults aged 16-34 now spend around seven-and-a-half hours per week using the TV set for purposes that include SVOD and gaming. They also spend more than four-and-a-half hours per week with music streaming services – roughly equivalent to the time they spend with BBC Radio. That said though, across all its platforms combined, the BBC remains the single media provider with whom adults of all age groups, including young adults, spend the most time.



6 Music DJ Mary Anne Hobbs

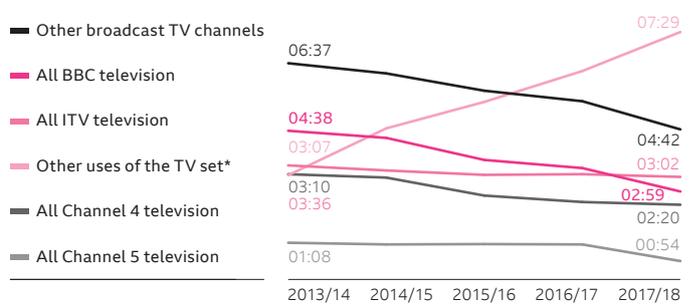
Time spent using the TV set for different purposes per week 2013/14-2017/18, hours:minutes

Adults aged 16+: Average weekly time per head (hh:mm)



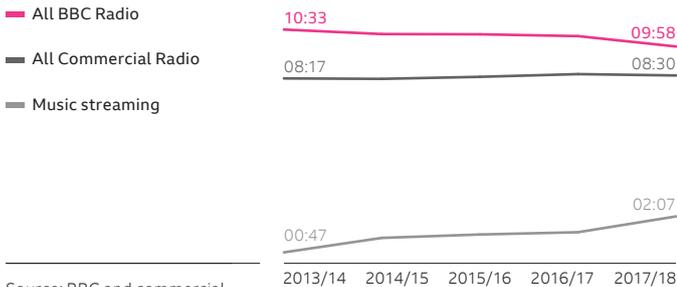
* Includes SVOD, gaming, DVDs.
Source: BARB (TV-owning households).

Young adults aged 16-34: Average weekly time per head (hh:mm)



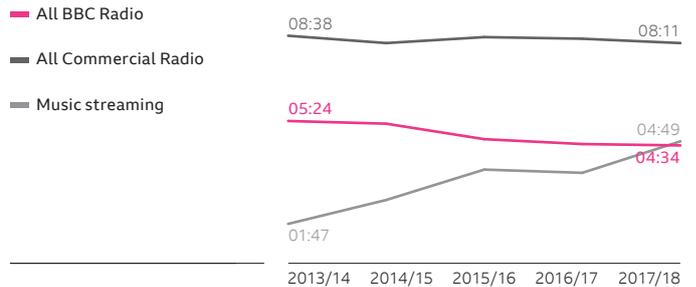
Time spent using radio services/music streaming per week 2013/14-2017/18, hours:minutes

Adults aged 15+: Average weekly time per head (hh:mm)



Source: BBC and commercial radio from RAJAR. Music streaming estimates from MIDAS/RAJAR.

Young adults aged 15-34: Average weekly time per head (hh:mm)



Right: BBC Four's award-winning comedy *Detectorists*



Left: Radio 1Xtra DJ Jamz Supernova

Performance by Service

This year's Annual Report sees a shift in the way we measure our performance; moving from a review of performance by platform (i.e. television, radio, news, online) to a review of our performance measured against each of the public purposes. However, for comparability with earlier Annual Reports, we have included performance by service where the data exists.

Television performance by service

Network television	Content We spent a total of £1570.6 million on these services in 2017/18	Reach UK population who use the service each week	Time spent watching a channel each week Length of time the average viewer spent each week with the service	Appreciation Index by service Aggregate of how people rated individual programmes, expressed as a number out of 100	Costs per user hour How much it costs to deliver each service for each hour used
 BBC One is our flagship service and the UK's most popular television channel. It unites and inspires the nation with high-quality programmes across a range of genres that includes news and current affairs, drama, comedy, entertainment and factual.	£1,009.4m 2016/17: £1,115.4m	68.9% 2016/17: 71.5%	07:21 2016/17: 07:33	79.1 2016/17: 79.7	6.2p 2016/17: 6.7p*
BBC Two is a mixed-genre channel with programmes of depth and substance. It includes the greatest amount and range of knowledge-building programming on the BBC, complemented by distinctive comedy, drama and arts programming.	£374.3m 2016/17: £403.3m	44.6% 2016/17: 46.2%	03:07 2016/17: 03:08	81.8 2016/17: 82.0	8.1p 2016/17: 9.0p*
 BBC Four aims to be British television's most intellectually and culturally enriching channel, offering an ambitious range of UK and international arts, music, culture and factual programmes.	£37.8m 2016/17: £50.5m	12.7% 2016/17: 13.5%	01:45 2016/17: 01:46	82.8 2016/17: 82.6	4.9p 2016/17: 6.9p*
The CBBC channel offers a distinctive mixed schedule for 6-12 year olds, with mainly UK programmes served in a stimulating, creative and enjoyable environment.	£67.9m 2016/17: £69.5m	3.9% 2016/17: 4.3%	02:33 2016/17: 02:30	n/a 2016/17: n/a	17.0p 2016/17: 20.9p*
 CBeebies provides a mix of high-quality, mostly UK-produced, programmes designed to encourage learning through play in a consistently safe environment for children under six.	£29.9m 2016/17: £28.7m	7.3% 2016/17: 7.5%	04:13 2016/17: 04:10	n/a 2016/17: n/a	2.8p 2016/17: 3.0p*
 The BBC News Channel is a 24-hour impartial and independent news service offering breaking news, analysis and insight. It provides fast and comprehensive coverage of local, UK and international events as they unfold.	£49.7m 2016/17: £47.8m	9.5% 2016/17: 9.9%	02:46 2016/17: 02:46	n/a 2016/17: n/a	5.9p 2016/17: 5.7p*
 BBC Parliament is the UK's only channel dedicated to politics. It shows debates and committees from Westminster, Holyrood, Stormont, Cardiff Bay and Strasbourg as well as political programmes from across the UK.	£1.6m 2016/17: £1.8m	0.5% 2016/17: 0.6%	01:45 2016/17: 01:52	n/a 2016/17: n/a	5.3p 2016/17: 4.9p*

Reach definition: 15+ minutes consecutive for all services and audiences in TV-owning households aged 4+.

Sources: BARB (TV reach and time per viewer – all channels include their simulcast HD channel where applicable); Appreciation Index: Pulse panel of 20,000 UK adults 16+ by GfK. N.B. BARB data measures TV set viewing at present, meaning that iPlayer viewing on other devices is not included in any of the reach and time figures. iPlayer viewing is growing, especially for young-skewed services such as CBeebies and CBBC.

* 2017/18 cost per user hour includes viewing on the TV set and on other devices so are not directly comparable with the 2016/17 cost per user hour figures as they include viewing on the TV set only.

CBBC: among its target audience of 6-12 year olds reach was 17.9% and time spent per viewer was 02:52 (based on 15+ min reach). Based on 3+ minute reach, reach was 22.1% of 6-12 year-olds and time spent per viewer was 02:20.

CBeebies: among its target audience of 0-6 year olds (measured as children aged 4-6 and housepersons with children aged 0-3) reach was 38.1% and time spent per viewer was 04:49 (based on 15+ min reach). Based on 3+ minute reach, reach was 45.0% of 0-6 year-olds and time spent per viewer was 04:06.

BBC News and BBC Parliament: three-minute reach for BBC News Channel and BBC Parliament – in line with industry standards – would be 13.6% and 1.1% respectively (15.2% and 1.3% among 16+ population).

n/a Data does not currently exist for this measure.

Radio performance by service

Network radio	Content We spent a total of £289.9 million on these services in 2017/18	Reach UK population who use the service each week	Time spent listening to a service each week Length of time the average listener spent each week with the service	Appreciation Index by service Aggregate of how people rated individual programmes, expressed as a number out of 100	Costs per user hour How much it costs to deliver each service for each hour used
BBC Radio 1 broadcasts a distinctive mix of new music and entertainment for 15-29 year olds, as well as providing tailored news, documentaries and advice campaigns for young adults.	£37.5m 2016/17: £35.9m	17.7% 2016/17: 17.5%	06:18 2016/17: 06:16	79.2 2016/17: 78.8	1.2p 2016/17: 1.2p
BBC 1Xtra plays the best in contemporary black music, with a strong emphasis on delivering high-quality live music and supporting new artists.	£6.4m 2016/17: £6.6m	1.9% 2016/17: 1.8%	04:40 2016/17: 04:45	85.6 2016/17: 82.5	2.5p 2016/17: 2.8p
 BBC Radio 2 broadcasts a unique mix of music and speech programmes covering a diverse mix of live pop and rock, comedy, documentaries and religious output, as well as running social action campaigns to over 14 million listeners.	£49.1m 2016/17: £51.2m	28.1% 2016/17: 28.0%	11:54 2016/17: 11:54	82.2 2016/17: 82.0	0.5p 2016/17: 0.5p
 BBC Radio 3 centres on classical music, around which it provides a broad spectrum of jazz, world music, arts programmes, religion and drama. There is a strong emphasis on musical performance across the UK.	£37.7m 2016/17: £37.4m	3.7% 2016/17: 3.7%	05:56 2016/17: 06:15	83.4 2016/17: 82.7	6.1p 2016/17: 5.7p
 BBC Radio 4 is a mixed-speech radio station, offering in-depth news and current affairs and a wide range of other speech programmes including drama, readings, comedy, factual and magazine programmes.	£91.2m 2016/17: £87.9m	20.6% 2016/17: 20.9%	11:02 2016/17: 11:12	80.8 2016/17: 80.8	1.4p 2016/17: 1.3p
 Originally launched in 2002 as BBC 7, the station was relaunched in April 2011 as BBC Radio 4 Extra. The digital-only network is the principal outlet for the BBC's archive of speech entertainment, including comedy, drama and readings.	£2.9m 2016/17: £3.0m	4.0% 2016/17: 3.8%	05:38 2016/17: 05:56	79.4 2016/17: 78.6	0.5p 2016/17: 0.5p

Reach definition: 15+ minutes for all services and audiences aged 15+.

Sources: RAJAR (Radio reach and time per listener); Appreciation Index: Pulse panel of 20,000 UK adults 16+ by GfK.

Radio 1: among its target group of 15-29 year-olds reach was 33.3% and time spent per listener was 06:15.

1Xtra: among 15-24 year-olds reach was 5.7% and time spent per listener was 03:47.

Radio 2: among its target group of 35+ year-olds reach was 34.6% and time spent per listener was 12:56.

Asian Network: among its target group of Asians under 35 reach was 13.9% and time spent per listener was 06:18. Ethnicity definitions in RAJAR from FY 2014/15:

Asian = White & Asian, Indian, Pakistani, Bangladeshi, any Other Asian Background.

Network radio	Content We spent a total of £289.9 million on these services in 2017/18	Reach UK population who use the service each week	Time spent listening to a service each week Length of time the average listener spent each week with the service	Appreciation Index by service Aggregate of how people rated individual programmes, expressed as a number out of 100	Costs per user hour How much it costs to deliver each service for each hour used
BBC Radio 5 live broadcasts continuous news and live sports coverage, bringing major news stories and sports events to its listeners as they happen, and providing context through wide-ranging analysis and discussion.	£44.8m 2016/17: £45.5m	9.7% 2016/17: 10.4%	06:34 2016/17: 06:41	79.9 2016/17: 79.9	2.5p 2016/17: 2.3p
BBC Radio 5 live sports extra brings a greater choice of live action to sports fans by extending live coverage of various sporting events.	£2.9m 2016/17: £2.7m	2.3% 2016/17: 2.3%	03:19 2016/17: 02:52	85.1 2016/17: 85.3	1.3p 2016/17: 1.5p
BBC 6 Music is a digital radio station that entertains lovers of popular music with a service that celebrates the alternative spirit of popular music from the 60s to the present day, complemented by music news and documentaries.	£10.7m 2016/17: £10.9m	4.4% 2016/17: 4.3%	09:12 2016/17: 09:39	82.2 2016/17: 81.1	0.9p 2016/17: 0.9p
 BBC Asian Network offers speech and music appealing to British Asians, with a focus on news and current affairs. It broadcasts mainly in English, but does offer some programmes in other languages.	£6.7m 2016/17: £7.1m	1.2% 2016/17: 1.2%	05:19 2016/17: 06:11	80.3 2016/17: 80.3	3.7p 2016/17: 3.4p

Excludes programme "Coming up on 5 live Sports Extra".

Online performance by service

	Content We spent a total of £182.4 million on these services in 2017/18	Reach UK population who use the service each week	Time spent using a service each week Length of time the average user spent each week with the service	Appreciation Index by service Aggregate of how people rated individual programmes, expressed as a number out of 100	Cost per user reach How much it costs to deliver each service to individual users
 BBC Online comprises the BBC's portfolio of online products on desktop, connected TV, mobile and tablet, including news, sport and weather; our children's services CBBC and CBeebies; and Knowledge & Learning – as well as IP-delivered TV and radio services, with both live and on-demand programmes available on BBC iPlayer.	£182.4m 2016/17: £185.5m	n/a* 2016/17: 63.3%	n/a 2016/17: n/a	n/a 2016/17: n/a	n/a* 2016/17: 11.2p
 BBC Three is constantly innovating to provoke thought and to entertain audiences from 16 year olds to 30-somethings with original comedy, drama and factual programming that celebrates new British talent.		Reach % of 16-34 year olds who use the service each week Apr-Jun 2017 Jul-Sep 2017 Oct-Dec 2017 Jan-Mar 2018			
		8.2% Apr-Jun 16: 3.5%	7.8% Jul-Sep 16: 4.7%	7.9% Oct-Dec 16: 5.3%	8.3% Jan-Mar 16: 8.1%

Source: BBC modelled data using inputs from: Facebook, comScore, BARB, Cross-Media Insight Survey, UK 16-34 year-olds.

* The BBC is updating its measurement systems. Comparable weekly reach figures for BBC Online and Red Button are not included this year but this will be rectified in subsequent years. As page 28 shows, BBC Online reaches 74% of UK adults per month.

Finance and operations



p.67

Finance Review by the
Deputy Director-General

p.69

Financial overview

Finance Review by the Deputy Director-General



“Successfully reinventing the BBC for a new generation is not just about what we make and how we get it to our audiences.”

Anne Bulford
Deputy Director-General

6%

of controllable spend was spent on running the organisation, with 94% directed to audience facing content and services.

Our focus this year has been on reinventing the BBC for a new generation along with modernising and simplifying activities to improve services and ensure we spend as much of the licence fee as possible on the content and services that matter to audiences.

Successfully reinventing the BBC for a new generation is not just about what we make and how we get it to our audiences. It is also about what we do behind the scenes to modernise our organisation and make the BBC one of the very best places to work. We are continuing to deliver real progress in organisational modernisation and reform. Fairness and equal pay issues have been very much in the spotlight in recent months and the scrutiny on the BBC has been intense. Addressing these issues – along with historic tax demands being faced by freelance presenters paid through personal service companies – has been and continues to be a priority. Our aim – both within our workforce and day in, day out across our output – is to represent the whole country and help make the UK a fairer place.

In terms of governance and regulation, this year has been one of transformation and change. We operated under the new Charter for the full year and the NAO became our financial auditor. We also established a new Board, with executive and non-executive directors, offering a single point of leadership. Our mission

– to inform, educate and entertain – remains the same as it’s always been. In fact, it’s more necessary than ever. And, because of that, we’re mindful of the responsibilities we have to the millions of people who count on the BBC every day.

At the start of the year, we launched BBC Studios as a wholly owned commercial subsidiary. This represented an opportunity to bring creative ideas to new audiences around the world, as – for the first time – BBC Studios is able to make British, bold, creative programmes for other broadcasters, as well as playing a vital role in the BBC’s future by delivering quality programmes and creating valuable intellectual property.

Delivering efficiencies

Our goal is to ensure that the organisation is run as efficiently and effectively as possible, and to redirect spending and simplify procedures in a way that supports a sustainable and more creative BBC.

Our strong track record of delivering efficiencies continues. We delivered over £1.6 billion in savings over the last Charter period. We are addressing our future financial challenges by seeking to find another £800 million of savings by 2021/22. This is a tough task. We are making good progress against this target, delivering £160 million of annual savings this year, taking the cumulative savings to £244 million. A further £33 million

of savings were delivered within the divisions and BBC Worldwide to fund emerging priorities, taking the total savings achievement to £277 million.

We have done a vast amount to make the BBC simpler, leaner and more efficient. We have reshaped business structures and now have a BBC with fewer layers and divisions, and half the senior managers compared with 2011. We are providing the technology to enable a modern and efficient workforce, including re-procuring some of our technology services. This has led to a BBC that is financially well managed and less bureaucratic – a BBC that is more streamlined, with more visible and accessible leaders.

We have brought down overheads to industry-leading levels: just 6% of our total costs. This puts us in the most efficient 25% of benchmarked regulated and non-profit organisations in the country. Between 2012/13 and 2017/18 we reduced our spending on major strategic contracts by £288 million – a saving of 42%.

‘Compete or Compare’ has been instrumental in finding efficiencies and will continue to play an important role in the identification of new savings, giving us a sustainable framework for continuous improvement. The framework ensures that everything we do is challenged in the market or benchmarked against it, ensuring value for money whilst maintaining quality. ‘Compete or Compare’ has now tested 94% of the BBC’s cost base.

Cutting our property bill is another key part of our business strategy and our property footprint is now around 40% smaller than in 1998 – a significant achievement. Overall, we have brought down our property bill by approximately £90 million a year since 2011/12, exceeding our original target by £35 million. Last year we refinanced our London Broadcasting House building which will save a further £10 million a year, maturing gradually to an estimated £34 million a year when the lease term ends in 2033. It is a deal that provides value for money for generations

to come – securing the long-term future of our London base and demonstrating our commitment to the financial challenges we have to meet during this Charter.

Of course, there is more to do. We know we will need to push even harder: to further reduce management layers, keep pressure on overheads and manage rising costs as best we can. And we know that the significant financial challenges we now face will require tough choices.

Looking forward

On 1 April 2018, BBC Worldwide was combined with BBC Studios to form a single integrated brand, in line with industry practice. The merger is expected to strengthen IP generation and enhance content supply, helping to secure the future of the BBC as a long-term creator and owner of the highest quality British content. This represents a bold step in the evolution of the BBC’s content ambitions, and a critical priority for the business in 2018/19 will be to ensure the successful implementation of this merger.

The UK is changing and changing fast. The media habits of our audiences are vastly different compared with five years ago. Younger audiences, in particular, consume less output of the BBC owing to increased competition for their time from other media providers, especially online, and other forms of entertainment. We will continue to innovate online, keeping pace as more audiences choose to access services and content digitally. This will also require more investment in the supporting infrastructure.

Major new entrants such as Amazon and Netflix have meant that the global media market is increasingly dominated by a small number of US-based media giants with extraordinary creative and financial firepower.

The last few years have seen high super-inflation in areas such as drama and comedy, and we are now seeing this effect moving into other key areas of our output, such as factual programming. The cost of sports broadcasting rights

94%

of the BBC’s cost base has been tested in line with ‘Compete or Compare’.

has skyrocketed whilst, overall, the cost of ideas and talent has risen fast.

In this context, the BBC’s urgent challenge is to develop new ways to grow our income so that we can keep pace with the market around us, as well as successfully safeguarding distinctive British content and Britain’s creative track record.

The creative and commercial success of our teams in the newly combined BBC Studios will be critical. Co-productions with the very best global partners are already a big part of BBC commissioning – and series like *Blue Planet II* are able to attract investment from across the world. That is a model we will continue to pursue where it allows us to deliver for audiences.

But alongside the real potential for co-production and commercial growth, we must also explore other options to save money or increase income. It will mean some difficult decisions and is likely to require a genuine public debate about the kind of BBC the country wants and needs.

Anne Bulford

Anne Bulford OBE
Deputy Director-General
 21 June 2018

Financial overview

How we use the licence fee

The way in which the BBC is funded places significant responsibilities on the organisation:

- to provide value for money by focusing expenditure on the programmes and services the public most want from the BBC;
- to ensure that the output is then delivered as cost efficiently as possible;
- to ensure effective and efficient collection of the licence fee; and
- to maximise funding from other sources in a manner consistent with the terms of its Charter and other obligations.

Results for the year

Spend can vary significantly from year to year due to the timing of major sporting events and investment in change programmes, including restructuring. Overall, the BBC's financial objective is to manage to a breakeven income and expenditure

result over time, whilst ensuring adequate cash reserves and borrowing facilities to manage timing differences and provide financial contingency.

Our results for this year once again show that we have successfully managed the financial challenges facing us, giving a sound base to meet our future commitments and deliver our strategic ambitions. An increase in both licence fee income and World Service grant, along with a reduction in operating costs through our efficiency programmes, have resulted in a group surplus of £180 million for the year (2017: deficit of £129 million).

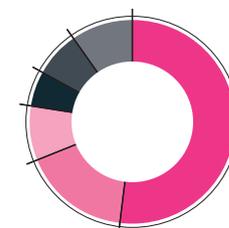
The table below provides a summary of the income statement.

Income

Total licence fee income increased by 1.1% or £43 million from £3,787 million to £3,830 million, which was due predominantly to the CPI increase applied to the licence fee after a six-year freeze, from £145.50 to £147.00. This increase was agreed with the Government during the latest licence fee settlement.

How your monthly licence fee is spent 2017/18

£12.25 per household
(2016/17: £12.13)



Television 2016/17	£6.40 £6.92
Radio 2016/17	£2.06 £2.02
BBC World Service 2016/17	£1.06 £0.90
Other Services and Production Costs 2016/17	£0.67 £0.82
BBC Online 2016/17	£0.91 £0.90
Licence fee collection and pension deficit costs 2016/17	£1.15 £0.57

Summary consolidated income statement For year ended 31 March 2018

Income statement classification	What is it?	2018 £m	2017 £m	What has happened?
Licence fee income	The total of licence fees collected	3,830	3,787	1.1% increase due mainly to inflationary increase.
Other income	Commercial income	1,233	1,167	Increase due to additional World Service income and external income being generated by BBC Studios.
Total income		5,063	4,954	
Operating costs	The cost of producing all content and of running the BBC	(4,815)	(4,943)	Reduction due to timing of major sporting events (such as the Olympic Games and UEFA Euro 2016) and an accounting estimate change in prior year relating to amortisation of distribution rights held by BBC Worldwide.
Restructuring costs	Sums provided to fund future efficiency initiatives	(14)	(50)	Continued development of savings plans.
Share of results of associates and joint ventures	Our share of the profit of businesses where we control 50% or less	36	46	The reduction reflects reduced UKTV profits (investment held by BBC Worldwide).
Gain on disposal of non-current assets	Profit on disposal of operations and fixed assets	5	8	Profit generated from the disposal of available-for-sale financial assets within BBC Worldwide.
Net financing costs	The net interest on the BBC's pension assets and liabilities, interest on loans and fair value movements on derivatives	(96)	(134)	Reduction due to exchange rate gains on borrowings and variation in the charge relating to pension liabilities.
Taxation charge	The net tax liability of the BBC on its taxable profits	1	(10)	Tax charge arises on commercial activities. These are offset by the impact of tax rate changes on deferred tax in 2017/18.
Group surplus/(deficit) for the year		180	(129)	

For further details, please refer to the detailed financial statement on page 185.

Licence fee collection

Effective financial management is a key part of the BBC's unique relationship with its audiences. This includes spending the licence fee efficiently and collecting a television licence fee from everyone who is required to buy one. The BBC has a number of contractual arrangements covering collection, administration and enforcement of the licence fee, marketing, payment channel management and retail networks. The majority of administration is contracted to Capita Business Services Ltd. This is the sixth year of the current collection contract – which has delivered £140 million of savings to date. Total cost savings of £220 million are expected to be delivered over the ten years of the contract, releasing more funding to be spent on our programmes and services.

Licence fee statement

As in previous years, the BBC prepares a licence fee revenue statement audited by the NAO. This sets out the amounts collected and paid over to HM Government during the year. Alongside their audit work, the NAO examines our collection arrangements and reports on them to Parliament. More on the licence fee revenue statement can be found on the NAO website: www.nao.org.uk/report/bbc-licence.

Focusing spend

The BBC concentrates its expenditure on the production of distinctive programmes and other content and its delivery to audiences and users, and the essential infrastructure to support this. Year-on-year spend can vary significantly because of the cycle of major sports events. Total content spend reduced by 4% to £2,623 million this year (2016/17: £2,734 million), which was largely due to additional investment in our coverage of the Rio 2016 Olympic Games and Euro 2016 Football Championships in 2016/17.

Pension costs

At 31 March 2018, the accounting pension deficit (as defined by IAS 19) had decreased by 55% to £518 million, compared to £1,149 million a year ago. The reduction during the current year was due to a net gain from changes in the valuation assumptions of £737 million and contributions paid of £155 million, offset by an annual operating charge of £236 million and net finance costs of £25 million.

This accounting valuation is only a 'snapshot' at a particular date, and is therefore sensitive to short-term market fluctuations. It has no impact on the actual cash cost of paying down the pension scheme deficit, which is reviewed at triennial actuarial valuations.

The most recent triennial actuarial valuation was completed in June 2017 and showed a funding shortfall of £1,769 million as at 1 April 2016. A repayment plan was agreed between the BBC and the Pension Scheme Trustees which runs until 31 December 2028. This plan is considered to represent an affordable basis to address the deficit, without compromising services to audiences or pension scheme members. The next formal actuarial valuation of the Scheme is expected to be performed as at 1 April 2019. The BBC continues to work actively with the Pension Scheme's Trustees to ensure the Scheme delivers security for members and value for the licence fee payers.

Cash

The BBC's cash balance at the end of the year is £523 million. The current strong financial position of the BBC reflects the positive impact of CPI uplift on licence fee income and an agreed reduction in Broadband obligations, and successful delivery of recent savings plans. This cash will be used to continue to deliver world-class content to BBC audiences whilst meeting future obligations (which include pension deficit repayments) and managing the cost and timing of delivering savings programmes, in anticipation of funding licences for the over 75 population.

Tax

The BBC is committed to paying the right amount of tax (employment tax, VAT and corporation tax) at the right time, in all the jurisdictions in which it operates. The BBC recognises the importance of paying the right amount of tax for the communities in which it operates, and takes its tax compliance obligations seriously. The BBC does not enter into any transactions with a view to artificially or aggressively reducing its tax liability. The BBC published its tax strategy in accordance with the Finance Act 2016. It can be found on the BBC website: www.bbc.co.uk/aboutthebbc/insidethebbc/howwework/reports/tax_strategy_17_18. The BBC complies with its obligations under the 'Off payroll working in the Public Sector' legislation introduced in April 2017 and has actively engaged with HMRC in relation to this major change in UK tax legislation.

Delivering efficiencies

Since 2010 the funding for BBC services for UK audiences has fallen in real terms by 18%, as the licence fee was frozen for six years and the BBC was required to take on responsibility for new obligations. Despite this funding reduction, the BBC has managed to maintain quality and reach due to a substantial and extensive programme of cost management. £1.6 billion of annual recurring savings were delivered

during the last Charter period. Since these savings were achieved, an additional £244 million of annual savings have been delivered – £160 million of which were achieved during 2017/18. This is ahead of the £226 million target to date and a significant step towards the latest £800 million target by 2021/22. A further £33 million of savings were delivered within the divisions and BBC Worldwide to fund emerging priorities, taking the total savings achievement to £277 million.

A vast amount has been done to make the BBC simpler, leaner and more efficient. Overheads have been reduced to industry-leading levels: just 6% of total costs. This puts the BBC in the most efficient 25% of benchmarked regulated and non-profit organisations in the country; along with in the most efficient 25% of benchmarked firms in the telecommunications and media sector. The BBC's property bill has reduced by c.£90 million a year since 2011/12. Spend on major strategic contracts reduced by £354 million between 2011/12 and 2017/18 – a saving of 48%. London Broadcasting House was refinanced last year, saving £10 million per annum, maturing gradually to an estimated £34 million a year when the lease term ends in 2033.

'Compete or Compare', the BBC's approach to identifying efficiencies in the cost base through competition or benchmarking, is an integral strand of the BBC's approach to driving ongoing efficiencies. The framework ensures that everything the BBC does is challenged in the market or benchmarked against it. This drives up quality and reduces costs. An internal review during the year concluded that 94% of BBC controllable spend satisfied the 'Compete or Compare' criteria, either through direct competition or rigorous comparison and benchmarking (2016/17: 90%).

Property costs

Cutting property costs is a key strand of the BBC's efficiency plan. The BBC has reduced its property footprint by approximately 40% since 1998 and total property savings since 2011 are now at approximately £90 million a year. The BBC continues to review its buildings in London to explore ways it can provide best value for money and make more efficient use of space, as well as to consolidate and improve property to create modern, efficient working environments. During 2017/18, the BBC vacated from several London properties including Grafton House, Brock House, Great Portland Street and Euston Square. Further reductions to the size of the estate are expected in order to reach the 355,000m² UK property estate target by 2020 – a reduction of over 20% since 2014. These reductions are expected to deliver £14 million of further savings a year.

Procurement

The BBC's procurement team is rated highly by industry-winning 'Best Public Sector Outsourcer' as well as being the only public body to achieve Global Sourcing Association (GSA) accreditation with merit. The cost of running the department is a third lower than its 'world class' benchmark.

The BBC regularly reviews the financial standing of its major outsourced service suppliers, which includes analysing reports from external commercial credit agencies. The contractual arrangements with these suppliers include open book audit provisions as well as comprehensive business continuity and exit obligations.

Between 2012/13 and 2017/18 spend on major strategic contracts reduced from £684 million to £396 million, a saving of 42%. Managing supplier performance, automation and transforming the procurement process have all been instrumental in securing these savings. Dedicated supplier contract managers are strengthening the BBC's contract management by tracking performance against business requirements.

Technology

During the year, the BBC re-procured the core technology services contract, which provides critical IT and technology services to programme makers and staff. The new contract has transformed how the BBC provides and manages its technology. Since 2004 most of the BBC's outsourced technology services were delivered by one external provider, but the new contract is non-exclusive, delivering services by a combination of third parties and in-house teams. This approach gives the BBC greater flexibility and access to new technology as it emerges. These technology re-procurements will lead to long-term savings that will amount to hundreds of millions of pounds over the course of the contracts, including savings in the region of £90 million per annum since 2014/15.

Our people

A broad range of organisational reforms have been made from reducing management layers to merging and rationalising divisions. Whilst staff levels have been steady in the past three years, the focus of employee roles has changed significantly towards serving the audience and building BBC technology capabilities. Reductions in professional support and administration services have allowed the licence fee to support taking on the World Service, create more original content and improve digital services for BBC audiences.

Major staff moves to Media City in Salford, Mailbox in Birmingham and Pacific Quay in Glasgow, as well as the closure of TV Centre and other London

premises, have helped change the geographical outlook of the BBC so it is more representative of the country.

During the year, the NAO published the findings of their review of how the BBC manages and plans its workforce. The report acknowledged that the BBC has reduced the cost and size of its payroll workforce between 2010/11 and 2015/16 by 6% and 4% respectively, delivering £59 million in real term savings for salaries and wages.

A simpler organisation inevitably requires a more focused leadership team and fewer managers, especially at senior levels. A simpler BBC also means senior leaders that are more visible, more accountable and more approachable. The BBC has achieved a 57% reduction in the number of its senior managers, from 614 in March 2010 to 267 by March 2018. This has resulted in a saving of £38 million.

During the year, the BBC commissioned an independent Equal Pay audit by PricewaterhouseCoopers LLP and Eversheds Sutherland (International) LLP. The Equal Pay report highlighted the importance of a consistent approach to pay and allowances. The BBC has been developing a fundamental set of reforms in relation to its pay and grading systems which include job evaluation, proposed new terms and conditions and more transparent market-informed pay ranges.

During the year ahead, the BBC will independently review whether the organisation has some responsibility for freelance on-air presenters whom are now facing historic demands from HMRC after being paid through personal service companies. A contingent liability has been disclosed in the financial statements in relation to this matter. No amount has been provided due to the outcome being uncertain. Discussions with HMRC continue on these issues.

Commercial trading and other income

The licence fee is supplemented by income from the commercial exploitation of licence fee-funded content and infrastructure through four commercial subsidiaries – BBC Worldwide, BBC Studios, BBC Global News and BBC Studioworks.

Commercial trading

	Headline sales		EBITDA (including tax credits)	
	2017/18 £m	2016/17 £m	2017/18 £m	2016/17 £m
BBC Worldwide	1,044	1,060	118	84
BBC Studios	432	–	7	–
BBC Global News	109	110	18	2
BBC Studioworks	31	26	3	4

BBC Worldwide

BBC Worldwide supports the BBC public service mission and generates income for the BBC group. This year, the group generated returns of £210 million to the benefit of the BBC group (which included dividends and investments in programmes), above £200 million for the fourth year running (2017: £210 million). The group maximises the value of the BBC's intellectual property, providing income to fund high-quality, distinctive programming for the licence fee payer, whilst supporting the UK's television industry on the world stage.

During 2017/18, BBC Worldwide generated headline sales (including income from JVs and associates) of £1,044 million, which is a 2% reduction from prior year (2017: £1,060 million). The business achieved growth in BBC-branded channels, acquired a majority stake in Sid Gentle Films Limited (an independent production company) and matched the previous year record in content sales with the business again being the largest distributor of UK content. Furthermore, production and formats grew in Global Markets whilst a reduction in the Americas reflected fewer hours of *Dancing With The Stars*. This sales growth was more than offset by the inter-company transfer of advertising sales to Global News, continuing decline in the DVD market and the impact of contract renewals in UKTV.

EBITDA of £118 million was 40% higher than last year. This reflected a strong performance in content sales, cost efficiencies across branded services and overhead savings. These offset significant currency pressure and a decline in consumer products. 2016/17 also included a one-off accounting estimate change relating to amortisation of distribution rights (£68 million).

Free cash flow of £121 million was 33% higher than the prior year (2017: £91 million). Once adjusted for one-off specific items, alongside foreign exchange and joint venture performance, this represents a 41% increase in owned and operated free cash flow.

2017/18 saw the continuation of BBC Worldwide's transformation programme, with an increased focus on intellectual property (IP) ownership; on high-value customers and markets; and on global franchise brands.



Landmark series *Blue Planet II*, produced by BBC Studios

The group invested £171 million in content in the year (2017: £174 million) with investment in BBC commissioned content increasing to £106 million (2017: £99 million), supporting on-screen programmes across the BBC's channels. Relationships continued to be built across the independent sector, with total return to independent companies through rights investments, royalties and profit shares at £149 million during the year (2017: £146 million). BBC Worldwide made equity investments in three British independent drama production companies, supporting British entrepreneurship and IP generation whilst enhancing the future of its own content supply.

International BBC-branded services performed strongly, with BBC America posting a record 13th straight year of prime ratings growth, BBC First becoming the Netherlands' most watched international channel since the start of 2018, and Sony BBC Earth (a joint venture channel with Sony Pictures) marking its first birthday by becoming the most watched infotainment channel in six Indian metros. BBC Earth's linear channel footprint expanded across Greece and the Balkans. *Blue Planet II* proved a phenomenal success with international audiences, with the premiere becoming the most watched advertising-supported nature episode in nearly eight years in the USA. *Blue Planet II* content amassed over 250 million views on Chinese VOD platform Tencent between September 2017 and year end.

BritBox, the subscription video on demand service partnership with ITV plc, had a strong first year in the USA. It also launched into Canada in February 2018 and reached a 250,000 total subscriber milestone collectively for USA and Canada by the end of February 2018.

The group entered into several new global deals during 2017/18, including with Shanghai Media Group Pictures (a leading Chinese media company) which will see an expansion of the *Doctor Who* brand in China; and partnerships with Foxtel, ABC, Sky and Fetch were cemented with new or continued deals in Australia and New Zealand.

BBC Studios

BBC Studios is the television production arm of the BBC, which creates distinctive, much-loved content across a wide range of genres. In a highly competitive market, BBC Studios provides a stable and large-scale source of IP for the BBC group, generating value for audiences and returns for licence fee payers.

As part of a major change to the BBC's content supply strategy, BBC Studios became a wholly owned commercial subsidiary of the BBC in April 2017. As a result, BBC Studios no longer has guaranteed business from the BBC, but for the first time the company has been able to make programmes for other broadcasters. This represents a significant opportunity to share creative ideas with new audiences around the world and increase revenue for the BBC group. BBC Studios is making rapid progress in winning new commissions and has already announced deals with Discovery, Channel 4 and Channel 5.

BBC Studios' priority this year has been to transform the business for this more competitive, market-driven environment. The group's strategy is to develop a more balanced portfolio of business by continuing to deliver existing programmes to the highest creative standards whilst investing in generating new IP and diversifying its customer base beyond the BBC. To support this strategy, efficiency

savings were achieved to reduce the company's cost base and a new flexible operating model was introduced.

These measures have helped deliver a successful first year of trading. Headline sales were £432 million, and reductions in overheads helped drive EBITDA (including tax credits) of £7 million. This excludes returns from secondary and global exploitation of IP historically retained by the Public Service (e.g. *Strictly Come Dancing*).

BBC Studios produced over 2,000 hours of television and radio content in 2017/18. It received widespread industry recognition with more than 80 awards and 200 nominations, making the company the most awarded producer in the UK. It also delivered some of the most watched programmes of the year with the *One Love Manchester* concert, *Strictly Come Dancing*, and *EastEnders* and *Mrs Brown's Boys* over Christmas. The launch of *Blue Planet II*, with an audience of 14 million, made it the biggest natural history programme in 15 years, and the resulting anti-plastics campaign demonstrated the positive impact television can have on society.

BBC Studios made good progress this year in securing business beyond the BBC, a key proof point for the new strategy. Commissions such as the *Fatberg Autopsy* for Channel 4, *Inside Hotel Chocolat* for Channel 5 and Cherry Healey's exploration of plastic surgery for UKTV were secured.

BBC Global News

BBC Global News operates the BBC's two commercially funded international news services: BBC World News, the 24-hour global news television channel, and the digital platform *bbc.com* (including the *bbc.com* website, a News app and a Sport app). BBC Global News' mission is to be the best and most trusted international news provider in the world, whilst growing the BBC's international news audiences and operating as a commercially efficient business.

In 2017/18, BBC World News' global footprint continued to expand, growing by 2% over the year and the channel is now available to a record 458 million households (up from 450 million in 2016/17). The growth was driven by gains in Europe, the Americas and South Asia.

The engagement levels of *bbc.com* increased during the year, resulting in total page views across all platforms (website, apps and connected TV) remaining stable at a monthly average of 1.3 billion, despite a drop in monthly audience, which averaged 88 million unique browsers in 2017/18.

Off-platform consumption of BBC content plays a key role in BBC Global News' content distribution and commercial strategy. BBC Global News continued its successful partnerships and entered into a new agreement with News Republic. BBC News' social media presence is one of the biggest in international news with over 46 million Facebook likes globally and over 23 million followers on Twitter.

In 2017/18, BBC Global News was recognised for the excellence of its journalism with a number of awards, including a Peabody Award for BBC World News' reporting on the plight of Rohingya refugees, 'Best News Programme' at the Asian Television Awards for *Newsday*, and 'TV News Story Of The Year' at the Foreign Press Association for the *Our World's Starving Yemen* documentary. At the 2018 Broadcast Awards, Professor Robert Kelly's interview on BBC World News (which was interrupted by his children) won 'TV Moment Of The Year'. Online, *bbc.com's* Culture feature site won a Webby for its social media presence and the Travel feature site won a Gold Lowell Thomas award for 'Best Travel Journalism' website.

During the year, BBC Advertising (formerly part of BBC Worldwide) was integrated into BBC Global News, doubling the headcount next year to 350 staff. As identified in the NAO's Landscape Review of the BBC's commercial activities, the integration of BBC Advertising presented BBC Global News with a significant financial challenge. Rapid progress was made during the year to meet this challenge and further profitability improvements are planned during 2018/19 in order to ensure the continued achievement of commercial targets.

Global News recorded EBITDA of £18 million and profit before taxation of £16 million in 2017/18. The significant increases in EBITDA and profit before taxation were driven by substantial foreign exchange gains on the year-end valuation of hedged positions (£15 million). Excluding these foreign exchange gains, BBC Global News returned an underlying profit before taxation of £1 million in 2017/18, due to a combination of strong revenue performance and a cost reduction programme.

BBC Studioworks

BBC Studioworks is a wholly owned commercial subsidiary of the BBC, serving both the BBC and external clients. In September 2017, the company opened new and refurbished studios and post-production facilities at Television Centre (TVC) in West London. This marked a substantial expansion for the company and supplements its existing portfolio in Elstree.

BBC Studioworks delivered a strong financial performance for the year, generating £31 million of income (2017: £26 million) and EBITDA of £3 million (2017: £4 million). The 19% increase in income was driven by the re-introduction of TVC into the company's portfolio, but the high establishment costs of this new facility has resulted in a reduction in EBITDA.

During the year, BBC Studioworks welcomed a number of existing and new clients to its studios and post-production facilities. For the BBC and BBC Studios it hosted the 2017 General Election coverage, the quiz show *Pointless*, the continuing drama *EastEnders* and the

15th series of *Strictly Come Dancing*. It also worked with ITV on the relocation of *Good Morning Britain*, *Lorraine*, *This Morning* and *Loose Women* to TVC along with other successful studio productions such as ITV's *The Voice UK* live shows, *Britain's Got Talent*, *The Jonathan Ross Show*, *Celebrity Juice* and Sky's *A League of their Own*.

The post-production team worked on numerous projects including BBC's *Strictly Come Dancing*, *EastEnders* and *Sounds Like Friday Night*, ITV's *The Chase* and Sky's *The Russell Howard Hour*.

BBC World Service

BBC World Service operates under a licence which sets out the remit and scope of its services, its annual budget and its main commitments. The performance of the service is regularly reviewed against its licence. The current Operating Licence sets out a target for total spend of at least £254 million p.a. This year, the total BBC World Service spend of £268 million was higher than target (2017: £268 million).

The Foreign & Commonwealth Office (FCO) invested £86 million during the year, as part of their grant funding commitment into BBC World Service over a four-year period to March 2020. This investment is funding the transformation of the World Service from a predominantly short wave radio service to a fully digital-first operation, as well as providing additional television content, launching news content in 12 new languages, and a material expansion in Russian, Arabic and World Service English output.

42%

reduction in spend on major strategic projects between 2012/13 and 2017/18.

BBC Studioworks provided studios and post-production facilities for shows such as *Strictly Come Dancing*



Our people

Our people are the bedrock of what makes the BBC special. They come from diverse backgrounds, reflecting our different audiences and are fundamental to the continued delivery of outstanding programmes and services. Throughout the year we have worked together on our ambition to ‘make the BBC an even greater place to work’, seeking to address concerns on gender, pay and fairness, and creating an environment where our people can be at their creative best.

p.75

Our people

We are making the BBC an even greater place to work, valuing and respecting diverse contributions and celebrating successes.

p.78

Developing our people

Through our BBC Academy, training and professional development is provided for all BBC staff.

p.79

Diversity

The more diverse our workforce, the better able we are to respond to and reflect our audiences in all their diversity.

 [Read more: bbc.co.uk/diversity](http://bbc.co.uk/diversity)

p.84

Charitable work

We have been broadcasting and supporting charity appeals since 1923 and our appeals have become a vital part of our remit.

 [Read more: bbc.co.uk/charityappeals](http://bbc.co.uk/charityappeals)

p.86

Environmental sustainability

Throughout the BBC we work hard to reduce the environmental impact of our operations, having sustainable practices in programme-making and inspiring our staff to take action.

 [Read more: bbc.co.uk/responsibility/environment](http://bbc.co.uk/responsibility/environment)

BBC staff event *Grow Your Potential*

Efficient and effective organisation design

At the start of the year we moved our Studios division out of the Public Service into a new commercial entity. Subsequently, we announced that effective 1 April 2018 we were creating a new single legal and operational commercial entity merging BBC Worldwide and Studios. This new entity will be known as BBC Studios.

Across the whole of the BBC, we have continued to focus on modernising and making the BBC a more efficient and effective place to work. The two-year simplification programme, to merge technology and digital activities, reduce professional support services, and minimise management layers, has concluded. Headcount has reduced in these areas by 1,036 posts, leading to savings of £57 million being delivered.

Organisation design principles continue to be applied to all restructuring activity across the BBC. Management layers have been flattened further and over 96% of our structures now have seven or fewer organisational layers. Senior manager numbers have continued to reduce to 267 (1.5% of our employees), and overall we have one manager to every 8.3 employees. Spend on professional services and supporting activities has been minimised, enabling 94% of our controllable spend to be directed to audience-facing content and services.

Throughout the year we have been simplifying job titles and introducing clearer career structures through the introduction of the BBC Career Path Framework (CPF). This now covers the vast majority of roles across the BBC and has resulted in the reduction of over 5,000 job titles to about 619, structured into 27 job families.

We remain committed to locating at least 50% of our employees outside of London and some 53% are currently based outside of the M25. During the year, BBC Three began the move from London to Birmingham to develop a centre of digital excellence there and staff were relocated away from our site at Caversham Park.

UK PSB staff by nation (equivalent full time) % (excl. BBC Studios in 2018)

Nation	31 March 2018	31 March 2017	31 March 2016
England (excl. London)	35	34	36
London	47	47	45
Scotland	7	7	7
Wales	7	8	8
Northern Ireland	4	4	4

Our workforce numbers and mix

Over the course of a year, the scale and profile of the BBC's overall workforce is affected by a number of factors. These include the mix between in-house and independent programme and content supply; changes to our insourcing/outsourcing service model; the launch of new audience-facing initiatives; and headcount reductions arising from savings programmes. Workforce plans are in place to optimise the mix of permanent and flexible resource and we continuously review and control headcount to ensure value for money is achieved.

The average annual salaried Public Service headcount for financial year 2017/18 decreased by 1,147. Across the Group overall it increased by 312, largely due to investments in World Service News.

Total average headcount (equivalent full time)

	2018	2017
UK Public Service Broadcasting	18,210	19,357
BBC Worldwide	1,514	1,706
BBC Studios	1,601	–
Other commercial businesses	258	208
Group total	21,583	21,271

Significant headcount movements have been:

- 1,546 staff in Studios division transferring to a new commercial entity on 1 April 2017.
- The closure of 315 roles throughout the year as a result of a variety of initiatives, including the conclusion of the five-year DQF Programme ('Delivering Quality First'), the Simplification Programme and other significant strategic initiatives.
- Investments in 418 new roles and skills, such as digital, which are required to support building the BBC of the future.
- 774 new roles in World Service News, both within the UK and internationally, to enhance existing language services and support 12 new ones.

- Additional 75 apprentices and trainees – at the end of the financial year we had 1.9% of our workforce in these roles.
- Recruiting 77 additional staff in the nations – Scotland, Wales and Northern Ireland – as a result of additional investments announced in February 2018.

Headcount continues to be monitored closely and all divisions are required to identify and deliver further savings over the next three years. Plans to achieve this are underway.

On-screen roles

We want the BBC to be the place where the best artists want to work and deliver great programmes. Across radio, television and our digital services, our audiences expect us to offer the best range of the most loved, creative, engaging, authoritative and diverse talent in British broadcasting.

The BBC remains committed to keeping spend on on-screen and on-air talent to no more than 15% of overall internal spend on content (with a 1% tolerance).

In 2017/18, total talent spend of £148 million represents 11.1% of the BBC's internal spend on content. This includes the World Service.

Remuneration

Our policy is to provide remuneration that attracts, motivates and retains the key talent required to lead and deliver outstanding public service broadcasting, while recognising the BBC's status as a publicly-funded corporation, which must deliver value to the licence fee payer.

Under the terms of the Charter, we are required to publish an annual report for each financial year from the BBC Remuneration Committee with the names of people working for the BBC who are paid more than £150,000 from licence fee revenue in a financial year, set out in pay bands of £10,000. The first of these new reports was published in July 2017. The 2018 report can be found on page 101 of this document.

We also closely manage the numbers and pay of our senior managers. The senior manager paybill (including Board members) is now £37.7 million compared to £79 million in 2009 and the senior manager Remuneration Committee continues to sign off all salary adjustments for senior managers and any others in excess of £75,000.

We recently published our gender pay gap figure has fallen to a median of 7.6% (from 9.3% in October 2017), compared to a national average median of 18.4%. An Equal Pay Audit report was published in October 2017. This was conducted by PwC and Eversheds and overseen by Sir Patrick Elias, QC, and concluded that the BBC had no systemic discrimination against women in pay arrangements. If any individuals however have equal pay concerns they wish to raise with us, a review mechanism is in place.

In our Management Response to these reports we committed to closing the gender pay gap by 2020. We also introduced new pay principles across the BBC:

- **Fair** – Pay fairness is a responsibility we take very seriously – it goes to the heart of our values and it’s critical to our creative ambition and success.
- **Consistent** – We have consistent frameworks such as the career path framework and market informed job pay ranges that underpin our approach to pay and that enable us to be clear and consistent in our approach to individual pay decisions.

- **Transparent** – We are more transparent in our reporting on pay than required by law and commit to a degree of transparency about pay that we believe is more wide-ranging than other organisations.
- **Competitive** – We balance the need to pay competitively with the need to ensure value for money for our licence fee payers.
- **Clear** – We are clear on how pay adjustments are made.

Alongside this was a commitment to review our approach to pay for on-air presenters, editors and correspondents. In January a report was published by PwC concluding that there was no systemic gender bias in our on-air pay, but made some criticisms of the way aspects of this had historically been managed. It made a number of recommendations for change including a new pay framework which we are currently consulting on.

We have committed to closing the gender pay gap and much work is taking place at divisional level including addressing the underlying issue of representation in particular roles.

Current senior manager numbers by salary band are:

UK senior manager headcount by salary band (2017/18 excl. Studios)

Band	2017/18	2016/17
£50,000–£99,999	76	92
£100,000–£149,999	94	124
£150,000–£199,999	70	67
£200,000–£249,999	15	17
£250,000–£299,999	4	3
£300,000–£349,999	4	3
£350,000+	1	–
Total*	264	306

* Total excludes BBC Board members.

+ For more information on pay disclosures see page 101

Spend on on-air roles

	2017/2018		2016/2017		Variance £000s
	Spend £000s	Volumes	Spend £000s	Volumes	
Less than £40k	48,782	27,039	69,922	40,328	(21,140)
£40k–£100k	62,812	1,098	72,346	1,278	(9,534)
£100k–£150k	11,983	100	16,717	136	(4,734)
£150k–£500k	13,814	59	21,256	89	(7,442)
£500k–£1m	1,687	3	3,348	5	(1,661)
£1m–£5m	3,418	2	3,959	2	(541)
Organisations*	5,119	1,638	6,019	1,582	(900)
Total	147,615	29,939	193,567	43,420	(45,652)

* Organisations are groups of individuals contracted as one – for example external orchestras. It is not possible to list numbers of individuals against this spend.

The BBC has identified a proposed independent review process which would consider, on request, certain cases for presenters who have provided their services via a PSC (Personal Service Company) and who are now facing HMRC demands for Employer’s National Insurance Contributions arising from the use of a PSC.

Throughout the year we have worked together with our Joint Unions to fundamentally review and modernise our Terms and Conditions – making them fairer, simpler and more consistent. A set of proposals were developed looking at five key areas – Pay and Grading, Policies, Contracts, Scheduling and Working Patterns, Wellbeing.

The Pay and Grading proposals build on the new BBC Career Path Framework. Market-informed job pay ranges have been developed for all 600 job titles and individuals have been provided with this information for their own job. Where they are in a job title that has over 20 incumbents, they have additionally been provided with information showing the spread of pay.

Following an 18-month consultation, the BBC’s recognised trade unions have accepted all the proposals. Our annually negotiated pay agreement which would normally have taken effect in August 2017 forms part of this Terms and Conditions review. The agreement is a 2% pay increase plus an additional 1.5% for those individuals in the lower quarter of their job pay range. An advance payment of £400 was made to all staff in December 2017 while the consultation continued.

Supporting and getting the best from our people

We continue to focus on our core ambition to ‘Make the BBC an even greater place to work’ aligned around four key pillars:

- **Making ways of working simpler** – looking to simplify or remove complex practices and finding ways to enable staff to do their best work
- **Acting as one BBC** – working collaboratively and recognising that we are stronger when we work together
- **Valuing each other and celebrating success** – respecting our diverse contributions and taking time to recognise the quality of work produced by all staff
- **Being visible and involved** – ensuring all staff know what is expected of them and get fully involved, and that managers and leaders are visible not only to their teams, but across the organisation, listening, sharing and inspiring.

Severance payments: all staff (including senior management)

Payment band	2017/18		2016/17	
	Spend £000s	Volumes	Spend £000s	Volumes
Under £10k	310	56	348	59
£10k-£50k	8,189	265	6,622	220
£50k-£75k	8,357	136	5,672	92
£75k-£100k	7,753	91	3,880	44
£100k-£150k	12,327	97	16,567	124
Over £150k	0	0	0	0
Total	36,936	645	33,089	539

The BBC is committed to building positive and constructive relationships with our trade unions and their elected representatives across divisions, allowing paid time off in line with the BBC/Trade Union – Time off & Facilities Agreement. As part of the Trade Union (Facility Time Publication Requirements) Regulations 2017, public authorities are now required to report information about facility time taken by trade union officials for a 12 month period. (Facility time refers to the time taken for our recognised trade unions to represent members both individually and collectively in a range of issues across the BBC.) This is detailed in the table below. During 2017/18 there was a single instance of strike action by one individual for 12 hours.

Severance

Driving efficiencies across the BBC has an inevitable impact on jobs and we continue to be fully committed to managing job losses through redeployment and retraining wherever possible.

Our severance policy is one month's pay for each year of service up to a maximum of 12 months' pay. For those who joined before January 2013 it is a maximum of 24 months. We have maintained a cap on redundancy payments of £150,000 and a maximum notice period of six months. We continue to await further clarification on the Government's proposed cap on redundancy, which we understand will apply to the BBC.

Where redundancy severance is paid, notice is served and worked in full. If an individual wishes to leave earlier than the end of their notice period they must waive the remaining notice period and will receive no payment for it. In exceptional cases, for example when there is a need to protect the confidentiality of sensitive information, individuals may be asked to work from home or be prepared to undertake other duties during their notice.

Redundancy payments over £75,000 and all other severance payments are

approved by the senior management Remuneration Committee. During the year, there were two instances where employees received payment in lieu of notice; one was in settlement of an Employment Tribunal claim following a resignation, and the other was alongside a local statutory payment to an overseas employee following performance concerns. Three other severance payments were made; one settling an Employment Tribunal claim, and two as part of an agreed departure negotiated with the employee (one with agreed severance pay, and the other with redundancy pay and compensation for personal injury).

Human rights

We are committed to respecting the human rights of all those who work for or with us. This applies to all employees, temporary workers or workers in our supply chain, in the UK and around the world. Everyone has the right to a safe working environment; to at a minimum be paid and work hours in line with local legislation; to form trade unions; and to be treated respectfully.

Information provided in line with the Trade Union (Facility Time Publication Requirements) Regulations 2017 – schedule 2 (1 April 2017 – 31 March 2018) Relevant union officials

No of union officials

267 (EFT 259)

Percentage of time spent on facility time

	No of employees
0%	0
1-50%	261
51%-99%	0
100%	6*
Total cost of facility time	£721,817
Total Eligible Paybill**	£965,005,430
Percentage of total paybill spent on facility time	0.07%
Paid trade union activities	
Time spent on paid trade union activities as a percentage of total paid facility time hours	80%

As this is the first year this information has been provided, approximated numbers based on known union representatives has been included.

* Equivalent to five EFTs.

** Total paybill for a relevant period is calculated as stipulated in the TU legislation, which returns a nominally different figure than the reported paybill on page 197, however, the percentage of time spent on facility time is the same.

For those who work in higher risk environments such as in hostile surroundings, covert filming or covering events such as terrorist incidents, we ensure they are appropriately prepared. Our High Risk Team advises and oversees training and the provision of equipment.

Our Terms of Trade require any suppliers we work with, and any sub-contractors they use, to adhere to the codes of practice published by the Equality and Human Rights Commission and the Equality Commission Northern Ireland. In addition, suppliers, and sub-contractors, are required to abide by our Code of Ethical Policy which sets out our expectations with respect to human rights and trading ethically.

Modern Slavery Statement

We recognise the need to prioritise tackling the most severe human rights abuses, including modern slavery. We remain supportive of the aims of the Modern Slavery Act 2015 and publish our third Modern Slavery Statement in accordance with this. We are committed to actively engaging in the eradication of modern slavery, taking action within our business and influencing our suppliers to do the same. In our statement we set out further steps we have taken over the last year to help ensure modern slavery does not exist in our business or supply chain. We have focused on further understanding where risk lies and designing a targeted programme in response.

The full statement is available at: bbc.co.uk/corporate2/insidethebbc/howwework/reports/bbcm2016.

Developing our people

Through our BBC Academy, training and professional development is provided for all BBC staff.

The majority of training is delivered online or remotely, to offer staff flexibility and also to increase efficiency and reduce travel. Over the course of the year over 70,000 unique training sessions were completed, of which 64% were online.

Key training activities have included:

- Delivering over 50 three-week new-joiner programmes to over 400 new recruits for the World Service expansion project, in London and across several international bureaux, including Moscow, Lagos, Nairobi and Delhi.
- A new suite of courses to support our internal production roles. We have also worked in partnership with Creative Skillset and the National Film and Television School, amongst others, to support the wider industry and the independent sector.
- 'OpenMedia' training to more than 3,500 people in the News division to support our move to a new platform.
- Training 800 staff in mental health awareness, half of whom have become Mental Health First Aiders, and a further 765 staff in emergency first aid.
- A third season of digital upskilling for all BBC staff, building online skills to reach and engage young and diverse audiences. Total attendance over the last three years is now over 13,000.
- More than 40 events delivering subjects ranging from podcasting, virtual reality, making short-form content for BBC Three and the Future of Social Media.

This year has seen us gain national recognition as one of the UK's leading apprenticeship employers as we were awarded a top three place in the Employer of the Year category at the National Apprenticeship Awards 2018. We are also in 11th place nationally in the Times Top 100 graduate employers list.

BBC Academy Training

Reach	2017/18	2016/17
Total training completions*	70,154	64,931
Face to Face %	36%	40%
Online %	64%	60%
BBC staff who completed 1 or more course	84%	88%
Total L&D Hours Face to Face & Online	259,625	219,046
Number of L&D days per EFT	1.57	1.51
Total Online Usage**	44,826	38,695
Value for Money	2017/18	2016/17
Training Delivery Spend (£m)***	£13,421	£14,123
L&D Cost per EFT****	£568.75	£601.85

Notes:

Training data and EFT figures are BBC wide, including PSB, Worldwide and other commercial subsidiaries.

* Individual face to face and online training completions.

** Individual online course completions and those with 'in progress' status.

*** Total Academy training delivery spend excluding major projects.

**** Total Academy training delivery spend divided by total EFT.

We remain committed to investing in apprenticeships (aimed at non-graduates) and trainees (who are mainly graduates) and we are on target for 2.3% of our employees to be apprentices or trainees by the end of 2019. As at the end of the financial year, we had 210 apprentices and 133 graduate-level trainees and 37 on other development schemes. We also gave almost 1,000 people work experience placements throughout the year.

Outreach and bringing new skills to the industry

Working in partnership with BBC News, the Academy School Report project reached more than 1,000 schools to help develop media literacy skills around fake news; journalism and digital content making for 11-18 year olds. The initiative also provided mentoring and volunteering opportunities for BBC staff and culminated in a successful 'News Day' on March 15 with young, diverse audiences creating content across BBC News services and platforms.

The award-winning Expert Women initiative returned with three events in London and Glasgow aimed at developing new faces and voices for BBC News output. Nearly 3,000 subject specialists applied for 72 places and a day of free training and media familiarisation.

Many of the women have since appeared on-air with several making appearances the next day.

The Academy/Creative Skillset Digital Cities initiative is now in its third year, with digital skills and learning events in Birmingham, Bristol, Belfast, Manchester and Cardiff. Working with partners such as Channel 4, Google and the Arts Council, each city event offered free skills workshops and new talent opportunities.

We continue our sponsorship of the NFTS and the short course programme, with more than 40 students from BAME and disadvantaged socio-economic backgrounds taking up places. Students from the short courses have also secured work on number of BBC Drama's including, *Call the Midwife*, *Silent Witness* and *Holby City*.

Notes: Schedule 3 paragraph 13 of the Agreement provides that the BBC must make arrangements for training staff and work with partners across industry. We deliver this via our Academy and Academy outreach work.

Diversity

Diversity and inclusion at the BBC is a creative imperative. It is also the right thing to do. We know that by having an organisation that reflects its audiences, we remain current, relevant and produce the best TV, radio and online content and services.

We are committed to promoting equal opportunities in employment at the BBC. This section reports on our activities in line with our duty under Schedule 3 paragraph 12 of the Agreement. For more information see the Equality Information Report on page 240.

Our people

Since the launch of our Diversity and Inclusion Strategy in April 2016, we continue to drive progress to deliver systemic change. We pledged that by 2020 the BBC will have a workforce at least as diverse, if not more so, than any other broadcaster in the industry and we are well on the way to achieving this commitment. We have launched four new diversity projects that focus on career progression and culture for women, staff with disabilities and those from ethnic minorities and lower socio-economic backgrounds.

We have more women in senior positions than ever before and overall female representation in the workforce is improving too. Four of the BBC Board and Executive Committee members are women. Overall, in March 2018, our leadership roles are made up of 43.3% women and 47.7% of our workforce.

But we recognise that we need to do a lot more to increase the numbers of Black, Asian and Minority Ethnic (BAME) and women senior leaders and we're actively looking at ways to do this.

We are making progress. For the first time we have been listed as a Times Top 50 Employer for Woman 2018. We know there is more to do to reach our target of 50:50 gender balance and we are determined to get there by 2020.

We reported a gender pay gap of 7.6% against a national average of 18.4%. We want to do better and have pledged to close the gap also by 2020.

To help us achieve this, as well as our project which focuses on career progression, we have a range of programmes and development opportunities to inspire, encourage and support women across our organisation. Our new Hilda Matheson Women into Leadership programme is a nations and regions based development programme for women who want to develop their careers at the BBC. Sandy Chalmers is a mentoring programme dedicated to the personal development of women in Radio, with similar programmes running in News and Design and Engineering.

Leadership roles are made up of 43.3% women, with 47.7% of the workforce being female.



The participants of Creative Access

Mind Over Marathon led our Minds Matter season looking at mental health

All BBC staff will have unconscious bias training and we have developed a new disability awareness training package for managers and staff.



2017 CREATIVE DIVERSITY NETWORK AWARDS

At the 2017 Creative Diversity Network Awards, the BBC won a total of six awards, many of which highlighted the diverse nature of our content.

- Drama: *Damilola, Our Loved Boy*
- Factual: *Life and Deaf*
- Production Company of the Year: BBC Children’s In-House Production
- Author/Creative: Levi David Addai (Writer, *Damilola, Our Loved Boy*)
- Commissioner or Channel of The Year: BBC Three
- Diversity Champion: Damian Kavanagh (BBC Three)

Black, Asian and Minority Ethnic (BAME) representation is currently 14.8% across the workforce and 10.4% are within leadership roles. The BBC is one of 66 employers and the only broadcaster and media organisation which made the 2017 Best Employers for Race listing.

However while our workforce figure is close to our 2020 target (15%), we are a long way from our leadership target (also 15%) and this requires attention. We also recognise that the highest proportion of BAME staff are currently in the Professional Service and World Service Group areas, so we need to do more work to ensure there is a spread across the whole of the BBC. More detail, including a full breakdown of diversity by division, can be found in the Equality Information Report, on page 240.

There are six placements per year available on our BBC Clore Leadership programme

which is aimed at potential leaders from underrepresented backgrounds and this year we have doubled the number of places on our award-winning BAME development and mentoring programme, RISE.

A truly inclusive culture means everyone feels comfortable to bring their whole selves to work. Over 98% of our workforce has given us information about their ethnicity, 94% about their disability status and 84% have told us about their sexual orientation. In our last staff census we saw a sharp increase in sexual orientation and disability disclosure.

We have mandated unconscious bias training for all staff and have developed a new disability awareness training package for managers and staff which will be rolled out in 2018/19. We’ve doubled the number of places on ELEV8, our mentoring scheme for disabled staff.

All staff and leadership: 31 March 2018		
Workforce	31 March 2018	2020 target
Women (all staff)	47.7%	50%
Women (leadership)	43.3%	50%
Disability (all staff)	10.4%	8%
Disability (leadership)	9.5%	8%
BAME (all staff)	14.8%	15%
BAME (leadership)	10.4%	15%
LGBT (all staff)	11.0%	8%
LGBT (leadership)	12.0%	8%



Extend, a work placement scheme for people with disabilities provides just over 20 people six months of paid work with the BBC.

Socio-economic diversity remains a high priority for the BBC and is one of the four key areas we are focusing on. In our last staff census for the first time we asked questions on individuals' social economic background.

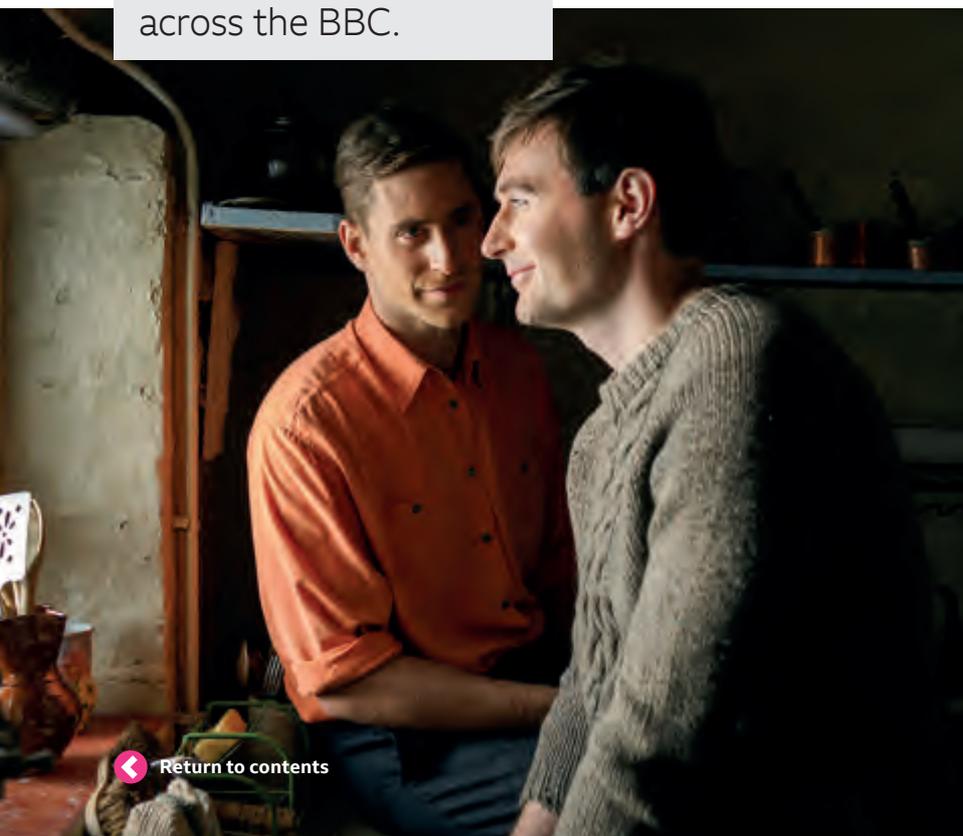
Most recently, the BBC was ranked at 28 amongst the top 50 UK employers in the Social Mobility Index for taking the most action to improve social mobility in the workplace. We are the only broadcaster to publish this data and listed within the index. Our apprenticeships schemes are a great way to ensure greater social mobility within the organisation.

On-air and behind the camera diversity

BBC Television and Radio is now more diverse than ever, with countless examples which reflect the diversity of the nation we serve. At the end of March 2018, we published our first Diversity Commissioning Code of Practice as part of our commitment to increase diversity on and off air to reflect and represent today's UK. The new Code of Practice puts diversity at the heart of the BBC's commissioning processes and reporting framework across TV, radio, online and digital content, standardising the approach across all output for the first time, so action on diversity is agreed and progress checked.

BBC Two drama Man In An Orange Shirt, part of our Gay Britannia season

380 people on new talent schemes across the BBC.



BBC Class Act is a new nationwide search and skills programme for disabled acting talent. Launched in 2017, we received 330 auditions and 32 actors with varying levels of experience were selected to be part of the programme and attended a showcase bringing together content makers, casting executives and agents from across the industry.

Radio 3 has increased the number of female record reviewers to over 50% on its weekly show in order to increase the range of voices and has also committed to recording and broadcasting a previously un-recorded work each from five 'forgotten' female composers with the BBC Orchestras and Choirs. Chineke!, the UK's first majority BME orchestra, made their BBC Proms debut this year which included a BBC Radio 3 commission for the Proms from composer Hannah Kendall, while Sheku Kanneh-Mason who won the prestigious BBC Young Musician competition in 2016 has since regularly featured across our airwaves.

Elsewhere the Asian Network's Comedy Nights are championing diverse talent and Radio 1 and 1Xtra's output for young people, are examples of services that have already led the way and serve a wide range of communities in different ways.

Sharing our first on-screen and behind the camera (off-screen) report for all our suppliers is an important milestone in our commitment to improving the measurement of diversity across our TV content and reporting progress against our targets. We have used Diamond to do this.

Diamond is an online tool used by the BBC, ITV, Channel 4, Channel 5 and Sky to obtain consistent diversity data on programmes. The initiative is supported by Pact and Creative Skillset, and delivered through the Creative Diversity Network.

We know the diversity of production teams and who our audience see and hear in our programmes is vital to how we reflect modern Britain. The Diversity and Inclusion Strategy we launched in 2016 made clear our firm commitment to change by 2020 and aim to have:

- 50% women on screen, on-air and in lead roles across all genres from drama to news;
- 15% black, Asian and ethnic minorities on screen, on-air and in lead roles across all genres;
- 8% disabled people on-screen and on-air including some lead roles; and
- 8% LGBT on screen portrayal including some lead roles.

The MAMA Youth trainees



This first publication of our Diamond data provides an initial view of the progress we are making towards our targets. The data represents 29% of all network hours transmitted from 1 April 2017 to 31 March 2018 on BBC One, BBC Two, BBC Four, CBBC and CBeebies. BBC Three online content and news programmes are excluded although work is underway to collect data for both. The principle is that everyone who works on a programme is invited to submit diversity data; currently we are only able to report on the 26% of individuals who have shared their data. We are working with all our suppliers to increase returns.

The off-screen data includes internal and external suppliers and highlights the need for greater progress across the industry. The publication of our Diversity Code of Practice sets out how we are continuing to work with content producers to increase the diversity of production teams.

Actual on and off-screen diversity: 1 April 2017 to 31 March 2018

Data provided from contributions by individuals who have a role in eligible programmes.

	Actual off-screen	Actual on-screen
Female	53.8%	52.3%
BAME	8.6%	27.3%
Disabled	5.4%	7.4%
LGB	12.3%	10.5%
Trans	0.1%	0.6%
Number of contributions*	73,523	27,777

Perceived on-screen diversity: 1 April 2017 to 31 March 2018

Data input by production companies taking a viewer's perspective of what they see and hear.

	Perceived on-screen
Female	42.6%
BAME	20.7%
Disabled	5.1%
LGBT	5.2%
Trans	0.1%
Number of contributions*	244,829
% for whom diversity characteristics were determined	82.5%

Notes:
 Data includes 29% of all network hours transmitted from 1 April 2017 to 31 March 2018. Programmes commissioned before 15 August 2016 are not included.
 Data is based on internal and external suppliers.
 Of those who were invited to submit diversity data, we have a 26% response rate.
 Channels: BBC One, BBC Two, BBC Four, CBBC, CBeebies (Excludes: BBC Three online content, news programmes, BBC News and BBC Parliament).
 Reporting period covered: 1 April 2017 to 31 March 2018.
 Date report was generated on: 14 May 2018.
 Data source: Diamond/Silvermouse.

* An individual may make multiple contributions to a programme or programmes.

+ For more information on Diamond see: creativitydiversitynetwork.com/diamond/

Our partners

We believe we can make the most impact by working collaboratively with our partners within and outside the industry in order to deliver our diversity commitments. The BBC is working closely with the Creative Diversity Network to encourage participation across the industry of Diamond.

We continue to meet with the Director-General's Diversity Action Group to increase awareness and engagement of the range and scale of diversity initiatives.

With regard to socio-economic diversity, we continue to work with Bridge Group on further analysis of our social diversity data. We're also working with The Business Disability Forum to ensure that we have a culture that is accessible and fit for purpose for disabled staff.

Aimed at potential leaders from under-represented backgrounds, the BBC Clore Leadership Programme has run for the past three years. A total of 16 employees have taken up their 12-month placement which includes personalised development.

Over the summer of 2017 we hosted nine interns from Leonard Cheshire. The scheme, run by the charity, seeks to create career opportunities for young disabled people through three-month work placements.

We once again teamed up with Creative Access, a social enterprise that focuses on finding internships within the creative industries for young people from black, Asian and other non-white minority ethnic backgrounds.

Through the MAMA Youth Project we provided 20 four-week placements in mid-June for 18-25 year olds from under-represented groups or with limited educational or employment opportunities.

The Felix Dexter bursary offers two six month traineeships and bursaries for two high potential comedy writers from BAME backgrounds. Similarly, the Caroline Aherne Bursary is aimed at northern female comedy writers and performers.

We've signed up to the Tech Talent Charter to demonstrate our commitment to implement IT industry guidelines for diverse hiring. We've also renewed our membership with WISE to help work towards increasing the number of women in the tech sector.

Best Employers for Race List 2017

Only broadcaster/
media organisation

Top 10

VERCIDA –
Gender and
BAME Employer

Top 100

Apprenticeship
Employers List

2nd

LinkedIn Top
Companies list
2018

Top 50

The Times, Top
50 Employers for
Women 2018

Top 3

The Open University
Award for Macro
Employer of the Year

Top 50

Social Mobility
Employer Index
2017

Charitable work

The BBC has been broadcasting appeals for charities since 1923 and they are an important part of our remit as a public service broadcaster.



BBC Children in Need

Alongside support for our two corporate charities – BBC Children in Need and BBC Media Action, and partnerships with Comic Relief and St Martin-in-the-Fields – there are weekly and monthly appeals for a broad range of charities. Over £94 million was raised by the BBC in the financial year 2017/18.

BBC Children in Need

BBC Children in Need exists to find and fund inspiring ideas that change children's lives. With the support of the BBC, the charity is currently funding over 2,600 projects which tackle the diverse and complex challenges faced by young people all around the UK.

In 2017, people from every corner of the UK united to make a positive difference to the lives of disadvantaged children and young people. As always, the BBC supported the annual BBC Children in Need appeal through a host of dedicated programming and activities. This included Radio 2's fundraising led by Chris Evans; special editions of *Countryfile*, *DIY SOS* and *The Big Life Fix*, *BBC Children in Need Rocks the 80s*; and a BBC One

documentary, *Saying Goodbye*, which gave a voice to a number of brave children and young people facing bereavement. *The One Show*'s Rickshaw Challenge saw presenter Matt Baker and a team of young people determinedly pedal an epic 500 miles from London to Glasgow, and BBC colleagues across the UK embarked on their own fundraising adventures, from BBC Somerset's Great Wellington Walk to BBC Radio Lancashire's Pedal for Pudsey.

All of this culminated in the BBC Children in Need Appeal Show broadcast on BBC One. Featuring inspiring stories of young people overcoming challenges in their lives, the programme struck a chord with many generous supporters around the UK. A record-breaking 'on the night' fundraising total of around £50 million was announced at the end of the show. In 2017/18 Stevie Spring stepped down as BBC Children in Need Chair having served three consecutive three-year terms. Since being appointed to the board of trustees in 2008, Stevie has helped the charity raise over £470 million to change the lives of hundreds of thousands of disadvantaged children and young people around the UK.

£50m

A phenomenal £50 million was raised for BBC Children in Need, its highest 'on the night' total to date.

BBC Media Action

BBC Media Action is the BBC's international development charity. It makes TV, radio and multimedia content, and mentors journalists and broadcasters to help people in some of the poorest parts of the world. As a result of BBC Media Action's work people understand more about their rights and responsibilities; are better able to improve their livelihoods; and take action to protect their health and that of their families. In places affected by conflict and social tension, it helps to bridge political, ethnic and social divides by providing trusted platforms for discussion.

In 2017/18 the charity and its partners ran 88 projects in Africa, Asia, the Middle East and Eastern Europe. This included supporting families to vaccinate their children against polio in Nigeria and Afghanistan, helping more premature babies to survive in Kenya, and delivering vital information to people living in drought-stricken regions of Somalia. It responded to emergencies including the Rohingya refugee crisis in Bangladesh and devastating flooding in Sierra Leone and South Asia. Here, BBC Media Action's training for local broadcasters gave them the skills to make radio programming that gave vital information to those affected in the immediate aftermath and beyond.

In Sierra Leone a third of the population is under 35, there are high levels of youth unemployment and widespread negative attitudes towards young people. BBC Media Action's award-winning

programming inspired people like Ishiaka Amara, a former prisoner, to start small businesses or assume leadership positions in their local communities. "During my last release from prison I was fortunate to listen," he said. "This story has transformed me completely."

In India, where discrimination against women is underpinned by deeply-entrenched ideas about what men and women 'should be', a multimedia project encouraged young people to challenge these assumptions and stand up to peer pressure. A smartphone game called 'Nugget', aimed at young people, was among the top ten most downloaded games on Google Play in India.

BBC Media Action is not funded by the licence fee and relies on donations from individuals, institutions and corporations. In 2017/18 it was supported by a range of funders including the Bill and Melinda Gates Foundation, the UK's Foreign and Commonwealth Office, Swedish International Development Cooperation Agency (SIDA), the UK's Department for International Development (DFID), UN agencies and USAID.

Total income in 2017/18 was £33 million.

 [Find out more – bbc.co.uk/mediaaction](http://bbc.co.uk/mediaaction)

Broadcast appeals

This year, the Radio 4 and BBC One Lifeline appeals have raised over £1.1 million for 60 charities, with a wide range of causes both in the UK and overseas. Charities are now sharing the impact stories of their radio and television appeals here: <http://www.bbc.co.uk/charityappeals/about/amounts-raised>. These appeals enable them to raise not just money but awareness of their work with a much wider audience, something which is particularly valuable to smaller charities. Those that meet the criteria can apply for a BBC appeal here: <http://www.bbc.co.uk/charityappeals/appeals/apply-now>

There is a separate selection process for broadcast appeals on BBC Television and Radio in Northern Ireland, which last year broadcast 15 appeals and a special Christmas-time appeal on loneliness.

The BBC Radio 4 Christmas Appeal with St Martin-in-the-Fields, now in its 91st year, set a new record, raising over £3 million. The charity works with homeless people and those at risk of homelessness across the UK.

The BBC also broadcast a Rohingya Crisis appeal for the Disaster Emergency Committee, helping towards a total of £26 million.

Comic Relief

2018 saw the return of Sport Relief, Comic Relief's biennial fundraising campaign. This culminated in a brilliant night of live TV on the BBC, broadcast from the home of BBC Sport in Manchester.

Under the banner 'Whatever Moves You', Sport Relief set out to get people across the UK active, raise money and change lives. The whole BBC got behind this effort, with great content full of purpose running across BBC TV, digital and radio outlets. All the English regions ran their own activities, raising both funds and awareness – and for the first time we had dedicated challenges in Scotland and Wales, with comedian Des Clarke taking on his fears and the elements in a unique TRY-athlon and rugby legend Gareth Thomas confronting a fear of heights to complete his first ever skydive.

As ever, there were amazing challenges. Radio 1 got behind Greg James as he cycled and hiked his way to the top of the highest mountains in Wales, England and Scotland for Radio 1's Gregathlon: Pedal to the Peaks, despite coming face to face with 'The beast from the East' and some of the worst weather seen in decades. Along the way he inspired an incredible conversation with listeners about mental health and raised more than £1 million.

Zoe Ball cycled from Blackpool to her home in Brighton for *The BT Sport Relief Challenge: Zoe's Hardest Road Home*. The BBC One documentary it inspired showed Zoe's incredible courage as she faced up to her own personal tragedy and the loss of her partner to raise the profile of mental health and male suicide. Her bravery has already helped countless others to come forward to discuss their own experiences. The public showed their support by helping her raise over £1 million for Sport Relief.

Last but not least, *The One Show* got behind the 'Mother of All Challenges', with new mum Alex Jones teaming up with amazing mothers from across the UK to raise the profile of maternal health, and almost £800,000 for Sport Relief. Each of these challenges raised vital money for the work that Comic Relief funds but, as importantly, the conversation they inspired showed the bigger impact that Comic Relief's unique approach and partnership with the BBC makes possible.

The campaign finished with a night of live BBC television. Through the evening, the entertainment was interspersed with truly compelling films showcasing some of the amazing projects that Comic Relief supports in the UK and around the world.

£94m

Over £94 million was raised by the BBC in the financial year 2017/18.

Over the course of Sport Relief, people across the UK got involved in countless ways. For the first time, Sport Relief used a new app to set the nation its very own challenge – to try to beat a billion steps a day during the week of Sport Relief. Thanks to the popularity of the app, this goal was reached on the final day of the campaign – a huge achievement and a demonstration of the ability of new technologies to bring people together in a collective effort. Around the whole of the UK, more than 10,000 schools, nurseries and youth groups took part in activities including running a mile, or daily challenges to get active throughout the week. In addition to getting thousands of pupils around the country active, schools are on track to raise an astonishing £4 million.

To date, Sport Relief 2018 has raised almost £40 million and counting. This is thanks to the enduring generosity of the public, the fantastic support of a huge array of talent from the sports and entertainment worlds and the continued support of our really committed partners.

External Scrutiny

All charities featured on the BBC are registered with the Charity Commission, who regulate and register charities in England and Wales, or the relevant regulatory bodies in Scotland and Northern Ireland.

The BBC's Appeals Advisory Committee (AAC) works with programme makers and the BBC across a broad range of charities, scrutinising governance to ensure legal compliance and best practice. The selection of all charities for broadcast appeals is a rigorous process and applications are scrutinised by independent experts, before final decisions are taken by the AAC.

More information about the Committee can be found at: bbc.co.uk/charityappeals/about/appeals-advisory-committee.

Environmental sustainability

In 2017/18, our programmes, such as *Blue Planet II*, have brought captivating environmental and sustainability issues direct to audiences around the world, raising awareness and helping lead change. Within the BBC we have continued to reduce our environmental impacts, cutting carbon, recycling more and raising awareness with the people we work with.

Our programme-makers have assessed their carbon footprint and are taking action to reduce it

We have continued to promote sustainable ways of working across the industry, especially through sustainable production. Since April 2017, 39% of programmes commissioned by BBC Content and BBC Children's have calculated their carbon footprint using the BAFTA 'Albert' calculator. 122 programmes, including *Blue Peter*, *The Winter Olympics*, *Two Doors Down*, *EastEnders*, *Who Do You Think You Are* and *Peaky Blinders* achieved Albert sustainable production certification to recognise their efforts in reducing environmental impact.

We are reducing environmental impacts, recycling more and raising awareness

In 2017/18 the majority of our UK sites began using renewable electricity, which sharply reduced our carbon footprint by 80%. Our energy consumption has reduced by 3% because of changes to our property portfolio and gas boiler efficiency improvements.

We are now recycling more than ever before (69%) and have reduced the overall volume of waste by 19%. We believe our work in training our staff and raising awareness has largely contributed to these successes.

In February 2018 the Director-General announced an intention to eliminate single-use plastic from our operations. By the end of 2018, single-use plastic consumables – such as cups and cutlery – will be removed from our offices. We will then remove single use plastic containers from catering outlets by 2019 and single use plastic in all other areas by 2020. Our MediaCityUK campus is an early leader, having already removed single-use plastic from its catering facilities and introduced schemes for waste food collection and coffee cup recycling.

Programmes including *EastEnders* were recognised for reducing their environmental impact



We are also proud of our story-telling within the BBC. During February 2018 we were inspiring and educating BBC staff in Media City UK to live and work more sustainably as part of a special sustainability season.

We have set a new strategy with clear targets to continue to build on our achievements and position the BBC for the future

'Greener Broadcasting' is the BBC's approach to creating a positive environmental impact. We will achieve this through reducing the direct impact from our operations and staff, building partnerships to drive a sustainable industry and using our unique position to provide our audience with inspiring and engaging content.

We have defined new environmental targets against a 2015/16 baseline as outlined in the table. The new targets stretch the BBC to further reduce the energy we use, to reduce greenhouse gas emissions and improve recycling. As part of the target setting process we worked with the Carbon Trust to set a carbon reduction target in line with an internationally recognised 'science-based' methodology.

Our purchase of renewable electricity has enabled us to exceed the initial target and will position us well for the future. We'll keep the targets under review and ensure they remain relevant and challenging.

The table below describes the targets we are aiming for by 2022, along with progress we have made to date. We will continue to take action in these areas and report annually on our progress. Where we have already exceeded our targets we will review, within the next year, our ambition for future years.

Greener BBC targets and measures	Target/measure by 2022 (baseline 2015/16)	Progress 2017/18 vs 2015/16
CO₂e <small>CO₂e</small>	Reduce 24%*	Reduced by 80%
 Energy	Reduce 10%	Reduced by 3%
 Waste	Reduce 10%	Reduced by 19%
	Recycle 75%	Recycled 69%
	'Zero waste to landfill'	Waste to landfill 11%
	No single-use plastic by 2020	In progress
 Programmes	100% albert calculation 25% production carbon albert certified	39% calculated 23% certified 122 programmes

* CO₂e reduction target addresses scope 1 and 2 emissions, following sectoral decarbonisation approach science-based target methodology.

Below we describe our greenhouse gas emissions and carbon intensity (gross and net), which we monitor and disclose annually.

Greenhouse Gas Emissions 2017/18	'Gross' emissions	'Net' emissions
Greenhouse gas emissions (tonnes CO ₂ e emissions, scope 1 and 2)	75,713	19,474
Carbon intensity (tonnes CO ₂ e emissions/total group income £m)	15.0	3.8

Greenhouse gas data is for UK-based and representative World Service bureaux. 'Gross' emissions uses location based grid average factor, 'Net' accounts for renewable electricity purchase for the UK.

Further information and explanatory notes can be found at bbc.co.uk/responsibility/environment.



Governance

This section looks in detail at the role of the BBC Board and includes reports from the Board's delegated sub-committees. The section also includes detail on our overall approach to corporate governance, our regulatory position and affirmation of the Board's duties in relation to the Annual Report.

p.90

BBC Board

The Board is responsible for ensuring the BBC fulfils its mission and public purposes as set out in the Charter.

p.92

Governance Report

We comply with corporate governance best practice.

p.93

Remuneration Report

This report sets out the BBC's remuneration policy for executive directors and details the annual remuneration received by the members of the BBC Board and Executive Committee for the 2017/18 financial year.

p.101

Pay disclosures

Under the terms of our Charter we are required to publish the names of people working for the BBC who are paid more than £150,000 from licence fee revenue.



Read more at: bbc.co.uk/aboutthebbc/insidethebbc/howwework/accountability

p.109

Audit and Risk Committee Report

This reviews and maintains oversight of the BBC's corporate governance, particularly with respect to financial reporting, internal control and risk management.

p.118

Editorial Guidelines and Standards Committee Report

The committee is responsible for developing and ensuring compliance with the BBC's editorial guidelines.

BBC Board

The Board is responsible for ensuring the BBC fulfils its mission and public purposes as set out in the Charter. It replaced the two-tier structure of the BBC Trust and the BBC Executive Board as the Corporation's governing body from 3 April 2017.

The Board is chaired by Sir David Clementi and consists of ten non-executive directors, including the Chairman, and four executive directors, including the Director-General.

The Chairman and the four nations' non-executive directors are appointed by HM The Queen on the recommendation of Ministers and the remainder of the Board are appointed by the BBC through the Board's Nominations Committee.

Full biographies of all Board members, including their other roles, can be found on the BBC's website: bbc.co.uk/corporate2/insidethebbc/managementstructure/bbcboard.

The Board delegates some of its responsibilities to a number of sub-committees and this section includes reports from those committees, which are predominantly made up of non-executive directors, as required by the Charter.

This is the membership of the Board as at June 2018. Please refer to page 94 for further details of changes to Board and Executive Committee membership during the year. Detail on members' attendance at Board and sub-committee meetings is set out on page 108.

The Board member for Northern Ireland is yet to be appointed, pending a new Northern Ireland Executive.

Executive Committee

Alongside the Board, the Director-General chairs an Executive Committee, which is responsible for the day-to-day running of the BBC. Nine directors, who manage large operational areas of the Corporation, sat on this committee during the year. The members were:

Tony Hall, Director-General

Anne Bulford, Deputy Director-General

Tim Davie, Chief Executive, BBC Studios and Director, Global

Valerie Hughes-D'Aeth, Group HR Director

James Harding, Director, News and Current Affairs (resigned from the BBC in January 2018)

Mark Linsey, Director, BBC Studios

Ken MacQuarrie, Director, Nations and Regions

Charlotte Moore, Director of Content

Matthew Postgate, Chief Technology and Product Officer

James Purnell, Director of Radio and Education

Fran Unsworth, Director, News and Current Affairs (started in role in January 2018)

The Executive Committee is responsible for delivering the BBC's services in accordance with the strategy agreed by the Board, and for all aspects of operational management.

Find out more: bbc.co.uk/aboutthebbc/insidethebbc/managementstructure/seniormanagement.



Sir David Clementi
Chairman



Tony Hall , Lord Hall of Birkenhead CBE
Director-General and Editor-in-Chief



Anne Bulford OBE
Deputy Director-General



Simon Burke
Non-executive director
Chair, Audit and Risk Committee



Tim Davie CBE
Chief Executive Officer,
BBC Worldwide



Tanni Grey-Thompson, Baroness Grey-Thompson DBE
Non-executive director



Ian Hargreaves CBE
Non-executive director
Chair, Editorial Guidelines and Standards Committee



Tom Ilube CBE
Non-executive director
Chair, Fair Trading Committee



Ken MacQuarrie
Director, Nations and Regions



Steve Morrison
Non-executive director
Member for Scotland
Chair, Remuneration Committee



Sir Nicholas Serota CH
Non-executive director



Dr Ashley Steel
Non-executive director
Member for England



Elan Closs Stephens CBE
Non-executive director
Member for Wales

+ Find out more: bbc.co.uk/aboutthebbc/insidethebbc/managementstructure/bbcboard

Governance Report

We comply with corporate governance best practice

The BBC's corporate governance framework is defined in its Charter and the accompanying Framework Agreement. The Charter and Agreement can be found on the BBC website at: bbc.co.uk/corporate2/insidethebbc/managementstructure/bbccharterandagreement.

The Charter requires the BBC to have regard to generally accepted principles of good corporate governance. Although the BBC is not a listed company, it has opted to apply best practice and follow the provisions of the Financial Conduct Authority's Listing Rules and the Financial Reporting Council's 2016 UK Corporate Governance Code, where appropriate. This delivers the governance standards applicable to companies quoted on an EU regulated stock market.

The BBC has fully complied with the corporate governance requirements of the Charter and Agreement and has also substantially complied with the UK Corporate Governance Code. There are a number of components of the UK Corporate Governance Code that are either not appropriate to the circumstances of the BBC or where compliance with the BBC's Charter or Agreement overrides compliance with the UK Corporate Governance Code, and these are set out below. During 2017/18 the BBC's Charter overrode the UK Corporate Governance Code in relation to the governing bodies.

The BBC was previously required to have a two-tier governance structure, consisting of the BBC Trust and the Executive Board. On 3 April 2017, following the granting of a new Charter, this arrangement was replaced by a single Board. During the year, the Board conducted an external review of its effectiveness and performance, to ensure the new governance arrangements under the Charter were working well. The review took views from all members of the Board and made recommendations that have been considered by the Board.

The BBC complied with the requirements of its Charter which overrode the following principles of the Corporate Governance Code:

- Evaluation of the Chairman (UK Corporate Governance Code principle B6.3).
- Re-election of Directors (UK Corporate Governance Code principle B.7).
- Responsibility for making a recommendation on the appointment, reappointment and removal of the external auditors (UK Corporate Governance Code principle C.3.7).

In addition, there are two areas where the UK Corporate Governance Code is not relevant to the BBC; these are:

Make-up of remuneration (UK Corporate Governance Code principle D.1.1):

The BBC sets levels for executive remuneration that should be sufficient to attract, retain and motivate directors of the quality required to run the organisation successfully, in line with this principle. However, this principle also requires aligning executive remuneration to the notion of enhancing shareholder value by making performance-related elements of remuneration a significant proportion of total remuneration. Due to the BBC's licence fee funding and its status as a public corporation, the BBC has determined that the amount of variable (or performance-related) remuneration that may be earned by staff within the public service should be limited. There is no variable pay for any BBC Public Service executive director and bonuses are not paid. Tim Davie received an element of performance-related pay in his role as Chief Executive Officer of BBC Worldwide, as did Mark Linsey in his role as CEO, BBC Studios.

Interaction with shareholders (UK Corporate Governance Code principles B.7.1, B.7.2, D.2.4 and section E):

The BBC is not a profit-oriented company with shareholders and so provisions relating to interaction with shareholders do not apply.

Cost of compliance

In 2017/18, the BBC incurred costs estimated at £19.3 million (2016/17: £15.6 million) to ensure that we complied with all relevant legislation. This includes the BBC's annual £11.6 million regulatory fee to Ofcom.

Regularity

The management of all of the BBC's resources must accord with the provisions of the Charter, Framework Agreement and other agreements the BBC enters into with Government Ministers. Transactions that meet the intended purposes and are in line with relevant authorities are considered to be 'regular'; those that do not meet these criteria are considered 'irregular'. Fraudulent transactions and fines or penalties are treated as 'irregular'.

In addition to the NAO's review of regularity, Internal Audit conducted a review of the BBC's regularity compliance framework, including the processes, controls and assurance mechanisms in place to manage the regularity risk in areas assessed as being at greatest risk of irregularity. The scope of the review considered the appropriate use of licence fee money, the assessment of material changes, operating within borrowing limits and the risk of fraud. No material exceptions were identified as a result of this review and management are not aware of any transactions that could be considered as irregular.

See page 169 for the NAO's opinion on regularity.

Remuneration Report

Remuneration Committee Chair's statement

The last year has seen a significant amount of scrutiny and attention paid to issues of pay in the BBC. As the newly formed Remuneration Committee of the BBC Board, we have worked with BBC management to ensure that as much as possible is being done to address these issues, including the need to increase the number of senior female staff, closing the gender pay gap and ensuring that the BBC is a fairer, simpler – and better – place to work.

Following the publication of the Annual Report and Accounts last year, a great amount of attention was focused on issues of gender pay, equal pay and pay fairness, both in the BBC and in the UK as a whole. The BBC commissioned a number of reports – including an equal pay audit, conducted independently and overseen by Sir Patrick Elias QC – and also published its statutory report on the gender pay gap.

The Remuneration Committee noted that these reports found no evidence of systemic discrimination in pay based on gender. The BBC's reported median gap of 9.3% for 2017/18 compares to a national average median gap of 18.4% and the information and communications industry published average median of 17.4%. Nevertheless, these reviews – along with the individual cases raised by members of staff – drew attention to a number of instances that required further consideration.

Consequently, the BBC conducted a number of initiatives during the year:

- a review of pay in the World Service and BBC Monitoring, looking at how pay ranges in these areas compare with Network News and the wider market. After this review a number of steps were taken to align World Service pay with Network News;
- continued work, along with the joint unions, to modernise the BBC's Terms and Conditions, to make them simpler and more consistent;
- continued work to implement a single Career Path Framework in the BBC, with job pay ranges which allow staff to see where they sit in the pay range of their cohort of colleagues;
- a review of pay of the BBC's on-air presenters, on-air editors and correspondents; and
- a commitment to review cases raised by individuals affected by changes to the HMRC's tax status assessment for freelance presenters and contributors.

As well as pay, the BBC is also looking at how different groups in its staff population progress into senior leadership roles. Five workgroups have been set up under senior BBC directors to look at ways to help women, employees from a BAME background, disabled staff, LGBT staff and to retain inclusivity across socio-economic backgrounds. Current performance against BBC staff targets is set out in the table below. This shows that good progress is being made, but that more focus is needed on getting BAME staff and women into senior leadership roles.

All staff and leadership: 31 March 2018		
Workforce	2018	2020 target
Women (all staff)	47.7%	50%
Women (leadership)	43.3%	50%
Disability (all staff)	10.4%	8%
Disability (leadership)	9.5%	8%
BAME (all staff)	14.8%	15%
BAME (leadership)	10.4%	15%
LGBT (all staff)	11.0%	8%
LGBT (leadership)	12.0%	8%

The Committee also continues to monitor progress against senior manager paybill and headcount targets set under the former BBC Trust in 2011. In the last year, the senior manager paybill, including Board members, has reduced by a further £4.5 million to £37.7 million and senior manager numbers have reduced by a further 42, to 270.

We are required to publish a full list of all individuals who have been paid over £150,000 during the year from licence fee funds. This year, we have chosen to present this information in narrower £10,000 bands, to aid transparency. The disclosures this year show that some progress has been made in closing the gap between the top paid men and women. It is also pleasing to see the recent announcement of a lowered gender pay gap for the reporting year 2018/19, of 7.6%.

However, as a Committee we are clear that the pace of this change needs to improve and we expect to see the gap close further. We also think more could be done to provide greater clarity in the disclosure lists. As such, we have asked the BBC management to provide further information and context to enable readers to understand the work undertaken by individuals in the year. We have also asked that more be done to show the impact of changes that continue to be made. This information is published here, alongside the full disclosure list for 2017/18.

During the year BBC Studios was launched as a commercial subsidiary of the BBC and the Committee has overseen the integration of previous incentive schemes in BBC Studios and BBC Worldwide into one new combined system.

Overall, the Remuneration Committee continues to explore ways to attract and retain the very best talent, in all areas of staff, in extremely competitive media markets, whilst at the same time safeguarding licence fee payers' value for money.

Steve Morrison
Chair
21 June 2018

Remuneration report

This report sets out the BBC's remuneration policy for executive directors and details the annual remuneration received by the members of the BBC Board and Executive Committee for the 2017/18 financial year. It has been prepared on the basis that the requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2013 and Listing Rules apply to the BBC wherever these disclosure provisions are relevant. The sections on pensions and remuneration received by this group have been audited by the NAO, the BBC's statutory auditors.

Executive summary

This is the first remuneration report made under the new Charter and Agreement. As part of the reorganisation of the Corporation, there were a number of changes to the Board in the last year, both in terms of structure and membership. For the purposes of this report, executive directors are classed as those who sit on the Board along with the other members of the executive committee (see page 90 for details).

Under the new Charter, the BBC is now subject to a new governance structure, led by a single BBC Board. The Board is supported by the Executive Committee, which is responsible for the operational leadership of the Corporation. Within the terms of the Charter, the Board is made up of ten non-executive directors (the Chairman, five BBC appointees and the four Nations representatives) and four executive members – see pages 90-91 for more details. The Executive Committee in 2017/18 was made up of ten members – the four Board members, plus the Directors of Content, News and Current Affairs, Radio and Education, Studios, HR and the Chief Technology Officer.

During the year, Elan Closs Stephens was appointed to the Board as the member for Wales. There were no other changes to Board membership. On the Executive Committee, James Harding left the post of Director, News and Current Affairs in January 2018 and his place on the Executive Committee was taken by Fran Unsworth. There were no other changes to membership of the Executive Committee during the year.

In 2017/18, there has been significant focus on pay at all levels of the BBC allied to an increased rigour and consistency in the management of the whole workforce. Several initiatives have been undertaken to ensure fairness and transparency of pay decisions.

The BBC operates within a fast-changing market with intense competition for talent, and dramatic growth among some new media companies offering highly attractive packages. It is worth noting that we continue to significantly discount our senior salaries to the market, despite the fact that we are operating in increasingly competitive commercial markets for the best and brightest talent.

We believe that the initiatives we have undertaken will ensure the organisation continues to be able to appeal to all those who are excited about the opportunities of working in public service broadcasting.

Remuneration Committees: constitution and operation

The Remuneration Committee, since 1 April 2017, has been responsible for setting the remuneration strategy for the BBC Board and for all aspects of the remuneration of the Executive Committee and the non-executive directors. Its members are non-executive directors: Steve Morrison (Chair), Tanni Grey-Thompson and Nicholas Serota.

Complying with the UK Corporate Governance Code 2016, the Remuneration Committee takes specialist advice from external professional advisers on some matters, particularly those relating to market practice. During the year, independent advice is received from Willis Towers Watson on matters related to market comparability of executive remuneration.

The Senior Manager Remuneration Committee, established in September 2012, has responsibility for aligning the operational needs of the BBC within the strategic framework set by the Board and implemented by the Remuneration Committee. The Committee has responsibility for approving any remuneration, compensation or benefit policy within the senior management pay strategy, which includes the review and approval of salaries for employees who earn over £75,000 per annum (full-time equivalent basis).

Executive director pay components

The Remuneration Committee is committed to setting appropriate levels of pay for executive directors that attract, motivate and retain the best people to lead the BBC and provide value for the licence fee payer. The BBC's executive pay strategy is to be fair, transparent and broadly consistent with the approach to pay for all employees at the BBC.

Progress continues to be made towards these goals, including the phased diminution of historic differences in approaches to pay and benefits between senior and other staff.

The BBC has undertaken several initiatives over the course of the year, including the launch of a set of pay principles across the organisation, to ensure remuneration is fair, consistent, transparent, competitive and clear. Reward continues to be at the forefront of our agenda: the BBC receives regular feedback regarding senior pay from employees during annual pay negotiations through the trade unions and via the annual staff engagement survey. This feedback is considered when setting the pay strategy for the executive directors. When reviewing the pay for the executive directors, the Committee considers each component of the total remuneration package broken down as follows across the page.

How does the executive pay policy in the Public Service differ from that for all other BBC employees?

Bonuses have not been paid to executive directors in the Public Service since 2008, and the BBC has moved away from the previous two-tier benefit structure by phasing out private medical insurance and car allowances. No new executive director has received these benefits since August 2011. These changes have simplified and equalised pay arrangements across our employee population. A full range of benefits can now be purchased by all staff at all levels of the organisation under our flexible benefits arrangements.

Executive directors and senior managers are not entitled to the annual pay review agreed with the Joint Unions and are not automatically entitled to any form of annual increment or progression payment. Pay decisions for executive directors can only be taken by the Remuneration Committee and pay decisions for senior managers by the Senior Manager Remuneration Committee to ensure consistency and fairness.

Component	Purpose and link to strategy	Operation	Maximum opportunity
Base pay	<p>Base pay is aligned to the market median for total direct remuneration (salary, annual bonus and annualised long-term incentive).</p> <p>A discount of 50-80% against total direct remuneration in the commercial sector is applied to executive director roles.</p>	<p>Three factors are used to determine the level of base pay set for an executive director:</p> <ul style="list-style-type: none"> — would the rate be consistent with the discounted market rate for the job? — does the personal performance of the executive justify the level of base pay? — is the level affordable to the BBC and not deemed excessive? 	<p>There is no prescribed maximum salary or maximum increase.</p>
Variable pay	<p>Executive directors employed in the BBC's commercial businesses are eligible for a performance-related annual bonus funded by the commercial business and not the licence fee. It is reward for the achievement of short-term strategic goals and profit growth.</p>	<p>Executive directors in the Public Service are not entitled to receive a performance bonus.</p> <p>Payment of a bonus in the BBC's commercial businesses is subject to the achievement of an overall target based on a mix of headline profit and cash flow for their business.</p>	<p>No executive director in the Public Service has received a bonus since 2008.</p> <p>For 2017/18, two executive directors within BBC commercial businesses participated in a bonus scheme. For the CEO BBC Worldwide, the maximum bonus payable is 70% of salary, where target bonus is 50% of salary. For the CEO BBC Studios, the maximum bonus payable is 50% of salary, where target bonus is 45%. The Remuneration Committee agreed this year that the new BBC Studios should have a combined incentive scheme with a target bonus of 40% and a maximum of 50%.</p>
Benefits	<p>Pensions are offered in accordance with the all-employee pension arrangements.</p> <p>In addition to pensions, the other main contractual benefit is life assurance.</p>	<p>Executive directors can elect to join the defined contribution scheme LifePlan.</p> <p>The BBC's defined benefit scheme is closed for new joiners.</p>	<p>Current policy provides a defined contribution scheme with no salary cap and a maximum employer contribution of 10% of salary.</p> <p>Existing members of a defined benefit pension scheme are capped at the maximum salary for their pension scheme or are subject to a cap in pensionable salary growth.</p> <p>Executive directors are provided with death in service life assurance cover of two times their basic salary.</p> <p>For members of either the BBC Pension Scheme or LifePlan (the BBC's defined contribution plan), death in service life assurance cover of four times their basic salary is provided.</p>
	<p>In April 2012, the BBC removed the car allowance benefit for all new executive directors to ensure that future policy aligns with arrangements for all BBC employees.</p>	<p>No executive director receives a car allowance.</p> <p>The Director-General is entitled to the use of a car and driver but has no entitlement to a personal car allowance or fuel allowance. The Chairman is subject to the same arrangements. During 2017/18 access to these arrangements has also been made available to all other executive directors on a shared basis.</p>	<p>No executive director has received a car allowance.</p>
	<p>In April 2011, the BBC removed the private health care benefit for all new executive directors to ensure that future policy aligns with arrangements for all BBC employees.</p>	<p>Executive directors who were already entitled to funded private medical insurance have retained it.</p> <p>Executive directors who elected to take up funded private medical insurance in 2017/18 were: Tim Davie, Charlotte Moore, Mark Linsey, Ken MacQuarrie and Fran Unsworth.</p>	<p>The maximum level of cover offered is family cover.</p> <p>This is an historic benefit.</p>

Component	Purpose and link to strategy	Operation	Maximum opportunity
Employment contracts and severance	Employment contracts of executive directors have a maximum notice period of six months, but are subject to earlier termination for cause.	There is no contractual entitlement to any additional remuneration in the event of early termination other than in the case of termination for reason of redundancy.	In the event of redundancy, all executive directors are entitled to payments equal to one month per year served up to maximum payment of £150,000.
Other remuneration	There is no entitlement to any other remuneration, so no such payments in year.	Should any additional remuneration be proposed, full consideration is given to the reputational risk to the BBC and any such payment would require the approval of the Remuneration Committee on a case-by-case basis, prior to implementing.	There is no prescribed maximum.

Pension

Executive directors who joined the BBC before 1 December 2010 are eligible to continue to participate in the BBC Pension Scheme (the Scheme), which provides for pension benefits on a defined benefit basis. Executive directors who joined the BBC on or after 1 December 2010 are eligible to join LifePlan, which is the BBC's defined contribution arrangement. The BBC pays matching contributions to LifePlan for employee contributions between 4% and 5%. Employee contributions between 6% and 7% are matched plus an additional 1%. Employee contributions of 8% or more receive the maximum employer contribution of 10%. There is no maximum pensionable salary for contributions to LifePlan.

Executive directors who decide not to join LifePlan or are not already an existing member of the Scheme are, subject to meeting the relevant criteria, automatically enrolled into the National Employment Savings Trust (NEST). The BBC and employees pay 1% of qualifying earnings to NEST. Individuals can choose to opt out of this.

Executive directors' pension arrangements may be reviewed and amended in response to changes in legislation or similar developments.

Features of the BBC's pension arrangements that our executive directors participate in alongside other BBC employees are provided in the table below.

Details of the BBC Pension Scheme are available at www.bbc.co.uk/my pension/.

Scheme	BBC Pension Scheme Defined Benefit				LifePlan defined contribution	National Employment Savings Trust (NEST) defined contribution (auto enrolment arrangement)
	Old benefits	New benefits	CAB 2006	CAB 2011		
Date closed	30 September 1996	31 October 2006	30 November 2010	1 January 2012	Open to all eligible employees	Open to all eligible employees
Accrual	60ths accrual	60ths accrual	1.67% accrual Adjusted in line with inflation	1.67% accrual Adjusted in line with CPI	BBC will contribute a maximum of 10% of salary if employee contributes 8% with lower sliding scale	BBC will contribute 1% of qualifying earnings (2017/18)
Salary	Final pensionable	Final pensionable	Career average revalued earnings	Career average revalued earning		
Normal pensionable age	60	60	65	65	N/A	N/A
Earnings cap	Joined before 1 June 1989 uncapped, capped otherwise £154,200	Capped at £154,200	Capped at £154,200	Capped at £145,800	Uncapped	Minimum earnings £5,876p.a. Maximum earnings £45,000p.a. (2017/18)
Pensionable salary growth before the earnings cap is applied	Limited at 1% p.a.	Limited at 1% p.a.	Limited at 1% p.a.	No restriction	N/A	N/A
Employee contribution (% of pensionable salary)	7.5%	7.5%	4%	6%	Minimum employee contribution is 4%	1% of qualifying earnings

BBC Board Annual Remuneration Report

Annual remuneration of the BBC Board and Executive Committee – detail of remuneration received (Audited)

The table below provides full details of the remuneration received by all BBC Board members for 2017/18. The Board was first constituted on 3 April 2017 under the implementation of the 2016 Charter and Agreement, which set out new governance arrangements for the BBC. As a result, prior year figures are not applicable for the Board.

Simon Burke, Ian Hargreaves, Tom Ilube and Steve Morrison are all chairs of various BBC Committees (see page 91). As chairs, they each receive £5,000 per annum in addition to their base fees. The roles of chair commenced with effect from 1 May 2017 and their fees have been pro-rated for the year accordingly. Elan Closs Stephens was appointed by DCMS to the new BBC Board effective 20 July 2017. Fees shown are pro-rata.

BBC Board

Details of remuneration received (values in £000s)

	Appointment term start date	Appointment term end date	2017/18 Base pay	2017/18 Taxable benefits*	2017/18 Pension related single figure	2017/18 Performance related	2017/18 Total
Non-executive directors							
David Clementi**	16/02/17	16/02/21	£100	£14	£0	£0	£114
Simon Burke	03/04/17	03/07/19	£37	£0	£0	£0	£37
Tanni Grey-Thompson	03/04/17	02/04/21	£33	£0	£0	£0	£33
Ian Hargreaves	03/04/17	02/04/20	£37	£0	£0	£0	£37
Tom Ilube	03/04/17	02/04/20	£37	£0	£0	£0	£37
Steve Morrison	03/04/17	02/04/21	£37	£0	£0	£0	£37
Nicholas Serota	03/04/17	02/04/21	£33	£0	£0	£0	£33
Ashley Steel	03/04/17	02/04/20	£33	£0	£0	£0	£33
Elan Closs Stephens	20/07/17	19/07/20	£23	£0	£0	£0	£23
Total non-executive directors			£370	£14	£0	£0	£384
Executive directors							
Tony Hall**	03/04/17	n/a***	£450	£30	£0	£0	£480
Anne Bulford	03/04/17	n/a***	£435	£0	£0	£0	£435
Tim Davie****	03/04/17	02/04/19	£400	£2	£41	£248	£691
Ken MacQuarrie	03/04/17	02/04/19	£250	£2	£0	£0	£252
Total executive directors			£1,535	£34	£41	£248	£1,858
Total Board			£1,905	£48	£41	£248	£2,242

* Taxable benefits: car allowance, private medical insurance and other taxable expenses.

** The Chairman and Director-General are entitled to a car and driver but have no entitlement to a personal car allowance or fuel allowance. During 2017/18 access to these arrangements has also been made available to all other executive directors on a shared basis.

*** The roles of Director-General and Deputy Director-General are permanent members of the Board.

**** Tim Davie's role as CEO, BBC Worldwide (now also BBC Studios Group) is funded entirely by the BBC's commercial revenues and not paid for or subsidised by the licence fee. Payment of any bonus is subject to the achievement of an overall headline profit and cash for that subsidiary, with targets approved by the Remuneration Committee. The performance-related remuneration relates to amount earned in the year.

The table below provides full details of the remuneration received by all BBC Executive Committee members for 2017/18, compared to the previous year. In previous years remuneration disclosures were provided for executive members of the former Executive Board. Under the new governance arrangements details are now provided for all members of the BBC Executive Committee.

BBC Executive Committee members
Details of remuneration received (values in £000s)

	Date appointed to Committee	Year	Base pay	Taxable benefits	Pension related single figure***	Performance related	Total
Tony Hall	02/04/13	2017/18	£450	£30	£0	£0	£480
		2016/17	£450	£17	£0	£0	£467
Anne Bulford	21/06/13	2017/18	£435	£0	£0	£0	£435
		2016/17	£424	£0	£0	£0	£424
Tim Davie*	01/11/12	2017/18	£400	£2	£41	£248	£691
		2016/17	£400	£2	£40	£223	£665
Ken MacQuarrie	22/09/16	2017/18	£250	£2	£0	£0	£252
		2016/17	£131	£1	£0	£0	£132
Valerie Hughes-D'Aeth	01/08/14	2017/18	£310	£0	£0	£0	£310
		2016/17	£310	£0	£7	£0	£317
Mark Linsey*	26/04/16	2017/18	£340	£2	£50	£136	£528
		2016/17	£316	£2	£41	£0	£359
Matthew Postgate	01/04/16	2017/18	£310	£0	£34	£0	£344
		2016/17	£310	£0	£44	£0	£354
Charlotte Moore	06/07/16	2017/18	£333	£2	£36	£0	£371
		2016/17	£233	£2	£31	£0	£266
James Purnell	19/03/13	2017/18	£295	£0	£25	£0	£320
		2016/17	£295	£0	£30	£0	£325
Fran Unsworth**	01/01/18	2017/18	£85	£0	£0	£0	£85
		2016/17	-	-	-	-	-
James Harding**	12/08/13	2017/18	£283	£0	£26	£0	£309
	Left 31/01/18	2016/17	£340	£0	£34	£0	£374
Total Executive Committee		2017/18	£3,491	£38	£212	£384	£4,125
		2016/17	£3,209	£24	£227	£223	£3,683

* Tim Davie's role as CEO, BBC Worldwide (now also BBC Studios Group), and Mark Linsey's former role as CEO BBC Studios are both funded entirely by the BBC's commercial revenues and are not paid for or subsidised by the licence fee. Payment of any bonus is subject to the achievement of an overall headline profit and cash for that subsidiary, with targets approved by the Remuneration Committee. The performance-related remuneration for both Tim Davie and Mark Linsey relate to amounts earned in the year.

** James Harding left the BBC on 31 January 2018, after a handover period with the incoming Director of News, Fran Unsworth, who joined the Executive Committee on 1 January 2018. Their remuneration (including taxable benefits) is shown pro-rata for the period shown in the table.

*** Employee pension contributions are ordinarily made via salary sacrifice arrangement as an employer contribution, with a corresponding reduction in salary. Base salaries for executive directors have not been adjusted to reflect the impact of salary sacrifice to enable like-for-like comparison with prior years before salary sacrifice was introduced. The pension-related single figure is generally calculated at 20 times the increase in the accrued pension over the year net of inflation, less the directors' defined benefit contributions, plus the employer's defined contributions. This is also shown in detail in the defined benefits pension prospective entitlements table.

Total remuneration (values in £000s)	2017/18	2016/17*
Total Executive Committee (including Board Executive Directors)	£4,125	£3,683
Board non-executive directors	£384	£205**
Total Trustees	N/A	£535
Total annual remuneration	£4,509	£4,423

* We are operating under a different governance structure to 2016/17, comparisons may not be exact with previous years. We are electing, voluntarily, to publish Executive Committee director salaries alongside the Board.

** As part of the new governance structure, all non-executive directors have been appointed since 3/4/17 therefore there is no data to show for 2016/17. The figure of £205,000 is representative of the previous non-executive body in place in 2016/17.

Defined benefit pension prospective entitlements (values in £000s)

	Age at 31/03/2018	Section	Accrued pension 31 March 2018 (or retirement/ leaving the Board if earlier)	Accrued pension 1 April 2017 (or joining the Board if after)	Director DB contributions (via salary sacrifice) 2017/18	Pension related single figure
Tim Davie	50	CAB 2011	£15	£12	£9	£41
Mark Linsey	57	CAB 2006	£27	£24	£6	£50
Charlotte Moore	49	New benefits	£28	£25	£11	£36
Matthew Postgate	43	New benefits	£32	£29	£11	£34
Fran Unsworth	60	Old benefits	£114	£113	£3	£0

Notes:

Tim Davie is an active member of the CAB 2011 section from January 2012 and retains a deferred benefit in the new benefits section for service up to that date. The accrued pension shown relates to CAB 2011 only.

Mark Linsey joined the BBC on 1 May 2007. The pension figures shown include the period before he was appointed as an executive director.

Charlotte Moore joined the BBC on 1 May 2006. The pension figures shown include the period before she was appointed as an executive director.

Matthew Postgate joined the BBC on 1 June 2005. The pension figures shown include the period before he was appointed as an executive director.

Fran Unsworth joined the BBC in 1983 and joined the Scheme on 1 July 1984. She was reappointed as an executive director on 1 January 2018, having previously been a director in 2013. The pensions shown include the period before she was appointed as an executive director.

Comparative pay across the BBC: how does executive director pay compare to that of other BBC employees?

In 2011 the BBC voluntarily agreed to report the top to median public service earnings multiple as proposed in the Hutton report 'Fair Pay in the Public Sector'. Since 2011 the BBC has published these figures on an annual basis.

The table below provides a summary of the Director-General to BBC staff median earnings and executive directors to median earnings figures since 2011. The sample group for the executive directors group has now expanded to include all those Directors on the Executive Committee, as opposed to just the Board. The sample group for staff has also changed, to remove all those employed by BBC Studios, as it became a commercial entity for 2017/18. As a result of this change, the Public Service staff median has lowered and the Director-General multiple has increased from 10.2 to 10.7. Note that, had these employees not transferred, the Director-General multiple would remain at 10.2, and the executive director multiple would decrease to 7.4.

	2018	2017	2016	2015	2014	2013	2012	2011
Director-General earnings	10.7	10.2	10.4	10.7	10.9	11.0	16.5	16.8
Executive directors' median earnings	7.7	7.7	8.19	8.2	8.2	8.1	8.7	8.9

Earnings calculation includes: basic pay, bonus, continuing allowances, overtime and other non-continuing allowances. Median earnings figures are calculated using Director-General and Executive Directors annual salaries. These figures exclude the CEO, BBC Worldwide and CEO, BBC Studios, whose roles are funded entirely by the BBC's commercial operations.

The table below provides a summary of the changes to the Director-General's cash earnings for 2017/2018 versus the change in pan-BBC median earnings over the same period. The drop in pan-BBC median earnings is driven by the exclusion of BBC Studios staff from the median calculation for this year.

There have been no changes to the Director-General's remuneration in 2017/18.

	2017/18 (values in £000s)	Change from 2016/17
Director-General earnings	£450	0%
Pan-BBC median earnings	£42	-2%

* Note that the pan-BBC median earnings figure would remain at £44,000 had BBC Studios employees not transferred.

Severance

No severance was paid to executive directors during the year ended 31 March 2018.

Outside interests

With the prior agreement of the Director-General, Executive members of the BBC Board may hold remunerated external directorships. The prime purpose of the external directorship should be to support personal and career development and thereby give back to the BBC. Remuneration which arises from external directorships may be retained by the individual, but is subject to formal approval. Executive directors may also hold non-remunerated posts outside the BBC. No more than one to two days per month are permitted to fulfil all external duties.

During the year one executive director held another remunerated external directorship, where fees were waived.

The BBC's commercial businesses

During 2017/18, the BBC has staff employed with four commercial subsidiaries:

- BBC Worldwide
- BBC Studios
- BBC Studioworks
- BBC Global News Ltd

The remuneration policy for the subsidiaries includes the contractual provision of an annual bonus available to eligible staff, including directors, and it varies between commercial entities. The full cost of base pay and annual bonus are self-funded by the commercial revenues of each subsidiary company and are not subsidised by the licence fee.

Remuneration within the commercial subsidiaries is not governed by the BBC's remuneration policy but is subject to the BBC's governance and approval processes.

Pay disclosures

In 2016/17, c.25% of presenters paid over £150,000 were women (excluding BBC Studios)

2018/19 projections show c.40% of presenters paid over £150,000 will be women

2017/18: A year of transition

The BBC is an organisation committed to equality and 2017/18 has been a year of transition towards that ambition.

In the following pages, we set out details of those individuals who received more than £150,000 from licence fee revenue. The Charter requirement is simply to publish amounts paid during the year, for these individuals, set out in bands. In this report, though, we are going beyond that requirement by publishing more detail of the work that on-air individuals, in particular, did for the remuneration they received. We are doing this to improve transparency, and to aid comparisons.

This last year has seen considerable activity across the BBC to address the issues of pay and equality for our staff and for our highest-paid on-air presenters. We completed our review of Terms and Conditions and developed a new pay framework for our news presenters. So payments made during 2017/18 – which began in April 2017, now over 15 months before the date of this report – reflect an out-of-date picture, and do not show all the changes we have been making recently.

That is why we are publishing not just those BBC presenters paid over £150,000 from licence fee revenue during 2017/18, but an up-to-date summary snapshot showing where we are in June 2018, projecting ahead for the whole of 2018/19.

In projecting pay for 2018/19 at this point we are making some assumptions about the pattern of work throughout the next nine months. We have relied on contractual commitments, pay data from June 2018 and any publicly known changes to programmes, roles and schedules. Whilst we have reflected latest approved pay information in this analysis, we expect discussions with a few individuals to continue. Given the provisional nature of this 2018/19 data, this table has not been audited by the National Audit Office but has been subject to internal audit assurance procedures.

The table below shows significant progress in three key areas:

1. Across the BBC, we are projecting a c.60:40 male to female split in our highest-profile presenters in 2018/19, a shift from c.75:25 two years ago.
2. BAME representation in 2018/19 is projected to be c.20%, against our target of 15% by 2020.
3. The pay between men and women has narrowed, with the number of women paid over £200,000 increasing from 7 to 14, and the number of men paid over £500,000 reducing from 5 to 3.

This time next year, we are confident that the position will again show more change. As we head into 2019/20, we expect the gender balance of our most up-to-date snapshots in News and Radio will be close to 50:50. We aim to have reached 50:50 representation of women as guests, contributors and experts across the BBC, as well as increased BAME representation. And whilst it remains the case that the most highly paid individuals paid from licence fee revenue are men, the work we are doing to address this will also demonstrate significant change next year.

It will require another year of hard, sustained effort. But it will be an important year as we build a BBC that is a standard-bearer for equality, and that truly reflects the diversity of this country.

On-air talent paid more than £150,000 of licence fee revenue

	2016/17 (excluding BBC Studios)		2017/18		2018/19	
	Number	%	Number	%	Number	%
Men						
£150,000–£199,999	18		16		14	
£200,000–£299,999	12		11		16	
£300,000–£399,999	4		3		4	
£400,000–£499,999	5		7		4	
£500,000+	5		5		3	
Women						
£150,000–£199,999	7		12		14	
£200,000–£299,999	6		8		12	
£300,000–£399,999	1		2		2	
£400,000–£499,999	–		–		–	
£500,000+	–		–		–	
Totals						
Total Men	44	76%	42	66%	41	59%
Total Women	14	24%	22	34%	28	41%
Total	58	100%	64	100%	69	100%
Of which BAME	7	12%	10	16%	13	19%

Report from the BBC Remuneration Committee of people paid more than £150,000 of licence fee revenue in the financial year 2017/18.

On-air talent

Under the terms of our Charter, we are required to publish the names of individuals working for the BBC, paid more than £150,000 from licence fee revenue in the financial year, set out in pay bands. These are shown by category: News, Radio, Sport, Television and presenters who work regularly across multiple parts of the BBC. These figures also include payments from licence fee revenue made to individuals working under a contract for services. These figures exclude any recharges, amounts paid, and investments into programmes made by our commercial entities – for example BBC Studios and BBC Worldwide. Payments made by independent producers, royalties, repeat fees, contractual recoverables and expenses are also excluded. In 2016/17 BBC Studios was part of the BBC's licence-fee funded operations and therefore individuals paid by BBC Studios were disclosed accordingly. Programme commitments have been drawn from contractual commitments or other patterns of work, and have been stated to the nearest 10. These have been consistently disclosed for each principal programme or genre. Single episodes have been excluded, unless this represents a significant part of an individual's work.

News and Current Affairs

Principal programme	Name	Programme commitments	Pay
<i>Today</i>	John Humphrys	c.140 programmes	£400,000 – £409,999
	Nick Robinson	c.140 programmes c.40 episodes of <i>Political Thinking</i>	£250,000 – £259,999
	Mishal Husain	c.100 programmes c.40 days for BBC One bulletins <i>From Our Home Correspondent</i>	£220,000 – £229,999
	Sarah Montague	c.140 programmes	£160,000 – £169,999
	Justin Webb	c.150 programmes	
<i>World at One</i>	Martha Kearney	c.180 programmes	£200,000 – £209,999
<i>PM</i>	Eddie Mair	c.220 programmes	£330,000 – £339,999
<i>BBC News at Six</i> and <i>BBC News at Ten</i>	Huw Edwards	c.180 presentation days for BBC One & News Channel Elections and News Specials	£520,000 – £529,999
	George Alagiah	c.180 presentation days for BBC One	£290,000 – £299,999
	Fiona Bruce	c.100 presentation days for BBC One	£180,000 – £189,999
<i>BBC News at One</i>	Sophie Raworth	c.180 presentation days for BBC One (including News at 6 and 10 cover)	£200,000 – £209,999
<i>The Andrew Marr Show</i>	Andrew Marr	c.40 programmes BBC One documentaries c.20 editions of <i>Start the Week</i>	£400,000 – £409,999
<i>Newsnight</i>	Evan Davis	c.110 days <i>The Bottom Line</i> on Radio 4	£250,000 – £259,999
	Emily Maitlis	c.100 days	£220,000 – £229,999
<i>Victoria Derbyshire</i>	Victoria Derbyshire	c.220 programmes	£210,000 – £219,999
BBC News Channel	Ben Brown	BBC News Channel BBC One bulletin cover International location work	£150,000 – £159,999
<i>Newsbeat</i>	Tina Daheley	<i>Newsbeat</i> and News events Cover for <i>BBC Breakfast</i> and <i>Victoria Derbyshire</i>	£150,000 – £159,999
On-air Editors and Correspondents	Jon Sopel	North America Editor	£230,000 – £239,999
	Laura Kuenssberg	Political Editor	£220,000 – £229,999
	Jeremy Bowen	Middle East Editor	£200,000 – £209,999
	Amol Rajan	Media Editor and the <i>Media Show</i> Other programmes on BBC Radio	
	Katya Adler	Europe Editor	£170,000 – £179,999
	Mark Easton	Home Editor	
	James Naughtie	Presenter and Correspondent	
	Kamal Ahmed	Economics Editor	£160,000 – £169,999
	John Simpson	World Affairs Editor	
	Simon Jack	Business Editor	£150,000 – £159,999
	Fergal Keane	Africa Editor	
	John Pienaar	Deputy Political Editor and <i>Pienaar's Politics</i>	
	Sarah Smith	Scotland Editor and <i>Sunday Politics</i>	

Radio

Principal station	Name	Programme commitments	Pay
BBC Radio 1	Nick Grimshaw	c.230 editions of Radio 1 <i>Breakfast Show</i> Radio 1 <i>Big Weekend</i> Teen Awards	£400,000 – £409,999
	Scott Mills	c.190 programmes on Radio 1 Radio 1 <i>Breakfast Show</i> cover	£280,000 – £289,999
	Greg James	c.230 programmes on Radio 1	£170,000 – £179,999
BBC Radio 2	Chris Evans	c.200 editions of the <i>Chris Evans Breakfast Show</i>	£1,660,000 – £1,669,999
	Steve Wright	c.220 editions of <i>Steve Wright in the Afternoon</i> c.50 editions of <i>Sunday Love Songs</i>	£550,000 – £559,999
	Simon Mayo	c.230 editions of <i>Simon Mayo Drivetime</i> c.40 <i>Kermode and Mayo</i> on 5 live	£340,000 – £349,999
	Ken Bruce	c.220 programmes on Radio 2 Additional programmes on Radio 2	£300,000 – £309,999
	Mark Radcliffe	c.200 editions of <i>Radcliffe and Maconie</i> c.50 editions of the <i>Folk Show</i>	£190,000 – £199,999
	Jo Whiley	c.180 programmes on Radio 2	£170,000 – £179,999
	Moira Stuart	c.200 appearances on <i>Chris Evans Breakfast Show</i> c.30 programmes on Radio 2	£160,000 – £169,999
	Trevor Nelson	c.50 <i>Rhythm Nation</i> on Radio 2 c.140 programmes on 1Xtra	£150,000 – £159,999
BBC Radio 5 live	Nicky Campbell	c.210 editions of 5 live <i>Breakfast</i> c.210 editions of <i>Your Call</i>	£410,000 – £419,999
	Rachel Burden	c.230 editions of 5 live <i>Breakfast</i> Cover for <i>Your Call</i>	£150,000 – £159,999
BBC 6 Music	Lauren Laverne	c.210 programmes on 6 Music c.40 episodes of <i>Recommends</i>	£230,000 – £239,999
	Shaun Keaveny	c.220 programmes on 6 Music	£170,000 – £179,999
Multiple stations	Stephen Nolan	c.210 shows on Radio Ulster c.20 editions of <i>Nolan Live</i> c.30 <i>Question Time Extra Time</i> c.120 <i>Stephen Nolan</i> on 5 live	£400,000 – £409,999
	Vanessa Feltz	c.210 programmes on Radio 2 c.230 programmes on Radio London	£330,000 – £339,999
	Jane Garvey	c.140 <i>Woman's Hour</i> programmes c.20 programmes on 5 live c.40 episodes of <i>Fortunately</i>	£150,000 – £159,999

Sport

Principal sport	Name	Programme commitments	Pay
Men's football	Gary Lineker	<i>Match of the Day: Premier League and FA Cup</i> <i>Sports Personality of the Year</i>	£1,750,000 – £1,759,999
	Alan Shearer	<i>Match of the Day: Premier League and FA Cup</i>	£410,000 – £419,999
	Ian Wright	Weekly editions of <i>606</i> on 5 live <i>Match of the Day: Premier League and FA Cup</i> 5 live Sport	£170,000 – £179,999
Cricket	Jonathan Agnew	International test, one-day and Twenty20 series BBC cricket Correspondent	£180,000 – £189,999
Tennis	Sue Barker	Wimbledon, Queen's, ATP World Tour Finals, Australian Open	£190,000 – £199,999
	John McEnroe	Wimbledon	
Multiple sports	Gabby Logan	Athletics <i>Premier League Show</i> Other football Rugby Autumn Internationals and Six Nations <i>Sports Personality of the Year</i>	£230,000 – £239,999
	Mark Chapman	Twice weekly editions of 5 live Sport Weekly Premier League highlights and <i>MOTD 2 Extra</i> Other football Rugby League World Cup and Challenge Cup matches	£220,000 – £229,999
	Clare Balding	Winter Olympics Wimbledon Equestrian The Boat Race World Track Cycling Sports Personality of the Year <i>Ramblings</i> on Radio 4 <i>Good Morning Sunday</i> on Radio 2	£180,000 – £189,999

Multiple genres and Television

There are a small number of individuals who have pre-existing multi-year relationships with BBC commissioning. Payments from BBC Studios have been removed from the disclosure, and they may also receive payments from independent producers. We also include in this section presenters who spend close to 50% of their time in more than one of TV, Radio, News and Sport.

Principal activity	Name	Programme commitments	Pay
Television	Nick Knowles	BBC TV fee for a range of programmes and series Includes presenter fee for <i>Who Dares Wins</i> and <i>Close Calls: On Camera</i>	£230,000 – £239,999
	Mary Berry	BBC TV fee for a range of programmes and series	£190,000 – £199,999
Radio and Sport	Jason Mohammad	Daily Radio Wales programme Weekly 5 live programme <i>Final Score</i> and other football Snooker <i>Good Morning Sunday</i> on Radio 2	£260,000 – £269,999
News and Sport	Dan Walker	<i>Football Focus</i> <i>BBC Breakfast</i>	£220,000 – £229,999
Radio and Television	Graham Norton	Weekly show on Radio 2 BBC TV fee for a range of programmes and series	£600,000 – £609,999
	Jeremy Vine	Daily show on Radio 2 c.60 episodes of <i>Eggheads</i>	£440,000 – £449,999
	Claudia Winkleman	Weekly show on Radio 2 BBC TV fee for a range of programmes and series	£370,000 – £379,999

Senior executives

Every quarter, we disclose exact salaries, expenses, gifts and hospitality for all senior leaders in the BBC's public services. Under the terms of our Charter, we are required to publish a report from the Remuneration Committee listing all senior executives of the BBC paid more than £150,000 from licence fee revenue in the financial year, set out in pay bands. These figures exclude any recharges or amounts paid from our commercial entities.

Pay	Name	Role
Director-General		
£450,000 – £459,999	Tony Hall	Director-General
Executive Committee		
£240,000 – £249,999	Ken MacQuarrie	Director, Nations and Regions
	Fran Unsworth	Director, News and Current Affairs
£290,000 – £299,999	James Purnell	Director, Radio and Education
£300,000 – £309,999	Valerie Hughes-D'Aeth	Group HR Director
	Matthew Postgate	Chief Technology and Product Officer
£330,000 – £339,999	Charlotte Moore	Director, BBC Content
£430,000 – £439,999	Anne Bulford	Deputy Director-General
Corporate functions		
£150,000 – £159,999	Rhona Burns	Finance and Operations Director, Radio and Education
	Tim Cavanagh	Director, Corporate Real Estate
	Pipa Doubtfire	Head of Revenue Management
	Peter Farrell	Head of Legal
	Claire Paul	HR Director, Leadership, Development and New Talent
	John Shield	Director, Communications
	Charlie Villar	Former Director, Corporate Finance Tax and Treasury
£160,000 – £169,999	Gautam Rangarajan	Director, Strategy
	Peter Ranyard	Head of Corporate Legal
	Clare Sumner	Director, Policy
	Gillian Taylor	HR Director, Reward
£170,000 – £179,999	Rachel Currie	HR Director, Content, Radio and Education
	David Jordan	Director, Editorial Policy and Standards
	Noel Scotford	HR, Programme Manager
£180,000 – £189,999	Shirley Cameron	Group Financial Controller
	Anna Gronmark	HR Director, DDG Group
£190,000 – £199,999	Joe Godwin	Director, BBC Academy
	Dale Haddon	HR Director, News and Employee Relations
£200,000 – £209,999	Balram Veliath	Director, Quality Risk and Assurance
£240,000 – £249,999	Sarah Jones	Group General Counsel
£320,000 – £329,999	Bal Samra	Group Commercial Director
Design and Engineering		
£150,000 – £159,999	Richard Cooper	Controller, Digital Distribution
	Matt Grest	Director, Platform
	Andrew Kaczor	Finance and Operations Director
£160,000 – £169,999	Mike Ford	Programme Director
	Sarah Hayes	Director, BBC Archives
	Gary Payne	Chief Information Security Officer
£170,000 – £179,999	Jatin Aythora	Chief Architect
	Chris Condron	Director, Product and Systems, North and Nations
£180,000 – £189,999	Andy Baker	Director, Engineering Operations
	Kieran Clifton	Director, Distribution and Business Development
	Andy Conroy	Controller, Research and Development
£190,000 – £199,999	Colin Burns	Chief Design Officer
	Stuart Page	Director, Product and Systems, Commercial and Corporate
	Neelay Patel	Director, Product and Systems, TV and Radio
£200,000 – £209,999	Robin Pembroke	Director, Product and Systems, News

PAY DISCLOSURES

Pay	Name	Role
Marketing and Audiences		
£150,000 – £159,999	Justin Bairamian	Director, BBC Creative
£160,000 – £169,999	Nick North	Director, Audiences
£180,000 – £189,999	Charlotte Lock	Director, Marketing and Audiences, Content, Radio and Education
£210,000 – £219,999	Philip Almond	Director, Marketing and Audiences
Nations and Regions		
£150,000 – £159,999	Peter Johnston	Director, BBC Northern Ireland
£160,000 – £169,999	David Holdsworth	Controller, English Regions
	Rhodri Talfan Davies	Director, BBC Wales
£170,000 – £179,999	Donalda MacKinnon	Director, BBC Scotland
£240,000 – £249,999	Ian Haythornthwaite	Chief Operating Officer, Nations and Regions
Content		
£150,000 – £159,999	David Brindley	Head of Popular Factual
	Clare Sillery	Head of Commissioning, Documentaries
£160,000 – £169,999	Philip Bernie	Head of TV Sport
	Tessa Finch	Head of Development Television, Content
	Rose Garnett	Director, BBC Films
	Cassian Harrison	Channel Editor, BBC Four
	Elizabeth Kilgarriff	Commissioning Editor, Drama
£170,000 – £179,999	Tom McDonald	Head of Commissioning, Factual
	Lucy Richer	Commissioning Editor, Drama
£190,000 – £199,999	Richard Dawkins	Chief Operating Officer
	Kate Phillips	Controller, Entertainment Commissioning
£200,000 – £209,999	Patrick Holland	Controller, BBC Two
	Alison Kirkham	Controller, Factual Commissioning
	Dan McGolpin	Controller, Programming and Daytime
	Barbara Slater	Director, BBC Sport
£210,000 – £219,999	Shane Allen	Controller, Comedy Commissioning
	Damian Kavanagh	Controller, BBC Three
£240,000 – £249,999	Piers Wenger	Controller, Drama Commissioning
News and Current Affairs		
£150,000 – £159,999	Gavin Allen	Controller, Daily News Programming
	Jamie Angus	Director, World Service Group
	Joanna Carr	Head of Current Affairs
	James Gray	Deputy Head of Current Affairs
£160,000 – £169,999	Fiona Campbell	Controller, BBC News, Mobile and Online
	Mary Hockaday	Controller, World Service English
	Jonathan Munro	Head of Newsgathering
£180,000 – £189,999	Alan Dickson	Chief Financial and Operating Officer
£190,000 – £199,999	Adrian Van Klaveren	Head of Strategic Change, BBC News
Radio and Education		
£150,000 – £159,999	Isabel Begg	Head of Commercial and Business Development
	Helen Bullough	Head of Content Production
£160,000 – £169,999	Mark Friend	Controller, Radio and Music Multiplatform
	Cheryl Taylor	Controller, CBBC
£170,000 – £179,999	Alan Davey	Controller, Radio 3, BBC Proms and Performing Groups
£190,000 – £199,999	Ben Cooper	Controller, Radio 1, 1Xtra and Asian Network
	Alice Webb	Director, Children's
	Gwyneth Williams	Controller, Radio 4 and Radio 4 Extra
£210,000 – £219,999	Graham Ellis	Controller, Production
£270,000 – £279,999	Bob Shennan	Director, Radio and Music
Former staff		
£160,000 – £169,999	Keith Blackmore	Managing Editor
£280,000 – £289,999	James Harding	Director, News and Current Affairs

Independent Assurance Report to the Board of the British Broadcasting Corporation, acknowledging that Parliament also places reliance on the Group Accounts and Report

I have conducted independent assurance procedures on the disclosures included in the British Broadcasting Corporation (BBC) Annual Report arising from the requirement under the Royal Charter for the continuance of the BBC (the Royal Charter) to publish the names of all senior executives of the BBC paid more than £150,000 from licence fee revenue in that financial year; and the names of all other staff of the BBC paid more than £150,000 from licence fee revenue in that financial year set out in pay bands for the year-ended 31 March 2018. These disclosures are set out on pages 101 to 106 of the BBC's Annual Report (the "subject matter") ("Pay Disclosures").

My work is conducted in accordance with International Standards on Assurance Engagements (ISAE) 3000 *Assurance Engagements Other Than Audits or Reviews of Historic Financial Information*.

Respective responsibilities of the BBC Board and the Comptroller and Auditor General

For the reporting year covered by this report, the BBC Board was responsible for publishing information required by the Royal Charter as follows:

- the names of all senior executives of the BBC paid more than £150,000 from licence fee revenue in that financial year; and
- the names of all other staff of the BBC paid more than £150,000 from licence fee revenue in that financial year set out in pay bands for the year-ended 31 March 2018.

I am responsible for providing an opinion on whether, in all material respects, the Pay Disclosures are complete and accurate and has been properly prepared in accordance with the basis set out therein.

In conducting this work, my staff and I have complied with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the BBC in accordance with the ethical requirements that are relevant to my assurance engagement. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

My approach

I have performed a reasonable assurance engagement as defined in ISAE 3000. A reasonable assurance engagement is to perform such procedures as to obtain information and explanations which I consider necessary to express an opinion on whether, in all material respects, the Pay Disclosures are complete and accurate and have been properly prepared in accordance with the basis set out therein.

My work consisted of:

- Understanding the process adopted by the BBC to derive the Pay Disclosures, in particular the completeness and accuracy of information used;
- Testing the completeness of the Pay Disclosures, including:
 - cross-reference to statutory audit procedures relating to payroll and expenditure;
 - comparison to the prior year and our understanding of the BBC; and
 - review of individuals paid in the subsequent month who have been paid close to the disclosure threshold in 2017/18.
- Agreement of staff disclosure to payroll data or, where staff are not paid via BBC payroll, agreement of spend back to other BBC systems;
- Agreement of the spend per individual paid more than £150,000 of licence fee revenue into the appropriate salary banding;
- Recalculation of the volume of individuals included within each £10,000 band; and
- Review of the accompanying commentary for reasonableness and clarity around the basis of disclosure.

Inherent limitations

My assurance procedures have been designed to provide reasonable assurance. The objective of a reasonable assurance engagement is to reduce engagement risk to an acceptably low level in the circumstances of the engagement as the basis for a positive form of expression of my conclusion. It does not, however, eliminate this risk entirely. In particular, in preparing the Pay Disclosures, the BBC Board is required to make a number of judgements which inherently introduces an element of risk.

Opinion

Based on the results of my procedures, in my opinion, in all material respects the Pay Disclosures are complete and accurate and have been properly prepared in accordance with the basis set out therein.

Sir Amyas CE Morse KCB
Comptroller and Auditor General
 National Audit Office
 157-197 Buckingham Palace Road
 London SW1W 9SP
 21 June 2018

Nominations Committee Report

Board appointments

Under the 2016 Charter, the Nominations Committee of the Board is responsible for executive appointments and non-executive appointments to the Board, with the exception of the Chairman and the nations' members. The current Board was appointed under the transitional arrangements for appointments set out in the Charter.

The Nominations Committee consists of the Chairman, Sir David Clementi, Simon Burke, the senior independent director, Sir Nicholas Serota and Ashley Steel who are all non-executive members of the Board. The Director-General is also a member.

In addition to its responsibility for nominating appointments to the Board, the Committee is also responsible for nominating members to the sub-committees of the Board, and its main commercial subsidiaries. The Nominations Committee also considers and reviews the independence of Board members, including any conflicts of interest, and ensures compliance with the Board Code of Practice. It assesses the composition of the Board and its associated committees in terms of the balance of skills and experience required, and to develop a succession planning strategy.

This year the Nominations Committee has met twice formally and its work has focused on appointing members of the Board to its associated sub-committees, as required by the Charter.

Sir David Clementi Chairman

21 June 2018

Board committee attendance

	Board Ordinary	Audit and Risk Committee Member	Fair Trading Committee Member	Nominations Committee Member	Remuneration Committee Member	Editorial Guidelines & Standards Member	Nations Committee – England Member	Nations Committee – Scotland Member	Nations Committee – Wales Member	Nations Committee – N. Ireland Member
Number of meetings for the period	11	5	2	2	7	2	1	1	1	2
Non-executives										
David Clementi	11			2				1		2
Simon Burke	9	5		2						
Tanni Grey-Thompson	10				7	2				
Ian Hargreaves	11		2			2			1	
Tom Ilube	11	5	2				1			
Steve Morrison	11		2		7			1		
Nicholas Serota	11			1	7	2				
Ashley Steel	10	4		2			1			
Elan Closs Stephens	7/7		2						1	2
Executives										
Tony Hall	11			2		2				
Anne Bulford	11									2
Tim Davie	11									
Ken MacQuarrie	10						1	1	1	2

This table does not include business conducted offline and update meetings where no formal business was considered.

Audit and Risk Committee Report

Audit and Risk Committee Chair's Statement

I am pleased to present this, the first report of the Audit and Risk Committee of the BBC's new Board.

Our key tasks this year included:

- overseeing the transition of the statutory audit of the BBC from EY to the National Audit Office (NAO);
- ensuring that the work of the Committee is geared to the requirements of the new Charter;
- bedding in the new Committee and arranging for the proper induction of new members;
- building on the work of the former Executive Audit Committee in improving our risk management processes; and
- continuing the good progress in assurance activity and clear-up of internal audit actions.

We had five meetings during the year, each of which was attended by executives as appropriate, including, at each meeting, the Director-General and Deputy Director-General. We also held private meetings with the NAO on each occasion. I believe that we have built a positive and open relationship with the NAO and it is working well.

Much of our work remains the same as it was under the previous Charter, but there are also some changes. For example, the Committee has considered in detail the application of regularity to the BBC's activities. This seeks to ensure that the BBC's resources have been utilised to meet the intended purposes as set out in the Charter, Framework Agreement and other agreements with Government. We took assurances on this from management and also undertook a review to confirm that a suitable framework of controls exists to ensure that the BBC keeps within the regularity rules.

We routinely take a close interest in significant projects and their governance. During this year, a number of key projects concluded successfully, whilst others were commenced or re-based. A major project re-based this year was the proposed redevelopment of the *EastEnders* set in Elstree, which continues to be monitored by the Board and the Committee. The BBC now has a well-established project management office and we meet with them periodically to review the governance of major projects.

We also consider material issues which arise outside the normal course of the BBC's activities. We have been engaged with several matters related to pay, especially equal pay and the historic application of IR35 tax rules. The latter is a particularly complex issue and we expect to be closely involved as the BBC works its way through to resolving it.

We have spent much time overseeing the improvement of risk management, in particular putting in place a more detailed picture of risk, clearly linked to the Corporation's main objectives, and with metrics and measures being developed to provide the Board with more in-depth data on the handling, mitigation and residual level of key risks.

We continue to pay close attention to the findings from assurance activity, and issues raised are closely monitored to ensure completion within agreed timescales. This reflects how seriously the disciplines of audit and assurance are taken within the BBC, something entirely appropriate for the handling of licence fee payers' money.

I am ably supported by my fellow Committee members, who have quickly got to grips with the work we do, and by a highly professional risk and assurance team. Although the BBC faces many challenges as it reshapes itself for the digital world and a rapidly changing media market, I believe that we have the controls and assurance systems to ensure, as far as possible, that licence fee payers' money is well spent and the risk of financial loss is minimised.

Simon Burke
Chair

21 June 2018

Audit and Risk Committee Report

Role

The main purpose of the Audit and Risk Committee (ARC) is to review and maintain oversight of the BBC's corporate governance, particularly with respect to financial reporting, internal control and risk management. In order to gain this assurance, the ARC has responsibility for:

- reviewing and overseeing the effectiveness of the BBC's internal control and risk management processes;
- providing oversight of the key risks facing the BBC and the actions being taken to mitigate those risks to an acceptable level;
- reviewing and challenging, where necessary, the actions and judgements of management in relation to the BBC's Annual Report and Accounts and related formal statements;
- overseeing and directing the work of the BBC's Internal Audit function, meeting with the Director of Quality, Risk and Assurance privately to discuss issues as necessary;
- giving due consideration to Parliament's expectations of the management of BBC resources, as expressed in reports of the Public Accounts Committee and Value for Money reports by the National Audit Office;
- reviewing the external auditors' proposed audit scope and strategy, ensuring no unjustified restrictions or limitations are made;
- reviewing the auditors' quality control procedures and steps taken by the auditor to respond to changes in regulatory and other requirements;
- meeting separately with the external auditors to discuss any matters the Committee or the auditors believe should be discussed privately;

- considering the independence of the external auditor;
- overseeing regularity considerations, including compliance with the BBC's Framework of Authorities;
- reviewing the BBC's systems for the detection and prevention of fraud, bribery and money laundering; and
- reviewing arrangements by which staff of the company may, in confidence, raise concerns about possible improprieties in matters of financial reporting, illegality or other matters.

The ARC's Standing Orders set out in more detail our responsibilities. These were approved by the BBC Board in June 2017 and will be reviewed regularly by the Committee. They can be read on our website: bbc.co.uk/aboutthebbc/insidethebbc

Membership

The ARC comprises three non-executive directors, of whom one must have recent and relevant financial experience. The members who served during the past year are:

Simon Burke (Chair)
Tom Ilube
Ashley Steel

Simon Burke, the Committee chairman, has significant, recent and relevant financial experience. In addition, all of the members of the Committee are individuals who hold or have held senior positions in similar sized organisations and have the experience and skills to properly fulfil their responsibilities. When appropriate, the skills and experiences of members are augmented with advice from internal and external professionals – for example on matters such as developments in financial reporting.

Committee meetings are also attended by the Director-General, the Deputy Director-General, the BBC's Legal Counsel, the Director of Quality, Risk and Assurance and senior representatives from Internal Audit, Risk Management, Finance and the National Audit Office, as the BBC's statutory auditors.

The Committee also meets privately, without any member of management present, with both Internal Audit and the auditors, on a regular basis.

Meetings

The Committee met five times during 2017/18, at key times in the reporting and audit calendar.

Minutes from the meetings are made available to the Board and summary minutes are published on the BBC website: bbc.co.uk/aboutthebbc/insidethebbc. Additionally the Chairman of the Committee reports back to the Board after each meeting on any issues where action or improvement is required. The Committee also provides views on the integrity of the financial statements before the Annual Report is approved by the Board as a whole.

Committee time was spent on the following areas in the past year.

Integrity of financial reporting

The Committee reviewed the integrity of the financial statements of the BBC. In doing so it:

- identified, through discussion with both management and the external auditor, the key risks of misstatement within the BBC's financial statements, including those areas where significant financial judgements were required and which have influenced the financial statements;
- discussed these risks with the auditor as part of the agreement of the external auditor's audit plan and also at the conclusion of the audit of the financial statements;
- reviewed and challenged detailed papers received from management on those areas requiring significant financial judgement, taking account of the views of the auditor.

Set out below are the key areas of judgement and how the Committee has addressed them:

Area of judgement	The Committee's response
<p>Pension scheme – assumptions impacting the accounting pension deficit The financial statements include a significant deficit on the balance sheet of £510.2 million for the BBC's defined benefit pension scheme.</p> <p>Judgements are required regarding the underlying assumptions used by the actuaries in calculating the pension deficit. Changes in these assumptions can result in large swings in the final numbers disclosed.</p>	<p>The Committee took advice from independent actuaries on the appropriateness of the assumptions used, including how these compare with those used by other organisations. Scrutiny focused in particular on the assumptions used regarding discount rates, inflation rates and mortality/life expectancy and how changes in these assumptions would affect the financial statements, including any movements in these from prior years.</p> <p>The Committee was satisfied that the assumptions used in the financial statements were reasonable, appropriate to the BBC and supported by independent actuarial specialists.</p>
<p>Property – accounting treatment of BBC buildings and New Broadcasting House refinancing The BBC holds a significant property portfolio, which continues to be rationalised in order to reduce costs. The estate includes properties held under freehold and those held under finance and operating leases. Buildings which have been sub-let or available for sub-let may be classified as investment properties. Judgements relate to the future intentions for any vacant buildings and the related timescales. This can change the appropriate accounting treatment and affect the carrying value on the balance sheet. During the prior year, refinancing took place of the underlying Broadcasting House lease structure, including an option to secure re-acquisition of the underlying freehold by the BBC. Through the transaction, the BBC eliminated inflation volatility and achieved a cash flow benefit through to 2033. The transaction required a series of new accounting entries (including accounting for the derivative assets and liabilities arising from the transactions). The derivative assets and liabilities are subject to sensitivities in market data in addition to an adjustment to the discount rate to take account of risk. As a result, net liabilities of £98.3 million have been recognised in relation to this arrangement. The transaction was implemented in a manner that limited any increase in the BBC's credit exposure to the derivative counter-parties involved.</p> <p>The special purpose vehicle established to redevelop Broadcasting House, Daunus Limited, is accounted for as a joint venture following an assessment of control. The BBC's interest in the entity is at cost, and no indicators of impairment have been identified.</p>	<p>The Committee reviewed reports from management, which explained the treatment for the most significant buildings, including the projected timescales for future activity and rationale for treatment. It also considered the auditors' views on the accounting treatment for these buildings. The detailed treatment of the transaction continued to be monitored throughout the year. The Committee was satisfied that the treatment of these properties within the financial statements was consistent with management intention and in line with international financial reporting standards.</p>
<p>Capital projects The BBC undertakes multiple capital projects at any one time, which contribute to the overall strategy of the BBC. An assessment over the appropriateness of capitalisation, along with the valuation of any capitalised asset, is required.</p> <p>If a material capital project cannot be completed on time, or will not derive future benefit to the BBC, this could trigger an impairment charge.</p>	<p>Reports from management were reviewed, which explained the status of major capital projects and the approach taken to assess whether or not any impairment charge was required. The Committee was satisfied that the assessments of impairment undertaken by management were appropriate and in line with international financial reporting standards.</p>
<p>Revenue recognition There is an inherent financial risk around revenue recognition relating to timing of recognition of revenue. The nature of the risk varies between the licence fee revenue in the public service and the commercial income. Licence fee revenue is treated as an amount due from the relevant Government department, principally the DCMS, on the basis that amounts receivable from licence fee payers will be paid across.</p>	<p>The Committee considers that the BBC's existing financial control systems should ensure that income is properly treated in the financial statements. There is confidence that management understand the risks in this area and have suitable controls in place.</p>
<p>Employment provisions and contingent liabilities The financial statements include provisions of £17.3 million as part of the BBC's programme of restructuring. Judgements in this area are largely related to the timing of recognition of these provisions, the amount to be recognised and the amount which has been utilised in previous years.</p> <p>A number of other employment-related provisions exist in instances where the BBC has a present obligation as a result of a past event that is probable and can be reliably measured. The BBC also recognises a number of contingent liabilities relating to the same matter. A contingent liability is recognised where there is uncertainty regarding the probability, timing or amount of any present obligation.</p>	<p>The Committee received reports on employment-related matters which could result in the recognition of potential liabilities before subsequently reviewing and discussing the level of provisions with management. This included consideration of new provisions and any release and utilisation of existing provisions. Management confirmed that they have applied a consistent approach to the identification, recognition and release of provisions across the BBC group. The Committee concluded it was satisfied with the level of provisions carried and the disclosure in respect of those provisions.</p>

Management confirmed to the Committee that they were not aware of any material misstatements or immaterial misstatements made intentionally to achieve a particular presentation. The auditors reported any misstatements that they had found in the course of their work and that no material amounts remain unadjusted. The Committee can confirm that it is satisfied that the external auditors have fulfilled their responsibilities with diligence and professional scepticism.

After reviewing the presentations and reports from management and consulting where necessary with the external auditors, the Committee is satisfied that the financial statements appropriately address the critical judgements and key estimates (both in respect to the amounts reported and the disclosures). The Committee is also satisfied that the significant assumptions used for determining the value of assets and liabilities have been appropriately scrutinised, challenged and are sufficiently robust.

The Committee reviewed the group financial statements and how these are positioned within the wider Annual Report. To assist this review, reports from management and from the internal and external auditors were considered, covering:

- the quality and acceptability of accounting policies, including their compliance with accounting standards;
- compliance with legal and regulatory requirements;
- the clarity of disclosures and their compliance with relevant reporting requirements;
- whether the Annual Report as a whole is fair, balanced and understandable and provides the information necessary to assess the BBC's performance and strategy.

Effectiveness of internal controls and risk management framework
Internal controls assurance

The Committee reviewed the effectiveness of the system of internal controls, taking account of the findings from internal and external audit reports and other assurance activity, considering a number of specific areas during the year:

- the trends and themes from Internal Audit activity, questioning representatives of Internal Audit on the outcomes of their work. A summary of every internal audit, including key findings and assurance rating, was reviewed by the Committee;
- actions arising from independent assurance activity, including internal and external audit and NAO Value for

Money reviews are monitored by the Committee for completion. This is an area followed up at every meeting to ensure that agreed actions in respect of any weaknesses found are being properly addressed;

- for areas which are considered high profile or have received critical assurance findings, the Committee ensures there is suitable follow up and scrutiny over the completion of any improvement plans or agreed actions;
- the Committee approved the BBC's Modern Slavery statement and reviewed the approach for ensuring compliance;
- regular whistleblowing reports and updates on levels of fraud and theft, along with the mechanisms in place to minimise and prevent these; and
- the findings and progress of actions from the audits of BBC commercial subsidiaries were considered. The CFO of BBC Worldwide and the COO of BBC Studios attended to provide assurance on the control environment and management of risk in these subsidiaries.

Risk management

The Committee considered the processes for managing significant risks within the BBC. This work is influenced by the assessment of the BBC's principal risks (as set out at page 113). There is a regular Committee agenda item where changes to the risk profile are reviewed and the effectiveness of the risk management process is assessed.

The Committee focused significantly this year on making improvements to the BBC's overall management of risk, introducing greater detail into risk reporting and ensuring that mitigations and actions are aligned to the key strategic and operational objectives of the Corporation. Greater use of risk metrics and measures will enable the Committee to review risk at a more detailed level in the coming year.

Effectiveness of Internal Audit

The work of Internal Audit is overseen by the Committee. This is a regular item at each meeting which the Head of Internal Audit also attends. During the year the Committee has:

- approved the plan of work for the coming year, ensuring that it is risk based and strikes a balance between providing assurance over core business processes and areas of emerging strategic risk;
- considered the findings from audit activity, focusing on audits with unsatisfactory outcomes and

management's plans to address these; and

- considered the resource requirements for Internal Audit and its capability.

The Committee continues to monitor the structure of the Internal Audit function and the operation of the current resourcing model, with a proportion of audits provided by an external partner. The Committee is satisfied that this arrangement is functioning well.

The ARC Chairman also meets with the Director of Quality, Risk and Assurance before each Audit Committee meeting, without management present, to provide the opportunity for open discussions.

Independence and effectiveness of our external auditors

Appointment of our external auditors

Under the 2016 Charter and Agreement, the NAO are appointed the BBC's statutory auditor for the duration of the Charter period.

Relationship with external auditors

The Committee oversaw the relationship with the NAO, including the scope of and approach to their work. Specific areas of focus this year have included:

- audit risk identification and alignment of this with management risk assessment;
- understanding of the elements of the audit process, including the requirements expected of the BBC under the regularity opinion and propriety considerations; and
- private discussions with the auditors without management present.

Non-audit services

As one of the safeguards over the independence of the external auditors, the Committee has developed, and oversees, the BBC's policy on the commissioning of the auditors to provide non-audit services.

This policy defines the types of services which the external auditors can and cannot provide. Additionally it includes thresholds above which any proposed non-audit work to be carried out by the external auditors must be approved in advance by the ARC. It also defines when work must be submitted for competitive tender.

The NAO have not undertaken any additional non-audit work during the year. The NAO is not considered for work which might compromise its ability to give independent opinion on the BBC's financial statements. Recruitment from the NAO into any senior management position in the BBC would require the prior approval of the ARC.

Risks and Opportunities

Risks and opportunities affect the ability of the BBC to fulfil its Charter obligations and public purposes. Our approach to risk needs to reflect the unique nature of the BBC.

Our approach to risk management

In a rapidly changing media environment, the BBC must be able to confidently manage both strategic and operational risks, ensuring that it can continue to deliver our public purposes and value to all audiences. We must also take seriously our regulatory and statutory responsibilities. Just as taking risk is core to fulfilling our purposes and strategic ambitions, rigorous risk assessment and mitigation is the foundation of delivering what we do.

The BBC acknowledges the challenges of audience needs, as well as the opportunities this offers over the coming years. Throughout the Corporation, careful consideration of risks and opportunities contributes to the quality of our programmes, the excellence of the service we provide and our ability to serve our audiences.

Evolving our risk management approach

During 2017/18 we strengthened our risk management processes, undertaking a detailed refresh of our strategic risks. For each of our strategic priorities we confirmed the key risks to their successful delivery, as well as the events that might cause them and the mitigating activities in place. In addition, we took a fresh look at operational risk to ensure that we were focusing on those risks that could have the greatest impact on the BBC, should they materialise, again identifying potential causes and mitigations. We also introduced risk metrics against the key risks, to provide better insight into how those risks are managed, and to support improved risk-based decision-making across the BBC.

These improvements provide a platform to further evolve our risk management approach during 2018/19. A key area of focus will be ensuring the availability of reliable data for all of the defined metrics, the delivery of which is linked to a number of strategic projects. Other areas for development include: defining our tolerance for specific risks more formally to support the ongoing monitoring of risk management effectiveness through the various governance bodies within the BBC; and revisiting the criteria by which we assess the likelihood and impact of key risks, and the adequacy of our risk preparedness.

Our principal strategic and operational risks and opportunities are set out overleaf.

Key to risk movement: anticipated movement in risk over the next 12 months

-  Risk increasing
-  No risk movement
-  Risk decreasing

Public purposes

- 1** To provide impartial news and information to help people understand and engage with the world around them
- 2** To support learning for people of all ages
- 3** To show the most creative, highest quality and distinctive output and services
- 4** To reflect, represent and serve the diverse communities of all of the UK's nations and regions and, in doing so, support the creative economy across the UK
- 5** To reflect the UK, its culture and values to the world

Strategic risks and opportunities

Note: Strategic risks and opportunities are mapped to the Public Purposes (1-5) below.

Principal risks and opportunities	Key mitigations
<p>1. Making sure everyone gets value from the BBC There is a risk that, as consumer behaviours change and online business models develop, the BBC does not continue to provide high-quality and relevant content and services to all licence fee payers. There is also a risk that, in adapting to these challenges, audiences on traditional platforms are not maintained. We may also not meet the needs of underserved audiences, including youth, Nations and Regions and BAME.</p> <p>1 2 3 4 5 ></p>	<ul style="list-style-type: none"> - Additional investment in content for children, with a multiplatform offer and increased focus on digital. - Continual focus on ensuring that we maintain a range of high-quality content across all genres. - Ongoing initiatives focusing on user experience for our online products, both for those who are familiar with new technology and those who are not. - Focus on the next generation and diversity to help ensure that the BBC continues to meet the needs of all our audiences, with new, diverse audience panels established to get closer to our under-represented audience groups. - Focus on Nations and Regions, including the planned launch of a new dedicated TV channel in Scotland and existing dedicated cross-genre content centres for drama production in Glasgow, Cardiff, Belfast, Salford, Bristol, Birmingham and London. - Audience metrics monitored, including reach, time spent with the BBC, audience demographics and audience feedback, to drive informed decision-making. - Regular review of audience objectives, performance and trends at Executive Committee and Board meetings. - Next Generation Committee and Diversity Steering Group in place, focused on meeting the needs of underserved audiences. - Focus on digital investment to address competition and deliver greater personalisation, including the introduction of sign in. - Challenging on and off-air diversity targets in place to drive a variety of voices across the BBC.
<p>2. World class creativity Competition from other broadcasters for content and talent continues to increase; in an external environment of cost inflation, there is a risk that we do not secure the best quality content supply. There is also a risk that we do not achieve authentic diversity in programme content and on-air talent, or that this is not balanced with our commitment to deliver impartial reporting.</p> <p>2 3 4 5 ^</p>	<ul style="list-style-type: none"> - Merger of BBC Studios and BBC Worldwide brings content and sales together, better positioning us to manage programme supply in a changing marketplace. - Focus on investing in a broad range of genres and content. - Focus on attracting and retaining the best creative talent, supported by a market-competitive reward strategy. - On-air talent and programme diversity targets in place, with improved measurement tools. - Well-established editorial policy, with extensive monitoring and Executive Committee and Board review of exceptions. - Processes in place to ensure compliance with Ofcom regulatory requirements, also supported by reporting and monitoring.
<p>3. Global reach Our ambition to grow global reach may be impacted by the increasingly challenging market environment (with more choice for users and consumption turning to social media), especially where there is an over-reliance on news updates (rather than analysis and original journalism). There is a risk that content developed by BBC Studios is not globally appealing, or that Worldwide does not obtain distribution rights. The reliance of World Service on syndication creates a risk that audiences don't attribute content to the BBC.</p> <p>1 3 5 v</p>	<ul style="list-style-type: none"> - Ongoing focus on editorial plans to ensure competitive programming. - New Government-funded investment in the BBC World Service, allowing us to enhance existing services and to launch new services (including new territories). - Investment in marketing and in technical innovation to improve audience and performance measurement. - Greater attribution of content to the BBC (by audiences) to be addressed through improved branding and distinctive content. - Organisational focus on digital (especially owned), over third party, syndicated TV.
<p>4. Financial stability There is a risk that we do not effectively manage and/or offset the increasing cost of procuring intellectual property and rights, in an increasingly competitive environment, with rising content prices and increasing rights scarcity requiring new ways of working and a focus on cost management. A rise in licence fee evasion, or increased cost of collection, would put our financial model under stress. There is a risk that the BBC's commercial entities under-perform, or fail to respond to market challenges, reducing financial returns. Adverse changes to the actuarial valuation of the pension scheme represent a risk. A reduction in the BBC's credit rating would increase the cost of funding.</p> <p>1 2 3 4 5 ></p>	<ul style="list-style-type: none"> - Multi-year savings targets are defined, underpinned by detailed plans, with outer years in progress. 94% of controllable spend covered by benchmarking (meeting Compete or Compare criteria). - Licence fee to increase in line with inflation until 2021/22. Cost of collection closely monitored, with actions in progress to reduce evasion rates. - Merger of BBC Studios and BBC Worldwide will enable us to better compete with the market and to improve commercial performance. - Clarity on pension costs through to the next valuation in 2019, and plans in place to eliminate the deficit and make the scheme self-sufficient by 2028. - Annual going concern and viability reviews to assess ongoing financial stability.
<p>5. Making the BBC an even greater place to work The extent of operational, organisational and cultural change in progress creates a risk that the organisation is placed under significant strain. There is a risk that we are not able to retain employees in key areas due to pay challenges. Failure to meet our diversity and inclusion targets could demoralise employees. Should these risks arise, we may suffer a loss of key talent and/or an increase in staff turnover, an increased risk of grievances and the threat of industrial action.</p> <p>4 5 ^</p>	<ul style="list-style-type: none"> - Ways of Working group ensures that business change is implemented in a consistent, coordinated way. Extensive staff communications, with engagement monitored through focus groups and biennial employee survey. - Clear diversity targets in place, with regular reporting to the Board. Centre of Excellence for diverse talent established and Diversity Commissioning Code of Practice implemented to ensure shared values and commitments. - Significant Board attention to equal pay and gender pay gap challenges, with a commitment to close the gender pay gap by 2020 and new pay principles introduced. - Clearer career structures provided through the introduction of the BBC Career Path Framework. - Terms and conditions reviewed and modernised together with the Joint Unions.

Operational risks and opportunities

Principal risks and opportunities	Key mitigations
<p>1. Health, safety and security</p> <p>There is a risk that we fail to meet our corporate responsibility to protect staff and visitors to the BBC at home and abroad, resulting in threats or harm, or that security measures are breached resulting in loss of assets or disruption to services. The risk of terrorist-related incidents is rising, driving the overall increase to this risk. Failure to protect children, or other vulnerable people, on BBC premises, or participating in BBC activities, would result in reputational damage and a loss of trust. Health and safety failures may also result in loss of life or limb, fines or other enforcement actions.</p> <p>▲</p>	<ul style="list-style-type: none"> – Specialised training in place for staff on high-risk deployments (and their managers) and each deployment subject to thorough risk assessment. – Child protection controls include mandatory background checks for anyone working with children, supported by mandatory training and policies and compliance monitoring. – Ongoing security reviews for BBC premises and outside broadcasts, and close links in place with UK security authorities and cross-sector security forums. – Health and Safety risk assessment process in place, supported by training and safety monitoring audits. All reported incidents investigated to identify any corrective action required.
<p>2. Business management and change</p> <p>Failure to deliver savings targets, an increase in licence fee evasion or commercial subsidiaries not delivering expected returns could impact overall financial performance. This, in turn, may prevent the achievement of our strategic ambitions. There is a risk that our critical projects don't deliver expected benefits in support of our strategy, or that they are not delivered on time, on budget and to quality requirements. Inappropriate supplier selection, inadequate contracts or poor supplier management may prevent us achieving value for money. Disruption may be extended if appropriate continuity plans are not in place or recovery priorities not defined. Assets may be lost as a result of theft and loss or poor control systems, which may also result in reputational damage.</p> <p>▶</p>	<ul style="list-style-type: none"> – Detailed plans underpin savings targets and actions in progress to reduce licence fee evasion. Merger of BBC Studios and BBC Worldwide supports financial performance. – Ongoing progress monitoring of critical projects by the Project Management Office, with status reported to the Board, including confidence in delivery of benefits. Integrated assurance plans in place for major projects. – Procurement monitor spend to ensure that supplier contracts are in place, and to assess the adequacy of supplier management to deliver value for money. – Business continuity plans and crisis management processes in place, with regular exercises performed. – Detailed fraud risk assessment completed, with scope including risks of bribery, asset misappropriation, conflicts of interest, expenses, payroll, procurement and payment processes.
<p>3. Compliance</p> <p>Regulatory compliance failures could result in reputational damage, loss of trust, legal action, fines or other penalties. This includes compliance with Ofcom regulations, contractual provisions and laws governing the freedom of information, data protection, tax, equal opportunities, etc. The implementation of the General Data Protection Regulation (GDPR) in May 2018 brings greater compliance requirements and higher penalties for breaches, driving the overall increase in this risk.</p> <p>A breakdown of editorial compliance may also result in reputational damage and loss of trust in the BBC, and could give rise to legal exposure.</p> <p>▲</p>	<ul style="list-style-type: none"> – Policies in place, aligned with legal and regulatory requirements, supported by training, advice from subject matter experts, and detailed monitoring and reporting. – GDPR compliance managed through a dedicated project office. – Established editorial policy in place, with review in progress to ensure it remains fit for purpose. – New Ofcom reporting processes implemented in 2017/18, with complaints monitored, regular reporting to the Director-General and Executive Committee, and monthly Board reporting. Specialist teams in place to support compliance.
<p>4. Technology</p> <p>Failure to maintain resilient systems, or the lack of adequate recovery plans, could cause service disruption. The risk of cyber-crime is increasing both in volume and severity, with threats evolving and becoming more complex, driving the overall increase in this risk. At the same time, our digital activities and reliance on data is growing. An external or internal cyber-attack may result in disruption to services. A breach of customer data would impact our reputation and customers' trust in the BBC, and could result in regulatory enforcement action, including significant fines. Failure to adequately train our employees and to raise awareness across the organisation would increase this risk.</p> <p>▲</p>	<ul style="list-style-type: none"> – Single points of failure identified and actions taken as appropriate. Recovery plans in place and tested. Outages and adherence to recovery time objectives closely monitored to ensure minimal disruption to broadcast services. – Extensive policies and procedures in place to prevent/detect cyber threats and liaison with the National Centre for Cyber Security to provide cyber risk intelligence. – Updated, mandatory Data Protection & Cyber Security training rolled out.

Note: The risks listed do not comprise all those associated with the BBC and the numerical referencing does not denote an order of priority. Additional risks and uncertainties not presently known to management, or currently deemed to be less material, may also have an adverse effect on the Corporation. These less material risks are kept in view in case their likelihood or impact should show signs of increasing.

Risk management and internal control framework

The BBC's process for identifying, evaluating and managing significant risks is aligned with the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. Risk management mechanisms are embedded within each division, with central coordination to identify, escalate and manage pan-BBC risks.

Assessing the effectiveness of risk management and internal control

The Board used a number of mechanisms to help it assess the effectiveness of the system of risk management and internal control across the BBC:

Risk oversight: The Board delegated responsibility for the specific review of risk and control processes to the Audit and Risk Committee. The Audit and Risk Committee met regularly to provide scrutiny and oversight over the effectiveness of controls and the management of risks (further information is provided on page 109).

Internal Audit: The Internal Audit function maintained its independent reporting line into the Chair of the Audit and Risk Committee and conducted a programme of audits aligned to the principal risks facing the BBC. Findings from these audits have been reported to senior management and the Audit and Risk Committee, with remediating actions tracked to completion.

External Audits: The findings of external audit work performed by the National Audit Office have been reviewed by the Audit and Risk Committee, and any recommended actions are tracked to completion. In addition, the National Audit Office continued its programme of Value For Money audits.

Whistle-blowing: A protected disclosure policy is in place, supported by a 'whistle-blowing' hotline, administered by an independent external company to ensure anonymity. The Senior Independent Director was named on the policy as the contact for the raising of the most serious concerns.

Viability Statement

In accordance with provision C2.2 of the 2014 revision of the UK Corporate Governance Code, the BBC Board has assessed the prospects of the Corporation over a longer period than the 12 months required by the 'going concern' provision. On an annual basis, the BBC Board considers a rolling three-year plan for the BBC.

The latest three-year plan, covering the period to 31 March 2021, was considered by the BBC Board in March 2018. A three year horizon is considered appropriate as this is in line with the BBC's budgeting and planning process. The three-year plan considers cash flows as well as the financial covenants and credit facilities.

Key assumptions underpinning the three-year plan, and the associated cash flow forecast, are the licence fee settlement that set the financial parameters for the BBC from 2017/18 to 2021/22 and our 2015 document British Bold Creative that set out the BBC's vision, strategic aims and its offer to the public.

A robust assessment of the principal risks facing the Corporation, as described in the Annual Report and Accounts from page 109, has been undertaken, including those that would threaten its business model, future performance, solvency or liquidity. Sensitivity analysis is applied to the cash flow to model the potential effects should principal risks actually occur, individually or in unison. The peak borrowing requirement was calculated by modelling a combination of severe but plausible risks, however with the inclusion of mitigations, the cash flows remained within the borrowing limit throughout the three-year period.

Taking account of the BBC group's current position, principal risks and the aforementioned sensitivity analysis, the Board has a reasonable expectation that the Corporation will be able to continue in operation and meet its liabilities as they fall due over the three-year period of the assessment.

Editorial Guidelines and Standards Committee Report

Membership and remit of the Editorial Guidelines and Standards Committee

The Editorial Guidelines and Standards Committee (EGSC) is responsible for developing, and ensuring compliance with, the BBC's Editorial Guidelines. The EGSC comprises three non-executive directors and one executive director: Ian Hargreaves (chair), Tanni Grey-Thompson, Nicholas Serota and Tony Hall. The EGSC meetings are also attended by the Director, Editorial Standards as the Principal Adviser to the Committee.

Responsibilities of the EGSC include:

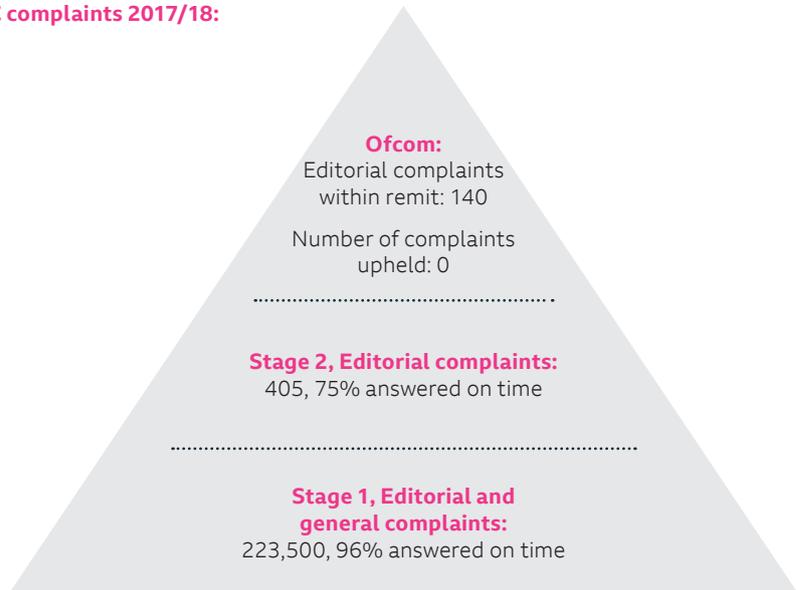
- overseeing the development of, and compliance with, the BBC's Editorial Guidelines
- ensuring that the BBC complies with its complaints framework
- reviewing findings and directions from Ofcom with regard to editorial matters, and compliance with the Ofcom Broadcasting Code

One of the first tasks of the Committee was to oversee the publication of the new Complaints Framework. This came into effect on 3 October 2017, following a public consultation. Under the new framework, the majority of complaints at Stage 1 and Stage 2 of the complaints process have been handled within the stated timeframe: 10 days for Stage 1 complaints; 20 days for standard Stage 2 complaints and 35 days for complex Stage 2 complaints. Where response times have fallen below the targets set by the Board, the reasons are reported to the Board. The 'BBC First' process, as set out in the Agreement, is working as planned. The BBC has, at Ofcom's request, been publishing on a fortnightly basis details of complaints which number over 100 and fall under the remit of the Broadcasting Code. These bulletins are published at: <http://www.bbc.co.uk/complaints/comp-reports/reports-archive/>.

In addition, responses to significant complaints, and the findings of the Executive Complaints Unit (ECU – Stage 2 of the complaints framework) are published on the BBC Complaints site: <http://www.bbc.co.uk/complaints/>.

Another key function of the EGSC this year has been to ensure that the BBC fulfils the requirement in the Agreement to "set, publish, review periodically, and observe guidelines designed to secure appropriate standards in the context of

BBC complaints 2017/18:



the UK Public Service". The Committee has commissioned BBC Editorial Policy to revise the current Editorial Guidelines. This is a substantial piece of work and is ongoing.

Editorial complaints and lessons learned

As in previous years, the overwhelming majority of the BBC's content complied with the demanding standards set by the BBC's Editorial Guidelines. However, the following serious breaches of standards in BBC output were noted by the Committee:

Reggie Yates: Hidden Australia – Black in the Outback

BBC Three, January 2017

This portrayal of an aboriginal community in Australia included a sequence which gave the misleading impression that a wake following a funeral was in fact a drunken party. In view of this breach of the Editorial Guidelines on accuracy and misleading audiences, action was taken against the Independent Production company, Sundog Pictures, and other material delivered by this company to the BBC was re-examined. One of these programmes was found not to have complied with the Editorial Guidelines, and was removed from BBC Store.

Breakfast Show

BBC Radio Leeds, 21 May 2017

The programme included a competition to guess the name of Moors murderer Ian Brady (who had died recently), through a series of musical clues, including *Suffer Little Children* and *Psycho Killer*.

The BBC issued an apology for the offensive content, and the relevant material was removed from BBC iPlayer and Facebook.

BBC Soir

BBC Afrique, 31 January 2018

A statement on behalf of BBC Afrique employees, about their industrial dispute with BBC management, was read out on air, in breach of the Editorial Guidelines on impartiality and conflict of interest. Editorial Policy was asked to provide bespoke training to prevent any further breaches of this kind.

BBC Asian Network Reports

In a live interview about a trial, the reporter inadvertently used a victim's real name, rather than a pseudonym, contrary to Sexual Offence legislation. Action was taken swiftly to prevent the report being available on BBC iPlayer and legal advice was followed.

In addition to these breaches, the Executive Complaints Unit found a total of 41 breaches of editorial standards in this financial year (including nine cases in which the issue of complaint had been resolved by action taken by the relevant division before the complaint was escalated to the ECU). These have been reported to the EGSC, together with information on action taken.

Ian Hargreaves CBE

Chair

21 June 2018

Nations Committee Reports

Wales

During the year, I was privileged to become Chair of the new Wales Committee. Its remit is to ensure that the BBC provides output and services that meet the needs of Wales.

The Committee mirrors the new Unitary Board with a mix of non-executive and executive members. I was joined by non-executive Director Ian Hargreaves, the Director of Nations and Regions Ken MacQuarrie and the Director of BBC Wales, Rhodri Talfan Davies. Other executive staff and external experts attended for individual items and audience members discussed their views of the BBC.

It has been a very good year for BBC Wales which recorded its highest audiences for both factual and drama series in more than a decade. This follows the support of the Director-General for increased investment. The Committee discussed the investment plans for the next three years, the strategic choices facing Radio Wales and the BBC's partnership with S4C. Providing for a linguistically changing nation on radio, TV and online remained a live issue. The successful drama *Keeping Faith* was an example of work originally broadcast in Welsh on S4C, then on BBC One Wales in English which subsequently performed strongly UK-wide on iPlayer. The Committee also welcomed the choice offered to listeners by the new Radio Cymru 2 service.

The Committee looked at the impacts of the Ofcom 'Out of London' Quotas on network production in Wales and noted an update on BBC Wales's brand new broadcast centre at Central Square, Cardiff – expected to be operational in Q4 2019. The Committee also noted both diversity and news as areas for a longer discussion in the year ahead.

Further information on the BBC's performance in Wales can be found on pages 44-45 and 151-154 of this report.

Elan Closs Stephens CBE
Chair, Wales Committee
 21 June 2018

Scotland

I am pleased to be Chair of the Board's Scotland Committee. The Committee met for the first time last September in Glasgow, where we discussed a range of business including the proposed new Scotland Channel. We also spent some time discussing differing audience views and attitudes in Scotland and were joined by a number of audience members for a feedback session.

My fellow Committee members are BBC Chairman David Clementi, Ken MacQuarrie (Director, Nations and Regions) and Donalda MacKinnon (Director, Scotland).

It's been a great year for Scottish content. The award-winning drama *Shetland* returned and *The Forest* took viewers into the heart of the Galloway Forest. BBC Scotland comedy continued to perform extremely well, with *Mrs Brown's Boys* pulling in record audiences, returning with a record 57% audience share *Still Game*, and *Two Doors Down* continuing to entertain millions. BBC Scotland's *The Social* showcased the work and talents of young people from across Scotland, with highlights including *Kilted Yoga*, which has reached a global audience of over 64 million viewers.

As Radio Scotland prepares to celebrate its 40th birthday in November, I was reminded just how crucial the services are for audiences, provided by Radio Scotland and Radio nan Gaidheal during coverage of the Beast from the East – Scotland's first ever red weather warning due to snow.

And our partnership with MG ALBA will see BBC ALBA reach a landmark 10th anniversary in September. I visited BBC Inverness during the year and watched the Gaelic language drama, *Bannan*, being filmed for BBC ALBA on Skye.

Next year will see the launch of the new Scotland Channel, which has now received provisional approval from Ofcom. I am confident that it will provide Scottish audiences with a fresh perspective across a range of content genres, and will also showcase the best of BBC Scotland content to network audiences. Over the course of the next year the Scotland Committee looks forward to considering the content and launch plans for the Scotland Channel and celebrating its launch.

Further information on the BBC's spend and financial performance in Scotland can be found on pages 46-47 and 155-158 of this report.

Steve Morrison
Chair, Scotland Committee
 21 June 2018

Northern Ireland

I have been pleased to Chair the Board's Northern Ireland Committee during the last year, as we await the appointment of a Nations member for Northern Ireland to the BBC Board.

The BBC has provided comprehensive reportage on the politics of Northern Ireland throughout the year. As we set out on page 48-49 of this Annual Report, BBC users in Northern Ireland are amongst the highest consumers of BBC News across all platforms. A core role of the Northern Ireland Committee is to monitor the performance of the BBC for these audiences, and also to ensure we are delivering our mission and public purposes on their behalf.

During the year, I have been joined on the Committee by non-executive members David Clementi and Elan Closs Stephens, and executive members Anne Bulford (Deputy Director-General) and Peter Johnston (Director, Northern Ireland). The Committee holds its meetings in Belfast and met twice during the year.

In both our meetings we have been joined by audience members to hear from them about how the BBC is performing – these sessions have been challenging, open and very informative. They have helped to guide and focus the work of the BBC in Northern Ireland.

During our meetings, we also focused on the audience profile and strong local provision in Northern Ireland, to understand the issues that are pertinent to our audiences there. Local radio, for example, is a particular strength in Northern Ireland, where Radio Ulster is one of the top performing radio stations in the BBC's portfolio. We also noted the proposals to refurbish Belfast Broadcasting House, which have been approved by the Board, and discussed the successful partnership in place between the BBC and Northern Ireland Screen.

Further information on the BBC's spend and financial performance in Northern Ireland can be found on pages 48-49 and 159-162 of this report. In the coming year, we look forward to continuing to deepen the BBC's relationship with audiences and stakeholders in and will continue to hold the BBC to account for performance against the targets we have set ourselves and the delivery of our public purposes.

Ken MacQuarrie
Chair, Northern Ireland Committee
21 June 2018

England

I am pleased to be taking on the role of Chair of the England Nation Committee and thank Ken MacQuarrie, the BBC's Director of Nations and Regions, for chairing the Committee in the first year of its existence. The year has been a critical time for establishing the role of all the Nation Committees and ensuring each meets the requirements as set out in the Royal Charter.

In the past year, I have been joined on the Committee by non-executive member Tom Ilube and executive directors Ken MacQuarrie, Director, Nations and Regions, Alice Webb, Director, North, Joe Godwin, Director, Midlands, Pat Connor, Director, South West and David Holdsworth, Controller, English Regions.

An important part of the Committee's role is to assess how well the BBC is meeting audience needs in the regions of England. To help achieve this, the Committee met in Bristol where we discussed audience data, received reports from the BBC regional leaders and met with representatives of our audience across the local area. More details of the BBC's achievements in England can be found on pages 50-51 and 163-166 of this report. Notable is the commitment made by Director-General Tony Hall to provide extra investment to local radio and news to help bring communities together and to recognise the importance our audience places on localism.

Also, as the non-executive director for England, in 2017 I personally led audience discussions at employer sites in Bristol, Bath and Newcastle and at schools in Somerset. I also met with BBC staff in Salford, Newcastle, Birmingham, Bristol, Cambridge, Coventry and London.

The Committee has agreed to hold our future meetings around the regions, with Leeds, Leicester and the South East planned for 2018. At each meeting we will meet audiences in a variety of locations, be these, for example, places of work, schools or community centres.

Dr Ashley Steel
Chair, England Committee
21 June 2018

Fair Trading Report

Fair Trading Committee Chairman's statement

The last year has been a year of transition for the BBC, with the establishment of a new Charter and a new regulatory framework. This has resulted in changes to the BBC's established approach to Fair Trading issues, which govern the separation between the Public Service and the commercial activities of the Corporation. Under these new rules, we now have in place a new Fair Trading Committee of the Board and, as Chair of that Committee, I'm pleased to present this first Fair Trading report on our work.

As a public service broadcaster, funded by the licence fee, the BBC has a responsibility to ensure that it trades fairly and pays regard to the impact of its activities on the wider market. The new framework and oversight processes the BBC has put in place to oversee this are derived from the requirements set out by Ofcom, under their trading and separation rules. These rules have evolved throughout the last year and we continue to engage closely with Ofcom on the application of their framework.

The rules and frameworks established by the BBC continue to be as important as ever, not least as the corporation continues to expand and develop its Commercial activities, for example through the creation of the newly merged BBC Studios. The Board has set up the Fair Trading Committee to oversee the trading and separation rules and to ensure compliance with Ofcom's criteria.

During the past year, the Committee has been establishing its core role and developing productive working relationships with both Ofcom and the NAO. The membership of the Committee is strong, with a broad set of skills and experiences amongst the group. The work of the Committee is supported by central policy, regulatory, legal and finance teams, who advise both the Committee and wider organisation on issues and areas where focus is required. It was encouraging this year to hear, from our Fair Trading auditors, that a strong culture of advice and referral exists within the BBC, acting as a control to ensure that any potential concerns are acted on early within policy development.

Another core requirement of the Committee has been to review, approve and oversee the trading and separation arrangements for each of the BBC's commercial subsidiaries. We have looked closely at the group trading manuals for each subsidiary (which sets out clearly what services are traded between the commercial subsidiary and the public service, and how prices for these services are calculated) and approved these for publication. We have also debated and approved the reporting of transparent and detailed financial information on the subsidiaries to Ofcom – we welcome the continued discussion we are having with them on this reporting, and the positive relationship we are developing between our organisations.

Throughout the year the Committee has also taken regular management reports on trading and separation issues, and we continue to monitor the training programme that is in place for all staff likely to encounter Fair Trading issues.

Lastly, we were pleased to receive this year's Fair Trading audit, conducted by Deloitte, and to see that it has in place good processes to achieve compliance with our requirements, as at the end of the financial year. This is a welcome achievement at the end of a year when the framework has been in flux. In the coming year, the audit will cover the full year, to assess how these processes are bedding in.

I am looking forward to developing the work of the Committee over the next year, particularly as the BBC faces increasing competitive challenges from fast-paced markets, both at home and abroad.

Tom Ilube CBE Chair

21 June 2018

Membership and remit of the Fair Trading Committee

The Fair Trading Committee (FTC) has been established by the Board as a means to monitor and assure the appropriate separation between the BBC's public service and commercial activities, in line with the relevant frameworks for commercial activities, as set by Ofcom. The Committee has been established voluntarily by the Board, in recognition of the importance the BBC places on transparency and commercial efficiency in the operation of its commercial subsidiaries.

The key function of the FTC is to oversee the BBC's compliance with our regulatory obligations for trading and separation between the public service and the commercial subsidiaries. The FTC comprises four non-executive directors: Tom Ilube (Chair), Elan Closs Stephens, Ian Hargreaves and Steve Morrison. The FTC meetings are also attended by the Deputy Director-General, Director of Policy and the Head of Regulation and Economics. Three Committee meetings were held during the year, with papers also approved offline where necessary. See page 108 for the Committee attendance table.

Responsibilities of the FTC include:

- considering reports on the extent to which the activities of the BBC are consistent with Ofcom's trading and separation requirements;
- keeping under review the BBC's compliance with Ofcom's trading and separation regulatory requirements;
- commissioning the annual independent audit of compliance controls;
- considering and approving for publication the BBC's transfer pricing methodologies; and
- ensuring that the BBC's transfer pricing methodologies are reviewed regularly.

This has been the first year in which the BBC has operated under the requirements of Ofcom's Operating Framework, which regulates the BBC's interaction with the market both through its Public Service activities and those of its commercial arm. Ofcom initially published its new requirements in March 2017, and issued further requirements in July and October 2017.

The framework requires the BBC to ensure that:

- all commercial activities are undertaken by commercial subsidiaries;
- any subsidiaries must have operational separation from the Public Service BBC;
- that it provides goods and services to commercial subsidiaries on arm's length commercial terms;
- that subsidiaries achieve a commercial rate of return; and
- that it ensures appropriate transparency, monitoring and reporting on the activities of the subsidiaries.

As part of the compliance framework the policy team manages a targeted training programme for staff likely to encounter Fair Trading issues. As a result of the new regulatory framework, this training programme has been comprehensively reviewed and relaunched. The Fair Trading Committee has overseen these processes and monitored compliance with them.

The Committee is also briefed on relevant regulatory and Fair Trading complaints received and handled by the BBC. Details of these are reported elsewhere in the Annual Report on page 123, though the Committee noted that no specific Fair Trading complaints were received in the year.

To support the framework, and to assure the BBC's approach to regularity and the use of public funds, the BBC continues to be subject to annual audit by independent auditors and separately has been accredited with the ISO 9001:2008 quality standard. The auditor's report is set out below.

Having received reports from relevant senior management, and having considered the findings of the Fair Trading Audit, the Fair Trading Committee is satisfied that the BBC has sufficient policies and process in place, and all commercial services have met the above criteria for the period 1 April 2017 to 31 March 2018.

INDEPENDENT FAIR TRADING AUDITORS' REPORT TO THE BBC FOR THE YEAR ENDED 31 MARCH 2018

We have audited, in our role as the BBC's fair trading auditors, the system of internal controls established within the BBC to provide the BBC with reasonable assurance that it has complied with Ofcom's Trading and Separation requirements as at 31 March 2018.

Our instructions for this engagement, including the scope of work to be undertaken, were agreed with the BBC's Fair Trading Committee (FTC), a sub-committee of the BBC Board. These instructions include agreement that our audit should be conducted in accordance with International Standard on Assurance Engagements (ISAE) 3000, agreement on the limit of our liability in respect of this work and agreement that our duty of care in respect of this work is solely to the BBC. We are satisfied that the agreed scope of our audit was sufficient to enable us to express the opinion set out below.

Respective responsibilities of BBC Board and fair trading auditors

The Board has a duty to ensure compliance by the BBC with its obligations under the Ofcom Operating Framework, including the Trading and Separation requirements. As part of discharging this duty, the Board has charged the Fair Trading Committee with oversight of this area, including identifying and assessing risks that could threaten fair trading between the BBC public service and its commercial subsidiaries and designing and implementing responses to such risks.

As the BBC's fair trading auditors, it is our responsibility to form an independent view, based on our audit work, as to the extent to which the BBC has established, and applied, a system of internal controls which provide reasonable assurance that it has complied with Ofcom's Trading and Separation requirements as at 31 March 2018. We have reviewed specific decisions reached by the BBC on such fair trading issues only in so far as is necessary to form an opinion on the application of the system of internal controls.

Our opinion has been prepared for and only for the BBC in accordance with our instructions which were agreed with the FTC on behalf of the BBC. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any person other than those within the BBC to whom this report is shown or in to whose hands it may come, and no other person shall be entitled to rely on our opinion, save where expressly agreed by our prior consent in writing.

Our approach

We have performed a reasonable assurance engagement as defined in ISAE 3000. The objective of a reasonable assurance engagement is to perform such procedures as to obtain information and explanations which we consider necessary in order to provide us with sufficient appropriate evidence to express a conclusion on the BBC's compliance with Ofcom's Trading and Separation requirements as at 31 March 2018.

Our work consisted of enquiry and testing to enable us to form a view as to whether an appropriate system of internal controls was in place. We conducted a risk-based analysis to identify those aspects of the BBC's trading and separation control regime that represents the most significant risk, and focused our detailed testing on those areas. Individual cases were selected from the BBC's fair trading log for review. In each case we examined written records and interviewed relevant parties to provide us with reasonable assurance that the system of internal control had been applied. Cases examined, and the areas of significant risk around which the work was focused, included examination of transfer pricing and separation arrangements, use of and payment for the BBC brand, and the application of the Royal Charter requirement that its commercial activities do not, as a result of their relationship with the UK Public Services, non-service activities or trading activities, distort the market or gain an unfair competitive advantage. We observed, through the course of our work, a culture of consultation and referral in respect of fair trading matters.

Inherent limitations

As with any system of control, it is not practicable to ensure that no errors or irregularities have occurred without being detected. Our audit work was designed to give the FTC reasonable assurance as to the adequacy of the system of internal controls which was in place and being applied to deliver compliance with Ofcom's Trading and Separation requirements as at 31 March 2018. Further, because fair trading issues require judgements which ultimately might be tested in a court of law, competition authority or elsewhere, there is always a risk of challenge even where the system of internal controls has been followed and decisions have been taken with the greatest care.

Opinion

Based on the results of our procedures, in our opinion the BBC has established and has applied a system of internal controls that provide reasonable assurance that it has complied with Ofcom's Trading and Separation requirements as at 31 March 2018.

Deloitte LLP
London, UK
21 June 2018

Regulatory Report

On 3 April 2017, regulation of the BBC transferred from the BBC Trust to Ofcom. Although some of Ofcom's new regulatory framework was introduced before the start of 2017/18, much of it has been published during the past year. It has, therefore, been a year of understanding the new regulations, developing frameworks and embedding new policies.

Over the year we have engaged with Ofcom on the development of the Operating Framework. The framework covers evaluating the BBC performance, regulating the market impact of the BBC's Public Service, how the BBC conducts its commercial activities, and distribution of the Public Service.

Operating Licence

Ofcom issued the first BBC Operating Licence on 13 October 2017. The Operating Licence replaces the previous BBC Trust Service Licences, and sets regulatory conditions for the UK Public Services such as quotas for news and current affairs, levels of original productions, TV production in the nations and regions, and diversity. The majority of the conditions did not come into force until either 1 January or 1 April 2018.

Our new 'BBC Diversity Commissioning Code of Practice' came into force on 1 April 2018, having been approved by Ofcom on 28 March 2018. The new Code is part of the BBC's commitment to increase diversity on and off air – across television, radio and online – to reflect and represent today's UK.

Changes to the BBC's UK Public Services

Under the Charter and Agreement, the BBC has to assess whether changes to UK Public Services are material. If the changes are material we are required to carry out a Public Interest Test. We have described how we do this in our published policy on material changes to the BBC's Public Service activities and commercial activities.

During 2017/18, we have conducted seven detailed materiality assessments. Of these, we decided six were not material:

- increased investment in Children's online content
- increased investment in Wales
- new investment in BBC Northern Ireland to boost local content
- live streaming of niche sports
- BBC Ideas initiative
- changes to the BBC iPlayer Radio and BBC Music products

The proposed launch of the BBC Scotland channel, as a new public service channel, was a material change. The BBC therefore conducted a Public Interest Test, which the Board approved and submitted to Ofcom for consideration in November 2017. On 20 April 2018, Ofcom published its provisional decision to approve the launch of the new channel. It has said it will publish its final decision by July 2018.

Changes to the BBC's commercial activities

Under the Charter and Agreement, the BBC has to assess whether changes to its commercial activities are material. During 2017, we assessed whether the merger of BBC Studios and BBC Worldwide was material. The BBC Board concluded that whilst important for the BBC, this was not a material change. However, given the BBC's commitment to accountability and transparency we have published some voluntary commitments to provide reassurance around how the new BBC Studios will work.

The BBC has also published its transfer pricing and brand fee methodologies for all internally traded goods and services, in line with Ofcom's requirements on Trading and Separation. Alongside this Annual Report and Accounts we are publishing details of the financial performance of the BBC's commercial arm, meeting another of Ofcom's requirements.

Regulatory complaints

Under the Agreement between the BBC and the Secretary of State, the BBC is responsible for handling complaints, in a BBC First approach. This year we have received two complaints. In both cases we found that there was no breach of any of the BBC's obligations.

Statement of Board responsibilities in respect of the Annual Report and Accounts

The Charter requires the BBC to prepare an audited annual report and statement of accounts.

The Board has accepted its responsibility for the preparation of a strategic report, statements of compliance with applicable codes and regulations (including the Board remuneration report) and the statement of accounts which are intended by them to give a true and fair view of the state of affairs of the BBC and its subsidiaries (the 'Group') and of the income and expenditure for that period. The Board has prepared the accounts in accordance with International Financial Reporting Standards (IFRS's) as adopted by the EU. The Board must not approve the statement of accounts (or 'financial statements') unless it is satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and of the surplus or deficit for that period.

In preparing the financial statements the Board has:

- selected suitable accounting policies and applied them consistently.
- made judgements and estimates that are reasonable and prudent.
- stated whether they have been prepared in accordance with IFRS as adopted by the EU.
- prepared the financial statements on the going concern basis as they believe that the BBC will continue in business.

The Board is responsible for keeping proper accounting records that are sufficient to show and explain the BBC's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements and the

Board remuneration report comply with the Charter. It also has a general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the BBC and to prevent and detect fraud and other irregularities.

The responsibilities of the Board for ensuring that the BBC exercises rigorous stewardship of public money, including responsibility for the propriety and regularity of management of the BBC's resources, are set out in article 16 of the Charter.

The Board is responsible for the maintenance and integrity of the BBC's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Board members who held office at the date of approval of the Annual Report and Accounts, whose names and functions are listed in the Governance section of the Annual Report and Accounts, confirm that, to the best of each of their knowledge and belief:

- the financial statements, prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and deficit of the Group.
- the Annual Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.
- the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for licence fee payers to assess the Group's performance, business model and strategy.

Statement of disclosure of information to auditors

The Board members who held office at the date of approval of the Annual Report and Accounts confirm that, so far as they are each aware, there is no relevant audit information of which the BBC's auditors are unaware; and each Board member has taken all the steps that they ought to have taken as a Board member to make themselves aware of any relevant audit information and to establish that the BBC's auditors are aware of that information.

Going concern

The directors have prepared cash flow forecasts for a period in excess of a year from the date of approval of these financial statements, and have reviewed these forecasts, together with the sensitivities and mitigating factors in the context of available funds.

The directors are satisfied that the BBC is well placed to manage the risks and has adequate resources to continue in operation for the foreseeable future. As a result, the going concern basis has been adopted in the preparation of the financial statements.

This statement was approved by the Board.



Sir David Clementi
Chairman

21 June 2018

Performance against public commitments

This section sets out our progress towards various public commitments. These commitments come from the Charter, the Agreement, our Licence obligations and commitments we have made to deliver services for our audiences.

p.141

General Duties

The Board is responsible for ensuring the BBC fulfils its mission and public purposes as set out in the Charter.

p.150

Nations' data packs

Detailed performance data by service in Wales, Scotland, Northern Ireland and England.

*BBC Media Editor Amol Rajan reporting outside
BBC New Broadcasting House, London*

Regulatory compliance

This section sets out the BBC's performance against its commitments in the UK Public Services. The former BBC Trust Service Licence Conditions ceased to have effect on 1 January 2018, when Ofcom's Operating Licence came into force. However, in the interest of consistency and transparency we have reported against the Trust Service Licence Conditions for the full financial year. Most of the conditions in the Ofcom Operating Licence will first apply for either the 2018 Calendar Year or the 2018/19 Financial Year. We will report against those conditions in next year's Annual Report and Accounts. Some Ofcom Operating Licence Conditions are ongoing (i.e. not measured over any particular period) and we have continued to report against these below. The commitments are arranged by public purpose.

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

	Quota	2017/18
News and current affairs programmes		
Hours of news on BBC One	1,380	1,677
Hours of news on BBC One in peak	275	313
Hours of current affairs on BBC One and BBC Two	365	603
Hours of current affairs on BBC One and BBC Two in peak	105	120
BBC One current affairs in peak	40	58
News at intervals throughout the day	✓	✓
CBBC		
Hours of news	85	91
Hours of factual programming	550	1,255
News at intervals throughout the day	✓	✓
BBC Radio 1		
News during the daytime	✓	✓
Hours of news in daytime each weekday, including two extended bulletins	1 hour	1 hour 3 mins
Regular bulletins during daytime at weekends	✓	✓
BBC Radio 1Xtra		
News during the daytime	✓	✓
Hours of news in daytime each weekday, including two extended bulletins	1	1
Regular bulletins in daytime at weekends	✓	✓
BBC Radio 2		
News at intervals throughout the day	✓	✓
Weekly hours of news and current affairs, including regular news bulletins	17 (3 in peak)	18 (3.5 in peak)
BBC Radio 3		
News at intervals throughout the day	✓	✓
BBC Radio 4		
Hours of news and current affairs programmes	2,500	3,334
Daily reports of Parliamentary proceedings when Parliament is sitting	✓	✓
BBC Radio 5 live		
% of output that is news coverage	c.75	76
Extensive coverage of local and general elections, and of elections to the United Kingdom's devolved chambers, as well as regular coverage of European and international politics	✓	✓
BBC Radio 6 Music		
Weekly hours of news	6	6
BBC Radio Asian Network		
Hours of news and current affairs per week	24 hours	24 hour 4 mins
BBC News Channel		
More international news than other main continuous news channel(s) in the UK	✓	✓
More local/regional news and perspectives than other main continuous news channel(s) in the UK	✓	✓
Sports news throughout the day, including evening round-up	✓	✓
Hours of sports news	100	291
BBC Parliament		
Hours of programming (including repeats) from Brussels and Strasbourg	100	211
BBC Online		
Provide adequate links to material provided by third parties	✓	✓

Purpose Two: To support learning for people of all ages

	Note	Commitment	2017/18
BBC One			
Hours of arts and music		40	56
Hours of religious programmes	1	110	146
BBC Two			
Hours of arts and music		150	224
CBeebies			
A range of content which supports pre-school children in their learning		✓	✓
BBC Radio 1			
Number of new documentaries		40	41
BBC Radio 1Xtra			
Number of documentaries		40	42
BBC Radio 2			
Hours of specialist music programmes		1,100	1,130
Hours of arts programming		100	122
Hours of new documentaries		130	153
Hours of religious output covering a broad range of faiths		170	201
BBC Radio 3			
Number of new documentaries on arts and cultural topics (excluding repeats)		30	41
BBC Radio 4			
Hours of original documentaries (excluding repeats)		350	388
Hours of original religious programming (excluding repeats)		200	226
BBC ALBA			
Hours per week aimed at Gaelic language learners (originations only)		5	14
BBC Online			
Deliver content which supports children and teenagers in their formal learning in all parts of the United Kingdom		✓	✓

Notes

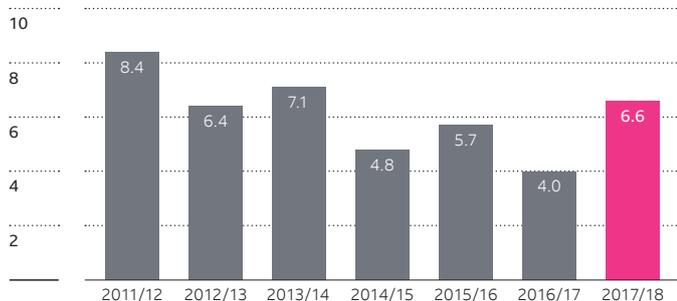
1 BBC One and BBC Two shared.

Purpose Three: To show the most creative, highest quality and distinctive output and services

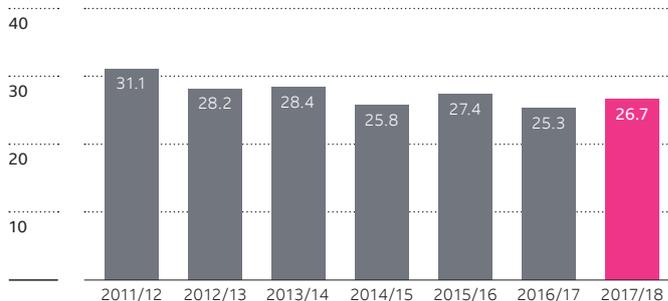
Network Television

	Note	Quota	2017/18
% of original production			
	1		
BBC One		70	85
BBC One in peak		90	99.5
BBC Two		70	91
BBC Two in peak		80	97
BBC Four		70	88
BBC Four in peak		50	85
CBeebies		70	71
CBBC		70	74
BBC News Channel		90	99
BBC Parliament		90	98
BBC Three			
	2		
% of long-form content		70	73
% of factual long-form		25	58
BBC Four			
Hours of arts and music		150	224
Hours of new factual programming		60	93
CBBC			
Hours of drama programming		665	1,589
Hours of news		85	91
Hours of factual programming		550	1,255

BBC One peak time repeats %



BBC Two peak time repeats %



Network Radio

	Note	Quota	2017/18
BBC Radio 1			
Hours of specialist music per week		60	68
% of music from UK acts in daytime	3	40	51
% of new music in daytime	3	45	55
Number of live events and festivals broadcast		10	16
Number of new sessions (excluding repeats)		160	195
Number of major social action campaigns		2	3
Play a broader range of music than comparable providers, taking into account both the number of plays and the size of the playlist, at both peak listening time and daytime		✓	✓
BBC Radio 1Xtra			
% of new music in daytime	3	60	59.7
% of music from UK acts in daytime	3	35	48
BBC Radio 2			
% of music from UK acts in daytime	3	40	51
% of new music in daytime	3	20	27
Hours of live music		260	258
Play a broader range of music than comparable providers, taking into account both the number of plays and the size of the playlist, at both peak listening time and daytime		✓	✓
BBC Radio 3			
% of live or specially recorded music		40	54
Number of live or specially recorded performances		400	837
Number of new musical works commissioned (excluding repeats)		20	35
Number of new drama productions broadcast (excluding repeats)		25	28
BBC Radio 4			
Hours of original drama and readings		600	601
Hours of original comedy (excluding repeats)		180	260
BBC Radio 4 Extra			
Weekly hours of comedy		55	62
Weekly hours of drama		55	67
% of Radio 4 catch-up programming		<15	11.5
BBC Radio 6 Music			
% of new music	3	30	32
Hours of archive concert performances		400	415
Number of concert tracks or sessions from the BBC music archive (daytime)		6,500 (1,150)	6,624 (1,200)
Number of new sessions (excluding repeats and acquisitions)		300	300
Average weekly hours of speech-based features, documentaries and essays		10	10
BBC Radio Asian Network			
Proportion of speech to music daytime		50:50	50:42
% of music from UK artists	4	30	30
% of new music	4	30	32
% of music from South Asia		10	7.4
Coverage of live events or festivals		10	11
BBC Online			
	Note	Commitment	2017/18
BBC Online			
% of eligible content and services commissioned from external suppliers (by value)	5	25	30.9

Notes

- 1 Original production includes all BBC commissioned programmes, including repeats.
- 2 BBC Three online commitments.
- 3 Data based on monitoring from 8 to 14 July 2017 (currently only one wave undertaken each year).
- 4 Data based on monitoring from 27 January to 2 February 2018 (currently only one wave undertaken each year).
- 5 Full year is an estimate based on the first three quarters of the year.

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

Network Television

	Note	Quota	2017/18
Independent production quota			
	1		
% of hours of qualifying programmes across all channels		25	30.0
% of hours of qualifying programmes on BBC One		25	28.4
% of hours of qualifying programmes on BBC Two		25	37.5
Regional programme making			
% of spend on qualifying programmes		30	51
% of hours of qualifying programmes		25	60
Network programmes made in the UK made outside the M25 area must constitute a suitable range of programmes		✓	✓
Regional programming			
	2		
Hours of regional programming		6,270	6,452
% of hours of programmes made in the relevant area		95	99.9
Hours of BBC One news		3,920	4,825
Hours of BBC One news in peak		2,010	2,185
Hours of non-news programming in peak		655	689
All non-news programmes adjacent to peak		280	304
BBC One Scotland			
Hours of news and current affairs		265	358
Hours of other (non-news) programming each year	3	140	197
Provide a range of genres in its programming that reflects Scotland's culture		✓	✓
BBC One Wales			
Hours of news and current affairs		250	348
Hours of other (non-news) programming each year	3	60	94
Provide a range of genres in its programming that reflects Wales's culture		✓	✓
BBC One Northern Ireland			
Hours of news and current affairs		280	312
Hours of other (non-news) programming each year	3	80	178
Provide a range of genres in its programming that reflects Northern Ireland's culture		✓	✓
BBC Two Scotland			
Hours of other (non-news) programming each year including Gaelic output	3	190	256
Provide a range of genres in its programming that reflects Scotland's culture		✓	✓
BBC Two Wales			
Hours of other (non-news) programming each year	3	160	185
Provide a range of genres in its programming that reflects Wales's culture		✓	✓
BBC Two Northern Ireland			
Hours of other (non-news) programming each year	3	55	213
Provide a range of genres in its programming that reflects Northern Ireland's culture		✓	✓
BBC Parliament			
Hours of proceedings of the Scottish Parliament, Northern Ireland Assembly and Welsh Assembly		260	427
Network Radio			
		Quota	2017/18
BBC Radio 3			
% of relevant spend incurred outside the M25		40	45

Nations and Regional Services

	Note	Quota	2017/18
BBC Local Radio			
% of speech content in core hours (Monday-Friday, 6am-7pm)		60	67.3
% of speech content at breakfast peak time		100	100
Average minimum weekly hours per station of original, locally made programming		95	109.9
BBC Radio Guernsey		80	89.8
BBC Radio Jersey		80	88.5
BBC Radio Somerset		70	91.4
Each BBC Local Radio station provides news and information of particular relevance to the area and communities it serves at intervals throughout the day		✓	✓
Each BBC Local Radio station provides other content of particular relevance to the area and communities it serves		✓	✓
BBC Radio Scotland			
Weekly hours of radio news and current affairs		50	59
Hours of arts coverage (including narrative repeats of daily arts show)		200	483
Several regional opt-outs each weekday, offering news, sport and information, and some regional opt-out programming in the evening		✓	✓
Provide content and music of particular relevance to Scotland		✓	✓
BBC Radio nan Gàidheal			
Provide news frequently across the day, particularly between 07:00 to 08:30 and 16:00 to 19:00 on Mondays to Fridays and 07:00 to 11:00 on Saturdays and Sundays	4	✓	✓
Provide content and music of particular relevance to Scotland		✓	✓
BBC ALBA			
Weekly hours of originated programming (excluding news), including current affairs and transfers from other BBC services		c.5 hours	9 hours 14 min
Live news programmes each weekday evening (including peak time) and news review at weekends		✓	✓
BBC Radio Wales			
Weekly hours of news and current affairs		32	34
Provide content and music of particular relevance to Wales		✓	✓
BBC Radio Cymru			
Weekly hours of news and current affairs		23	25
Provide content and music of particular relevance to Wales		✓	✓
BBC Radio Ulster/BBC Radio Foyle			
Weekly hours of news and current affairs on Radio Ulster		35	41
Weekly hours of news and current affairs on Radio Foyle		20	22
Hours of new comedy		20	24
Hours of indigenous minority language programming, including Ulster Scots and Irish		220	288
Content and music of particular relevance to Northern Ireland		✓	✓

BBC Online

	Quota	2017/18
BBC Online		
Provide news and information for the English regions	✓	✓
Provide dedicated coverage of sport for the English regions	✓	✓
Provide news and information for Scotland	✓	✓
Provide content in Gaelic	✓	✓
Provide dedicated coverage of sport for Scotland	✓	✓
Provide news and information for Wales	✓	✓
Provide content in Welsh	✓	✓
Provide dedicated coverage of sport for Wales	✓	✓
Provide news and information for Northern Ireland	✓	✓
Provide content in Irish and Ulster Scots	✓	✓
Provide dedicated coverage of sport for Northern Ireland	✓	✓

Notes

- 1 The BBC is subject to a overall 25% independent production quota and both BBC One and BBC Two are subject to 25% individually.
- 2 These figures represent regional programmes across BBC One and BBC Two.
- 3 This output may include repeats and acquisitions.
- 4 Radio nan Gàidheal does not go on air at weekends until 09:05. Currently, there is news provision in mornings and afternoons on RnG on weekdays but there is no weekend morning news offer.

Annual Plan commitments

Under the Charter, the BBC is required to publish an Annual Plan. As part of the Annual Plan we made 129* public commitments as part of making the BBC distinctive. These commitments in the main relate to specific events or outcomes on our services that occurred over 2017/18.

Purpose	Additional BBC commitment	Measure
BBC ONE		
A mix of different genres and output	BBC One will continue to broadcast a demonstrably broader range of genres in peak time than any comparable channel	YES
A mix of different genres and output	BBC One will continue to broadcast arts and music in peak this year, including <i>The Big Painting Challenge</i> , <i>Fake or Fortune</i> and <i>The Proms</i>	YES
A mix of different genres and output	BBC One will continue to broadcast more news in peak time than any other comparable channel	YES
Creative ambition	As part of a programme of creative renewal, BBC One will continue to launch new titles in daytime, re-commissioning those which are successful	YES
Creative ambition	BBC One will broadcast a new Nations strand at 7.30pm called <i>Our Lives</i> which will reflect diverse voices from across the country	YES
Creative ambition	BBC One will refresh its mix of new and returning dramas, including a substantial number of new drama titles in peak time	YES
Range of audiences	BBC One will aim to be the channel that reaches the most 16-34 year olds	YES – 52.3%
Range of audiences	BBC One will aim to reach more than half of BAME audiences each week	YES – 52.9%
BBC TWO		
A mix of different genres and output	BBC Two will broadcast at least 50 hours of arts and music in peak time	YES – 81 hours
Creative ambition	BBC Two will innovate across genres, with six major series bringing new factual entertainment formats, new factual forms and innovative scripted pieces	YES
Range of audiences	As the third-largest broadcast channel in the UK for adults, BBC Two will reach broad audiences with its distinctive mix of programming	YES – 45%
BBC THREE		
A mix of different genres and output	At least 25% of BBC Three's new long-form hours will be factual content (including current affairs)	YES – 58%
A mix of different genres and output	BBC Three will commission substantial scripted content – including aiming to commission at least five long-form comedies, subject to delivery timing	YES – 9
UK original output	More than 90% of long-form commissions will be UK originations	YES – 96%
Creative ambition	BBC Three will commission at least five Comedy Feeds (pilots for breaking new comedy talent and made available on BBC iPlayer)	YES – 5
Range of audiences	BBC Three will aim to reach 5-10% of 16-34s a week (using a four weekly average)	YES – 8%
BBC FOUR		
UK original output	BBC Four will broadcast at least 60 hours of originated factual programmes this year	YES – 93 hours
Creative ambition	BBC Four will bring some of the very best of the world's creativity to UK audiences with at least three foreign acquisitions alongside the <i>Storyville</i> strand	YES – 3
Creative ambition	BBC Four will also explore different shapes of programming – including super long-form and multi-episode short-form formats	YES

* 11 of these commitments were made in correspondence with Ofcom on 10 August 2017.

Purpose	Additional BBC commitment	Measure
CBBC		
A mix of different genres and output	CBBC will broadcast a broader range of genres than other children's channels, including drama, news, factual and factual entertainment programming	YES
A mix of different genres and output	CBBC will increasingly deliver our public service content and interactive experiences on digital platforms to reflect the way children and young people are consuming media.	YES
Creative ambition	See section 3.2 of the BBC Annual Plan 2017/18	YES
Range of audiences	Increase our content offer for UK teenagers, whilst retaining our core focus on younger children	YES
Range of audiences	Reflect the diversity of UK children to ensure everyone sees themselves and their lives represented on screen	YES
CBEEBIES		
A mix of different genres and output	Offer a unique multi-genre mix of content for pre-school age children, including drama and factual entertainment programming	YES
Creative ambition	See section 3.2 of the BBC Annual Plan 2017/18	YES
Range of audiences	Reflect the diversity of UK children to ensure everyone sees themselves and their lives represented on screen	YES
BBC NEWS		
A mix of different genres and output	We will continue our commitment to daily in-depth sports news	YES
Creative ambition	The News channel will continue output that expands the range of the channel, like <i>Victoria Derbyshire</i> and <i>Business Live</i>	YES
Range of audiences	It will be the UK news channel with the biggest reach	YES
BBC PARLIAMENT		
A mix of different genres and output	We will continue our commitment to cover European Parliamentary institutions	YES
BBC ALBA		
A mix of different genres and output	Young audiences will be a focus for BBC ALBA in 2017/18	YES
A mix of different genres and output	A new live-action pre-school series will be created and scheduled	YES
A mix of different genres and output	A new comedy format will be piloted	YES
A mix of different genres and output	Short-form content will be commissioned and scheduled within the linear channel as well as on social media	YES
A mix of different genres and output	A weekend news format will be developed for launch in autumn 2018	YES
UK original output	100 additional hours' commitment through co-commissioning and collaboration	This commitment is a future aspiration linked to commissioning for the new BBC Scotland TV channel, which will begin broadcasting in 2019.
Range of audiences	BBC ALBA seeks to offer a credible and relevant service to Gaelic speakers, those learning the language and those interested in the language and culture	YES
Range of audiences	BBC ALBA also seeks to create impact with mainstream audiences in Scotland and the UK through factual, music and sports genres	YES

Network Radio

Purpose	Additional BBC commitment	Measure
RADIO 1		
A mix of different genres and output	Radio 1 will play a more distinctive mix of music than comparable providers, with a daytime playlist that features a greater range of songs	Over 3,600 different songs were played on Radio 1 across the day in 2017, around three times as many as on typical comparable commercial stations. There was limited overlap, with just a third (33%) of Radio 1's Top 500 'Most Played' songs during the year also appearing in the list of the most played songs on UK commercial radio.
UK original output	Radio 1 will support the discovery and development of new and emerging UK artists, including through BBC Introducing and new initiatives such as The Brit List	YES
Creative ambition	Radio 1 will continue its year-long campaign focused on mental health issues	YES
Creative ambition	The Radio 1 Teen Awards will celebrate the achievements of some of the UK's most inspiring young people	YES
Creative ambition	There will be coverage from a diverse mix of live events including Creamfields, V Fest and Glastonbury	YES
Range of audiences	Radio 1 will maintain an editorial focus on its key audience of listeners aged 15-29	YES
1XTRA		
A mix of different genres and output	1Xtra has commissioned a special selection of documentaries for its 15th birthday	YES
UK original output	1Xtra will continue its commitment to supporting UK artists in daytime	YES
Creative ambition	1Xtra will continue its commitment to new music in daytime, retaining its position as the home of new urban music	YES
Range of audiences	1Xtra will focus editorially on young and BAME audiences	YES
RADIO 2		
A mix of different genres and output	Radio 2 will play a more distinctive mix of music than comparable providers, with a daytime playlist which features a greater range of songs	We estimate around 10,000 different songs were featured on Radio 2 across the day in 2017, compared to around 1,200 on a typical comparable commercial station. There was limited overlap, with under a third (31%) of Radio 2's Top 500 'Most Played' songs during the year also appearing in the list of the most played songs on UK commercial radio.
A mix of different genres and output	Radio 2 will broadcast a broad mix of genres and programming, including <i>The Arts Show</i> , <i>500 Words</i> as well as specialist music output from jazz, folk, blues and soul to the popular <i>Sounds of the 80s</i> on the Red Button	YES
UK original output	Radio 2 will act as a showcase for new and heritage UK artists as well as BBC Introducing artists	YES
Creative ambition	Radio 2 will continue to be a champion of new and heritage artists, with a variety of live events coverage such as Radio 2 in Hyde Park, Glastonbury, Radio 2 Folk Awards and the Edinburgh Festival. It will stage a special concert from Hull as part of the City of Culture celebrations. It will introduce more live music into daytime with the Piano Room as part of the <i>Ken Bruce Show</i>	YES
Range of audiences	Radio 2 will maintain its editorial focus on listeners aged over 35	YES

Purpose	Additional BBC commitment	Measure
RADIO 3		
A mix of different genres and output	Radio 3 will maintain its role in unique and challenging drama – the only place on UK radio where audiences can consume full-length stage plays of over two hours duration	YES
UK original output	Radio 3 will continue to promote new talent – whether through New Generation Artists, New Generation Thinkers, BBC Introducing for classical musicians and conductors or Ten Pieces III	YES
Creative ambition	Radio 3 will broadcast definitive seasons to accompany landmark moments, from the celebration of 450 years since Monteverdi's birth to Music of the Reformation and New Music Biennial from Hull. It will also work in partnership with Wellcome and 6 Music on a Music and Memory season	YES
Creative ambition	The 2017 Proms will include pioneering new approaches to live classical music with a special performance from Stage@TheDock in Hull, the UK's 2017 City of Culture. The season will also include the first ever Relaxed Prom from Cardiff in collaboration with the BBC National Orchestra of Wales	YES
RADIO 4 and 4 EXTRA		
A mix of different genres and output	Radio 4 will sustain its commitment to drama and comedy, and will look to innovate in format and focus with new digital drama such as <i>Quake and Tracks</i> . It will celebrate milestones such as 50 years of <i>Just a Minute</i>	YES
Creative ambition	Radio 4 will continue to produce significant landmark content to mark significant events and anniversaries such as the Russian Revolution and the partition of India	YES
A mix of different genres and output	Radio 4 Extra will continue its commitment to drama and comedy as well as archive. It will evolve its drama and comedy offer with a focus on younger and changing audiences, from a new Podzone for podcast content to an extension of <i>NewsJack</i> and the New Comedy Awards	YES
RADIO 5 LIVE and 5 LIVE SPORTS EXTRA		
A mix of different genres and output	5 live and Sports Extra will broadcast a broader range of sport than any comparable service, including a huge variety of sport in 2018 from events such as the Winter Olympics and Paralympics, Commonwealth Games and World Cup to regular season coverage of mainstream and specialist sports	YES
A mix of different genres and output	5 live will showcase a range of seasons on news and current affairs, such as <i>Brexit – One Year On</i> , <i>Trump – The First 6 Months</i>	YES
UK original output	5 live will continue to be a showcase for voices from across the UK through daily debate and regular outside broadcasts such as the Marginal Mystery Tour for the UK elections	YES
Creative ambition	It will have regular seasons across the schedule on issues such as mental health and cyber security	YES
Creative ambition	It will continue to innovate in its content mix with a range of new podcasts on specialist sport as well as new news titles such as <i>Eye of The Storm</i> and <i>I Was There</i>	YES
Range of audiences	5 live and Sports Extra will continue to review their schedules, talent and on-air contributors to reflect the diversity of the UK	YES
A mix of different genres and output	Sports Extra will broadcast a broader range of sport than any comparable service, including a huge variety of sport in 2018 from events such as the Winter Olympics and Paralympics, Commonwealth Games and World Cup to regular season coverage of mainstream and specialist sports	YES

Purpose	Additional BBC commitment	Measure
RADIO 6 MUSIC		
A mix of different genres and output	6 Music will continue to provide a mix of specialist music programmes and documentaries, including a season on Gay Britannia	YES
UK original output	6 Music remains committed to championing new and alternative music	YES
Creative ambition	6 Music will showcase a range of landmarks and events, including celebrations of Radiohead and events such as Carnival, WOMAD, The Proms and SXSW	YES
BBC ASIAN NETWORK		
A mix of different genres and output	Asian Network remains committed to a balance of speech and music across daytime that reflects and represents the views and interests of its audience	YES
UK original output	Asian Network will continue to act as a showcase for the British Asian sound and a platform for the best new music and artists	YES
Creative ambition	Asian Network will be a key platform for creative talent and events, from new comedy voices to landmark events such as Ramadan and the London Mela. The station will broadcast a special Asian Underground season for 2017/18	YES
Range of audiences	The station will evolve to remain relevant and engaged with a younger British Asian audience with blend of new talent, new UK and South Asian music	YES
Nations and Regions		
Purpose	Additional BBC commitment	Measure
BBC RADIO SCOTLAND		
A mix of different genres and output	BBC Radio Scotland will maintain a distinctive mix of speech programming in daytime covering a broad range of genres	YES
A mix of different genres and output	The station's music offer will include specialist music programmes in the evening and support for new talent, with enhanced coverage of live music and sessions. This will include new live events in conjunction with the BBC Scottish Symphony Orchestra	YES
UK original output	The station will offer weekday localised news bulletins from Aberdeen, Inverness, Selkirk and Dumfries	YES
UK original output	News and community programmes will be offered as opt-outs in Orkney and Shetland	YES
Creative ambition	New comedy strands including quiz format <i>Stop the Press</i>	YES
Range of audiences	The station will aim to maintain its appeal to a broad range of audiences in Scotland	YES
BBC RADIO nan GÁIDHEAL		
A mix of different genres and output	Speech programming on BBC Radio nan Gàidheal will include a wide range of genres	YES
A mix of different genres and output	Music programming will offer an eclectic mix of genres with a particular focus on traditional Gaelic and Celtic music and including coverage of a range of events	YES
Creative ambition	Both daily speech programming and output for children and teenagers will provide a platform for new contributors and new presenting talent	YES
Creative ambition	The station will work with BBC ALBA to support learners of Gaelic online	YES
Range of audiences	The station will aim to appeal to all Gaelic-speaking audiences, including children and young people through programming specifically for them	YES

Purpose	Additional BBC commitment	Measure
RADIO WALES		
A mix of different genres and output	Radio Wales news programmes will offer greater analysis and scrutiny of devolved policy issues following new investment in specialist journalism	YES
UK original output	Radio Wales will continue to provide a national stage for the best creative artists in Wales, working with partners including Arts Council Wales, BBC National Orchestra of Wales and Creative UK	YES
Creative ambition	The station will champion Welsh comedy and become a platform that nurtures both new home-grown talent alongside more established Welsh comedy names	YES
Creative ambition	As part of its 40th anniversary, the station will launch a national debate about the condition of Wales looking at the nation's history and future	YES
Range of audiences	Overall, the strategic aim is to build reach by the end of 2018 (Radio Wales' 40th anniversary year)	YES
Range of audiences	We aim to strengthen the performance and appreciation of Radio Wales with a refreshed tone and sound to daytime and a continued focus on relaunched evening and weekend programmes	YES
Range of audiences	This will be supported by a commitment that Radio Wales will be more widely available on FM to ensure every part of Wales gets value from the station	YES
RADIO CYMRU		
A mix of different genres and output	Radio Cymru news and current affairs programmes will provide high-quality coverage of key public policy issues, including the changing UK, a commitment underpinned by new investment in specialist journalism to provide Welsh-speaking audiences with news which is as relevant as it is authoritative	YES
UK original output	Radio Cymru will work with the creative sector in Wales to help develop new voices and talents, including with key partners such as National Eisteddfod, BBC National Orchestra of Wales and Arts Council Wales (including the Gorwelion/Horizons music partnership)	YES
Creative ambition	Radio Cymru will continue to focus on digital innovation	YES
Creative ambition	There will be coverage from a number of existing and new live music events	YES
Creative ambition	Radio Cymru will develop its Sgript Slam initiative using new comedy writers to nurture comedy formats in Welsh	YES
Range of audiences	Radio Cymru will aim to strengthen performance and appreciation with a focus on maintaining reach and developing potential new routes to younger audiences, including a new entertainment-oriented breakfast show on digital platforms to complement the news programme on the main Radio Cymru service	YES
RADIO ULSTER and RADIO FOYLE		
A mix of different genres and output	In addition to extensive news and current affairs programming, the station will continue to deliver a varied multi-genre mix in its speech programming as well as a range of music from specialist to local	YES
UK original output	Radio Foyle will feature multiplatform coverage of potential implications of Brexit in the border region	YES
UK original output	There will be new documentary and feature content reflecting the rich diversity of Northern Ireland, e.g. <i>Stories in Sound</i>	YES
Creative ambition	The station will feature cross-platform country music and rural culture seasons	YES
Creative ambition	Diversity will be celebrated across programmes, in particular focusing on female contributors and people with disabilities	YES
Creative ambition	The station will participate in local and pan-BBC multiplatform arts initiatives, including Get Creative and <i>Two Minute Masterpiece</i>	YES

Purpose	Additional BBC commitment	Measure
Range of audiences	In addition to continuing Irish language and Ulster Scots strands, there will be further cultural and language content, e.g. <i>Summer of Songs</i>	YES
Range of audiences	The station will aim to engage a broad audience via a wide range of music genres e.g. Irish country music and classical music outside broadcasts, including the Ulster Orchestra	YES
Range of audiences	<i>Proms in the Park</i> will come from rural County Fermanagh for the first time	YES

LOCAL RADIO

A mix of different genres and output	Local Radio will continue to offer a broad mix of content genres relevant to local audiences across speech and music, including BBC Introducing	YES
A mix of different genres and output	Local Radio will enter into more partnerships to promote local arts and events, and each station will partner with at least one local music festival as part of a BBC Music project	YES
UK original output	An impact fund will finance investigative journalism at local stations and allow stations to join up on editorial projects to create more audience impact	YES
UK original output	Output will also draw on original journalism provided by 150 local democracy reporters recruited by local news providers in partnership with the BBC	YES
Range of audiences	Local Radio will continue to reach audiences with locally relevant content across the whole of England	YES

ONLINE

Purpose	Additional BBC commitment	Measure
A mix of different genres and output	We will commit to maintain a broad range of output on BBC Online, covering all BBC video and audio output, children's, news and sport	YES
A mix of different genres and output	We will continue to serve the whole of the UK, with dedicated sites in the nations and which support local indigenous languages	YES
UK original output	We will open up to BBC audiences the broader web and UK content in particular, by highlighting content from other providers and driving click-throughs to other websites	YES
Creative ambition	We will continue to refresh all our major products so that they keep pace with market changes and audience expectations	YES
Range of audiences	We will aim to increase the reach of BBC Online, and the frequency of usage	YES

ADDITIONAL COMMITMENTS (Letter of 10 August 2017)

Purpose	Additional BBC commitment	Measure
RADIO 1 and RADIO 2	We will measure the overlap of the Top 100 most played tracks on Radio 1 and Radio 2 against a range of key commercial radio competitors on a monthly basis; and commit to ensuring that on average at least half of these tracks on both Radio 1 and Radio 2 are distinct from the most played tracks on each relevant competitor	Average monthly overlap of the Top 100 songs on Radio 1 has been: 34 vs Capital; 40 vs Kiss; and 6 vs Radio X. Average monthly overlap of the Top 100 songs on Radio 2 has been: 11 vs Heart; 7 vs Magic; and 2 vs Smooth.

Purpose	Additional BBC commitment	Measure
RADIO 1 and RADIO 2	We will report on the range and depth of support for new music on Radio 1 and Radio 2 through analysis of their respective published Playlists; and compare performance against the Playlists of key commercial stations	371 different tracks were added to Radio 1's Daytime Playlist in 2017, 60% of which were from UK artists, with 41% by a 'new or emerging' UK artist (for comparison, the equivalent figures for a key comparable commercial station were 155 additions, 46% UK and 21% 'new and emerging' UK artist). 327 different tracks were added to Radio 2's Daytime Playlist in 2017, 59% of which were from UK artists, with 19% by a 'new or emerging' UK artist (for comparison, the equivalent figures for a key comparable commercial station were 66 additions, 61% UK and 9% 'new and emerging'). There was also significant support on Radio 2 for older, more established artists who gain little airplay elsewhere.
RADIO 1	We will commit to two social action campaigns on Radio 1 for 2017/18. We would also welcome a conversation with Ofcom over the next 12 months on defining what we mean by social action content, ensuring we remain relevant to our younger audiences	YES
6 MUSIC	We propose that, subject to Ofcom's decision on the definition of new music, 6 Music will broadcast a minimum of 30% new music across daytime as part of its plans over the next 12 months. Previously, this threshold acted as a ceiling, not a floor, on 6 Music's overall music output. We believe that this undervalues the key role that 6 Music plays in supporting new and alternative music, much of which is sourced from specialist and independent labels. We believe our proposals would receive widespread support within the UK music industry	YES
1XTRA	For 1Xtra we propose to commit to the same stretching quota within the previous Service Licence that at least 35% of daytime music will be from UK artists; however, in addition, we believe the current depth of UK urban music talent allows us to commit to ensuring at least half of the UK music played in daytime will be 'new' over the next 12 months	YES
ASIAN NETWORK	The BBC Asian Network plays a key role in providing a platform for new and established British Asian talent and we propose to commit to the same stretching levels for new and UK music as applied under the station's Service Licence, ensuring at least 30% of daytime music is from UK artists and 30% of daytime music is new	YES
RADIO 4	We are happy to commit to 600 hours of original drama and readings	YES – 630 hours
RADIO 4	180 hours of original comedy on Radio 4	YES – 262 hours
RADIO 4 EXTRA	55 hours of comedy per week on Radio 4 Extra	YES – 62 hours
RADIO 4 EXTRA	55 hours of drama per week	YES – 67 hours
RADIO 3	25 new drama productions broadcast on Radio 3, i.e. the same level as contained in the previous Trust Service Licence quotas	YES

General Duties

The Charter sets out a number of General Duties that apply to the BBC. This section sets out the BBC's progress against these – the measures for reporting which were set out in the BBC Annual Plan for 2017/18.

1. Acting in the public interest

The BBC must act in the public interest, aiming to serve its audiences not just as consumers, but as members of a wider society, with programmes and services which, whilst seeking to inform, educate and entertain audiences, also serve wider public purposes. As a result, the BBC must ensure that the benefits (whether direct or indirect) of decisions relating to the mission or purposes outweigh the costs (whether direct or indirect); and have regard to economic, social and cultural benefits and costs.

Measure	Result
We will publish an Annual Plan and an Annual Report	MET
We will publish the number of complaints upheld where we have failed to comply with the BBC's obligations under the Charter and Agreement or with the Ofcom Operating Framework or World Service Licence	0
We will publish the number of complaints upheld on BBC editorial matters and overall volumes of complaints made	MET – see page 118
We will publish performance measurement data, including data on the fulfilment of the public purposes	MET

2. Engagement with the public

The BBC must assess the views and interests of the public and audiences, including licence fee payers, across the whole of the United Kingdom. The BBC must make arrangements to ensure that the diverse perspectives and interests of the public and audiences, including licence fee payers, across the whole of the United Kingdom are taken into account in its decision-making.

Measure	Result
We will publish annually data on audiences' views about the BBC as part of the Annual Report	MET – see throughout Annual Report
We will ensure around six face-to-face events are held every year and report on the findings in the BBC's Annual Report	6

3. Market impact

The BBC plays a crucial role in the UK media and broadcasting market. In addition to serving audiences directly by providing content and services, it can contribute to the market more broadly, for example by promoting competition, supporting supply chains and encouraging sector-wide innovation. Whilst the BBC recognises that there are risks that it may be viewed as stifling commercial activity or harming competition, it is possible equally that the BBC's activities can be seen as promoting commercial activity by increasing people's interest in and familiarity with new technology, helping to stimulate demand for services that competition can then also provide.

The BBC must have particular regard to the effects of its activities on competition in the UK. In complying with this duty the BBC must (a) seek to avoid unnecessary adverse effects on competition and (b) promote positive market impact.

Measure	Result
We will consult on and publish a policy on material changes	MET – see downloads. bbc.co.uk/aboutthebbc/insidethebbc/howwework/policiesandguidelines/pdf/policy_material_changes.pdf
We will publish annually the number of competition complaints upheld and actions taken in response	0
The BBC will publish the outcomes of any Public Interest Tests	MET – BBC Scotland channel (see bbc.co.uk/aboutthebbc/insidethebbc/howwework/accountability/consultations/scotland_tv)

4. Openness, transparency and accountability

The BBC must observe high standards of openness and seek to maximise transparency and accountability. It must publish Board minutes, important decisions concerning changes to remit/services, and minutes of Committee meetings. The Board also needs to have regard to the benefits of consultation with interested persons.

Measure	Result
We will publish an Annual Plan that sets out the BBC's strategic priorities, creative plans, budget and any planned material changes to services	MET

Measure	Result
We will publish the following as soon as possible after the relevant event:	MET
— Minutes of the meetings of the Board	
— Important decisions concerning changes to the creative remit, work plan and material changes to the UK Public Services, non-service activities and commercial activities	
— Minutes of the meetings of committees of the Board	
We will publish the new disclosures required under the Charter relating to pay over £150,000	MET – see page 101
We will, from 2017/18 onwards, publish data showing how the promotion of any output of a UK Public Service or any such service in the UK Public Services focuses on output contributing substantially to the fulfilment of the mission and promotion of the public purposes	MET
We have consulted on our complaints framework and we will consult on our distribution policy. We will follow best practice in the delivery of these consultations	MET
We will publish transfer pricing methodologies for all commercial subsidiaries by the end of 2017	MET

5. Partnership

The BBC will work collaboratively and in partnership, especially in the creative economy, in the public interest. It should partner with a wide range of organisations of all sizes, including commercial and non-commercial, throughout the UK. Partnerships should be fair and beneficial to all with due attribution and recognition for partners.

Measure	Result
We will collect and publish performance data on partnership output and activities, including on the BBC's range of partnerships, range of partners, geographical breadth and impact	MET – see page 144

6. Diversity

The BBC must ensure it reflects the diverse communities of the whole of the United Kingdom through its output, the means by which its output and services are delivered, and in the organisation and management of the BBC. This includes support for the regional and minority languages of the UK.

Measure	Result
We will continue to publish diversity and inclusion data in the Annual Report and Equality Information Report, plus through updates to the Diversity and Inclusion Strategy on the BBC website	MET – see Equality Information Report page 240
We will publish performance measurement data collected as described above on the fulfilment of the fourth public purpose which relates to this duty, including production targets and the performance of indigenous language services	MET – see Nations data packs page 150

7. Technology

The BBC must promote technological innovation and maintain a leading role in research and development. To do this, it needs to seek to work in partnership with other organisations and share, as far as is reasonable, its research and development knowledge and technologies.

Measure	Result
Our Innovation Review will inform future measurement of our performance in this area	We are still assessing the measure for performance against our duty for technology. We have also published our review of Research and Development activity

8. Stewardship of public money

- Regularity – Management of all of the BBC's resources must accord with the provisions of the Charter, Framework Agreement and other agreements the BBC enters into with Government Ministers
- Propriety – Management of all of the BBC's resources must meet high standards of public conduct, robust governance and duly consider the expectations of Parliament (including those of the Public Accounts Committee), which have been formally communicated to the BBC
- Value for money – Procurement, projects and processes must be systematically evaluated and assessed to provide confidence about suitability, effectiveness, prudence, quality, value and avoidance of error and other waste, taking into account the wider public interest, not just that of the BBC itself
- Feasibility – Proposals using public funds should be implemented accurately, sustainably and to the intended timetable

Measure	Result
True and fair statutory accounts prepared in line with IFRS, based on unqualified audit opinion from the BBC's independent external auditors	MET – see financial statements page 168

Measure	Result
No reporting on regularity matters by the BBC's independent external auditors to assure that the transactions reflected in the BBC's financial statements have been applied to the purposes intended and conform to the relevant framework of authorities that govern them	MET – the C&AG's regularity opinion is unmodified
No reporting on propriety matters by the BBC's independent external auditors to assure that the management of the BBC's resources has met high standards of public conduct	MET – see the C&AG's audit certificate and report
Compliance with funding conditions as part of separate funding agreement, e.g. grant funding for the BBC World Service	MET
Our response to Value for Money reviews conducted by the NAO or other commissioned parties	MET

9. Guidance and best practice

The BBC has to have regard to general guidance concerning the management of the affairs of public bodies and generally accepted principles of good corporate governance, where applicable and appropriate.

Measure	Result
We will audit our compliance with the UK Corporate Governance Code and principles of good corporate governance based on a general aim of compliance with the Code wherever possible	MET
Our Annual Report will set out the BBC's performance against the Code; areas where the Code does not apply to the BBC; areas where the Charter overrides the Code; and areas where the BBC does not comply	MET
We will also publish an annual Equality Information Report, in compliance with the Public Sector Equality Duty	MET – see Equality Information Report page 240
An annual statement on licence fee collection will be audited by the NAO and laid before Parliament	MET – see page 70

10. General duties in relation to commercial activities

The BBC's commercial activities need to act in the public interest, engage with the public, and ensure openness and transparency. They must not distort the market nor gain an unfair competitive advantage.

Measure	Result
We have published a policy on material changes to commercial activities	MET – see downloads.bbc.co.uk/aboutthebbc/insidethebbc/howwework/policiesandguidelines/pdf/policy_material_changes.pdf
Our complaints framework includes a procedure for complaints about a failure to meet any commercial activities requirements	MET
We will publish forthcoming potential material changes to commercial services in the BBC's Annual Plan, subject to issues of commercial confidentiality	MET
We will publish annual reports and transfer pricing methodologies concerning our commercial subsidiaries as required under Ofcom's Operating Framework	MET
By the end of October 2017 we will publish our principles and methodologies for transfer pricing for BBC Studios and by the end of 2017 we will publish the detailed methodologies for the other commercial subsidiaries	MET
By the end of October 2017, we will provide Ofcom with our first quarterly financial reports on the commercial activities. At the same time as our Annual Report, we will publish annual financial results of the commercial activities, by line of business	MET
We will publish the number of upheld complaints about compliance with the commercial activities requirements under the Charter and Agreement or in the Ofcom Operating Framework, and our response to such complaints	0
We will publish the number of Ofcom enforcement actions in relation to compliance with the Ofcom Operating Framework	0

Partnerships and collaboration

This section provides a snapshot of partnerships activity in 2017/18. The BBC has around 240* partnerships and collaborations, large and small, focused on public service activity that supports the UK creative economy. Around half originate in the nations and network production centres in England, 40 support training and skills and 22 are for Research and Development.

The BBC has worked with over 330 organisations. Partners include national and regional cultural institutions, funders, festivals, trade and membership organisations, universities, training organisations, venues, local councils, charities, voluntary groups and commercial organisations including other broadcasters. Around 200 report an ongoing relationship with the BBC. Some partners are umbrella organisations with access to many others around the UK.

The ten case studies below highlight 2017/18 outcomes: a focus on science, joining up creative relationships around the UK to engage different audiences, and digital innovation and capacity building in the creative sector.

With five core partners and 17 stakeholders, Tomorrow's World delivered the commitment in British Bold Creative to engage mainstream audiences with science. It has developed ways to increase interest in STEM through content created, curated and aggregated under the brand by the BBC and partners. TV and iPlayer highlights included *Tomorrow's World Live* with Eric Schmidt and Brian Cox, *Britain's Greatest Invention* and *Astronauts: Do you have what it takes?* TV and online reach were above the benchmarks set with digital content such as Tim Peake's five facts about space (Science Museum Group) which reached over 85,000 browsers in its launch week; the *Tomorrow's World* podcast with over 60,000 downloads alongside online social activity; and at peak nearly 40,000 browsers visited the Global Change Calculator in a week.

Britain's creative partner

The partnership with Hull City of Culture has been a highlight, with strong impact in Humberside and Yorkshire. Perceptions of the BBC were higher amongst those who consumed coverage of Hull (8.1 vs 7.7 average) and amongst those aware of the partnership (8.3 vs 7.7 average). 65% of people nationally claimed to be aware that Hull was UK City of Culture in 2017 (49% amongst 16-34s). The BBC provided coverage led locally by BBC Humberside. Reach was built for landmarks like *Hull Flood* which aired on BBC Two. The BBC created new events like *Contains Strong Language*, a spoken word festival and Radio 1's Big Weekend came to Hull. Conversations with Coventry City of Culture 2021 have started, building on the learnings from Hull.

CBeebies' partnership with Northern Ballet has brought children's ballet to a wider audience, creating a new appetite for dance. As well as broadening diversity for CBeebies productions, screenings have helped venues in areas in the North East with less arts engagement.

BBC Sport has streamed over 1,000 extra hours of live sport's coverage, working in ongoing partnership with governing bodies overseeing some 80 organisations, to help them deliver and promote content for BBC Live and iPlayer. With over 7.4 million stream starts, this has increased our capacity and lowered the cost of entry for partners to BBC platforms. The outcome is greater reach for smaller events and better representation of underserved audiences and women's sport.

In BBC Arts, new editorial collaboration models have been developed to extend the use of BBC Live to cultural events, increasing the digital prominence of Edinburgh International Festival, Manchester International Festival and Hay Festival. *Opera Passion* with ROH and the V&A brought UK opera companies together for the first time with eight hours of live streams and special events supported by social media, building capacity in the sector and aiming to appeal to new audiences as well as aficionados. All partners had access to workshops.

BBC Two's landmark series *Civilisations*, made in partnership with the Open University, prompted the Civilisations Festival, a collaboration with over 300 museums, galleries, libraries and archives to shine a light on UK collections and inspire debate by staging over 260 public events. Social media broadcast coverage across the UK, including 11 specially commissioned films in English regions, extended reach. BBC R&D has offered partners access to digital technology with 93 organisations attending workshops. 28 have included content in the augmented reality app. 800 pieces of BBC archive have been made available to partners. Art Fund made 21 grants to participating organisations. Festival partners also included Culture 24, Museum Association, National Museum Directors' Council, Society of Chief Librarians, Association of Independent Museums and Scottish Library and Information Council.

The partnership between Radio 4 and the British Museum reached 3.5 million weekly listeners with *Living With The Gods*, a new 30-part series by Neil MacGregor. Objects and stories related to Islam, Hinduism, Sikhism, Buddhism, Judaism, as well as Christianity, sought to reflect diverse audiences. Through the animation of six episodes, syndicated through digital and social media and with over a million

podcast downloads so far, it has extended Radio 4 reach to younger audiences.

Lasting legacies

BBC Wales has taken significant steps towards the creation of a National Broadcast Archive for Wales with the National Library of Wales, securing Phase 1 funding from the Heritage Lottery fund. The aim is to open up Wales's archives including broadcast heritage, engaging communities and securing the long-term preservation of the BBC's assets.

As a founding partner of Get Creative, the BBC continues to support the campaign's festival, which this year saw more than 1,400 creative and participatory events across the UK. Engagement and reach were up with almost 10 million views on social media platforms and 500,000 page views to Get Creative's website, where audiences can find links to a map listing creative events as part of the festival.

The end of Make It Digital has led to the setting up of a not-for-profit foundation with key partners to ensure a lasting legacy for the micro:bit. The Micro:bit Educational Foundation has focused on global interest. The micro:bit is now available in 50 countries with national rollouts in Iceland, Croatia and Singapore to date. Microbit.org is in 13 languages and there is a global partnership ecosystem of 132 partners and counting.

The following table presents a snapshot of the main collaborations and creative partnerships across the public service BBC as of March 2018.

BBC area**	No. Partnerships/ collaborations
Archive	11
Arts/Arts North	18
Academy (Birmingham)	19
Children's (BBC North)	4
Content/TV	16
Learning (BBC North)	15
Sport (BBC North)	14
News	5
Music	14
Radio	44
R&D	22
England Network Centres	14
Scotland	12
Wales	28
Northern Ireland	7
Total	243*

* This includes programme making divisions, R&D and Training in network production centres across the UK.

** This table does not include World Service or global activity, commercial partnerships in WW/Studios, co-productions or distribution arrangements.

Access services

The following table reports on the prevalence of access services across the BBC's network television channels.

Audio

	Audio described hours		Total hours		Actual for year (%)		Target for year (%)	
	2017/18	2016/17	2017/18	2017/18	2016/17	2017/18	2016/17	
BBC One	1,966	1,896	8,736	22.5	21.7	20.0	20.0	
BBC Two	2,526	2,408	8,736	28.9	27.6	20.0	20.0	
BBC Four	1,257	1,205	3,165	39.7	36.6	20.0	20.0	
CBBC	1,850	1,771	5,083	36.4	35.0	20.0	20.0	
CBeebies	1,443	1,320	4,704	30.7	28.0	20.0	20.0	
Total	9,042	8,600	30,424					

Sign interpreted

	Sign interpreted hours		Total hours		Actual for year (%)		Target for year (%)	
	2017/18	2016/17	2017/18	2017/18	2016/17	2017/18	2016/17	
BBC One	462	460	8,736	5.3	5.3	5.0	5.0	
BBC Two	458	453	8,736	5.2	5.2	5.0	5.0	
BBC Four	198	177	3,165	6.2	5.4	5.0	5.0	
CBBC	297	261	5,083	5.8	5.2	5.0	5.0	
CBeebies	253	244	4,704	5.4	5.2	5.0	5.0	
BBC News	506	514	8,736	5.8	5.9	5.0	5.0	
Total	2,174	2,109	39,160					

Subtitled

	Subtitled hours		Total hours		Actual for year (%)		Target for year (%)	
	2017/18	2016/17	2017/18	2017/18	2016/17	2017/18	2016/17	
BBC One	14,268	14,213	14,283	99.9	99.9	100	100	
BBC Two	9,542	9,634	9,552	99.9	99.9	100	100	
BBC Four	3,165	3,294	3,165	100	100	100	100	
CBBC	5,080	5,062	5,083	100	100	100	100	
CBeebies	4,704	4,706	4,704	100	100	100	100	
BBC Parliament	1,390	1,379	8,736	15.9	15.8	–	100	
BBC News	8,733	8,733	8,736	100	100	100	100	
Total	46,882	47,021	54,260					

Expenditure by genre

The Charter requires the BBC to report on expenditure on the UK Public Television Services by genre (as defined in accordance with industry standards). The table below represents this information.

	£ millions
News and Current Affairs	318.5
Factual and Learning	294.1
Film and Drama	339.9
Entertainment and Comedy	177.2
Sport Production	65.1
Children's	88.8
Total genre spend	1,283.6
Other content spend	294.9
Total cost of content	1,578.5

Contestability

Under the Agreement between the BBC and the Secretary of State, the BBC must secure competition between BBC producers and external producers, whether independent producers or not, for television, radio and online production.

The BBC Agreement requires the BBC to ensure that, for relevant television programmes, at least 40% of the previous in-house guarantee for drama, comedy, entertainment and factual is opened up to competition by 31 December 2018. As at 31 March 2018, the BBC had opened up 24% of the in-house guarantee by putting a number of series out to competitive tender (*Holby City*, *Songs of Praise*, *Question of Sport*, *Doctors* and *Bargain Hunt*), by offering invitations to pitch ideas (*Horizon*) and by opening up a range of other opportunities for new programming. The BBC is on track to achieve the 40% requirement by the end of 2018.

	Target (%) of relevant hours	% Contested hours
TV	By 31 Dec 2018	
— Drama, comedy, entertainment and factual in-house guarantee ^{1,2}	40	24
	By 31 Dec 2022	
Network Radio ³	60	20
	By 31 Dec 2027	
Online content ^{4,5}	100	30.9 of spend online was external ⁶

Notes

- 1 Relevant TV programmes includes all television programmes included in the UK Public Services except: (a) programmes reserved for independent productions; (b) news and news-related current affairs programmes; (c) any programme where the BBC considers that complying with the obligation would not secure value for money.
- 2 'In-house guarantee' means the guaranteed allocation of air time to programmes made by the BBC under clause 56 of the 2006 Agreement.
- 3 The BBC Agreement requires the BBC to ensure that for relevant radio programmes it secures competition for at least 60 % of relevant broadcasting time by the end of 2022. Relevant radio programmes means all network radio programmes included in the UK Public Services except-(a) news programmes; and (b) repeats, continuity, simulcasts, EBU material and autoplaced music.
- 4 The BBC Agreement requires the BBC to secure competition for 100 % of relevant online material by the end of 2027. Relevant online material is all online material included in the UK Public Services except: (a) programmes included in the UK Public On Demand Programme Services; (b) news and news-related current affairs material; and (c) any material where the BBC considers that complying with the obligation would not secure value for money.
- 5 Given the broad range of content that fulfils relevant online material the BBC are still considering the most appropriate metric to track performance against this commitment.
- 6 Full year is an estimate based on the first three quarters of the year.

Network television supply

The following table shows the proportion of BBC network television hours levels produced by different supplier types.

	Proportion of all hours produced by Qualifying Independent producers for BBC television (%)			Proportion of all hours produced by Non-Qualifying Independent producers for BBC television (%)			Proportion of all hours produced by PSB in-house for BBC television (%)			Proportion of all hours produced by BBC Studios for BBC television (%)*		
	2017/18	2016/17	% point change	2017/18	2016/17	% point change	2017/18	2016/17	% point change	2017/18	2016/17	% point change
Drama	25	24	+1	19	12	+7	0	65	-65	56	0	N/A
Entertainment	26	29	-3	40	38	+2	0	33	-33	34	0	N/A
Comedy	39	46	-7	20	19	+2	0	36	-36	41	0	N/A
Factual	30	26	+5	11	16	-5	5	58	-53	53	0	N/A
Daytime	40	39	+1	27	28	-1	0	33	-33	33	0	N/A
Sport	23	27	-4	0	0	0	77	73	+4	0	0	N/A
Children's	35	32	+3	19	12	+7	45	56	-11	1	0	N/A
Total	31	30	+1	17	15	+1	23	55	-32	30	0	N/A

Figures are based on qualifying programmes (as defined in the Independent Productions Order) delivered within each financial year. This means they exclude repeats and acquisitions. Data includes only network hours delivered within the relevant year.

* BBC Studios became a commercial subsidiary of the BBC on 1 April 2017 and therefore separated from PSB in-house. There is therefore no comparator for 2016/17.

Network radio supply

The following table shows the levels of all BBC network radio hours from different suppliers.

	Proportion of all hours produced by Independent producers for BBC Network Radio (%)		Proportion of all hours produced by In-house PSB producers for BBC Network Radio (%)	
	2017/18	2016/17	2017/18	2016/17
Radio 1	15.9	15.1	84.1	84.9
1 Xtra	12.6	15.0	87.4	85.0
Radio 2	24.5	13.3	75.5	86.7
Radio 3	15.7	25.1	84.3	74.9
Radio 4	18.4	14.5	81.6	85.5
Radio 4 Extra	50.4	24.3	49.6	75.7
Radio 5 live & 5 live sports extra	21.8	24.8	78.2	75.2
6 Music	25.0	23.1	75.0	76.9
Asian Network	15.0	16.0	85.0	84.0
Total	18.8	18.1	81.2	81.9

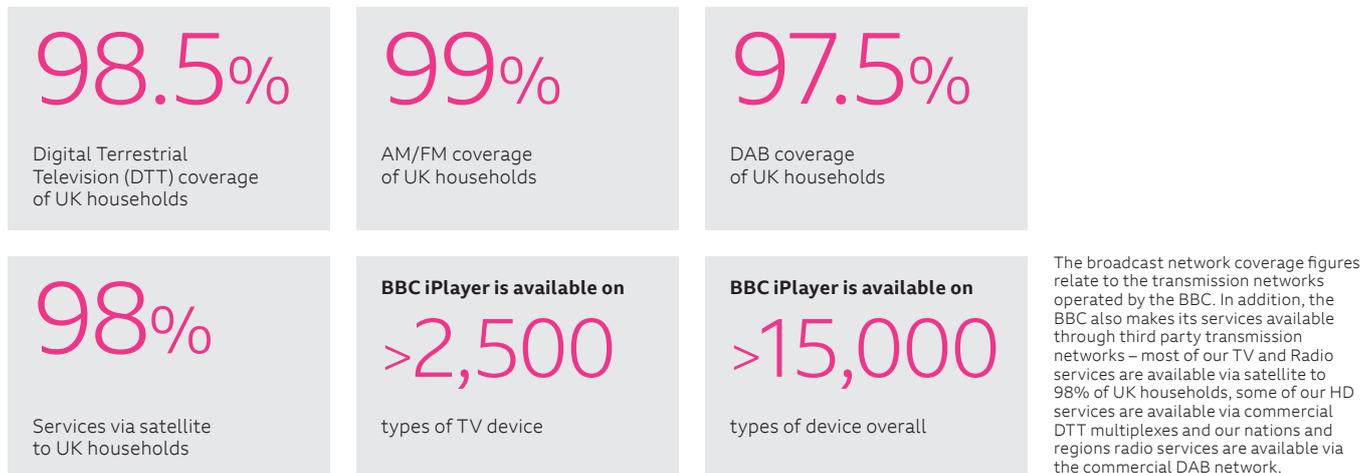
Notes:

The data presented excludes repeats, simulcasts, core news, education/social action, presentation, EBU output, World Service and Radio 5 live broadcasts on Asian Network overnight.

Distribution

Distribution of BBC content is key to delivering our mission and public purposes. The Charter sets out that the BBC must report on how it has made its output and services available to the public. This section sets out our progress this year.

How we distribute our services



The goal of the BBC's distribution activity is to ensure that audiences have full and convenient access to all of the services that are relevant to them. To this end, in 2017/18 we ensured that:

- the broadcast coverage of our linear TV and Radio services reached as many households as is economically practicable
- the BBC's video-on-demand (VOD) service was available on more consumer devices (from Smart TVs, to games consoles, to tablets) than any other VOD service in the UK through a popular, easy-to-integrate solution
- the BBC created content tailored to the needs and expectations of users on popular social platforms, such as Facebook, Twitter and YouTube

In addition to widespread availability, the BBC successfully delivered against seven distribution conditions that are critical to the continued delivery of its public mission:

- **Editorial control** – in all distribution arrangements for its TV and Radio programmes, the BBC sought to exercise editorial control over the selection and ordering of its linear and on-demand programmes wherever they were distributed, curating services to highlight and bring audiences to lesser-known programmes and distinctive public service gems. BBC iPlayer has become increasingly effective at achieving this objective. Our research shows that, on average, simply featuring such programmes on the BBC iPlayer homepage doubles their on-demand consumption, that audiences are highly receptive to the BBC's 'watch next' recommendations;

and BBC iPlayer's focus in 2017/18 on offering a more personalised service has enhanced this.

- **Data** – in order to deliver more effective curation (above) and a more personal experience of BBC services, as well as to monitor and improve performance, the BBC has continued to work with its distribution partners to ensure that it has access to timely, accurate and granular data on the consumption of its services. The need to negotiate effectively with third party platforms for such data was highlighted in the National Audit Office's recent report 'The BBC's Understanding of its Audiences and Users'.
- **Prominence** – throughout 2017/18, the BBC has continued to ensure that its content and services feature prominently within the interfaces of the platforms on which it is carried, and has worked with platforms to ensure that its content is discoverable in innovative new interfaces such as mobile aggregator apps (e.g. Virgin TV Anywhere) and voice assistants (e.g. Amazon Alexa) and platform discovery areas (e.g. Samsung).
- **Attribution** – it is important that licence fee payers are able to identify when they are accessing programmes provided by the BBC, and so the BBC has continued to take measures to ensure its services are clearly branded and easily attributable wherever they are available.
- **Quality** – the BBC has continued to ensure that audiences can reliably access BBC services in high quality. In addition, the BBC has ensured that the

features developed to enhance its services (such as the ability to restart or rewind a live programme in BBC iPlayer as it is being broadcast) are as widely available as possible.

- **Value for money** – the BBC seeks to minimise the costs associated with the distribution of its content, in order to maximise the proportion of the licence fee spent on programming. This has continued to inform the distribution technologies the BBC invests in, as well as our typical approach of distributing a standard BBC iPlayer product that can be widely deployed with minimal marginal costs.
- **Free** – the BBC has continued to ensure that audiences pay no incremental cost to users to access the BBC's services: our services are available on the entry-level tier of any subscription service, and contain no advertising.

These conditions are reflected in the BBC's Distribution Policy which was consulted on this year.

Throughout 2017/18 the BBC has continued to play a leading role in planning the clearance of TV services from the 700MHz band of broadcast spectrum. This spectrum will then be used by future mobile broadband services. The project has moved from planning into delivery and the BBC is working with stakeholders to ensure our audiences are supported and impacts to our services are limited. The BBC has also been at the forefront of preparation for 5G mobile standards in the UK, and has had bids accepted for Government-backed trials for 5G delivery of radio and immersive experiences as part of two industry consortia.

BBC Public Service promotions

The Agreement between the BBC and the Secretary of State sets out that the BBC must ensure that the promotion of any output of a UK Public Service or any such service in the UK Public Services focuses on output contributing substantially to the fulfilment of the mission and promotion of the public purposes. The BBC must publish information on such promotion, including:

- the number of minutes of promotions in each UK Public Service;
- the time of day of such promotions;
- such other information it considers would be in the public interest to publish.

BBC Public Service	Total minutes of promotions	Proportion of air time	BBC Public Service	Total minutes of promotions	Proportion of air time
	9,008	1.7%		3,754	0.7%
	7,543	1.2%		7,474	1.4%
	3,468	1.8%		N/A	N/A
	5,105	1.7%		8,690	1.7%
	4,555	1.6%		N/A	N/A
	13,870	2.6%		7,483	1.5%
	N/A	N/A		6,155	1.5%
	N/A	N/A		N/A	N/A
	N/A	N/A		5,125	1.2%
	7,483	1.5%		4,590	1.1%
	6,327	1.2%		3,952	1.0%
	11,332	2.2%			
				6,769	1.5%

Promotions take place at intervals through out the day.

Promotions on BBC ALBA, Parliament, Radio 4 Extra and 5 live sports extra not tracked due to very low volume and frequency. Data is not available for promotions on Red Button.

Nations' data packs

p.151

Wales

p.155

Scotland

p.159

Northern Ireland

p.163

England

The BBC in Wales

The BBC's expenditure in Wales during 2017/18 was £176.2 million across all services and platforms, compared to £185.9 million in 2016/17.

Network TV programmes made in Wales in the 2017/18 financial year included *Doctor Who*, *Casualty*, *Bargain Hunt*, *Requiem*, *Only Connect* and inserts for *The One Show*. Online and Red Button spend in 2016/17 included the BBC Three drama premiere of *Class*. Network TV production in Wales remains strong – on the Ofcom calendar year measure Wales contributed 6.7% in 2017 (2016: 5.8%) of the BBC's eligible network television spend.

Local content reflects the additional investment in English language TV for Welsh audiences with big drama titles such as *Keeping Faith* and *Hinterland*.

Headcount in 2017/18 now excludes BBC Studios staff in Wales.

The following pages provide additional detail on the BBC's performance in Wales, including income, high level expenditure and performance across services provided in Wales.

Income

These numbers are estimated as figures for each nation and have been calculated by applying the proportion of licensed premises to the total number of licences in force. The exact number of licences in force varies on a daily basis. The number of licenced premises are different to the number of licences in force as, in some cases, a premise may need more than one licence. Figures exclude concessionary licences for those living in residential care.

	2018 £m	2017 £m
Estimated income		
UK	3,830.2	3,787.2
Wales	190.9	188.5

Expenditure by service

Direct and indirect spend relating to programmes produced in the nation.

	2018 £m	2017 £m
Network content		
TV (inc. sport and children's)*	49.8	54.8
Radio	3.0	3.3
Online and Red Button	1.4	5.3
Total network spend	54.2	63.4
Local content		
TV – BBC One	25.5	22.5
TV – BBC Two	9.6	8.7
Radio Wales	14.6	14.2
Radio Cymru	13.5	13.6
Online and Red Button	7.9	7.5
Total local spend	71.1	66.5
National Orchestra of Wales	4.6	4.7
S4C**	25.6	29.2
Development	0.2	1.4
Distribution	20.5	20.7
Total	176.2	185.9

* Network content is attributed on an Ofcom basis, which excludes foreign productions.

** This represents the television programmes commissioned and produced by BBC Wales and supplied to S4C (excluding programmes commissioned directly by S4C from other producers).

Television hours**Local opt-out hours[^] (including repeats) on BBC One and BBC Two**

	2018 Hours	2017 Hours
Drama, comedy, entertainment, music and arts	37	22
Daily, weekly news and current affairs	383	392
Sport and leisure	144	141
Education, factual and religion	98	108
Total	662	663

[^] Television content commissioned specifically for audiences in the nation.

S4C*

	2018 Hours	2017 Hours**
Drama, comedy, entertainment, music and arts*	256	270
Daily, weekly news and current affairs	264	273
Sport and leisure	134	168
Education, factual and religion	5	8
Children's	11	17
Total	670	736

* This represents the television programmes commissioned, produced and funded by BBC Wales and supplied to S4C (excluding programmes commissioned directly by S4C from other producers). The total of hours for 2018 include 135 hours of repeats (2017: 187 hours). This includes repeats where BBC Wales has incurred a charge associated with the transmission of the programmes.

** The 2017 figures have been restated to include all BBC Wales repeats supplied to S4C. In previous years repeats were only included where BBC Wales incurred a charge associated with the repeated hours.

Radio hours**BBC Radio Wales**

	2018 Hours	2017 Hours
News and current affairs	1,789	1,868
General	5,685	5,725
Total	7,474	7,593

BBC Radio Cymru

	2018 Hours	2017 Hours
News and current affairs	1,295	1,335
General	5,763	5,927
Total	7,058	7,262

Headcount

Average headcount reflects those individuals employed to directly support the services produced in Wales.

	2018 Number	2017 Number
Average number of persons employed in the year	950	1,187

Average headcount of individuals based in Wales across all services including support functions.

	2018 Number	2017 Number
Average number of persons employed in the year	1,208	1,418

Wales' performance by service – Television		Content (£m)	Reach (%)	Time spent watching a channel each week (h:m)
		We spent a total of £84.9 million on these services last year in Wales	Wales population who use the service each week	Length of time the average Wales viewer spent each week with the channel
	BBC One is our flagship service and the UK's most popular television channel. It unites and inspires the nation with high-quality programmes across a range of genres which includes news and current affairs, drama, comedy, entertainment and factual.	£71.5m 2016/17: £72.1m	72.7% 2016/17: 76.6%	08:21 2016/17: 08:34
	BBC Two is a mixed-genre channel with programmes of depth and substance. It includes the greatest amount and range of knowledge-building programming on the BBC, complemented by distinctive comedy, drama and arts programming.	£12.2m 2016/17: £11.3m	48.7% 2016/17: 50.4%	03:18 2016/17: 03:20
	BBC Four aims to be British television's most intellectually and culturally enriching channel, offering an ambitious range of UK and international arts, music, culture and factual programmes.	£1.1m 2016/17: £2.6m	12.4% 2016/17: 13.6%	01:43 2016/17: 01:44
	The CBBC channel offers a distinctive mixed schedule for 6-12 year olds, with mainly UK programmes served in a stimulating, creative and enjoyable environment.	– 2016/17: –	3.7% 2016/17: 3.7%	02:17 2016/17: 02:37
	CBeebies provides a mix of high-quality, mostly UK-produced, programmes designed to encourage learning through play in a consistently safe environment for children under six.	£0.1m 2016/17: –	5.6% 2016/17: 6.3%	04:06 2016/17: 03:52

Reach definition: 15+ minutes consecutive for all channels and services and audiences in TV-owning households aged 4+ (TV).

Source: BARB (TV reach and time per viewer – all channels include their simulcast HD channel where applicable).

N.B. BARB data measures TV set viewing only at present, meaning that iPlayer viewing on other devices is not included in any of the reach and time figures. iPlayer viewing is growing, especially for young-skewed services such as CBeebies and CBBC.

Wales' performance by service – News		Content (£m)	Reach (%)	Time spent watching or listening to a service each week (h:m)
		We spent a total of £nil on these services last year in Wales	Wales population who use the service each week	Length of time the average Wales viewer or listener spent each week with the service
	The BBC News Channel is a 24-hour impartial and independent news service offering breaking news, analysis and insight. It provides fast and comprehensive coverage of local, UK and international events as they unfold.	– 2016/17: –	11.0% 2016/17: 11.7%	03:07 2016/17: 02:59
	BBC Parliament is the UK's only channel dedicated to politics. It shows debates and committees from Westminster, Holyrood, Stormont, Cardiff Bay and Strasbourg as well as political programmes from across the UK.	– 2016/17: –	0.8% 2016/17: 0.9%	01:38 2016/17: 01:40

Reach definition: 15+ minutes for all channels and services and audiences in TV-owning households aged 4+.

Source: BARB (TV reach and time per viewer).

Three-minute reach for BBC News Channel and BBC Parliament – in line with industry standards – would be 15.0% and 1.5% respectively (17.1% and 1.7% amongst 16+ population).

Wales' performance by service – Radio		Content (£m)	Reach (%)	Time spent listening to a service each week (h:m)
		We spent a total of £3.0 million on these services last year in Wales	Wales population who use the service each week	Length of time the average Wales listener spent each week with the service
	BBC Radio 1 broadcasts a distinctive mix of new music and entertainment for 15-29 year olds as well as providing tailored news, documentaries and advice campaigns for young adults.	– 2016/17: –	23.5% ^{**} 2016/17: 21.9%	06:17 2016/17: 07:16
	BBC 1Xtra plays the best in contemporary black music, with a strong emphasis on delivering high-quality live music and supporting new artists.	– 2016/17: –	2.0% ⁺ 2016/17: 1.8%	02:46 2016/17: 05:47
	BBC Radio 2 broadcasts a unique mix of music and speech programmes covering a diverse mix of live pop and rock, comedy, documentaries and religious output, as well as running social action campaigns to over 14 million listeners.	– 2016/17: –	36.8% [^] 2016/17: 37.1%	12:36 2016/17: 12:45
	BBC Radio 3 centres on classical music, around which it provides a broad spectrum of jazz, world music, arts programmes, religion and drama. There is a strong emphasis on musical performance across the UK.	£2.0m 2016/17: £2.3m	3.6% 2016/17: 3.3%	05:25 2016/17: 05:54
	BBC Radio 4 is a mixed-speech radio station, offering in-depth news and current affairs and a wide range of other speech programmes including drama, readings, comedy, factual and magazine programmes.	£1.0m 2016/17: £1.0m	18.5% 2016/17: 16.7%	12:05 2016/17: 12:02
	Originally launched in 2002 as BBC 7, the station was relaunched in April 2011 as BBC Radio 4 extra. The digital-only network is the principal outlet for the BBC's archive of speech entertainment, including comedy, drama and readings.	– 2016/17: –	3.5% 2016/17: 3.0%	06:34 2016/17: 07:41
	BBC Radio 5 live broadcasts continuous news and live sports coverage, bringing major news stories and sports events to its listeners as they happen, and providing context through wide-ranging analysis and discussion.	– 2016/17: –	8.4% 2016/17: 8.5%	07:34 2016/17: 07:44
	BBC Radio 5 live sports extra brings a greater choice of live action to sports fans by extending live coverage of various sporting events.	– 2016/17: –	2.3% 2016/17: 1.6%	03:11 2016/17: 02:38
	BBC 6 Music is a digital radio station that entertains lovers of popular music with a service that celebrates the alternative spirit of popular music from the 60s to the present day, complemented by music news and documentaries.	– 2016/17: –	3.0% 2016/17: 2.8%	07:53 2016/17: 08:57
	BBC Asian Network offers speech and music appealing to British Asians, with a focus on news and current affairs. It broadcasts mainly in English, but does offer some programmes in other languages.	– 2016/17: –	0.4% 2016/17: 0.1%	* 2016/17: *

Reach definition: 15+ minutes for all stations and audiences aged 15+.
Source: RAJAR (Radio reach and time per listener).

Excludes programme 'Coming up on 5 live sports extra'.

** Radio 1: amongst its target group of 15-29 year-olds reach was 49.0% and time spent per listener was 05:57.

+ 1Xtra: amongst 15-24 year-olds reach was 6.3%. Lower sample size may be responsible for greater variability in the time per listener data.

^ Radio 2: amongst its target group of 35+ year olds reach was 43.6% and time spent per listener was 13:49.

* Sample size for time per user too low to report.

The BBC in Scotland

In 2017/18, BBC Scotland produced a wide range of content across all its platforms, including compelling drama, popular comedy, a range of diverse documentaries and events coverage for audiences in Scotland and across the UK.

The BBC's expenditure in Scotland during 2017/18 was £222.6 million across all services and platforms. Whilst this is a decrease from 2016/17 (£233.0 million), the phasing of transmission dates impacted spend figures; consequently, there will be a proportionate rise in 2018/19.

The value of qualifying BBC network television content from Scotland (relative to all BBC qualifying spend) exceeded the Ofcom calendar year target of 8.6%, reaching 9.1% (2016: 10.3%) and included drama titles *Trust Me* and the return of the acclaimed murder mystery *Shetland*. In children's programming there was the return of *Raven*.

The following pages provide additional detail on the BBC's performance in Scotland, including income, high-level expenditure and performance across services provided in Scotland.

Income

These numbers are estimated as figures for each nation have been calculated by applying the proportion of licenced premises to the total number of licences in force. The exact number of licences in force varies on a daily basis. The number of licensed premises is different to the number of licences in force as, in some cases, premises may need more than one licence. Figures exclude concessionary licences for those living in residential care.

	2018 £m	2017 £m
Estimated income		
UK	3,830.2	3,787.2
Scotland	323.7	321.7

Expenditure by service

Direct and indirect spend relating to programmes produced in the nation

	2018 £m	2017 £m
Network content		
TV (inc. sport and children's)*	79.9	84.2
Radio	3.2	3.5
Online and Red Button	2.5	5.5
Total network spend	85.6	93.2
Local content		
TV – BBC One	42.0	43.0
TV – BBC Two	12.0	17.0
TV – BBC ALBA	7.9	6.0
Radio Scotland	22.6	21.1
Radio nan Gàidheal	4.0	3.7
Online and Red Button	8.0	6.6
Total local spend	96.5	97.4
National Orchestra	4.8	4.8
Development	2.2	1.6
Distribution	33.5	36.0
Total	222.6	233.0

* Network content is attributed on an Ofcom basis, which excludes foreign productions.

Television hours**Local opt-out hours[^] (including repeats) on BBC One and BBC Two**

	2018 Hours	2017 Hours
Drama, comedy, entertainment, music and arts	129	131
Daily, weekly news and current affairs	453	499
Sport and leisure	186	196
Education, factual and religion	113	101
Total	881	927

[^] Television content commissioned specifically for audiences in the nation.

BBC ALBA

	2018 Hours	2017 Hours
Drama, comedy, entertainment, music and arts	602	659
Daily, weekly news and current affairs	189	186
Sport and leisure	220	225
Education, factual and religion	969	884
Children's	639	700
Total	2,619	2,654

Radio hours**BBC Radio Scotland**

	2018 Hours	2017 Hours
News and current affairs	3,098	3,213
General	5,429	5,338
Total	8,527	8,551

BBC Radio nan Gàidheal

	2018 Hours	2017 Hours
News and current affairs	656	663
General	4,241	4,258
Total	4,897	4,921

Headcount

Average headcount reflects those individuals employed to directly support the services produced in Scotland.

	2018 Number	2017 Number
Average number of persons employed in the year	924	1,104

Average headcount of individuals based in Scotland across all services including support functions.

	2018 Number	2017 Number
Average number of persons employed in the year	1,108	1,199

Scotland's performance by service – Television		Content (£m)	Reach (%)	Time spent watching a channel each week (h:m)
		We spent a total of £133.9 million on these services last year in Scotland	Scotland population who use the service each week	Length of time the average Scotland viewer spent each week with the channel
	BBC One is our flagship service and the UK's most popular television channel. It unites and inspires the nation with high-quality programmes across a range of genres which includes news and current affairs, drama, comedy, entertainment and factual.	£85.0m 2016/17: £83.8m	71.8% 2016/17: 74.0%	08:14 2016/17: 08:17
	BBC Two is a mixed-genre channel with programmes of depth and substance. It includes the greatest amount and range of knowledge-building programming on the BBC, complemented by distinctive comedy, drama and arts programming.	£35.0m 2016/17: £45.6m	48.4% 2016/17: 50.0%	03:13 2016/17: 03:12
	BBC Four aims to be British television's most intellectually and culturally enriching channel, offering an ambitious range of UK and international arts, music, culture and factual programmes.	£4.1m 2016/17: £4.4m	13.5% 2016/17: 14.0%	01:56 2016/17: 01:46
	The CBBC channel offers a distinctive mixed schedule for 6-12 year olds, with mainly UK programmes served in a stimulating, creative and enjoyable environment.	£7.8m 2016/17: £7.7m	2.6% 2016/17: 3.4%	01:58 2016/17: 02:15
	CBeebies provides a mix of high-quality, mostly UK-produced, programmes designed to encourage learning through play in a consistently safe environment for children under six.	£2.0m 2016/17: £2.7m	6.2% 2016/17: 5.5%	04:11 2016/17: 03:54

Reach definition: 15+ minutes consecutive for all channels and services and audiences in TV-owning households aged 4+ (TV).

Source: BARB (TV reach and time per viewer – all channels include their simulcast HD channel where applicable).

N.B. BARB data measures TV set viewing only at present, meaning that iPlayer viewing on other devices is not included in any of the reach and time figures. iPlayer viewing is growing, especially for young-skewed services such as CBeebies and CBBC.

Scotland's performance by service – News		Content (£m)	Reach (%)	Time spent watching or listening to a service each week (h:m)
		We spent a total of £nil on these services last year in Scotland	Scotland population who use the service each week	Length of time the average Scotland viewer or listener spent each week with the service
	The BBC News Channel is a 24-hour impartial and independent news service offering breaking news, analysis and insight. It provides fast and comprehensive coverage of local, UK and international events as they unfold.	– 2016/17: –	9.5% 2016/17: 9.9%	03:38 2016/17: 03:27
	BBC Parliament is the UK's only channel dedicated to politics. It shows debates and committees from Westminster, Holyrood, Stormont, Cardiff Bay and Strasbourg as well as political programmes from across the UK.	– 2016/17: –	0.8% 2016/17: 0.8%	02:05 2016/17: 02:14

Reach definition: 15+ minutes for all channels and services and on audiences in TV-owning households aged 4+.

Source: BARB (TV reach and time per viewer).

Three-minute reach for BBC News Channel and BBC Parliament – in line with industry standards – would be 13.6% and 1.7% respectively (15.0% and 1.9% amongst 16+ population).

Scotland's performance by service – Radio		Content (£m) We spent a total of £3.2 million on these services last year in Scotland	Reach (%) Scotland population who use the service each week	Time spent listening to a service each week (h:m) Length of time the average Scotland listener spent each week with the service
	BBC Radio 1 broadcasts a distinctive mix of new music and entertainment for 15-29 year olds as well as providing tailored news, documentaries and advice campaigns for young adults.	£0.1m 2016/17: £0.1m	16.7% ^{**} 2016/17: 16.1%	06:07 2016/17: 06:45
	BBC 1Xtra plays the best in contemporary black music, with a strong emphasis on delivering high-quality live music and supporting new artists.	– 2016/17: –	0.9% ⁺ 2016/17: 0.8%	05:55 2016/17: *
	BBC Radio 2 broadcasts a unique mix of music and speech programmes covering a diverse mix of live pop and rock, comedy, documentaries and religious output, as well as running social action campaigns to over 14 million listeners.	– 2016/17: £0.1m	27.8% [^] 2016/17: 25.6%	11:40 2016/17: 11:33
	BBC Radio 3 centres on classical music, around which it provides a broad spectrum of jazz, world music, arts programmes, religion and drama. There is a strong emphasis on musical performance across the UK.	£1.6m 2016/17: £1.8m	2.6% 2016/17: 2.7%	06:42 2016/17: 05:20
	BBC Radio 4 is a mixed-speech radio station, offering in-depth news and current affairs and a wide range of other speech programmes including drama, readings, comedy, factual and magazine programmes.	£1.5m 2016/17: £1.5m	14.7% 2016/17: 12.7%	09:41 2016/17: 09:30
	Originally launched in 2002 as BBC 7, the station was relaunched in April 2011 as BBC Radio 4 extra. The digital-only network is the principal outlet for the BBC's archive of speech entertainment, including comedy, drama and readings.	– 2016/17: –	2.7% 2016/17: 1.9%	04:24 2016/17: 05:43
	BBC Radio 5 live broadcasts continuous news and live sports coverage, bringing major news stories and sports events to its listeners as they happen, and providing context through wide-ranging analysis and discussion.	– 2016/17: –	5.8% 2016/17: 6.9%	06:25 2016/17: 06:24
	BBC Radio 5 live sports extra brings a greater choice of live action to sports fans by extending live coverage of various sporting events.	– 2016/17: –	1.1% 2016/17: 1.2%	03:06 2016/17: 02:03
	BBC 6 Music is a digital radio station that entertains lovers of popular music with a service that celebrates the alternative spirit of popular music from the 60s to the present day, complemented by music news and documentaries.	– 2016/17: –	3.8% 2016/17: 3.7%	09:57 2016/17: 09:45
	BBC Asian Network offers speech and music appealing to British Asians, with a focus on news and current affairs. It broadcasts mainly in English, but does offer some programmes in other languages.	– 2016/17: –	0.3% 2016/17: 0.4%	* 2016/17: *

Reach definition: 15+ minutes for all stations and audiences aged 15+.

Source: RAJAR (Radio reach and time per listener).

Excludes programme 'Coming up on 5 live sports extra'.

** Radio 1: amongst its target group of 15-29 year olds reach was 33.0% and time spent per listener was 06:02.

+ 1Xtra: amongst 15-24 year-olds reach was 2.2%. Lower sample size may be responsible for greater variability in the time per listener data.

^ Radio 2: amongst its target group of 35+ year olds reach was 33.5% and time spent per listener was 12:45.

* Sample size for time per user too low to report.

The BBC in Northern Ireland

Investment in content spend in Northern Ireland decreased year-on-year for network services but increased on local services. The reduction in network spend was linked to specific drama and entertainment commissions produced in 2016/17 which were not replicated in 2017/18 (e.g. *My Mother and Other Strangers*, *The Fall 3*, *Can't Touch This!*). Despite the reduction in spend, Northern Ireland, through network services, has still provided quality drama commissions in 2017/18 (e.g. *Paula*, *Come Home*, *Line of Duty 4*) and continued with the successful commission of children's titles such as *Pablo*. The spend on local content increased by over £1 million reflecting the first tranche of Nations reinvestment funding and this was targeted at expanding the digital news and sport services as well as increasing comedy output on BBC One.

The following pages provide additional information about the BBC's performance in Northern Ireland, including income, high-level expenditure and local consumption of different BBC services.

Income

These numbers are estimated as figures for each nation and have been calculated by applying the proportion of licenced premises to the total number of licences in force. The exact number of licences in force varies on a daily basis. The number of licenced premises are different to the number of licences in force as, in some cases, a premise may need more than one licence. Figures exclude concessionary licences for those living in residential care.

	2018 £m	2017 £m
Estimated income		
UK	3,830.2	3,787.2
Northern Ireland	101.0	99.8

Expenditure by service

Direct and indirect spend relating to programmes produced in the nation.

	2018 £m	2017 £m
Network content		
TV (inc. sport and children's)*	20.1	27.3
Radio	1.5	1.4
Online and Red Button	1.1	1.5
Total network spend	22.7	30.2
Local content		
TV – BBC One	25.1	24.0
TV – BBC Two	5.5	5.8
Radio Ulster/Foyle	17.6	17.5
Online and Red Button	6.4	6.0
Total local spend	54.6	53.3
Distribution	11.6	13.7
Total	88.9	97.2

* Network content is attributed on an Ofcom basis, which excludes foreign productions.

Television hours**Local opt-out hours[^] (including repeats) on BBC One and BBC Two**

	2018 Hours	2017 Hours
Drama, comedy, entertainment, music and arts	46	57
Daily, weekly news and current affairs	421	489
Sport and leisure	88	78
Education, factual and religion	156	176
Total	711	800

[^] Television content commissioned specifically for audiences in the nation.

Radio hours**BBC Radio Foyle/Ulster**

	2018 Hours	2017 Hours
News and current affairs	3,253	3,219
General	5,114	5,480
Total	8,367	8,699

Headcount

Average headcount reflects those individuals employed to directly support the services produced in Northern Ireland.

	2018 Number	2017 Number
Average number of persons employed in the year	610	631

Average headcount of individuals based in Northern Ireland across all services including support functions.

	2018 Number	2017 Number
Average number of persons employed in the year	645	663

Northern Ireland's performance by service – Television		Content (£m)	Reach (%)	Time spent watching a channel each week (h:m)
We spent a total of £50.6 million on these services last year in Northern Ireland		Northern Ireland population who use the service each week	Length of time the average Northern Ireland viewer spent each week with the channel	
BBC One is our flagship service and the UK's most popular television channel. It unites and inspires the nation with high-quality programmes across a range of genres which includes news and current affairs, drama, comedy, entertainment and factual.		£35.5m 2016/17: £38.0m	70.2% 2016/17: 71.7%	06:31 2016/17: 06:40
 BBC Two is a mixed-genre channel with programmes of depth and substance. It includes the greatest amount and range of knowledge-building programming on the BBC, complemented by distinctive comedy, drama and arts programming.		£8.4m 2016/17: £13.3m	41.2% 2016/17: 42.1%	02:42 2016/17: 02:51
BBC Four aims to be British television's most intellectually and culturally enriching channel, offering an ambitious range of UK and international arts, music, culture and factual programmes.		£2.0m 2016/17: £1.5m	11.4% 2016/17: 10.4%	01:41 2016/17: 01:34
 The CBBC channel offers a distinctive mixed schedule for 6-12 year olds, with mainly UK programmes served in a stimulating, creative and enjoyable environment.		£3.4m 2016/17: £3.6m	5.0% 2016/17: 5.4%	02:35 2016/17: 02:53
 CBeebies provides a mix of high-quality, mostly UK-produced, programmes designed to encourage learning through play in a consistently safe environment for children under six.		£1.3m 2016/17: £0.7m	7.3% 2016/17: 6.9%	04:00 2016/17: 03:35

Reach definition: 15+ minutes consecutive for all channels and services and audiences in TV-owning households aged 4+ (TV).

Source: BARB (TV reach and time per viewer – all channels include their simulcast HD channel where applicable).

N.B. BARB data measures TV set viewing only at present, meaning that iPlayer viewing on other devices is not included in any of the reach and time figures. iPlayer viewing is growing, especially for young-skewed services such as CBeebies and CBBC.

Northern Ireland's performance by service – News		Content (£m)	Reach (%)	Time spent watching or listening to a service each week (h:m)
We spent a total of £0.1 million on these services last year in Northern Ireland		Northern Ireland population who use the service each week	Length of time the average Northern Ireland viewer or listener spent each week with the service	
The BBC News Channel is a 24-hour impartial and independent news service offering breaking news, analysis and insight. It provides fast and comprehensive coverage of local, UK and international events as they unfold.		£0.1m 2016/17: –	7.1% 2016/17: 6.9%	02:43 2016/17: 03:22
 BBC Parliament is the UK's only channel dedicated to politics. It shows debates and committees from Westminster, Holyrood, Stormont, Cardiff Bay and Strasbourg as well as political programmes from across the UK.		– 2016/17: –	0.6% 2016/17: 0.8%	02:37 2016/17: ^

Reach definition: 15+ minutes for all channels and services and audiences in TV-owning households aged 4+.

Source: BARB (TV reach and time per viewer).

Three-minute reach for BBC News Channel and BBC Parliament – in line with industry standards – would be 11.0% and 1.2% respectively (12.7% and 1.4% amongst 16+ population).

^ Sample size for time per user low.

Northern Ireland's performance by service – Radio		Content (£m)	Reach (%)	Time spent listening to a service each week (h:m)
		We spent a total of £1.5 million on these services last year in Northern Ireland	Northern Ireland population who use the service each week	Length of time the average Northern Ireland listener spent each week with the service
	BBC Radio 1 broadcasts a distinctive mix of new music and entertainment for 15-29 year olds as well as providing tailored news, documentaries and advice campaigns for young adults.	– 2016/17: –	18.1% ^{**} 2016/17: 19.2%	04:34 2016/17: 05:33
	BBC 1Xtra plays the best in contemporary black music, with a strong emphasis on delivering high-quality live music and supporting new artists.	– 2016/17: –	1.1% ⁺ 2016/17: 0.6%	* 2016/17: *
	BBC Radio 2 broadcasts a unique mix of music and speech programmes covering a diverse mix of live pop and rock, comedy, documentaries and religious output, as well as running social action campaigns to over 14 million listeners.	– 2016/17: –	15.2% [^] 2016/17: 13.8%	08:14 2016/17: 08:20
	BBC Radio 3 centres on classical music, around which it provides a broad spectrum of jazz, world music, arts programmes, religion and drama. There is a strong emphasis on musical performance across the UK.	£0.8m 2016/17: £0.8m	1.5% 2016/17: 2.0%	03:27 [§] 2016/17: 04:15
	BBC Radio 4 is a mixed-speech radio station, offering in-depth news and current affairs and a wide range of other speech programmes including drama, readings, comedy, factual and magazine programmes.	£0.7m 2016/17: £0.6m	10.8% 2016/17: 9.6%	07:51 2016/17: 08:05
	Originally launched in 2002 as BBC 7, the station was relaunched in April 2011 as BBC Radio 4 extra. The digital-only network is the principal outlet for the BBC's archive of speech entertainment, including comedy, drama and readings.	– 2016/17: –	1.9% 2016/17: 2.0%	03:56 [§] 2016/17: *
	BBC Radio 5 live broadcasts continuous news and live sports coverage, bringing major news stories and sports events to its listeners as they happen, and providing context through wide-ranging analysis and discussion.	– 2016/17: –	10.6% 2016/17: 9.2%	04:15 2016/17: 05:05
	BBC Radio 5 live sports extra brings a greater choice of live action to sports fans by extending live coverage of various sporting events.	– 2016/17: –	1.5% 2016/17: 1.7%	01:56 [§] 2016/17: 02:36
	BBC 6 Music is a digital radio station that entertains lovers of popular music with a service that celebrates the alternative spirit of popular music from the 60s to the present day, complemented by music news and documentaries.	– 2016/17: –	1.9% 2016/17: 1.5%	05:11 [§] 2016/17: *
	BBC Asian Network offers speech and music appealing to British Asians, with a focus on news and current affairs. It broadcasts mainly in English, but does offer some programmes in other languages.	– 2016/17: –	0.2% 2016/17: –	* 2016/17: *

Reach definition: 15+ minutes for all stations and audiences aged 15+.

Source: RAJAR (Radio reach and time per listener).

Excludes programme 'Coming up on 5 live sports extra'.

** Radio 1: amongst its target group of 15-29 year olds reach was 37.5% and time spent per listener was 04:15.

+ 1Xtra: amongst 15-24 year olds reach was 4.7%.

^ Radio 2: amongst its target group of 35+ year olds reach was 17.3% and time spent per listener was 09:05.

* Sample size for time per user too low to report.

§ Lower sample size may be responsible for greater variability in the data.

The BBC in England

The BBC in England has seen an increase in estimated income of £37.2 million in 2017/18 which was primarily due to the CPI increase applied to the licence fee after a six-year freeze, raising it from £145.50 to £147.00.

When comparing the movements of expenditure in England between 2017/18 and 2016/17 it should be noted that the figures for 2016/17 are inflated due to the inclusion of two major sporting events (the Olympics and the European Football Championships). Expenditure in news also decreased in 2017/18 as 2016/17 included costs associated with the coverage of the EU referendum.

The following pages provide additional detail on the BBC's performance in England, including income, high-level expenditure and performance across services provided in England.

Income

These numbers are estimated as figures for each nation have been calculated by applying the proportion of licensed premises to the total number of licences in force. The exact number of licences in force varies on a daily basis. The number of licenced premises are different to the number of licences in force as, in some cases, a premise may need more than one licence. Figures exclude concessionary licences for those living in residential care.

	2018 £m	2017 £m
Estimated income		
UK	3,830.2	3,787.2
England	3,200.7	3,163.5

Expenditure by service

Direct and indirect spend relating to programmes produced in the nation.

	2018 £m	2017 £m
Network content		
TV (inc. sport and children's)*	1,138.1	1,290.1
Radio	275.9	275.8
Online and Red Button	136.3	139.9
Total network spend	1,550.3	1,705.8
Local content		
TV – BBC One	100.2	97.8
BBC Local Radio	118.2	112.9
Online and Red Button	14.8	12.4
Total local spend	233.2	223.1
Orchestras and performing groups	17.1	13.8
Development	54.1	53.4
Distribution	99.6	98.8
Total	1,954.3	2,094.9

* Network content is attributed on an Ofcom basis, which excludes foreign productions.

Television hours**Local opt-out hours[^] (including repeats) on BBC One and BBC Two**

	2018 Hours	2017 Hours
Drama, comedy, entertainment, music and arts	–	4
Daily, weekly news and current affairs	4,108	4,115
Sport and leisure	24	26
Education, factual and religion	22	20
Total	4,154	4,165

[^] Television content commissioned specifically for audiences in the nation.

Radio hours**BBC English Regions**

	2018 Hours	2017 Hours
General	216,023	215,885
Total	216,023	215,885

Headcount

Average headcount reflects those individuals employed to directly support the services produced in England.

	2018 Number	2017 Number
Average number of persons employed in the year	2,590	2,600

Average headcount of individuals based in England across all services including support functions.

	2018 Number	2017 Number
Average number of persons employed in the year	13,740	14,716

England's performance by service – Television		Content (£m)	Reach (%)	Time spent watching a channel each week (h:m)
		We spent a total of £1,193.6 million on these services last year in England	England population who use the service each week	Length of time the average England viewer spent each week with the channel
	BBC One is our flagship service and the UK's most popular television channel. It unites and inspires the nation with high-quality programmes across a range of genres which includes news and current affairs, drama, comedy, entertainment and factual.	£774.0m 2016/17: £892.7m	68.4% 2016/17: 71.0%	07:14 2016/17: 07:26
	BBC Two is a mixed-genre channel with programmes of depth and substance. It includes the greatest amount and range of knowledge-building programming on the BBC, complemented by distinctive comedy, drama and arts programming.	£309.0m 2016/17: £328.9m	44.1% 2016/17: 45.7%	03:07 2016/17: 03:07
	BBC Four aims to be British television's most intellectually and culturally enriching channel, offering an ambitious range of UK and international arts, music, culture and factual programmes.	£30.5m 2016/17: £41.9m	12.6% 2016/17: 13.5%	01:44 2016/17: 01:46
	The CBBC channel offers a distinctive mixed schedule for 6-12 year olds, with mainly UK programmes served in a stimulating, creative and enjoyable environment.	£55.1m 2016/17: £55.6m	3.9% 2016/17: 4.4%	02:36 2016/17: 02:31
	CBeebies provides a mix of high-quality, mostly UK-produced, programmes designed to encourage learning through play in a consistently safe environment for children under six.	£25.0m 2016/17: £23.5m	7.5% 2016/17: 7.8%	04:14 2016/17: 04:13

Reach definition: 15+ minutes consecutive for all channels and services and audiences in TV-owning households aged 4+ (TV).

Source: BARB (TV reach and time per viewer – all channels include their simulcast HD channel where applicable).

N.B. BARB data measures TV set viewing only at present, meaning that iPlayer viewing on other devices is not included in any of the reach and time figures. iPlayer viewing is growing, especially for young-skewed services such as CBeebies and CBBC.

England's performance by service – News		Content (£m)	Reach (%)	Time spent watching or listening to a service each week (h:m)
		We spent a total of £44.7 million on these services last year in England	England population who use the service each week	Length of time the average England viewer or listener spent each week with the service
	The BBC News Channel is a 24-hour impartial and independent news service offering breaking news, analysis and insight. It provides fast and comprehensive coverage of local, UK and international events as they unfold.	£43.1m 2016/17: £43.5m	9.5% 2016/17: 9.9%	02:39 2016/17: 02:40
	BBC Parliament is the UK's only channel dedicated to politics. It shows debates and committees from Westminster, Holyrood, Stormont, Cardiff Bay and Strasbourg as well as political programmes from across the UK.	£1.6m 2016/17: £1.8m	0.5% 2016/17: 0.6%	01:43 2016/17: 01:43

Reach definition: 15+ minutes for all channels and services and on audiences in TV-owning households aged 4+.

Source: BARB (TV reach and time per viewer).

Three-minute reach for BBC News Channel and BBC Parliament – in line with industry standards – would be 13.6% and 1.1% respectively (15.1% and 1.2% among 16+ population).

England's performance by service – Radio		Content (£m)	Reach (%)	Time spent listening to a service each week (h:m)
		We spent a total of £275.9 million on these services last year in England	England population who use the service each week	Length of time the average England listener spent each week with the service
	BBC Radio 1 broadcasts a distinctive mix of new music and entertainment for 15-29 year olds as well as providing tailored news, documentaries and advice campaigns for young adults.	£37.4m 2016/17: £35.8m	17.2% ^{**} 2016/17: 17.3%	06:19 2016/17: 06:07
	BBC 1Xtra plays the best in contemporary black music, with a strong emphasis on delivering high-quality live music and supporting new artists.	£6.4m 2016/17: £6.6m	2.1% ⁺ 2016/17: 1.9%	04:44 2016/17: 04:44
	BBC Radio 2 broadcasts a unique mix of music and speech programmes covering a diverse mix of live pop and rock, comedy, documentaries and religious output, as well as running social action campaigns to over 14 million listeners.	£48.7m 2016/17: £50.8m	27.6% [^] 2016/17: 27.7%	11:55 2016/17: 11:54
	BBC Radio 3 centres on classical music, around which it provides a broad spectrum of jazz, world music, arts programmes, religion and drama. There is a strong emphasis on musical performance across the UK.	£33.2m 2016/17: £32.5m	3.9% 2016/17: 3.9%	05:57 2016/17: 06:23
	BBC Radio 4 is a mixed-speech radio station, offering in-depth news and current affairs and a wide range of other speech programmes including drama, readings, comedy, factual and magazine programmes.	£83.5m 2016/17: £81.9m	21.6% 2016/17: 22.2%	11:04 2016/17: 11:16
	Originally launched in 2002 as BBC 7, the station was relaunched in April 2011 as BBC Radio 4 extra. The digital-only network is the principal outlet for the BBC's archive of speech entertainment, including comedy, drama and readings.	£2.9m 2016/17: £3.0m	4.1% 2016/17: 4.1%	05:38 2016/17: 05:53
	BBC Radio 5 live broadcasts continuous news and live sports coverage, bringing major news stories and sports events to its listeners as they happen, and providing context through wide-ranging analysis and discussion.	£43.6m 2016/17: £45.5m	10.0% 2016/17: 10.8%	06:36 2016/17: 06:42
	BBC Radio 5 live sports extra brings a greater choice of live action to sports fans by extending live coverage of various sporting events.	£2.9m 2016/17: £2.7m	2.4% 2016/17: 2.5%	03:18 2016/17: 02:53
	BBC 6 Music is a digital radio station that entertains lovers of popular music with a service that celebrates the alternative spirit of popular music from the 60s to the present day, complemented by music news and documentaries.	£10.7m 2016/17: £10.9	4.7% 2016/17: 4.6%	09:15 2016/17: 09:45
	BBC Asian Network offers speech and music appealing to British Asians, with a focus on news and current affairs. It broadcasts mainly in English, but does offer some programmes in other languages.	£6.6m 2016/17: £7.1m	1.4% 2016/17: 1.4%	05:27 2016/17: 06:20

Reach definition: 15+ minutes for all stations and audiences aged 15+.

Source: RAJAR (Radio reach and time per listener).

Excludes programme "Coming up on 5 live Sports Extra".

** Radio 1: among its target group of 15-29 year-olds reach was 32.0% and time spent per listener was 06:21.

+ 1Xtra: among 15-24 year-olds reach was 6.1% and time spent was 03:45.

^ Radio 2: among its target group of 35+ year-olds reach was 34.2% and time spent per listener was 12:57.

Independent Assurance Report to the Board of the British Broadcasting Corporation, acknowledging that Parliament also places reliance on the Group Accounts and Report

I have conducted independent assurance procedures on the disclosures included in the British Broadcasting Corporation (BBC) Annual Report arising from the requirement under the Royal Charter for the continuance of the BBC (the Royal Charter) to publish the provision for the United Kingdom's nations and regions, including how the BBC delivered the creative remit in the nations and regions. These disclosures are set out on pages 150 to 166 of the BBC's Annual Report (the subject matter) ("Nations Report").

My work is conducted in accordance with International Standards on Assurance Engagements (ISAE) 3000 *Assurance Engagements Other Than Audits or Reviews of Historic Financial Information*.

Respective responsibilities of the BBC Board and the Comptroller and Auditor General

For the reporting year covered by this report, the BBC Board was responsible for publishing information required by the Royal Charter as follows:

- the provision for the United Kingdom's nations and regions, including how the BBC delivered the creative remit in the nations and regions for the year-ended 31 March 2018.

I am responsible for providing an opinion on whether, in all material respects, the Nations Report is complete and accurate and has been properly prepared in accordance with the basis set out therein.

In conducting this work, my staff and I have complied with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the BBC in accordance with the ethical requirements that are relevant to my assurance engagement. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

My approach

I have performed a reasonable assurance engagement as defined in ISAE 3000. A reasonable assurance engagement is to perform such procedures as to obtain information and explanations which I consider necessary to express an opinion on whether, in all material respects, the Nations Report is complete and accurate and has been properly prepared in accordance with the basis set out therein.

My work consisted of understanding the process adopted by the BBC to derive the disclosures, in particular the completeness and accuracy of information used. This enabled me to design procedures in response to risks identified. I performed procedures in relation to the figures disclosed which included: agreement to third party evidence such as data issued by the Broadcasters Audience Research Board (BARB); agreement to scheduling reports; cross-reference to disclosures made in the BBC Group financial statements; recalculation and confirmation of mathematical accuracy; and agreement of headcount data to payroll reports.

Inherent limitations

My assurance procedures have been designed to provide reasonable assurance. The objective of a reasonable assurance engagement is to reduce engagement risk to an acceptably low level in the circumstances of the engagement as the basis for a positive form of expression of my conclusion. It does not, however, eliminate this risk entirely. In particular, in preparing the Nations Report, the BBC Board is required to make a number of judgements which inherently introduces an element of risk.

Opinion

Based on the results of my procedures, in my opinion, in all material respects the Nations Report is complete and accurate and has been properly prepared in accordance with the basis set out therein.

Sir Amyas CE Morse KCB Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
London, SW1W 9SP
21 June 2018

Financial statements

p.169

The Certificate and Report of the
Comptroller and Auditor General

p.184

The BBC's consolidated financial statements

The Certificate and Report of the Comptroller and Auditor General to the Board of the British Broadcasting Corporation, acknowledging that Parliament also places reliance on the Group Accounts and Report

Opinion on financial statements

I certify I have audited the financial statements of the British Broadcasting Corporation (BBC) for the year ended 31 March 2018, which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income/loss;
- the consolidated balance sheet;
- the consolidated statement of changes in equity;
- the consolidated cash flow statement; and
- the related notes, including the significant accounting policies

The financial reporting framework that has been applied in their preparation is the Royal Charter for the continuance of the British Broadcasting Corporation and International Financial Reporting Standards as adopted by the European Union. I have also audited the information in the Remuneration Report that is described as having been audited.

In my opinion the consolidated financial statements:

- give a true and fair view of the state of the group's affairs as at 31 March 2018 and of its surplus for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the consolidated financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Respective Responsibilities of the BBC Board and the Comptroller and Auditor General section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the BBC in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

The regularity framework that has been applied comprises:

- the Royal Charter for the continuance of the British Broadcasting Corporation;
- the Agreement between Her Majesty's Secretary of State for Digital, Culture, Media and Sport and the British Broadcasting Corporation; and
- other agreements the BBC has entered into with Government Ministers.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that I identified.

I consider the following areas of particular audit focus to be those areas that had the greatest effect on my overall audit strategy, the allocation of resources in my audit and directing the efforts of the audit team in the current year. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by my audit but only those areas that had the greatest effect on my overall audit strategy, allocation of resources and direction of effort. I have not, for example, included detailed information relating to the general work I have performed around the presumed risk of management override of controls, which are areas where my work has not identified any matters to report.

The areas of focus were discussed with the Audit and Risk Committee; their report on matters that they considered to be significant to the financial statements is set out on pages 109-112. The description of the risks below should be read in conjunction with the Audit and Risk Committee's report.

Key Audit Matter description	The scope of my audit work in response	The findings I communicated to the Audit and Risk Committee
<p>Key audit matters relating to my opinion on the financial statements Accounting for employment-related issues <i>Refer to the Audit and Risk Committee report page 111 and note F9 of the financial statements.</i></p> <p>Recently, a number of issues relating to pay at the BBC have risen to prominence. These include equal pay claims; the gender pay gap; the BBC's review of its terms and conditions for staff; and its engagement with personal service companies and the associated impact of changes to IR35 taxation rules.</p> <p>In relation to some of these matters, the BBC may need to recognise provisions or report contingent liabilities in its financial statements.</p> <p>I have assessed a significant risk to my audit because establishing the existence, completeness and valuation of provisions or contingent liabilities involves management's judgement and estimation; moreover, there are high levels of parliamentary interest in these issues.</p> <p>Under the current Royal Charter the BBC is required to make disclosures in its Annual Report in relation to people paid more than £150,000 from the licence fee. The results of my separate reporting engagement on these disclosures are set out on page 107.</p>	<p>I have made enquiries of management and the BBC's legal team to understand these issues and I have assessed the reasonableness of management's key judgements and assumptions as to the financial, disclosure or regularity implications, if any, arising from these matters.</p> <p>My audit procedures have included reviewing board papers and minutes and assessing management's processes and controls for identifying and evaluating the financial reporting implications of these matters.</p> <p>I have tested key provisions and contingent liabilities relating to employment issues, as well as a sample of other provisions based on risk and value. My procedures included agreeing liabilities and disclosures to underlying evidence, and recalculating the amounts recognised or disclosed in the financial statements.</p> <p>I reviewed the disclosure of provisions and contingent liabilities in the financial statements to assess their accuracy, completeness and consistency with financial reporting requirements and my understanding of the issues.</p>	<p>I am satisfied that provisions and contingent liabilities have been appropriately recognised and disclosed.</p>
<p>Complex property transactions <i>Total cost of Property, Plant and Equipment – £2,378.6 million (2016-17: £2,340.6 million). Refer to note D1 (financial disclosures) and note H (accounting policies) and the risks set out in the Audit and Risk Committee report on page 111.</i></p> <p>The BBC has a large and diverse portfolio of properties. The arrangements for these properties include owned assets, investment properties and assets held under finance or operating leases.</p> <p>The BBC has a borrowing limit set by the Secretary of State for Digital, Culture, Media and Sport; this affects the ways the BBC can finance major projects. Sale and leaseback arrangements, including those facilitated through special purpose vehicles as a means to raise finance on the bond markets, are one method the BBC has used to fund certain estates projects.</p> <p>In managing its property portfolio and related financing arrangements, certain past transactions have given</p>	<p>I have carried out work to understand the BBC's overall property strategy and any changes that could have a consequent financial statement impact.</p> <p>My procedures included making enquiries of management; review of board minutes and business plans and visiting certain key properties.</p> <p>A: Properties held under leasing arrangements</p> <ul style="list-style-type: none"> — For the BBC's material leases, I have assessed whether these leases should be accounted for as finance or operating leases. My audit procedures included considering the reasonableness of management's key assumptions and judgements and checking these for consistency with the underlying contractual documentation. — I have considered the reasonableness of the key assumptions used by management in the finance lease accounting models. I checked the key 	<p>I identified an audit difference in relation to the inflation assumptions used to determine the valuation of the cash-flow swaps. On drawing this to management's attention, management considered that it was appropriate to adjust the valuations to reflect actual retail price index figures where available, rather than forecast retail price index figures. Accordingly, management adjusted the financial statements.</p> <p>I identified an audit difference in relation to deferred sales proceeds arising from a past disposal of land. On bringing this to management's attention, management decided that it was appropriate to make this adjustment, and updated financial statements accordingly.</p> <p>I consider that the accounting treatment adopted for these complex property transactions is appropriate.</p>

Key Audit Matter description	The scope of my audit work in response	The findings I communicated to the Audit and Risk Committee
Key audit matters relating to my opinion on the financial statements		
Complex property transactions		
<p>rise to accounting treatments which are not straightforward and require the application of judgement. I have deemed complex transactions arising from the BBC's property strategy to be a significant risk area for my audit. The following complex property transactions involve significant judgement and have been key areas of focus for my work:</p>	<p>model inputs to the terms of the lease agreements and other expected inputs. I assessed the mechanical accuracy of the models and re-performed the calculation of the lease amounts included in the financial statements. I assessed the reasonableness of management's calculations by comparing the outputs of my work to the amounts calculated by management.</p>	
A: Properties held under leasing arrangements		
<ul style="list-style-type: none"> — The classification of significant legacy leasing arrangements in respect of the BBC's New Broadcasting House and White City sites in London and its Pacific Quay site in Glasgow, as finance or operating leases; 	<p>B: New Broadcasting House financing I have assessed the reasonableness of the accounting treatment in relation to the classification and valuation of the cash flow swaps used in the past re-financing of the New Broadcasting House sale and leaseback. My audit procedures included assessing the reasonableness of management's key valuation assumptions and judgements. Using corporate finance specialists, I checked management's key assumptions and judgements for consistency with underlying contracts, published rates and market practice; and I assessed the sensitivity of management's valuations to changes in key assumptions.</p>	
<ul style="list-style-type: none"> — The valuation of the BBC's major finance lease assets and liabilities involves the use of complex models to calculate the valuations and was subject to a prior period adjustment in 2016-17 		
B: New Broadcasting House re-financing		
<ul style="list-style-type: none"> — The valuation of the series of significant derivative cash flow swaps which form the basis of the 2016-17 refinancing of the New Broadcasting House sale and lease back arrangement. The valuation of these swaps involves judgement and is highly sensitive to the assumptions made. 	<p>C: Property disposals I have considered management's key judgements in relation to the accounting treatments adopted for certain past and planned disposals of property. My audit procedures included checking the basis of deferred sale proceeds and overage agreements to underlying contracts; and reviewing board minutes and business plans to confirm the completeness of property disclosed as held for sale</p>	
C: Property disposals		
<ul style="list-style-type: none"> — The existence and valuation of deferred sales proceeds and the treatment of an overage clause in relation to a past disposal of land, where judgement is required regarding the treatment of these items in the financial statements. 		
<ul style="list-style-type: none"> — The classification, completeness and valuation of property available-for-sale which could have a material impact on the financial statements. 		

Risk of fraud in revenue recognition

Total revenue recognised – £5,062.7 million (2016-17: £4,954.0 million). Refer to note A1 (financial disclosures) and note H (accounting policies) and the risks set out in the Audit and Risk Committee report on page 111.

International Standards on Auditing (UK) require me to consider whether or not there is a risk of fraud in respect of revenue recognition. Given the scale and nature of the BBC's income streams, I have not rebutted this risk. My scoping work has identified the following transactions streams as areas of specific focus for my audit:

Key Audit Matter description	The scope of my audit work in response	The findings I communicated to the Audit and Risk Committee
<p>Key audit matters relating to my opinion on the financial statements</p> <p>Risk of fraud in revenue recognition</p> <p><i>Licence Fee revenue (£3,830.2 million (2016-17: £3,787.2 million)</i></p> <p>The BBC's primary source of funding is derived from the Television Licence Fee (the "licence fee"). The Telecommunications Act 2003 requires that licence fees must be paid to the BBC which, in turn, must remit the amounts collected to the Consolidated Fund. The BBC Licence Fee Unit uses an outsourced service provider, Capita, to collect licence fees on its behalf.</p> <p>Licence fees collected are brought to account within the BBC Television Licence Fee Trust Statement ("the Trust Statement"). This is a separate account, which I also audit. The licence fee revenue recorded in the BBC consolidated financial statements is a grant-in-aid funding settlement, paid directly to the BBC from the Secretary of State for Digital, Culture, Media and Sport from sums drawn down for the Consolidated Fund in respect of licence fees issued in the year.</p> <p>The licence fee income and balances recorded in the Trust Statement provide an authoritative expectation of the amount of licence fee funding the BBC receives in the year from the Secretary of State, and which it recognises in its financial statements.</p> <p>Licence fee funding includes a settlement of £655.3million in 2017-18 from the Department for Work and Pensions, in relation to the provision of free Television Licences to over-75s.</p> <p>The grant-nature of the licence fee revenue recorded by the BBC means that revenue recognition for this income stream is, generally, not complex. Licence fee revenue recognition in the related Trust Statement is also, generally, not complex. This is because income is recognised on issuance of a licence and the amount for each licence type is a fixed price.</p> <p>I have assessed a risk in this area because of the importance of licence fee funding to the BBC and the parliamentary and public interest in it, as well as the significant sums involved. Consequently, I consider that there may be an incentive to manage and report this revenue in ways that meet management's or licence fee payers' expectations. This might involve the BBC or other parties involved in the licence fee revenue collection and reporting process. I consider that there is a heightened risk around the year end of revenue recognition being managed to achieve particular results and this has been a key focus of my testing in this area.</p>	<p>In relation to the licence fee revenue grant recognised in the BBC's consolidated financial statements, I have assessed the reasonableness of the BBC's licence fee revenue recognition policy. I have substantively tested the amounts and the timing of licence fee revenue funding paid to the BBC by the Secretary of State for Digital, Culture, Media and Sport; and the amounts and timing of payments made by the Department for Work & Pensions to the BBC in respect of television licences issued free-of-charge to over-75s.</p> <p>Given that the licence fee revenue and balances recorded in the Trust Statement provide an authoritative expectation as to the related licence fee grant funding and balances recorded in the consolidated financial statements, I have carried out audit procedures on the BBC Licence Fee Unit collection systems and processes and on related transactions and balances reported in the Trust Statement. These included obtaining assurance on the completeness and occurrence of licence fee income recorded in the Trust Statement by using IT audit procedures on key licence fee collection systems and testing a sample of in-year transactions and year-end balances.</p> <p>I have also obtained assurance over the proper operation of cut-off by examining evidence showing cash receipts and licences issued around the year end.</p>	<p>On the basis of the procedures I have performed I consider licence fee revenue funding and related balances to be appropriately recognised and reported. I have considered the recognition point of licence fee revenue within the BBC's consolidated financial statements and consider this to be appropriate.</p> <p>I made recommendations to management to enhance the disclosures relating to licence fee revenue funding so as to provide a clearer link between the payments made by licence fee payers and the funds received by the BBC. Management considered that it was appropriate to enhance these disclosures and adjusted them accordingly.</p>

Key Audit Matter description	The scope of my audit work in response	The findings I communicated to the Audit and Risk Committee
<p>Key audit matters relating to my opinion on the financial statements</p> <p>Risk of fraud in revenue recognition</p> <p><i>Commercial revenue and profit recognition (£1,232.5 million (2016-17: £1,166.8 million))</i></p> <p>There are a number of revenue streams from different sources within the BBC's commercial subsidiaries, including subscriber revenues, distribution, and sale of BBC branded products. Audit risk arises from the level of judgement in respect of the completeness and cut-off of revenue. This is particularly the case within BBC Worldwide (part of the BBC Studios Group from 1 April 2018 but known as BBC Worldwide during the reporting period) as the largest commercial subsidiary and where most revenue is earned from outside of the BBC Group.</p> <p>One of the largest revenue streams within BBC Worldwide relates to the distribution of content. Commercial distribution rights acquired by the BBC relating to this content are treated as intangible assets within BBC Worldwide's financial statements. BBC Worldwide's expenditure is affected by judgements in relation to the amortisation of commercial distribution rights. Amortisation is based on the expected revenue profile of the programme portfolio. As a key area of judgement, risks arise as changes in assumptions could have a material impact on operating profit.</p>	<p>I have carried out work to understand the nature of the BBC's commercial profits including reviewing contractual documentation and management reporting, making enquires of management responsible for BBC commercial activities (both within the UK and at significant territories overseas, both by value and by risk). I have also researched wider market practice in relation to revenue recognition in the media sector. I used this understanding to assess the reasonableness of revenue recognition policies adopted by the BBC's commercial subsidiaries, focussing my attention on the highest risk and most significant revenue streams: channels, distribution, and format sales.</p> <p>My testing included: undertaking detailed analyses of key revenue streams and identifying transactions with the greatest risk for further analysis, reviewing significant revenue contracts to understand the key features and confirming that they have been treated appropriately in the financial statements; and, considering transactions arising around the year-end, for evidence of delivery and licence period start dates. I have particularly focussed on the year-end, as the timing of BBC Worldwide revenue is skewed towards March to coincide with the BBC Showcase event.</p> <p>I have also assessed the judgements made in respect of amortising commercial distribution rights. I reviewed the basis on which the amortisation principles were determined, comparing these to the known and forecast timing of the realisation of the value of these rights. I considered whether any amendments were required to the policy in light of developments in BBC Worldwide's business, and wider market practice, during the reporting period.</p>	<p>I have concluded that commercial revenue and profit is appropriately recognised and reported. I have considered the principles adopted by the BBC, in particular the point of revenue recognition and the policies adopted to amortise distribution rights, and found these to be appropriate.</p>
<p>Creation of BBC Studios Limited</p> <p><i>Total value of net assets transferred – £49.0 million.</i></p> <p>On 1 April 2017, BBC Studios Limited was established as a separate legal entity, having previously been a division of the BBC Public Service Broadcaster (BBC PSB). To establish BBC Studios Limited, the division was carved-out, including the transfer of a number of assets and liabilities and employees, from BBC PSB to BBC Studios Limited. There are risks around the complete and accurate transfer of balances relating to the former BBC Studios division to the new entity, as well as opening balances for the first year of BBC Studios Limited's financial statements.</p>	<p>I have sample tested balances transferred from BBC PSB to BBC Studios Limited, comparing these to the transfer agreement and confirming that these balances have been completely and accurately reflected in the BBC Studios Limited statutory financial statements. I have also assessed whether these balances were transferred in accordance with the requirements set out by the BBC Trust when this arrangement was agreed in December 2016.</p> <p>I have completed a separate audit of the BBC Studios Limited financial statements, which form a significant component of the BBC Commercial Holdings Group which, in turn, is a significant component of the BBC Group.</p>	<p>I have found that balances relating to the previous BBC Studios division were appropriately transferred from BBC PSB to BBC Studios Limited.</p> <p>I consider that BBC Studios Limited has been appropriately consolidated into the BBC's consolidated financial statements and that related disclosures are appropriate.</p>

Key Audit Matter description	The scope of my audit work in response	The findings I communicated to the Audit and Risk Committee
<p>Key audit matters relating to my opinion on the financial statements</p>		
<p>Creation of BBC Studios Limited</p>		
<p>The creation of BBC Studios Limited coincides with the new ‘compete and compare’ strategy, whereby BBC Studios Limited is required to compete, alongside independent producers, for returning series network commissions. At a BBC PSB level, this involves new processes for awarding tenders and operating at an arm’s length from BBC Studios Limited, requiring consideration from a regularity perspective, which I set out below.</p>		
<p>Capitalisation and major projects</p>		
<p><i>Total value of Assets Under Construction – £103.2 million (2016-17: £131.7 million). Refer to note D1 (financial disclosures) and note H (accounting policies). Refer to the Audit and Risk Committee report section 111.</i></p>	<p>I have assessed the governance and control arrangements relating to the most significant projects currently in progress. I have sample tested transactions and balances relating to these projects to confirm these have been appropriately recognised as assets under construction or asset additions.</p>	<p>I identified a number of projects where amounts were incorrectly recorded as assets under construction when these assets had, in fact, been bought into use. Upon drawing these matters to management’s attention, management determined that it was appropriate to adjust these amounts and amended the financial statements accordingly.</p>
<p>A number of significant projects support the BBC’s strategy, many of which are capitalised in the BBC’s financial statements. These projects relate to digitalisation, enhancing technology, and changes in the way the BBC engages with audiences, as well as capital construction projects. Judgement is required around the appropriate capitalisation of expenditure and also the valuation of assets generated where there are risks that the expected benefits may not be delivered as planned.</p>	<p>I have reviewed the procedures implemented by the BBC to determine whether impairment is necessary. Alongside this, I have reviewed board minutes, made enquires with project managers and undertaken my own research to determine whether there are any indicators of impairment.</p>	<p>I consider major projects to be appropriately accounted for in the BBC’s consolidated financial statements.</p>
<p>Valuation of the pension scheme liability</p>		
<p><i>Total value of pension scheme liability – £518.3 million (2016-17: £1,149.1 million). Refer to note C7.1 (financial disclosures) and note H (accounting policies) and the risks set out in the Audit and Risk Committee report on page 111.</i></p>	<p>I have understood the BBC’s pension scheme arrangements and assessed the processes and controls used by management to account for them.</p>	<p>I am satisfied that the methodology and approach adopted by the BBC is appropriate for the valuation of the pension scheme liability in the BBC’s consolidated financial statements.</p>
<p>The BBC has a significant pension deficit. The scheme was subject to triennial valuation at March 2016, and the BBC and pension scheme trustees have agreed a revised repayment plan to reduce the scheme deficit. The valuation of the net pension liability reported in the accounts is highly judgemental, and changes to assumptions can result in material changes to the valuation. The pension scheme liability recognised by the BBC has moved significantly over the financial year, reducing by £630.8m. Given this, I have assessed the valuation of the pension deficit as a significant risk to my audit.</p>	<p>Using actuarial experts I have assessed the reasonableness of key assumptions used in determining the scheme liability, benchmarking them against other schemes; and I have assessed the nature and appropriateness of BBC context-specific assumptions. I have also assessed the expertise and independence and of the BBC’s actuaries.</p>	<p>My challenge of the reasonableness of assumptions has found that these all sit within the range I would expect when compared to market practice. I consider that the disclosures relating to pension assets and liabilities comply with the requirements of accounting standards.</p>
	<p>I have taken assurance from the work of the BBC Pension Scheme auditors in relation to the valuation of scheme assets.</p>	
	<p>I have tested data inputs used in determining the valuation, including employer contributions and scheme membership data.</p>	
	<p>I have tested the accounting entries recognised to the underlying work performed by the BBC’s actuaries and reviewed disclosures made to confirm these are in accordance with accounting standards.</p>	

Key Audit Matter description	The scope of my audit work in response	The findings I communicated to the Audit and Risk Committee
<p>Key audit matters relating to my opinion on the financial statements</p>		
<p>Service spend disclosures</p>		
<p>Refer to note B3.1 (financial disclosures)</p> <p>The BBC includes detailed analysis in its financial statements on expenditure by service and genre. The preparation of these disclosures, involves judgement in determining the appropriate allocations of costs and overheads. Given this, and because of the high levels of public interest in these disclosures I have assessed significant risk to my audit.</p> <p>The BBC's annual report includes detailed disclosures on how much has been spent and on what services in each of the United Kingdom Nations. The current Royal Charter requires the BBC to provide this information. The results of my separate reporting engagement on these disclosures are set out on page 167.</p>	<p>I have assessed management's processes and controls for the complete and accurate compilation of expenditure analysed by service, and carried out detailed sample testing to agree the disclosures to supporting information. This has included assessing the reasonableness of the assumptions management have used in allocating costs and overheads and assessing the proper operation of cut-off in relation to costs arising around the year-end.</p>	<p>I am satisfied that the disclosures in note B3.1 are appropriate.</p>
<p>Accounting for investments in associates and joint ventures</p>		
<p><i>Total value of interests in associates and joint ventures – £239.5 million. (2016-17: £258.5 million). Refer to note E3 (financial disclosures) and note H (accounting policies and the risks set out in the Audit and Risk Committee report on page 111.</i></p> <p>The BBC Group comprises over 100 separate subsidiaries and over 60 associates and joint ventures. On preparing its consolidated financial statements, the BBC must make judgements around the control exercised over each entity to determine whether to consolidate the entity or recognise it as an associate, joint venture, investment.</p> <p>When consolidating entities into the BBC's consolidated financial statements, there are risks associated with the completeness of adjustments made to eliminate intra-group transactions and adjustments made to recognise the assets, liabilities and results of subsidiaries, associates and joint ventures.</p> <p>Management must also exercise judgement as to the valuation attributed to its investments, within the consolidated financial statements.</p>	<p>Given the significant levels of management judgement involved in determining the appropriate group accounting treatment and the sensitivity of the consolidated financial statements to these judgements I have assessed the accounting treatment of the following BBC investments as giving rise to a significant risk to my audit:</p> <p>A. Daunus Limited: Daunus Limited is a special purpose vehicle established as part of the sale and leaseback arrangement which facilitated the redevelopment of New Broadcasting House. The financial statements are highly sensitive to the accounting treatment adopted, as this judgement has a material impact on the financial statements and the BBC's outturn against its borrowing limits.</p> <p>B. UKTV Media Limited: given UKTV's significance to the BBC's financial statements.</p> <p>C. New Video Channel America LLC: as the BBC Worldwide owns 50.1% of this entity but does not consolidate it.</p> <p>I performed the following procedures in relation to each of these investments:</p> <p>A. Daunus Limited: I assessed the reasonableness of management's past judgement on the treatment of its investment in Daunus Limited as an equity-accounted joint venture. My audit procedures included considering the reasonableness of management's key assumptions and judgements, checking these for consistency with the underlying contractual documentation and obtaining evidence that, in practice, joint control is exercised over</p>	<p>I am satisfied that the Group consolidation has been properly performed.</p> <p>I am content that the accounting treatment adopted in respect of the BBC Groups' investments in associated and joint ventures is appropriate.</p>

Key Audit Matter description	The scope of my audit work in response	The findings I communicated to the Audit and Risk Committee
<p>Key audit matters relating to my opinion on the financial statements</p>		
<p>Accounting for investments in associates and joint ventures</p>		
	<p>the relevant activities of Daunus. I have assessed the reasonableness of the valuation of the Daunus investment by reference to Daunus's audited accounts.</p> <p>B. UKTV Media Limited: I have reviewed the underlying contractual documentation in place and assessed management's treatment of UKTV as a joint venture in the financial statements. Through my group audit procedures I have confirmed the BBC Group's share of UKTV Media Limited's underlying profits.</p> <p>C. New Video Channel America LLC: I have reviewed the past judgement that, although BBC Worldwide owns 50.1% of New Video Channel America, it does not control the entity and therefore does not consolidate it on a line by line basis. I have reviewed underlying contractual agreements and minutes of the relevant board and committee meetings to understand the substance of the arrangement in place. Through my group audit procedures I have confirmed the BBC Group's share of New Video Channel America LLC's underlying profits.</p> <p>I assessed the controls established by the BBC to consolidate the transactions and balances relating to its subsidiary entities, and to completely and accurately process consolidation adjustments and appropriately eliminate intra-group transactions. I tested the consolidation process using group audit procedures and sample testing of intra-group transactions. I set out further information on my group audit procedures later in this report.</p>	

Key Audit Matter description	The scope of my audit work in response	The findings I communicated to the Audit and Risk Committee
<p>Key audit matters relating to my opinion on regularity Implementing new regularity requirements</p> <p>As has been the case previously, the current Royal Charter sets out responsibilities for the BBC in respect of its stewardship of licence fee funding. The current Royal Charter, however, explicitly includes, for the first time, the concepts of regularity and propriety. Regularity is concerned with whether transactions recorded in the financial statements conform to the authorities which govern them. I have set out the relevant framework of authorities for the BBC above. Transactions are regular if they accord with these authorities; otherwise they are irregular. Propriety is concerned with how business is conducted.</p> <p>My regularity opinion on the BBC Group financial statements considers whether licence fee funding has been used for its intended purpose, as set out in the framework of authorities. I am not required to issue an opinion on propriety, but I consider and report on concerns as necessary.</p> <p>I consider the general requirements of the framework, as well as the specific. My general considerations of the BBC's stewardship of licence fee funding would include taking account of any significant frauds or losses if such matters have occurred and come to my attention during the course of my engagement. This is because I always consider fraudulent transactions to be irregular and, in the case of any significant losses, I would consider the cause as this could be indicative of an underlying irregularity or impropriety.</p> <p>Understanding and assessing the framework of authorities and the regularity risks that this gives rise to, along with understanding and assessing management's response to controlling and managing those risks have been key areas of focus for my audit.</p> <p>As these arrangements are new for 2017-18, I have assessed there is a risk that management's controls and processes to respond to the new requirements may not have been sufficiently well-developed or may not have operated effectively throughout the year. In turn, this increases the risk of there being irregular transactions in the financial statements.</p> <p>In this regard I have assessed a significant risk in the following areas and these have been a key focus for my work:</p> <p>A: the risk of the BBC using licence fee money inappropriately to fund commercial activities – for example, cross-subsidy of</p>	<p>I have understood the overall regularity framework and assessed areas of risk this gives rise to. I have done this by making enquiries of management, and reviewing manuals, key policies and procedures. I have assessed the reasonableness of management's judgement of the risks to regularity that flow from the framework.</p> <p>A: the risk of the BBC using licence fee money inappropriately to fund commercial activities</p> <p>I have assessed the design, implementation and effectiveness of the key elements of management's overall governance arrangements, systems, processes and controls. My procedures included attending a meeting of the Fair Trading Committee, reviewing the scope and findings of the external assurance review of Fair Trading, and assessing whether Fair Trading Guidance accords with the framework of authorities.</p> <p>I have also tested a sample of intra-Group transactions between the BBC Public Service Broadcaster (BBC PSB) and its commercial subsidiaries, and assessed whether these have been undertaken in accordance with the BBC's Fair Trading Guidance. I have particularly focussed on the creation of BBC Studios Limited as a separate commercial activity and transactions between BBC PSB and BBC Studios Limited.</p> <p>B: entering into transactions in relation to material changes to the BBC's activities that have not been approved by Ofcom</p> <p>I have understood changes made by the BBC during the year, or soon after the year-end, that may require Ofcom consideration as a material change. To inform my understanding I have made enquiries of management and reviewed board papers and minutes and the BBC's business plans. I have also met with officials from Ofcom.</p> <p>I have particularly focussed on the creation of BBC Scotland and the merger of BBC Worldwide Limited and BBC Studios Limited. My procedures included reviewing the Board papers and minutes and Ofcom's published reports on these matters.</p> <p>C: the risk that the BBC breaches borrowing limits set out by the Secretary of State Direction issued under the Framework</p> <p>I have understood these limits and how financial statement items score against them. I have substantively reviewed the outturn against these limits. I have assessed the reasonableness</p>	<p>My audit has provided me with reasonable assurance that consolidated income and expenditure is free from any material irregularity.</p> <p>I have been able to take assurance for my audit from the key systems, procedures and controls introduced by the BBC. This assurance extends to the necessary requirements for my audit only.</p> <p>I have observed that these key controls have evolved over the year and continue to mature. I recommended to the Audit & Risk Committee that it obtain formal assurances from management or internal audit in relation to the design, implementation and effectiveness of the systems and procedures that management have established to ensure compliance with the framework of authorities. The Committee decided that it would be appropriate to do this. I have further recommended that this becomes a routine feature of the Board's assurance arrangements. Management have decided that this is an appropriate course of action and have adopted it.</p>

Key Audit Matter description	The scope of my audit work in response	The findings I communicated to the Audit and Risk Committee
<p>Key audit matters relating to my opinion on regularity Implementing new regularity requirements the BBC’s commercial subsidiaries where transactions are not on arm’s length terms;</p> <p>B: the risk of entering into transactions in relation to material changes to the BBC’s activities that have not been approved by Ofcom, as the BBC’s regulator; and</p> <p>C: the risk that the BBC breaches borrowing limits set out in the Secretary of State Direction issued under the Framework.</p> <p>The high levels of public interest in matters relating to regularity means I consider the nature of any irregularity, as well as its value, when forming my view as to whether or not any breach constitutes a material irregularity.</p>	<p>of management’s choice in accounting treatment of financial statement items where this involves judgement and where the accounting treatment would have an impact on outturn against the limits. In particular, I have assessed and challenged the accounting treatment adopted by the BBC for its investment in Daunus Limited.</p> <p>I have made enquiries of those charged with governance and internal audit about the risk of material fraud or losses. Through my review of board minutes, internal audit reports and my audit of the financial statements. I have remained alert to these risks. I have also obtained management representations on these matters.</p>	

Application of materiality

I applied the concept of materiality in both planning and performing my audit, and in evaluating the effect of misstatements on my audit and on the financial statements. This approach recognises that financial statements are rarely absolutely correct, and that an audit is designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement or irregularity. A matter is material if its omission or misstatement would, in the judgement of the auditor, reasonably influence the decisions of users of the financial statements.

	Group materiality	Benchmark
Overall materiality	£25 million (2016-17: £10 million)	0.5% of Group revenue (2016-17: 0.2% of operating costs)
Performance materiality	£18.75 million (2016-17: £5 million)	75% of overall materiality (2016-17: 75%)
Reporting threshold	£250,000 (2016-17: £500,000)	

Based on my professional judgement, I determined that overall materiality for the BBC’s consolidated financial statements at £25 million, which is approximately 0.5% of BBC Group revenue. I chose this benchmark because, in my professional judgement, income is the key driver of the BBC’s business; in particular licence fee revenue and commercial income generated by the BBC is a key driver of stakeholder interest. Parliament and the public have an interest in the way in which the BBC is funded and how it spends its funds. The level of licence fee revenue and commercial income determines the resources available to the BBC and drives strategic decisions around spending and investment. I considered that setting materiality at £25 million, compared to the level of £10 million used previously, facilitated appropriate focus on those transactions and balances that represented the greatest risk and judgement.

In addition in those areas of greatest sensitivity and therefore greatest stakeholder interest I have applied a lower level of qualitative materiality. These are certain matters that, by their very nature, would if not corrected influence the decisions of users, for example:

- Remuneration disclosures;
- Matters that could result in a modification of the regularity opinion; and
- Any adjustment that would affect the overall position of the primary statements at the margin; for example that would result in the surplus reported in the consolidated income statement becoming a deficit, or vice-versa.

Assessment of such matters would need to have regard to the nature of the misstatement and the applicable legal and reporting framework, as well as the size of the misstatement.

I have also reported any unadjusted misstatements exceeding my reporting threshold of £250,000 to the BBC Audit & Risk Committee, as well as differences below this threshold that, in my view, warranted reporting on qualitative grounds.

Total unadjusted audit differences reported to the Audit Committee have decreased/increased net expenditure/assets by £2.7 million

Respective responsibilities of the BBC Board and the Comptroller and Auditor General

As explained more fully in the Statement of Board Responsibilities, the Board are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view and conform to the authorities which govern them.

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (ISAs) (UK).

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the BBC’s internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the BBC’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor’s report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements conform to the authorities which govern them.

Group audit approach

The BBC Group comprises over 100 subsidiaries, along with a number of associates and joint ventures. There are three levels of consolidation within the BBC Group:

- **Level 1:** BBC Group, comprising the BBC Public Service Broadcaster (PSB), PSB subsidiaries, and BBC Commercial Holdings Group;
- **Level 2:** BBC Commercial Holdings Group, comprising BBC Commercial Holdings Limited and subsidiary companies, including BBC Worldwide Group, BBC Studios Limited, BBC Global News companies, BBC Studioworks Limited; and
- **Level 3:** BBC Worldwide Group, comprising BBC Worldwide Limited and subsidiary companies.

This audit opinion relates to the BBC Group, at level 1. My group audit approach has been designed to enable me to form an opinion on these consolidated financial statements, and my assessment of significant components and the nature of the work I have performed is as follows:

Level 1: BBC Group

Total revenue: £5,062.7m

Significant components and auditors – full scope audit

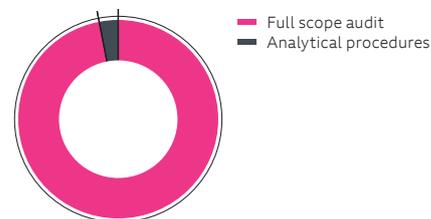
- BBC Public Service Broadcaster (NAO)
- BBC Commercial Holdings Group (NAO)

Sampled non-significant components – full scope audit

None – due to coverage achieved from significant components

Other procedures on non-significant components

I performed other work, including analytical procedures, on the remaining components.



Level 2: BBC Commercial Holdings Group

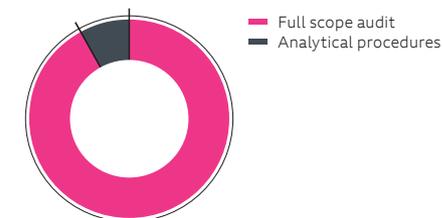
Total revenue: £1,555.2m

Significant components and auditors – full scope audit

- BBC Commercial Holdings Ltd (NAO)
- BBC Studios Ltd (NAO)
- BBC Worldwide Group Ltd (NAO)
- BBC Global News entities (NAO)
- BBC Children’s Productions Ltd (Grant Thornton)
- BBC Grafton House Productions Ltd (Grant Thornton)

Sampled non-significant components – full scope audit

- BBC Studioworks Ltd (NAO)
- BBC Ventures Ltd (NAO)



Other procedures on non-significant components

I performed other work, including analytical procedures, on the remaining components.

Level 3: BBC Worldwide Group

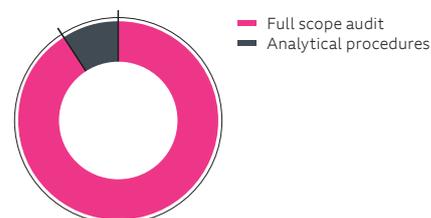
Total headline revenue: £1,044.0m

Significant components and auditors – full scope audit

- BBC Worldwide Ltd (NAO)
- 2 entertain & 2 entertain Video Ltd (NAO)
- BBC Worldwide Australia Pty (Grant Thornton)
- BBC Worldwide Americas Inc (no auditor)
- UKTV Ltd (KPMG)
- BBC America (KPMG)

Sampled non-significant components – full scope audit

- BBC Worldwide France SARL (KPMG)
- UK Programme Distribution Ltd (NAO)



Other procedures on non-significant components

I performed other work, including analytical procedures, on the remaining components.

I have had direct involvement in the audit strategy of the BBC's significant components, including those significant components where I have not been appointed as auditor. I have issued Group Audit Instructions to all significant components by size and risk and also to a sample of other components, which enable me to obtain the necessary assurances required for my audit opinion on the BBC's consolidated financial statements. For significant components where I have not been appointed as auditor, I have met and discussed the audit strategy, significant audit risks and findings from component auditors' work. For these component audits I have also met with component management and attended planning and closing meetings. Under the terms of the Group Audit Instructions I issued, full statutory audit procedures in accordance with local adaptations of International Standards on Auditing have been conducted and I have satisfied myself that sufficient work has been undertaken to provide the necessary assurances for my audit opinion on the BBC's consolidated financial statements. The components subject to these procedures are described as 'full scope audit' components in the table above.

For other components I have undertaken other procedures to gain the necessary assurances for my audit opinion on the BBC's consolidated financial statements. This included evaluating and testing the BBC's group wide controls, and performing analytical and enquiry procedures to address the risk of residual misstatement.

Other Information

The BBC Board is responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Remuneration Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is

materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

I am specifically required to address the following items and to report uncorrected material misstatements in the other information, where I conclude that those items meet the following conditions:

- Fair, balanced and understandable: the statement given by the directors that the annual report and accounts taken as a whole are fair, balanced and understandable and provide the necessary information to enable users to assess the entity's performance, business model and strategy, is materially inconsistent with my knowledge obtained in the audit; or
- Audit Committee reporting: the section describing the work of the Group Audit Committee does not appropriately address matters communicated by me to the Audit Committee.

I also have nothing to report in this regard.

Other matters prescribed by the terms of my engagement Remuneration

In addition to my audit of the BBC's consolidated financial statements, the Board has engaged me to audit the information in the Board remuneration report that is described as having been audited, which the Board has decided to prepare as if the BBC were required to comply with the requirements of Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulation 2008 (SI 2008 No 410) made under the Companies Act 2006.

In my opinion the parts of the Board remuneration report which I have been engaged to audit have been properly prepared in accordance with Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulation 2008, as if those requirements were to apply to the BBC Group.

The Strategic and Governance reports

In my opinion, based on the work undertaken in the course of the audit, the information given in the Strategic and Governance reports for the financial year are consistent with the financial statements and have been prepared in accordance with applicable law.

Based on my knowledge and understanding of the BBC and its environment obtained during the course of the audit, I have identified no material misstatements in these reports.

The corporate governance statement

In my opinion, based on the work undertaken in the course of the audit, the information given in the corporate governance statement in respect of internal control and risk management systems in relation to financial reporting processes is consistent with the accounts and has been prepared in accordance with applicable law.

In my opinion, based on the work undertaken in the course of the audit, rules 7.2.2, 7.2.3 and 7.2.7 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority have been complied with.

Based on my knowledge and understanding of the BBC and its environment obtained during the course of the audit, I have identified no material misstatements in this information.

Matters on which I report by exception Adequacy of accounting records information and explanations received

I report to you if, in my opinion:

- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my staff;
- the financial statements and the part of the Remuneration report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit.

I have nothing to report arising from this duty.

The Boards' assessment of principal risks and future prospects

Under International Standards on Auditing (UK & Ireland), I am required to report to you if I have anything material to add, or to draw attention to, in relation to the Boards' disclosures in the annual report and financial statements:

- confirming that they have carried out a robust assessment of principal risks facing the BBC, including those that would threaten its business model, future performance, solvency or liquidity;
- describing those risks and explaining how they are being managed or mitigated;
- on whether they considered it appropriate to adopt the going concern basis, and their identification of any material uncertainties to the entity's ability to continue over a period of at least twelve months from the date of approval of the financial statements; and
- explaining how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the BBC will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

I have nothing material to add, or to draw attention to, on these matters.

Report

My report is set out on page 183.

Sir Amyas C E Morse KCB
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
London, SW1W 9SP
21 June 2018

The Report of the Comptroller and Auditor General to the Board of the British Broadcasting Corporation, acknowledging that Parliament also places reliance on the Group Accounts and Report

In March 2018*, the BBC announced its intention "...to determine the right approach in cases where on-air presenters believe the BBC bears some liability in relation to demands for Employers' National Insurance Contributions..." for individuals engaged via Personal Service Companies (PSC) before 6 April 2017.

Tax collection arrangements for PSCs in the public sector changed in April 2017, however, under the PSC arrangements in place pre-April 2017, the BBC was not responsible for collecting employment tax and National Insurance Contributions on behalf of individuals engaged via a PSC, or making Employers National Insurance Contributions, as would be the case for those employed directly by the BBC.

The BBC has engaged a third party service, the Centre for Effective Dispute Resolution (CEDR), to assess whether it is appropriate or reasonable for the BBC to make any contribution towards historic demands for Employers National Insurance Contributions. The CEDR arrangements are still in the process of being developed and implemented at the date of this report, alongside the BBC's ongoing discussions with HM Revenue and Customs.

The BBC describes this matter in Note F9 Provisions and Contingent Liabilities within the consolidated financial statements. In the key audit matters section of my audit certificate, I set out my consideration of, and my conclusions on, this issue insofar as it impacts on the BBC's 2017-18 consolidated financial Statements. Later this year, I will publish an investigation into the BBC's use of PSCs.

The BBC recognises there is a "...very high hurdle where public money is concerned..." and "...that we cannot assume the tax liability of others in the absence of a compelling justification for doing so...".

I shall, of course, expect the BBC to have proper regard to its obligation, set out in the Royal Charter for the continuance of the BBC, to exercise rigorous stewardship of public money in accordance with the principles of regularity, propriety, value for money and feasibility, and shall take this into account as necessary in my reports next year.

Sir Amyas CE Morse KCB
Comptroller and Auditor General
 National Audit Office
 157-197 Buckingham Palace Road
 London, SW1W 9SP
 21 June 2018

* <http://www.bbc.co.uk/mediacentre/latestnews/2018/personal-service-companies>.

The BBC's consolidated financial statements

These financial statements comprise both the primary statements and additional supporting disclosure notes. The primary statements are:

Consolidated income statement

The income the BBC receives and expenditure incurred by the Group's operations during the financial year.

Consolidated statement of comprehensive income/(loss)

Items of income and expense, including reclassification adjustments, that are not directly recognised in the income statement and hence are charged or credited directly against or to reserves.

Consolidated balance sheet

The statement of the assets and liabilities of the BBC at a specific point in time, the financial year end.

Consolidated statement of changes in equity

Components that make up the capital and reserves of the Group and the changes to each component during the financial year.

Consolidated cash flow statement

Cash generated by the BBC from its operations and how those cash flows have been used.

Consolidated income statement

Licence fee income	A1	3,830.2	3,787.2
Other income	A1	1,232.5	1,166.8
Total income	A1	5,062.7	4,954.0
Operating costs excluding restructuring costs		(4,815.3)	(4,943.7)
Restructuring costs	C3	(13.8)	(49.6)
Total operating costs	A1	(4,829.1)	(4,993.3)
Group operating surplus/(deficit)		233.6	(39.3)
Gain on disposal of non-current assets		4.8	8.3
Share of results of associates and joint ventures	E3	35.8	45.7
Net financing costs	F10	(95.6)	(134.0)
Surplus/(deficit) before taxation		178.6	(119.3)
Taxation	G1.1	1.0	(9.8)
Surplus/(deficit) for the year		179.6	(129.1)
Attributable to:			
BBC		178.3	(129.1)
Non-controlling interests		1.3	-
Surplus/(deficit) for the year		179.6	(129.1)

Consolidated statement of comprehensive income/(loss)

	Note	2018 £m	2017 £m
Surplus/(deficit) for the year		179.6	(129.1)
Other comprehensive income:			
Remeasurement on defined benefit pension schemes	C7.2	736.9	(248.0)
Total items that will not be reclassified to the income statement in the future		736.9	(248.0)
Exchange differences on translation of foreign operations	G5.3	(28.6)	30.4
Gains/(losses) on cash flow hedges	G5.2	25.9	(10.1)
Deferred tax (charge)/credit on financial instruments		(4.9)	1.8
Total items that may be reclassified to the income statement in the future		(7.6)	22.1
Other comprehensive income/(loss) net of tax		729.3	(225.9)
Total comprehensive income/(loss) for the year		908.9	(355.0)
Attributable to:			
BBC		907.6	(355.0)
Non-controlling interests		1.3	-
Total comprehensive income/(loss) for the year		908.9	(355.0)

Consolidated balance sheet

	Note	As at 31 March	
		2018 £m	2017 £m
Non-current assets			
Intangible assets (including goodwill)	E1	232.6	238.3
Property, plant and equipment	D1	1,038.3	1,076.4
Investment properties	D2	73.8	78.1
Interests in associates and joint ventures	E3	239.5	258.5
Trade and other receivables	F7.1	64.6	90.4
Assets available for sale		0.6	7.9
Derivative financial instruments	G3.2	429.4	490.8
Deferred tax assets	G1.5	6.1	11.3
		2,084.9	2,251.7
Current assets			
Programme-related assets and other inventories	B5	725.6	612.9
Trade and other receivables	F7.2	975.0	1,022.4
Derivative financial instruments	G3.2	9.1	6.6
Current tax assets	G1.4	36.2	40.0
Cash and cash equivalents	F1	523.0	256.3
		2,268.9	1,938.2
Current liabilities			
Trade and other payables	F8.2	(1,053.2)	(1,069.7)
Borrowings	F4.1	(18.9)	(14.5)
Provisions	F9	(55.6)	(62.5)
Derivative financial instruments	G3.2	(5.4)	(34.0)
Current tax liabilities		(12.5)	(10.5)
		(1,145.6)	(1,191.2)
Non-current liabilities			
Trade and other payables	F8.1	(79.1)	(48.4)
Borrowings	F4.2	(838.0)	(876.7)
Provisions	F9	(48.3)	(50.6)
Derivative financial instruments	G3.2	(517.9)	(533.9)
Deferred tax liabilities	G1.5	(13.9)	(31.4)
Pension liabilities	C7.1	(518.3)	(1,149.1)
		(2,015.5)	(2,690.1)
		1,192.7	308.6
Net assets			
Attributable to the BBC			
Operating reserve		1,198.9	283.7
Hedging reserve		(0.3)	(21.3)
Translation reserve		19.3	47.9
Other reserves		(26.8)	(2.1)
		1,191.1	308.2
Non-controlling interests		1.6	0.4
Total capital and reserves		1,192.7	308.6

The financial statements were approved by the Board and authorised for issue on 21 June 2018, and signed on their behalf by:

.....
Tony Hall

Lord Hall of Birkenhead
Director-General

Anne Bulford OBE

Deputy Director-General

Consolidated statement of changes in equity

	Note	Operating reserve £m	Hedging reserve £m	Translation reserve £m	Other reserves £m	Total £m	Non-controlling interests £m	Total £m
At 1 April 2016		660.8	(13.0)	17.5	1.3	666.6	0.1	666.7
Deficit for the year		(129.1)	–	–	–	(129.1)	–	(129.1)
Exchange differences on translation of foreign operations	G5.3	–	–	30.4	–	30.4	–	30.4
Cash flow hedges	G5.2	–	(10.1)	–	–	(10.1)	–	(10.1)
Deferred tax on financial instruments		–	1.8	–	–	1.8	–	1.8
Remeasurement on defined benefit pension scheme	C7.2	(248.0)	–	–	–	(248.0)	–	(248.0)
Total comprehensive (loss)/ income for the year		(377.1)	(8.3)	30.4	–	(355.0)	–	(355.0)
Changes in non-controlling interest		–	–	–	(3.4)	(3.4)	0.3	(3.1)
At 31 March 2017		283.7	(21.3)	47.9	(2.1)	308.2	0.4	308.6
Surplus for the year		178.3	–	–	–	178.3	1.3	179.6
Exchange differences on translation of foreign operations	G5.3	–	–	(28.6)	–	(28.6)	–	(28.6)
Cash flow hedges	G5.2	–	25.9	–	–	25.9	–	25.9
Deferred tax on financial instruments		–	(4.9)	–	–	(4.9)	–	(4.9)
Remeasurement on defined benefit pension scheme	C7.2	736.9	–	–	–	736.9	–	736.9
Total comprehensive income/ (loss) for the year		915.2	21.0	(28.6)	–	907.6	1.3	908.9
Release of available for sale reserve		–	–	–	(2.9)	(2.9)	–	(2.9)
Changes in non-controlling interest		–	–	–	(21.8)	(21.8)	(0.1)	(21.9)
At 31 March 2018		1,198.9	(0.3)	19.3	(26.8)	1,191.1	1.6	1,192.7

Consolidated cash flow statement

	Note	2018 £m	2017 £m
Operating activities			
Cash generated from operations	F6	582.7	301.1
Tax received		6.3	13.3
Net cash from operations		589.0	314.4
Investing activities			
Interest received	F10	6.0	5.3
Financing income relating to swap transactions		10.1	20.8
Dividends received from associates and joint ventures		39.3	24.8
Proceeds from sale of operations		-	2.7
Proceeds from disposal of property, plant and equipment		-	27.9
Proceeds from disposal of available for sale investments		8.8	-
Proceeds from disposal of associates and joint ventures		1.9	-
Acquisition of investments		-	(0.4)
Acquisition of interests in associates and joint ventures		(11.8)	(43.7)
Acquisition of subsidiary net of cash acquired		(8.2)	-
Purchases of other intangible assets		(157.0)	(169.9)
Purchases of property, plant and equipment		(126.1)	(123.3)
Net cash used in investing activities		(237.0)	(255.8)
Financing activities			
Interest paid		(7.9)	(9.7)
Repayments of borrowings		(3.7)	(54.0)
Payment of obligations under finance leases		(74.0)	(72.9)
Net cash used in financing activities		(85.6)	(136.6)
Net increase/(decrease) in cash and cash equivalents		266.4	(78.0)
Cash and cash equivalents at beginning of the year	F2	256.3	334.8
Effect on foreign exchange rate changes on cash and cash equivalents		0.3	(0.5)
Cash and cash equivalents at the end of the year	F2	523.0	256.3

Key themes for the BBC

	Page
A. Where the BBC's funding comes from	
<ul style="list-style-type: none"> ■ Income and operating results ■ Licence fee income 	<ul style="list-style-type: none"> ■ Contribution of commercial operations
	190
B. How the BBC spends the funds	
<ul style="list-style-type: none"> ■ Total operating costs ■ Auditor's remuneration ■ PSB Group expenditure 	<ul style="list-style-type: none"> ■ Analysis of total operating costs by commercial activities ■ Programme-related assets and other inventories ■ PSB ring-fenced expenditure
	192
C. What the BBC spends on its people	
<ul style="list-style-type: none"> ■ Persons employed ■ Employee remuneration ■ Restructuring costs 	<ul style="list-style-type: none"> ■ Group pension plan ■ Key management personnel compensation ■ Related party transactions with key management personnel
	197
D. The property, technology and equipment used by the BBC to make and distribute its programmes	
<ul style="list-style-type: none"> ■ Property, plant and equipment 	<ul style="list-style-type: none"> ■ Investment properties
	202
E. Investments in the BBC's commercial activities	
<ul style="list-style-type: none"> ■ Intangible assets ■ Goodwill 	<ul style="list-style-type: none"> ■ Interests in associates and joint ventures
	204
F. Managing funding (including future costs)	
<ul style="list-style-type: none"> ■ Analysis of net funds ■ Cash generated from operations ■ Trade and other receivables ■ Borrowings and borrowing facilities 	<ul style="list-style-type: none"> ■ Trade and other payables ■ Provisions and contingent liabilities ■ Net financing costs ■ Long-term commitments not reflected in the balance sheet
	208

Notes to the accounts

A. Where the BBC's funding comes from

The Group generates its income from a number of key sources, each source funding different parts of the BBC's activity. The notes in this section provide information on the performance in the year for each segment of the BBC Group.

The distinction between the various income sources is important as the BBC must not cross-subsidise its commercial activities through its PSB Group or grant-funded activities; however, the performance of the Group's commercial activities generates profits that are distributed back to the BBC and contribute towards the funding of PSB Group activities.

The BBC Group's operating segments are reported in a manner consistent with the internal reports provided to the BBC Board, and previously to the BBC Executive Board. The BBC Board is responsible for making strategic decisions, allocating resources and assessing performance of the operating segments.

Segmental information provided to the BBC Board is aligned to the BBC Group's income sources. The reportable segments are:

- **PSB Group** – This primarily receives licence fee income and is responsible for the Group's Public Service activities. During 2016/17 this included delivery of its obligations under the Service Licence Operating Framework issued by the BBC Trust. With the transfer of regulation of the BBC from the BBC Trust to Ofcom on 3 April 2017, this reporting framework is no longer part of the BBC governance. However, the BBC has continued to use this general approach to review its performance;
- **BBC Worldwide** – Generates revenue from exploiting the various assets of the BBC, for example by licencing programme formats, selling international rights, merchandising and production facilities. Revenue is also generated through subscription fees from the broadcast of the Group's channels on pay television platforms;
- **BBC Studios** – On 1 April 2017, BBC Studios Limited (the television production arm of the BBC) became a wholly owned commercial subsidiary. Together with the special purpose vehicles Grafton House Limited, Comedy Productions Limited and Natural History & Factual Production Limited (which were previously grouped within the 'Other commercial' segment) a new BBC Studios reporting segment was formed. This group generates revenue from the production of programme content across factual, drama, comedy and entertainment genres; and
- **Other commercial** – These have been aggregated for reporting purposes as they meet the conditions set out in IFRS 8, Operating Segments. This includes the Global News group, BBC Studioworks Limited, BBC Childrens Productions Limited and the commercial holdings companies. The prior year also included the special purpose vehicles transferred to BBC Studios above.

The prices charged for services provided between the PSB Group and the commercial activities are determined on an arm's length basis in accordance with Ofcom's Trading and Separation Obligations and the BBC's published transfer pricing methodologies.

For additional information on the relevant accounting policies applied in this section please see section H *Basis of preparation of the financial statements and other accounting policies*.

A1 Income and operating results

2018	Note	PSB Group £m	BBC Worldwide £m	BBC Studios £m	Other commercials £m	Group adjustments £m	Group £m
Licence fee income	A2	3,830.2	–	–	–	–	3,830.2
Other revenue		73.9	818.0	15.1	130.6	0.4	1,038.0
Intra-group trading		96.8	–	416.9	33.2	(546.9)	–
Grant income		87.8	–	–	–	–	87.8
Royalties		30.7	48.9	–	–	–	79.6
Rental income		25.7	1.4	–	–	–	27.1
Other income		314.9	868.3	432.0	163.8	(546.5)	1,232.5
Total income		4,145.1	868.3	432.0	163.8	(546.5)	5,062.7
Restructuring costs	C3	(13.3)	–	(0.2)	(0.3)	–	(13.8)
Depreciation and amortisation	B1	(153.0)	(184.1)	(0.6)	(1.5)	–	(339.2)
Pension deficit reduction contributions		(267.4)	–	–	–	267.4	–
Other operating costs		(3,675.4)	(626.3)	(438.7)	(148.9)	413.2	(4,476.1)
Total operating costs	B3.1, B4	(4,109.1)	(810.4)	(439.5)	(150.7)	680.6	(4,829.1)
Group operating surplus/(deficit)		36.0	57.9	(7.5)	13.1	134.1	233.6
Gain on disposal of non-current assets		–	4.8	–	–	–	4.8
Share of results of associates and joint ventures	E3	–	35.8	–	–	–	35.8
Operating segment result		36.0	98.5	(7.5)	13.1	134.1	274.2
Financing income	F10	–	–	–	–	–	25.7
Financing costs	F10	–	–	–	–	–	(121.3)
Net financing costs	F10	–	–	–	–	–	(95.6)
Surplus before taxation		–	–	–	–	–	178.6
Taxation	G1.1	–	–	–	–	–	1.0
Surplus for the year		–	–	–	–	–	179.6

¹ See Glossary for further details.

A. Where the BBC's funding comes from continued

A1 Income and operating results continued

2017	Note	PSB Group £m	BBC Worldwide £m	BBC Studios* £m	Other commercials £m	Group adjustments £m	Group £m
Licence fee income	A2	3,787.2	–	–	–	–	3,787.2
Other revenue		72.8	828.3	–	120.7	–	1,021.8
Intra-group trading		76.5	–	–	15.7	(92.2)	–
Grant income		39.1	0.1	–	–	–	39.2
Royalties		32.9	46.6	–	–	–	79.5
Rental income		25.0	1.3	–	–	–	26.3
Other income		246.3	876.3	–	136.4	(92.2)	1,166.8
Total income		4,033.5	876.3	–	136.4	(92.2)	4,954.0
Restructuring costs	C3	(47.8)	(1.5)	–	(0.3)	–	(49.6)
Depreciation and amortisation	B1	(154.1)	(218.9)	–	(0.9)	–	(373.9)
Pension deficit reduction contributions		(100.0)	–	–	–	100.0	–
Other operating costs		(3,796.9)	(655.1)	–	(144.8)	27.0	(4,569.8)
Total operating costs	B3.1, B4	(4,098.8)	(875.5)	–	(146.0)	127.0	(4,993.3)
Group operating (deficit)/surplus		(65.3)	0.8	–	(9.6)	34.8	(39.3)
Gain on disposal of non-current assets		0.6	7.7	–	–	–	8.3
Share of results of associates and joint ventures	E3	(2.4)	48.1	–	–	–	45.7
Operating segment result		(67.1)	56.6	–	(9.6)	34.8	14.7
Financing income	F10						5.3
Financing costs	F10						(139.3)
Net financing costs	F10						(134.0)
Deficit before taxation							(119.3)
Taxation	G1.1						(9.8)
Deficit for the year							(129.1)

* On 1 April 2017, BBC Studios, the television production arm of the BBC, became a wholly owned commercial subsidiary of the BBC. This activity was therefore recognised within the PSB Group segment during 2016/17. Several production companies previously recognised within the 'Other commercials' segment were also transferred into this group on that date. The impact of this restructure has also increased intra-group eliminations significantly.

A2 Licence fee income

	Licence fee 2018 £	Licences in force 2018 Number '000	Total income 2018 £m	Licence fee 2017 £	Licences in force 2017 Number '000	Total income 2017 £m
Colour	147.00	21,611	3,157.0	145.50	21,667	3,138.8
Monochrome	49.50	6	0.3	49.00	6	0.3
Concessionary	7.50	167	1.1	7.50	176	1.2
Over 75s	–	4,455	655.3	–	4,385	630.4
		26,239	3,813.7		26,234	3,770.7
Quarterly payment scheme premium			16.5			16.5
Total licence fee income			3,830.2			3,787.2

During the year, 3.3 million (2017: 3.3 million) colour licences were issued under the quarterly payment scheme at a premium of £5 each (2017: £5).

Households in which one or more persons over the age of 75 reside, as their primary residence, are entitled to a free licence. The BBC was reimbursed for these free licences by the relevant Government department during the year.

A3 Contribution of commercial operations

In the year ended 31 March 2018, a dividend of £71.4 million (2017: £89.3 million) was declared by BBC Worldwide to BBC Commercial Holdings Limited (via BBC Ventures Group Limited). A dividend of £37.9 million (2017: £86.5 million) was subsequently declared by BBC Commercial Holdings to PSB Group. The dividends paid are not identifiable in the consolidated primary statements as these amounts are eliminated during the consolidation process.

B. How the BBC spends the funds

This section analyses the total operating costs incurred by the BBC Group. It also analyses the PSB Group's expenditure by service.

Spend on the BBC's services

During 2016/17 service licences were used by the BBC Trust to regulate the BBC's licence fee-funded activities and ensure that each service provided public value and contributed to delivering the BBC's public purposes.

Service licence reporting against authorised baseline budgets was discontinued following the closure of the BBC Trust. Although this is no longer a regulatory requirement, the BBC's PSB spend has continued to be analysed by service in 2017/18.

Spend by BBC service shows the cost to the licence fee payer of providing the relevant service and therefore exclude any costs funded by a co-producer. The table presented in note B3 sets out the PSB Group content expenditure by service.

Where a programme is broadcast on more than one channel, the full cost of the programme is recognised as a cost of the channel where the programme is first broadcast. However, where a programme is commissioned by two channels, the cost of the programme is recognised as a cost of the primary channel irrespective of the channel holding the first transmission.

For BBC Online and BBC Red Button, the service spend reflects the incremental costs of getting content to audiences unless the content is specifically commissioned for this service.

This means the costs reported against individual services are not necessarily equivalent to the costs which would be incurred by such a service on a stand-alone basis.

Development spend (see note B3.1) funds the near-term development of new platforms and services, particularly for BBC Online and Red Button. This is primarily focused on new features for existing services and also includes related support and overhead costs. It is distinct from research department costs (see note B3.2) which is focused on much longer-term research of new technology and standards that benefit the whole industry.

World Service Operating Licence

The BBC committed to protect its annual spend on World Service for a period of five years from 1 April 2017 to ensure it remains a valued public broadcaster for the future. In order to deliver this commitment, the BBC must spend at least £254.0 million per annum on this service over this period.

World Service grant funding

In 2016/17 the Foreign & Commonwealth Office (FCO) awarded a grant to the BBC of £291.0 million, to be spent over the following four years, to assist in the expansion of the World Service.

For additional information on the relevant accounting policies applied in this section please see section H *Basis of preparation of the financial statements and other accounting policies*.

¹ See Glossary for further details.

B. How the BBC spends the funds continued**B1 Total operating costs**

Total operating costs have been arrived at after charging the following items:

	Note	2018 £m	2017 £m
Intangible fixed assets, property, plant and equipment and other investments			
Depreciation			
– owned assets	D1	105.4	109.9
– leased assets	D1, D2	35.0	35.6
Amortisation of intangible fixed assets	E1	198.8	228.4
Impairment of intangible assets	E1	0.5	14.1
Inventories			
Write-downs of programme-related assets recognised as an expense		5.4	7.8
Other operating costs			
Payments under operating leases			
– land and buildings		51.7	47.0
– plant and machinery		8.4	9.2
– other		65.0	48.5
Net loss on disposal of tangible fixed assets*		7.0	3.8
Research costs ¹	B3.2	17.4	15.1
Online and TV development		65.9	71.3
Net exchange differences on settled transactions		21.7	(16.9)
Impairment of trade debtors	F7.2	2.6	6.1
Staff costs	C2	1,445.4	1,387.0

* The loss on disposal of tangible fixed assets represent adjustments to depreciation on disposals made in the ordinary course of business.

B2 Auditor's remuneration

The National Audit Office were appointed as Group auditors in the current financial year and served as independent external auditors for the year ended 31 March 2018. Ernst & Young LLP served as external auditors for the year ended 31 March 2017.

The following table presents the aggregate fees for professional services and other services rendered by the external auditors to the BBC:

	2018 £m	2017 £m
For the audit of the BBC's annual accounts	0.8	0.6
For the audit of subsidiaries of the BBC	0.9	0.7
Audit-related assurance services	–	0.2
Total audit and audit-related assurance services with the National Audit Office (2017: Ernst & Young LLP)	1.7	1.5
Audit and audit-related assurance services with other auditors	0.2	0.1
Total audit and audit-related assurance services	1.9	1.6
Taxation compliance services	0.2	0.2
Other services	–	0.2
Total non-audit services with other auditors	0.2	0.4
Total fees paid	2.1	2.0

1 See Glossary for further details.

B. How the BBC spends the funds continued

B3.1 PSB Group expenditure by service

2018	Note	Content £m	Distribution £m	Content and distribution support £m	General support £m	Total £m
BBC One		1,009.4	36.3	151.9	78.0	1,275.6
BBC Two		374.3	20.5	56.8	29.6	481.2
BBC Four		37.8	4.4	7.2	2.9	52.3
CBBC		67.9	10.1	12.6	5.5	96.1
CBeebies		29.9	4.4	6.8	2.3	43.4
BBC ALBA		7.9	0.9	1.2	0.7	10.7
BBC News Channel*		49.7	7.5	8.5	2.5	68.2
BBC Parliament		1.6	6.7	1.7	0.1	10.1
Television		1,578.5	90.8	246.7	121.6	2,037.6
BBC Radio 1		37.5	6.3	5.2	1.2	50.2
BBC Radio 2		49.1	6.3	4.7	1.8	61.9
BBC Radio 3		37.7	6.3	6.2	2.9	53.1
BBC Radio 4		91.2	6.7	14.0	6.4	118.3
BBC Radio 5 live		44.8	4.6	7.0	3.4	59.8
BBC Radio 5 live sports extra		2.9	1.7	1.3	0.2	6.1
BBC 1Xtra		6.4	1.9	3.0	0.3	11.6
BBC 6 Music		10.7	1.9	2.0	0.6	15.2
BBC 4 Extra		2.9	1.9	1.2	0.2	6.2
BBC Asian Network		6.7	2.3	1.7	0.5	11.2
BBC Local Radio		118.2	17.0	15.6	9.0	159.8
BBC Radio Scotland		22.6	2.8	4.3	1.8	31.5
BBC Radio nan Gàidheal		4.0	1.2	0.7	0.3	6.2
BBC Radio Wales		14.6	1.6	3.2	1.1	20.5
BBC Radio Cymru		13.5	1.5	3.0	1.1	19.1
BBC Radio Ulster/BBC Radio Foyle		17.6	1.9	4.0	1.4	24.9
Radio		480.4	65.9	77.1	32.2	655.6
BBC Online and Red Button		182.4	49.9	43.6	14.4	290.3
Spend by service		2,241.3	206.6	367.4	168.2	2,983.5
Orchestras and performing groups		26.5	–	3.5	2.2	32.2
S4C (service spend)		25.6	–	4.2	2.0	31.8
Development spend		45.1	–	7.5	4.7	57.3
BBC World Service grant		58.2	–	7.6	4.7	70.5
BBC World Service Operating Licence**		226.6	–	27.4	14.3	268.3
Other service spend		382.0	–	50.2	27.9	460.1
Total service spend		2,623.3	206.6	417.6	196.1	3,443.6
Licence fee collection costs						101.0
S4C (direct funding)						74.8
Monitoring						5.5
PSB Group pension deficit reduction payment						267.4
Costs incurred to generate intra-group income						94.2
Costs incurred to generate third-party income						72.1
Restructuring costs						13.3
Total PSB Group content expenditure						4,071.9
Local TV***						4.7
Broadband rollout***						80.0
Total PSB Group expenditure						4,156.6
Lease reclassification****						(47.5)
PSB Group expenditure	A1					4,109.1

1 See Glossary for further details.

B. How the BBC spends the funds continued**B3.1 PSB Group expenditure by service** continued

2017	Note	Content £m	Distribution £m	Content and distribution support £m	General support £m	Total £m
BBC One		1,115.4	35.7	157.1	78.2	1,386.4
BBC Two		403.3	20.4	59.4	28.9	512.0
BBC Four		50.5	4.4	8.5	3.6	67.0
CBBC		69.5	9.9	12.1	5.1	96.6
CBeebies		28.7	4.3	6.4	2.0	41.4
BBC ALBA		6.0	0.9	0.9	0.4	8.2
BBC News Channel*		47.8	7.4	7.8	1.9	64.9
BBC Parliament		1.8	6.7	1.3	0.1	9.9
Television		1,723.0	89.7	253.5	120.2	2,186.4
BBC Radio 1		35.9	6.3	5.1	1.0	48.3
BBC Radio 2		51.2	6.3	4.9	1.8	64.2
BBC Radio 3		37.4	6.3	6.5	2.6	52.8
BBC Radio 4		87.9	6.7	12.9	5.4	112.9
BBC Radio 5 live		45.5	4.6	6.8	3.1	60.0
BBC Radio 5 live sports extra		2.7	1.8	1.3	0.2	6.0
BBC 1Xtra		6.6	1.9	2.7	0.3	11.5
BBC 6 Music		10.9	1.9	2.2	0.5	15.5
BBC 4 Extra		3.0	1.9	1.3	0.2	6.4
BBC Asian Network		7.1	2.3	1.8	0.5	11.7
BBC Local Radio		112.9	16.1	14.4	7.7	151.1
BBC Radio Scotland		21.1	2.9	4.3	1.5	29.8
BBC Radio nan Gàidheal		3.7	1.3	0.6	0.3	5.9
BBC Radio Wales		14.2	1.6	3.1	1.0	19.9
BBC Radio Cymru		13.6	1.5	3.0	1.0	19.1
BBC Radio Ulster/BBC Radio Foyle		17.5	2.0	3.8	1.3	24.6
Radio		471.2	65.4	74.7	28.4	639.7
BBC Online and Red Button		185.5	45.7	41.2	13.2	285.6
Spend by service		2,379.7	200.8	369.4	161.8	3,111.7
Orchestras and performing groups		23.2	–	2.9	1.7	27.8
S4C (service spend)		29.2	–	4.4	2.1	35.7
Development spend		57.0	–	7.0	4.3	68.3
World Service grant		15.1	–	1.8	1.1	18.0
BBC World Service Operating Licence**		229.6	–	25.3	12.9	267.8
Other service spend		354.1	–	41.4	22.1	417.6
Total service spend		2,733.8	200.8	410.8	183.9	3,529.3
Licence fee collection costs						82.2
S4C (direct funding)						74.5
Monitoring						6.0
PSB Group pension deficit reduction payment						100.0
Costs incurred to generate intra-group income						83.3
Costs incurred to generate third-party income						70.9
Restructuring costs						47.8
Total PSB Group content expenditure						3,994.0
Local TV***						3.9
Broadband rollout***						150.0
Total PSB Group expenditure						4,147.9
Lease reclassification****						(49.1)
PSB Group expenditure	A1					4,098.8

* Included within BBC News channel are production costs of £30.0 million, newsgathering costs of £18.3 million and other costs of £1.4 million (2017: production costs of £25.4 million, newsgathering costs of £20.8 million and other costs of £1.7 million).

** The BBC World Service Operating Licence includes distribution spend of £35.5 million (2017: £38.2 million).

*** Under the terms of the 2015 licence fee agreement, the BBC has committed to contribute funding toward broadband rollout across the UK and for the development of Local TV channels.

**** In order to reflect the full cost of the PSB Group expenditure by service, finance lease interest is included, although it is not included in the Group operating expenditure.

B. How the BBC spends the funds continued**B3.2 PSB Group support costs**

PSB Group support costs include the following:

	Content and distribution support		General support		Total	
	2018 £m	2017 £m	2018 £m	2017 £m	2018 £m	2017 £m
Property	72.3	64.8	52.5	48.3	124.8	113.1
HR and training	27.3	13.6	14.7	26.3	42.0	39.9
Policy and strategy	–	–	5.9	7.8	5.9	7.8
Finance and operations	11.5	12.0	33.6	39.7	45.1	51.7
Marketing, audiences and communication	86.0	86.8	–	–	86.0	86.8
Total central costs	197.1	177.2	106.7	122.1	303.8	299.3
Technology	121.0	125.7	39.9	47.2	160.9	172.9
Libraries, learning support and community events	22.5	28.0	–	–	22.5	28.0
Production and digital support	25.9	25.8	–	–	25.9	25.8
Research department	17.4	15.1	–	–	17.4	15.1
Contribution to JVs and spend in other PSB entities	26.0	28.1	–	–	26.0	28.1
Regulatory charges*	–	–	11.6	11.2	11.6	11.2
Exchange losses/(gains)	–	–	7.2	(14.4)	7.2	(14.4)
Other	7.7	10.9	30.7	17.8	38.4	28.7
Total support costs	417.6	410.8	196.1	183.9	613.7	594.7

* Regulatory charges reflects payments made to Ofcom and the cost of the BBC Trust unit in the prior year.

B4 Analysis of total operating costs by commercial activities

	BBC Worldwide		BBC Studios		Other commercials		Total commercials	
	2018 £m	2017 £m	2018 £m	2017 £m	2018 £m	2017 £m	2018 £m	2017 £m
Cost of sales	603.4	653.8	432.7	–	127.9	113.7	1,164.0	767.5
Distribution costs	52.3	69.8	–	–	–	–	52.3	69.8
Administration expenses	154.7	151.9	6.8	–	22.8	32.3	184.3	184.2
Total operating costs	810.4	875.5	439.5	–	150.7	146.0	1,400.6	1,021.5

B5 Programme-related assets and other inventories

The main output of the BBC Group is the production of programmes for broadcast and the sale of rights for others to broadcast. This note discloses the amounts for those programmes that are in production, completed programmes that are ready for broadcast but not yet aired, and rights secured to broadcast programmes produced independently of the BBC Group. Other inventory for our commercial activities are also contained in this note.

Originated programmes are stated at the lower of cost and net realisable value, and the full value is expensed on first transmission. The costs of acquired programmes and films are also expensed on first transmission, except for contracts that agree a number of further showings. The cost is then expensed across the transmissions.

	2018 £m	2017 £m
Programme-related assets		
– Rights to broadcast acquired programmes and films	94.6	99.9
– Prepayments to acquire future programme-related rights	381.6	308.8
– Completed programmes	52.6	57.5
– Programmes in production	189.9	136.9
Total programme-related assets	718.7	603.1
Other inventories	6.9	9.8
Total programme-related assets and other inventories	725.6	612.9

1 See Glossary for further details.

C. What the BBC spends on its people

The BBC Group employs a significant number of people. It also provides pension benefits to both current and past employees. This section is broken into two main parts; the first details employee numbers (excluding freelancers and agency staff), costs and transactions with members of the BBC Executive Committee and BBC Board who served during the year. The second part presents the key information relating to the BBC Group's pension plans.

The analysis provided in the pension notes is based on the IAS 19 *Employee Benefits* estimate of the scheme's assets and liabilities as at 31 March 2018. The most recent actuarial valuation of the pension scheme completed by Willis Towers Watson showed a funding shortfall of £1,769 million at 1 April 2016.

The deficit of the BBC Pension Scheme can change significantly. In this section we provide information to explain the following:

- why the pension liabilities on the balance sheet have changed from one year to another;
- what makes up the charge in the income statement in the year;
- the amount of the scheme assets and liabilities totalling the net defined benefit pension liability on the balance sheet;
- how sensitive the liabilities are to changes in key assumptions; and
- the steps being taken by the BBC to fund the defined benefit pension liability.

The movement in the IAS 19 *Employee Benefits* estimate of the defined benefit scheme liability during the year, specifically the BBC Pension Scheme, is the item which singularly has the greatest impact on the balance sheet position of the Group. The pension note in this section explains in further detail the reasons behind the movements in the defined benefit pension liability in the year and its degree of sensitivity to changes in the underlying assumptions used.

Further information on the analysis of the BBC Pension Scheme assets and the assumptions underlying the liabilities are set out in note G2.

For additional information on the relevant accounting policies applied in this section please see section H *Basis of preparation of the financial statements and other accounting policies*.

C1 Persons employed

The average number of persons employed in the year was:

	Average for the year	
	2018 Number	2017 Number
PSB Group	18,210	19,357
BBC Worldwide	1,514	1,706
BBC Studios	1,601	–
Other commercials	258	208
Group total	21,583	21,271

Within the averages above, 2,855 (2017: 2,882) part-time employees have been included at their full-time equivalent of 1,786 (2017: 1,773).

In addition to the above, the Group employed an average full-time equivalent of 1,187 (2017: 988) persons on a casual contract.

C2 Employee remuneration

	Note	2018 £m	2017 £m
Salaries and wages		1,053.2	1,018.1
Social security costs		119.7	106.6
Pension costs			
Main scheme (defined benefit)	C7.3	227.5	183.2
Other schemes	C7.3	31.2	29.5
Restructuring costs	C3	13.8	49.6
		1,445.4	1,387.0
Comprising:			
PSB Group		1,365.5	1,259.9
BBC Worldwide		127.8	142.9
BBC Studios		79.0	–
Other commercials		18.1	15.3
Group adjustments*		(145.0)	(31.1)
Group total		1,445.4	1,387.0

* Relates to Group adjustments for the BBC Pension Scheme, reflecting the difference between the operating charge and contributions paid.

The actual employer cash contributions to the defined benefit pension scheme are borne by each business.

Employee pension contributions made via salary sacrifice are included within pension costs, with a corresponding reduction in salaries and wages.

C. What the BBC spends on its people continued**C3 Restructuring costs**

	2018 £m	2017 £m
PSB Group	13.3	47.8
BBC Worldwide	–	1.5
BBC Studios	0.2	–
Other commercials	0.3	0.3
Group total	13.8	49.6

The table above reflects the BBC's cost of redundancy during the year. For further information on total restructuring costs, please see note F9.

The PSB Group restructuring costs relate to ongoing savings initiatives.

In the prior year, BBC Worldwide included redundancy costs arising as a result of changes within the Group's organisation structure.

C4 Remuneration of the BBC Board

The total emoluments of the members of the BBC Executive Committee and BBC Board are disclosed in the remuneration report.

C5 Key management personnel compensation

Key management personnel are those people who have authority and responsibility for planning, directing and controlling the activities of the BBC. This includes members of the BBC Executive Committee and BBC Board, including the non-executive directors (see the BBC Executive remuneration report). Ofcom began full regulatory responsibility for the BBC on 3 April 2017, at the same time as the new BBC Board took over the governance from the BBC Trust. The prior year comparatives therefore include the Trustees and the Director of the Trust Unit.

Information about the BBC's structure, senior staff salaries and expenses are published on the BBC's website.

Key management personnel compensation is as follows:

	2018 £m	2017 £m
Short-term employee benefits	4.7	4.2
Post-employment benefits	0.3	0.4
	5.0	4.6

C6 Related party¹ transactions with key management personnel**Executive directors**

Elan Closs Stephens has a close family member who is a director of Cube Entertainment Limited, Charlotte Moore has a close family member who is a director of Perry Images Limited and Sir Nicholas Serota has a close family member who is a director of Words and Pictures Limited. All of these companies provided services to the BBC during the year. In addition, Ian Hargreaves has a close family member who provided services to the BBC during the year. The amount of services provided in each instance is less than £100,000, which is the level of rounding used in the financial statements. There were no outstanding balances as at 31 March 2018 relating to any of these arrangements. Tanni Grey-Thompson received £8,000 as an on-air contributor during the year.

C7 Group pension plans

The following section includes the key notes relating to BBC Group pension plans and, more specifically, the BBC Pension Scheme¹. Further supplementary notes on the assumptions underpinning the value of the BBC Pension Scheme assets and liabilities are disclosed in note G2.

As the BBC Group has two defined benefit pension schemes, the BBC Pension Scheme and the Unfunded Scheme, the information in this section analyses the liability and income statement charge between the two schemes (note C7). Separate analysis follows in respect of the BBC Pension Scheme to highlight the points outlined below (note C8).

The defined benefit pension schemes give rise to liabilities which are included on the BBC Group balance sheet as the BBC bears the risks of investment returns, life expectancies and inflation, which impact the future pension payment amounts. The net liability consists of two component parts:

- scheme liabilities: the present value of the future pension payments the BBC is required to pay in respect of employee service performed up to the balance sheet date; and
- scheme assets: the assets held by the pension fund, into which the BBC pays annual contributions. These assets are used to fund the payments to retired members and to generate returns to fund future pension payments.

The BBC Group's defined contribution plans do not give rise to balance sheet pension assets/liabilities as there is no ongoing liability for the employer from these plans once the contributions due for the year have been settled. The expenditure on the defined contribution scheme shown in these accounts represents the BBC's contributions during the financial year.

¹ See Glossary for further details.

C. What the BBC spends on its people continued**C7.1 Pension liabilities included in the balance sheet**

The pension liabilities included in the BBC Group balance sheet comprise both the BBC Pension Scheme and the Unfunded Scheme and are analysed below:

	Pension liabilities	
	2018 £m	2017 £m
BBC Pension Scheme	(510.2)	(1,140.7)
Unfunded Scheme	(8.1)	(8.4)
	(518.3)	(1,149.1)

C7.2 Group pension plans

	BBC Pension Scheme 2018 £m	Unfunded Scheme 2018 £m	Total 2018 £m	BBC Pension Scheme 2017 £m	Unfunded Scheme 2017 £m	Total 2017 £m
Deficit in scheme at the start of the year	(1,140.7)	(8.4)	(1,149.1)	(1,003.4)	(7.3)	(1,010.7)
Movement in the year:						
Current service cost ¹	(227.2)	–	(227.2)	(186.1)	–	(186.1)
Contributions (from employer)*	154.7	0.4	155.1	334.3	0.4	334.7
Past service costs ¹	(0.3)	–	(0.3)	2.9	–	2.9
Administration costs incurred	(9.1)	–	(9.1)	(9.8)	–	(9.8)
Net finance cost ¹	(24.5)	(0.1)	(24.6)	(31.9)	(0.2)	(32.1)
Remeasurement ¹ recognised in the consolidated statement of comprehensive income	736.9	–	736.9	(246.7)	(1.3)	(248.0)
Deficit in scheme at the end of the year	(510.2)	(8.1)	(518.3)	(1,140.7)	(8.4)	(1,149.1)

* The contribution shown for the Unfunded Scheme represents the pension amounts paid to members during the year.

The assumptions for pension scheme liabilities of the Unfunded Scheme are the same as the main scheme. As the scheme is unfunded there are no assets.

C7.3 Pension charges in consolidated income statement

	Note	BBC Pension		Defined Contribution Scheme £m	All schemes £m
		BBC Pension Scheme £m	Unfunded Scheme £m		
2018					
Current service cost	C2	(227.2)	–	(31.2)	(258.4)
Past service costs	C2	(0.3)	–	–	(0.3)
Administration costs		(9.1)	–	–	(9.1)
Total operating charge		(236.6)	–	(31.2)	(267.8)
Net finance cost	F10	(24.5)	(0.1)	–	(24.6)
Net cost in consolidated income statement		(261.1)	(0.1)	(31.2)	(292.4)
2017					
Current service cost	C2	(186.1)	–	(29.5)	(215.6)
Past service costs	C2	2.9	–	–	2.9
Administration costs		(9.8)	–	–	(9.8)
Total operating charge		(193.0)	–	(29.5)	(222.5)
Net finance cost	F10	(31.9)	(0.2)	–	(32.1)
Net cost in consolidated income statement		(224.9)	(0.2)	(29.5)	(254.6)

¹ See Glossary for further details.

C. What the BBC spends on its people continued

C8 BBC Pension Scheme

The BBC Pension Scheme is closed to new entrants. It provides pensionable salary-related benefits on a defined benefit basis.

The pension scheme is administered by a fund that is legally separated from the BBC Group. The Trustees of the pension fund are required by law to act in the interest of the fund and of all relevant stakeholders of the scheme. The pension scheme Trustees manage the plan in the short, medium and long term. They make funding decisions based on valuations which take a longer-term view of the assets required to fund the scheme's liabilities.

The pension scheme exposes the BBC to the following actuarial risks:

Risk	Description
Investment risk	Actual returns may differ from expected returns. If the return on assets is below the discount rate, it will create a deficit. Investments are diversified, across and within asset classes, to avoid over-exposure to any one asset class or market.
Currency risk	Movements in exchange rates can impact the sterling value of overseas assets held. The scheme ensures that overseas investments are diversified across currencies and buys forward rate contracts in order to partially hedge against US dollar and euro exposures.
Counterparty risk	A counterparty may default whilst owing money to the scheme. Collateral is posted by the counterparty for long-term transactions when the valuation of the transaction is favourable to the scheme.
Interest risk	A fall in interest rates would cause the present value of liabilities to rise. To mitigate this risk, the scheme's Trustees invest in bonds, derivatives and other investments with predictable long-term cash flows that will tend to rise in price if interest rates fall.
Longevity risk	Longer life expectancy would increase the scheme's liabilities. The scheme's Trustees regularly assess the possibility and value of hedging the scheme's longevity risk.
Inflation risk	An increase in expected inflation will cause the present value of liabilities to rise if it is not accompanied by a rise in interest rates. To mitigate this risk, the scheme's Trustees invest in index-linked bonds, derivatives and other assets whose value is likely to increase if inflation rises.
Liquidity risk	The scheme may not have sufficient liquid assets to allow it to meet its liabilities and other obligations as they fall due. The amount of cash held to pay benefits is assessed well in advance to minimise unforeseen sales and transaction costs and the large majority of the scheme's assets are invested in highly liquid assets.
Custody risk	The collapse of the scheme's custodian could result in a significant proportion of the scheme's assets being frozen or put at risk of loss. The scheme undertakes rigorous due diligence of the custodian relationship and conducts regular service level reviews.

C8.1 Scheme financial position

Accounting valuations of the scheme are performed by Willis Towers Watson, consulting actuaries. Formal actuarial valuations are undertaken at least every three years.

IAS 19 valuation ¹	Note	2018 £m	2017 £m
Scheme assets	G2.2	16,476.3	15,745.2
Scheme liabilities	G2.1	(16,986.5)	(16,885.9)
Deficit		(510.2)	(1,140.7)
Percentage by which scheme assets cover liabilities		97%	93%

Key movements in the year are shown in note G2.1 and G2.2.

A deferred tax asset or liability in relation to the scheme does not arise for the BBC Group because most of the BBC Group's public service activity is not subject to taxation.

The sensitivities of the scheme's liabilities to changes in the principal assumptions are set out below:

2018	Assumption used	Movement	Impact on scheme liabilities %	(Increase)/ decrease on scheme liabilities £m
Discount rate	2.4%	decrease 0.1%	2.3%	(391)
Discount rate	2.4%	increase 0.1%	1.7%	289
Retail price inflation rate	3.1%	decrease 0.1%	1.8%	309
Retail price inflation rate	3.1%	increase 0.1%	1.9%	(316)
Mortality rate	See note G2.5	decrease 1 year	3.9%	659
Mortality rate	See note G2.5	increase 1 year	4.0%	(684)

¹ See Glossary for further details.

C. What the BBC spends on its people continued

C8.1 Scheme financial position continued

2017	Assumption used	Movement	Impact on scheme liabilities %	(Increase)/ decrease on scheme liabilities £m
Discount rate	2.5%	decrease 0.1%	2.5%	(416)
Discount rate	2.5%	increase 0.1%	1.8%	307
Retail price inflation rate	3.2%	decrease 0.1%	2.0%	331
Retail price inflation rate	3.2%	increase 0.1%	2.0%	(340)
Mortality rate	See note G2.5	decrease 1 year	3.4%	581
Mortality rate	See note G2.5	increase 1 year	3.6%	(602)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation due to the likelihood of some correlation between assumptions.

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

C8.2 Funding the scheme

The 2016 actuarial valuation by Willis Towers Watson of the pension scheme showed a funding shortfall of £1,769 million. Consequently, a recovery plan was agreed between the BBC and the pension scheme Trustees which details the contribution amounts to be paid by the BBC over an 11-year period starting in 2017. Future contributions are to be paid to the pension scheme on or before the due dates shown below.

Due date	Amount £m	Due date	Amount £m
31 March 2019	125	31 March 2025	195
31 March 2020	145	31 March 2026	195
31 March 2021	195	31 March 2027	195
31 March 2022	180	31 March 2028	195
31 March 2023	185	31 December 2028	195
31 March 2024	195		

The next formal actuarial valuation is to be performed as at 1 April 2019.

Contribution rates	Projection 2019 %	2018 %	2017 %
Employer	31.4	16.7	16.7
Employee (Old and New Benefits)	7.5	7.5	7.5
Employee (Career Average Benefits 2006)	4.0	4.0	4.0
Employee (Career Average Benefits 2011)	6.0	6.0	6.0

The member contributions to the scheme are mainly paid via a salary sacrifice arrangement. These have been treated as employer contributions.

On the basis of the pension assumptions above, contributions totalling £152.0 million are expected to be paid in 2018/19.

C8.3 Scheme cash flows (day-to-day liquidity)

Below are the cash flows related to the BBC Pension Scheme (not included in the Group results). As the scheme is closed to new entrants, the level of contribution from employees will decrease (as members retire, there are no new entrants to replace the reduction in employee contributions).

	2018 £m	2017 £m
Contributions including additional voluntary (employer and employee)	157.3	337.5
Investment income	253.4	231.4
Cash inflows	410.7	568.9
Payments of pensions and transfers out	(508.5)	(459.1)
Expenses	(9.1)	(29.0)
Net cash (outflow)/inflow	(106.9)	80.8

D. The property, technology and equipment used by the BBC to make and distribute its programmes

The BBC Group uses a significant number of assets in its operations. This section sets out those assets the BBC Group intends to continue to use, those to be disposed of and any disposals made during the year.

In accordance with IAS 17 *Leases* the BBC Group includes assets leased under finance leases on the balance sheet. For these assets the BBC Group has obtained substantially all the risks and benefits of ownership, but does not have legal ownership.

For additional information on the relevant accounting policies applied in this section please see section H *Basis of preparation of the financial statements and other accounting policies*.

D1 Property, plant and equipment

	Land and buildings* £m	Plant and machinery £m	Furniture and fittings £m	Assets under construction £m	Total £m
Cost					
At 1 April 2016	994.3	1,049.1	122.8	98.2	2,264.4
Additions	0.9	7.7	1.7	117.5	127.8
Transfer to intangible assets	–	–	–	(17.6)	(17.6)
Brought into service	8.8	51.1	6.5	(66.4)	–
Disposals	–	(33.9)	(2.3)	–	(36.2)
Exchange movements	0.9	0.5	0.8	–	2.2
At 31 March 2017	1,004.9	1,074.5	129.5	131.7	2,340.6
Additions	–	9.6	1.4	120.8	131.8
Transfer to intangible assets	–	–	–	(26.5)	(26.5)
Brought into service	25.1	88.5	9.2	(122.8)	–
Disposals	(9.2)	(50.1)	(6.4)	–	(65.7)
Exchange movements	(0.6)	(0.4)	(0.6)	–	(1.6)
At 31 March 2018	1,020.2	1,122.1	133.1	103.2	2,378.6
Depreciation					
At 1 April 2016	329.1	738.3	86.4	–	1,153.8
Charge for the year	41.8	90.0	9.4	–	141.2
Disposals	–	(30.1)	(2.3)	–	(32.4)
Exchange adjustments	0.7	0.4	0.5	–	1.6
At 31 March 2017	371.6	798.6	94.0	–	1,264.2
Charge for the year	41.6	85.5	9.0	–	136.1
Disposals	(6.9)	(46.1)	(6.0)	–	(59.0)
Exchange adjustments	(0.4)	(0.2)	(0.4)	–	(1.0)
At 31 March 2018	405.9	837.8	96.6	–	1,340.3
Net book value					
At 31 March 2018	614.3	284.3	36.5	103.2	1,038.3
At 31 March 2017	633.3	275.9	35.5	131.7	1,076.4

Included above are assets held under finance leases at net book value of:

	Land and buildings* £m	Plant and machinery £m	Furniture and fittings £m	Assets under construction £m	Total £m
At 31 March 2018	471.3	73.8	5.1	–	550.2
At 31 March 2017	500.6	78.1	1.3	–	580.0

* Land and buildings are not separable and therefore reported collectively.

1 See Glossary for further details.

D. The property, technology and equipment used by the BBC to make and distribute its programmes continued**D2 Investment properties**

	2018 £m	2017 £m
Cost at 1 April and 31 March	130.9	130.9
Depreciation		
At 1 April	52.8	48.5
Charge for the year	4.3	4.3
At 31 March	57.1	52.8
Net book value (held under finance lease)	73.8	78.1

At 31 March 2018, the BBC held investment properties valued at £174.6 million (2017: £181.4 million). The valuation of these investment properties was carried out by Lambert Smith Hampton, independent valuers not connected with the Group, in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation Professional Standards. The valuation conforms to International Valuation Standards. In estimating the fair value¹ of the properties, the highest and best use of the properties is their current use.

The property rental income earned by the Group from its investment properties, which are leased out under operating leases, amounted to £19.3 million (2017: £19.0 million). Direct operating expenses incurred on the investment properties which generated rental income during the year, amounted to £16.5 million (2017: £3.1 million). There were no direct operating expenses incurred on the investment properties which did not generate rental income during the year (2017: £0.1 million).

¹ See Glossary for further details.

E. Investments in the BBC's commercial activities

This section is primarily driven by the commercial activities of the BBC Group and includes information on assets used to generate economic benefits for the BBC Group. Also included are intangible assets such as goodwill and programme rights, balances held to represent the BBC's interest in associates and joint ventures and the results of any sale of operations that have occurred.

For additional information on the relevant accounting policies applied in this section please see section H *Basis of preparation of the financial statements and other accounting policies*.

E1 Intangible assets

	Goodwill £m	Programme rights ¹ £m	Software £m	Other intangibles £m	Total £m
Cost					
At 1 April 2016	34.2	712.5	189.1	10.0	945.8
Additions	–	155.8	10.4	3.7	169.9
Disposals	–	–	(1.3)	(0.2)	(1.5)
Transfer from property, plant and equipment	–	–	17.6	–	17.6
Exchange movements	1.3	2.9	–	1.4	5.6
At 31 March 2017	35.5	871.2	215.8	14.9	1,137.4
Additions	1.8	151.2	5.1	10.7	168.8
Disposals	–	–	(67.5)	–	(67.5)
Transfer from property, plant and equipment	–	–	26.5	–	26.5
Exchange movements	(1.1)	(2.6)	–	(1.2)	(4.9)
At 31 March 2018	36.2	1,019.8	179.9	24.4	1,260.3
Amortisation and impairment					
At 1 April 2016	–	537.9	111.9	4.7	654.5
Charge for the year	–	201.8	24.8	1.8	228.4
Disposals	–	–	(1.3)	(0.1)	(1.4)
Impairment	–	–	14.1	–	14.1
Exchange adjustments	–	2.7	–	0.8	3.5
At 31 March 2017	–	742.4	149.5	7.2	899.1
Charge for the year	–	169.4	25.4	4.0	198.8
Disposals	–	–	(67.5)	–	(67.5)
Impairment	0.5	–	–	–	0.5
Exchange adjustments	–	(2.4)	–	(0.8)	(3.2)
At 31 March 2018	0.5	909.4	107.4	10.4	1,027.7
Net book value					
At 31 March 2018	35.7	110.4	72.5	14.0	232.6
At 31 March 2017	35.5	128.8	66.3	7.7	238.3

Impairments in the prior year included the impairment of BBC Store assets (£12.5 million).

E2 Goodwill¹

All goodwill is recognised in BBC Worldwide.

Goodwill, allocated by cash-generating unit¹ (CGU), is analysed as follows:

	2018 £m	2017 £m
Consumer Distribution	25.4	25.4
Other	10.3	10.1
	35.7	35.5

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions in these calculations are those regarding discount rates and growth rates. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risk specific to each CGU.

BBC Worldwide tests goodwill for impairment in the accounting period in which a business combination takes place. Thereafter it is tested on an annual basis, or more frequently if there are indications that goodwill might be impaired. £0.5 million of goodwill relating to the South African production business was impaired during the year (2017: £nil).

BBC Worldwide acquired Sid Gentle Films Limited on 25 January 2018. As this was so close to year end, no impairment tests have been conducted.

¹ See Glossary for further details.

E. Investments in the BBC's commercial activities continued**Consumer Distribution business**

The goodwill in this CGU arose as a result of the acquisition of Zentertain on 6 August 2009. The cash flow projections used in determining value in use are based on the current five-year business plan approved by management, and extrapolated cash flows using an expected growth rate of -4% (2017: -6%) thereafter.

A discount rate of 15.3% (2017: 13.9%) has been applied to the cash flows.

Management believes that no reasonable change in the key assumptions would result in an impairment.

E3 Interests in associates¹ and joint ventures¹

This note details the BBC Group's share of net assets in associates and joint ventures, along with the impact that they have on the income statement. Details of significant associates and joint ventures along with principal subsidiary undertakings, including their activities, are provided in note G4.

	2018 £m	2017 £m
Interest in associates	191.4	205.0
Interest in joint ventures	48.1	53.5
Total interest in associates and joint ventures	239.5	258.5
Share of results of associates	12.3	14.3
Share of results of joint ventures	23.5	31.4
Total share of results of associates and joint ventures	35.8	45.7

The following table presents financial information for associates:

	New Video Channel America LLC £m	YouView Limited £m	Other £m	Total 2018 £m
Non-current assets	145.1	0.3	24.7	170.1
Current assets	89.6	5.0	74.7	169.3
Current liabilities	(28.4)	(8.2)	(44.5)	(81.1)
Non-current liabilities	(8.2)	(45.1)	(14.8)	(68.1)
Net assets/(liabilities)	198.1	(48.0)	40.1	190.2
Group's share of net assets	99.2	-	7.6	106.8
Provision for unrealised profit	(4.7)	-	(0.3)	(5.0)
Goodwill	61.7	-	27.9	89.6
Group's share of net assets of associates	156.2	-	35.2	191.4
The net book value is presented within:				
Interest in associates and joint ventures				191.4
				191.4
Income	130.5	11.9	95.6	238.0
Profit/(loss) after tax	24.0	(30.8)	(2.3)	(9.1)
Adjustment to reflect the BBC Group's effective obligation	(11.8)	30.8	2.4	21.4
Share of results of associates	12.2	-	0.1	12.3

¹ See Glossary for further details.

E. Investments in the BBC's commercial activities continued
E3 Interests in associates¹ and joint ventures¹ continued

	New Video Channel America LLC £m	YouView Limited £m	Other £m	Total 2017 £m
Non-current assets	162.9	0.3	7.1	170.3
Current assets	92.1	4.9	72.9	169.9
Current liabilities	(28.0)	(8.6)	(37.1)	(73.7)
Non-current liabilities	(13.5)	(34.1)	(16.8)	(64.4)
Net assets/(liabilities)	213.5	(37.5)	26.1	202.1
Group's share of net assets	107.0	–	6.3	113.3
Provision for unrealised profit	(3.8)	–	(0.3)	(4.1)
Goodwill	69.6	–	26.2	95.8
Group's share of net assets of joint ventures	172.8	–	32.2	205.0
The net book value is presented within:				
Interest in associates and joint ventures				205.0
				205.0
Income	128.9	11.9	56.9	197.7
Profit/(loss) after tax	26.3	(2.9)	(0.7)	22.7
Adjustment to reflect the BBC Group's effective obligation	(12.7)	2.9	1.4	(8.4)
Share of results of associates	13.6	–	0.7	14.3

The following table presents financial information for joint ventures:

	Danus Limited £m	UKTV Media Limited £m	Other £m	Total 2018 £m
Non-current assets	558.3	8.9	3.1	570.3
Current assets	60.2	241.3	32.6	334.1
Current liabilities	(53.0)	(128.5)	(15.1)	(196.6)
Non-current liabilities	(702.7)	(51.2)	(36.6)	(790.5)
Net (liabilities)/assets	(137.2)	70.5	(16.0)	(82.7)
Adjustment to reflect the BBC Group's effective obligation	137.2	(35.4)	20.5	122.3
Provision for unrealised profit	–	(4.2)	(0.8)	(5.0)
Group's share of net assets of joint ventures	–	30.9	3.7	34.6
The net book value is presented within:				
Interest in associates and joint ventures				48.1
Interest in Danus Limited recognised at cost				(13.5)
				34.6
Income	15.1	328.0	55.5	398.6
Profit/(loss) after tax	4.6	53.7	(11.3)	47.0
Adjustment to reflect the BBC Group's effective obligation	(4.6)	(26.9)	8.0	(23.5)
Share of results of joint ventures	–	26.8	(3.3)	23.5

Danus Limited prepares its financial statements to a 30 November accounting reference date and under Financial Reporting Standard 102. Adjustments are therefore made to align these to the Group.

The Group is unable to receive dividends from Danus Limited until 2033 due to restrictions mandated within this entity.

¹ See Glossary for further details.

E. Investments in the BBC's commercial activities continued
E3 Interests in associates¹ and joint ventures¹ continued

	Daunus Limited £m	UKTV Media Limited £m	Other £m	Total 2017 £m
Non-current assets	561.7	8.9	2.8	573.4
Current assets	57.9	261.8	31.1	350.8
Current liabilities	(53.0)	(140.0)	(9.4)	(202.4)
Non-current liabilities	(720.4)	(54.1)	(35.6)	(810.1)
Net (liabilities)/assets	(153.8)	76.6	(11.1)	(88.3)
Adjustment to reflect the BBC Group's effective obligation	153.8	(38.4)	10.6	126.0
Provision for unrealised profit	–	(5.1)	(0.8)	(5.9)
Group's share of net assets/(liabilities) of joint ventures	–	33.1	(1.3)	31.8
The net book value is presented within:				
Interest in associates and joint ventures				53.5
Provisions ¹				(8.4)
Interest in Daunus Limited recognised at cost				(13.3)
				31.8
Income	22.4	348.7	50.0	421.1
Profit/(loss) after tax	13.2	72.5	(10.0)	75.7
Adjustment to reflect the BBC Group's effective obligation	(13.2)	(36.3)	5.2	(44.3)
Share of results of joint ventures	–	36.2	(4.8)	31.4

¹ See Glossary for further details.

F. Managing funding (including future costs)

This section contains the notes to the balance sheet that detail the funding of the BBC Group as well as the assets and liabilities that are primarily used in the day-to-day transactions of the BBC Group.

The BBC collects licence fees from UK households on behalf of the Consolidated Fund. This is passed to the fund as reflected in the BBC's Television Licence Fee Trust Statement. Licence fee revenue, whilst derived from the amount collected directly from licence fee payers, therefore represents a grant-in-aid from DCMS within the Group financial statements.

It also sets out the external borrowings of the BBC Group. The BBC Group is subject to two specific limits to its borrowings:

- the Public Service net borrowing limit of £1,050 million is set by the Secretary of State for the DCMS in accordance with the Framework Agreement between the BBC and DCMS. Of this limit, £850 million is specifically for finance leases; and
- under a direction granted by the Secretary of State for the DCMS a net borrowing limit of £350 million has been set for the BBC commercial group.

Throughout 2016/17 the Public Service borrowing limit was £200 million, covering all borrowings with the exception of certain finance leases. From 1 April 2017, the permitted PSB borrowing limit as agreed with the DCMS was changed to specifically include all finance leases via a separate £850 million limit.

Included within this section are the disclosures required by the DCMS in respect of the above limits.

For additional information on the relevant accounting policies applied in this section please see section H *Basis of preparation of the financial statements and other accounting policies*.

F1 Cash and cash equivalents

	2018 £m	2017 £m
Cash at bank, available on demand	119.0	126.3
Short-term deposits	404.0	130.0
	523.0	256.3

F2 Analysis of net funds for DCMS borrowing limits

	Restated* At 1 April 2017 £m	Cash flows £m	Non-cash changes £m	Exchange £m	At 31 March 2018 £m
Total cash and cash equivalents	256.3	266.4	–	0.3	523.0
Loans and loan notes	(201.2)	(0.9)	0.2	19.7	(182.2)
Derivatives associated with borrowings	26.6	–	(19.0)	–	7.6
Finance leases	(690.0)	74.0	(58.7)	–	(674.7)
Net debt	(608.3)				(326.3)
Made up of:					
PSB Group	(499.2)				(239.3)
Centre House Productions	1.5				1.2
BBC Worldwide	44.3				38.8
Other commercial businesses	(154.9)				(127.0)
Net debt	(608.3)				(326.3)

* The comparatives have been restated to reflect the revised borrowing limits agreed under the Charter and Agreement which came into effect from 1 January 2017.

F3 Reconciliation of net funds to the DCMS borrowing limits

	Public Services ¹			Commercial businesses* £m
	Net funds excluding finance leases £m	Finance lease borrowings £m	Net debts £m	
2018				
Net funds/(debt)	434.6	(673.9)	(239.3)	(88.2)
Net borrowing limit	(200.0)	(850.0)	(1,050.0)	(350.0)
Headroom	634.6	176.1	810.7	261.8
2017 restated**				
Net funds/(debt)	190.7	(689.9)	(499.2)	(110.6)
Net borrowing limit	(200.0)	(850.0)	(1,050.0)	(350.0)
Headroom	390.7	160.1	550.8	239.4

* Under the terms of the DCMS agreement, the BBC Commercial Holdings group must satisfy two financial covenants, which need to be satisfied throughout the respective period. During 2017/18 and 2016/17, BBC Commercial Holdings Limited was in compliance with both of these covenants.

** The comparatives have been restated to reflect the revised borrowing limits agreed under the Charter and Agreement which came into effect from 1 January 2017.

¹ See Glossary for further details.

F. Managing funding (including future costs) continued**F4 Borrowings****F4.1 Borrowings due within one year**

	2018 £m	2017 £m
Bank loan	0.9	–
Obligations under finance leases	18.0	14.5
	18.9	14.5

F4.2 Borrowings due after more than one year

	2018 £m	2017 £m
Bank loan	181.3	201.2
Obligations under finance leases	656.7	675.5
	838.0	876.7

Analysis of the BBC Group's borrowing facilities is set out in note F5.

F4.3 Obligations under finance leases¹

Finance lease liabilities are payable as follows:

	Minimum lease payments £m	Interest £m	Principal £m
2018			
Within one year	64.1	46.1	18.0
Between one and five years	278.2	166.6	111.6
Over five years	786.1	241.0	545.1
	1,128.4	453.7	674.7
2017			
Within one year	61.8	47.3	14.5
Between one and five years	273.8	173.5	100.3
Over five years	855.0	279.8	575.2
	1,190.6	500.6	690.0

Under the terms of the lease agreements, the BBC has the right to share in the residual value of its key finance lease properties (Broadcasting House and Pacific Quay). This share will be passed to the BBC as either a cash flow at the end of the lease arrangement, or a reduction in rentals if the lease agreement is extended for a further term. In addition, the BBC has the right to repurchase each property at the end of the respective lease agreements.

Interest rates are fixed at the contract date. Leases with a carrying value of £668.6 million (2017: £688.5 million) have contingent elements included within their contracts and result in contingent rents of £29.0 million (2017: £27.4 million) being included in operating costs.

F4.4 Operating leases¹

The total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2018 £m	2017 £m
Within one year	107.2	97.9
Between one and five years	280.6	288.4
Over five years	417.8	521.8
	805.6	908.1

The BBC Group's operating lease agreements primarily relate to land, office space, computers and other IT equipment. Certain contracts include renewal options, stepped rents or annual RPI uplifts (which are accounted for on a straight-line basis) or periodic rent reviews. All leases have been entered into on commercial terms.

¹ See Glossary for further details.

F. Managing funding (including future costs) continued

The BBC Group has entered into a number of sublease arrangements. The total future minimum sublease income expected to be received under non-cancellable subleases at 31 March is:

	2018 £m	2017 £m
Within one year	26.0	24.5
Between one and five years	94.2	89.5
Over five years	245.2	263.6
	365.4	377.6

F5 Borrowing facilities

Facility	Interest rate	Total available 31 March 2018 £m	Drawn down at 31 March 2018 £m	Total available 31 March 2017 £m	Drawn down at 31 March 2017 £m	Expiry or review date
PSB Group						
Sterling revolving credit facility agreement	LIBOR* plus 0.3% rising to LIBOR* plus 0.15% on utilisations over 1/3 and LIBOR* plus 0.45% on utilisations over 2/3	200	–	200	–	15 July 2020
Uncommitted money market lines (short-term borrowings)	The interest on uncommitted money market lines are determined when traded with the bank	25	–	25	–	Reviewed annually
GBP overdraft	Bank base rate plus 1.5%	5	–	5	–	Reviewed annually
Multicurrency overdraft	Banks' short-term offered rates for the relevant currency plus 1%	5	–	5	–	Reviewed annually
Overdraft*	Bank base rate plus 1%. Excess usage at bank base rate plus 2%	1	–	1	–	Reviewed annually
BBC Commercial Holdings Limited						
Multicurrency, revolving credit facility agreement for loans and letters of credit	LIBOR* plus 0.6% rising to LIBOR* plus 0.15% on utilisations over 1/3 and LIBOR* plus 0.15% on utilisations over 2/3	210	–	210	–	July 2019
Overdraft or money market lines	Money market line – margin of 1.0% (2017: 1.0%)	20	–	20	–	Reviewed annually
US Private Placement	Fixed interest at 2.36%	28	28	28	28	June 2020
US Private Placement**	Fixed interest at 2.71%	153	153	173	173	June 2020
BBC Worldwide						
Overdraft*	Bank base rate plus 1% if drawn down in sterling. Bank currency overdraft rate plus a 1% margin if drawn down in other currencies	2	–	2	–	Reviewed annually
Bank loan	Three month GBP LIBOR plus 1%	9	1	–	–	31 August 2018
Overdraft or working capital loan for Indian rupees	Not in place at 31 March 2018 (2017: market rate at drawdown)	–	–	1	–	Reviewed annually

* The base rate used varies according to the currency drawn. GBP drawings are linked to LIBOR.

** The US\$216 million US placement is hedged to a sterling value of £143 million, valued at the time of the facility being put in place.

There have been no defaults or breaches of covenants on these facilities during the year (2017: none).

F. Managing funding (including future costs) continued**F6 Cash generated from operations**

	2018 £m	2017 £m
Group surplus/(deficit) before taxation	178.6	(119.3)
Depreciation, amortisation and impairment	339.7	388.5
Difference between pension charge and cash contribution	81.5	(141.6)
Fair value impact of derivatives associated with loans	19.2	(108.7)
Fair value impact of other derivatives	6.0	87.0
Loss on disposal of tangible and intangible fixed assets	6.9	3.8
Gain on disposal of available for sale investment	(4.4)	–
Gain on disposal of associates and joint ventures	(0.4)	–
Other gains	–	(2.7)
Share of results of associates and joint ventures	(35.8)	(45.7)
Financing income	(25.7)	(5.3)
Financing costs (excluding fair value swaps)	79.7	139.3
(Increase)/decrease in programme-related assets and inventories	(112.7)	71.8
Decrease/(increase) in debtors	81.0	(49.8)
(Decrease)/increase in creditors	(21.7)	80.1
(Decrease)/increase in provisions	(9.2)	3.7
Cash generated from operations	582.7	301.1

F7 Trade and other receivables

This note discloses the balances that are owed to the BBC Group by third parties and prepayments made by the BBC Group.

F7.1 Other receivables due after more than one year

	2018 £m	2017 £m
Trade receivables	44.3	66.9
Other receivables	15.7	14.5
Prepayments	2.4	3.1
Amounts owed by associates and joint ventures	2.2	5.9
	64.6	90.4

F7.2 Trade and other receivables due within one year

	2018 £m	2017 £m
Trade receivables	236.9	276.9
Licence fee receivables	405.3	396.0
Amounts owed by associates and joint ventures	32.1	30.3
VAT recoverable	31.1	31.4
Prepayments	79.6	97.7
Accrued income	132.3	125.3
Other receivables	57.7	64.8
	975.0	1,022.4

Included in the BBC Group's trade and other receivables at 31 March 2018 are balances of £50.5 million (2017: £20.8 million) which are past due at the reporting date but not impaired. The aged analysis of these balances is as follows:

	2018 £m	2017 £m
Up to three months	34.6	15.4
Three to six months	5.4	1.6
Over six months	10.5	3.8
	50.5	20.8

In determining the recoverability (likelihood of receiving payment) of a trade and other receivable the Group considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. Receivables are provided for based on estimated irrecoverable amounts, determined by reference to age, past default experience of the counterparty and an analysis of the counterparty's financial situation.

There are no significant impairment provisions relating to balances of any individual debtor. Amounts charged to the impairment provision are written off when there is no expectation of recovery. Subsequent recoveries of amounts previously written off are credited to the income statement. The impairment provision stands at £5.3 million at 31 March 2018 (2017: £7.9 million).

1 See Glossary for further details.

F. Managing funding (including future costs) continued**F7.2 Trade and other receivables due within one year continued**

The movement in the impairment provision is set out below:

	2018 £m	2017 £m
Balance at the beginning of the year	7.9	5.2
Impairment losses recognised	2.6	6.1
Amounts written off as uncollectable	(1.9)	(1.2)
Amounts recovered during the year	(3.3)	(2.2)
Balance at the end of the year	5.3	7.9

No significant amount has been provided for items that are not yet due for payment.

F8 Trade and other payables

This note details the amounts payable to third parties by the BBC Group.

F8.1 Trade and other payables due after more than one year

	2018 £m	2017 £m
Accruals and deferred income	5.5	7.7
Rights creditors	39.3	20.2
Other payables	34.3	20.5
	79.1	48.4

F8.2 Trade and other payables due within one year

	2018 £m	2017 £m
Trade payables	376.5	376.9
Licence savings stamp deposits and savings cards	44.0	45.4
Amounts owed to associates and joint ventures	9.1	14.6
Accruals	248.7	231.1
Deferred income (including licence fee payables)	306.4	338.7
Other taxation and social security	25.6	28.2
Other payables	42.9	34.8
	1,053.2	1,069.7

F9 Provisions and contingent liabilities

	Note	At 1 April 2017 £m	Charge for the year £m	Utilised during the year £m	Released during the year £m	At 31 March 2018 £m
Restructuring		37.8	18.2	(34.4)	(4.3)	17.3
Litigation and insurance		17.5	3.0	(1.5)	–	19.0
Property		42.0	2.2	(2.5)	(0.1)	41.6
Share of joint ventures net liabilities	E3	8.4	–	–	(8.4)	–
Other		7.4	27.8	(6.5)	(2.7)	26.0
		113.1	51.2	(44.9)	(15.5)	103.9
Included in current liabilities		62.5				55.6
Included in non-current liabilities		50.6				48.3
		113.1				103.9

Restructuring provisions are determined by the probable costs relating to reorganisations, relocations and redundancies in the BBC. The restructuring charge for the year mainly relates to the savings and restructure programmes within the PSB Group and BBC Worldwide. The restructuring balance at 31 March 2018 predominantly relates to the redundancies generated through ongoing savings strategies.

Litigation and insurance provisions relate to ongoing legal, insurance and compensation claims against the BBC. The BBC makes specific provision for its best estimate of any damages and costs which may be awarded. A provision is only made to the extent that the BBC Group considers it probable that there will be an outflow of economic benefits and the amount can be reliably estimated. There are currently no known individually material outstanding litigations.

F. Managing funding (including future costs) continued**F9 Provisions and contingent liabilities continued**

The BBC Group has obligations to restore leased properties to their original condition at the end of the lease term. Property provisions are made for the cost of such restoration works as determined by the properties' discounted net present value or the market value of the gross square footage.

Other provisions include amounts relating to employment matters and other items arising across the BBC Group in the normal course of business, none of which are individually material.

Contingent liabilities

In 2017, the Government introduced new legislation relating to the tax accountability for payments to intermediaries in the public sector. Alongside it, HMRC introduced a new analysis tool (the Check Employment Status for Tax – the CEST) and other written guidance which continues to be revised and updated in relation to its application to the production and broadcast industry. These changes have led to a number of new questions and issues arising in relation to the assessment of tax status across the industry, as the new guidance indicates that a larger proportion of on-air presenters should be treated as employed for tax purposes than previously. Concurrently a number of on-air presenters, across the industry, are now facing investigations from HMRC about how tax and NI has been applied in the past to their engagements via a Personal Service Company. The BBC's discussions with HMRC on these matters continues.

The BBC has announced that it is to establish a fair and independent process under the supervision of the Centre for Effective Dispute Resolution (CEDR) to determine the right approach in cases where on-air presenters believe the BBC bears some liability in relation to demands for Employers' National Insurance Contributions. The terms of this process are intended to be subject to consultation and because the scope and outcome of this process remain uncertain, no provision in relation to this matter has been recognised in these financial statements.

F10 Net financing costs

Set out below is an analysis of the financing income and expenses incurred in the year. These amounts include interest relating to finance lease liabilities (see note F4.3) and defined benefit pension schemes (see note C7).

	Note	2018 £m	2017 £m
Financing income			
Interest income		6.0	5.3
Exchange gain on borrowings		19.7	–
		25.7	5.3
Financing costs			
Interest expense		(7.6)	(9.7)
Investment expense on liabilities available for trading		–	(0.1)
Exchange loss on borrowings		–	(23.3)
Fair value loss on swaps		(41.6)	(25.0)
Interest on obligations under finance leases		(47.5)	(49.1)
		(96.7)	(107.2)
Interest cost on pension plan liabilities ¹	C7.3	(24.6)	(32.1)
		(121.3)	(139.3)
		(95.6)	(134.0)

The net impact of financing can be analysed as:

	2018 £m	2017 £m
Net financing costs of leasing arrangements	(47.5)	(49.1)
Net financing costs related to pension obligations	(24.6)	(32.1)
Net financing cost related to loans and financial instruments	(23.5)	(52.8)
	(95.6)	(134.0)

¹ See Glossary for further details.

F. Managing funding (including future costs) continued**F11 Long-term commitments not reflected in the balance sheet – contracts placed for future expenditure**

This note shows amounts to which the BBC Group is contractually committed, but which do not meet the criteria for inclusion in the balance sheet. It includes fixed (but not variable) payments due under outsourcing contracts for the life of those contracts.

Functions covered by these long-term outsourcing contracts include IT support, content distribution and transmission, facilities management and elements of finance support.

	2018 £m	2017 £m
Fixed asset additions	39.7	34.5
Programme acquisitions and sports rights	1,369.8	1,263.0
Independent programmes	149.8	127.7
Other fixed payments on long-term outsourcing arrangements	2,345.5	2,070.7
	3,904.8	3,495.9

Long-term commitments not reflected in the balance sheet are payable as follows:

	2018 £m	2017 £m
Within one year	875.1	743.0
Between one and five years	2,101.1	1,642.3
Over five years	928.6	1,110.6
	3,904.8	3,495.9

G. Other

For additional information on the relevant accounting policies applied in this section please see section H *Basis of preparation of the financial statements and other accounting policies*.

G1 Taxation**G1.1 Recognised in the income statement**

The charge for the year, based on the rate of corporation tax of 19% (2017: 20%) comprised:

	Note	2018 £m	2017 £m
Current tax			
UK corporation tax		(13.3)	(12.1)
Foreign tax		27.2	22.4
Adjustments in respect of prior years		(0.9)	(8.5)
Total current tax		13.0	1.8
Deferred tax¹			
Origination and reversal of temporary differences		(5.0)	(1.4)
Changes in tax rate		(7.7)	0.7
Adjustments in respect of prior years		(1.3)	8.7
Total deferred tax		(14.0)	8.0
Total taxation (credit)/expense in the consolidated income statement	G1.2	(1.0)	9.8

G1.2 Reconciliation of taxation expenses

The PSB Group is liable to taxation on those activities carried out with a view to making a profit and on rent, royalties and interest receivable; it does not therefore receive relief for all its expenditure. The commercial subsidiaries in the BBC Group are taxed in accordance with tax legislation. As the BBC Group's public sector 'free-to-air' broadcasting activities are not subject to taxation, the tax charge is primarily driven by the results of the commercial businesses. The items affecting the standard rate of corporation tax are explained below:

	Note	2018 £m	2017 £m
Surplus/(deficit) before tax		178.6	(119.3)
Surplus/(deficit) before tax multiplied by standard rate of corporation tax in the UK of 19% (2017: 20%)		33.9	(23.9)
Effects of			
Public service activities			
Public service taxable external income		5.6	6.5
Non-taxable public service activities		(13.4)	30.7
Commercial activities			
Disallowed expenditure (including goodwill impairment)		3.4	(2.0)
Losses (utilised)/carried forward		(4.8)	2.3
High-end television tax relief		(20.8)	(9.5)
Tax-exempt capital gain		(0.9)	-
Tax differential on overseas earnings		16.1	11.9
Tax differential in associates and joint ventures		(10.2)	(7.1)
Changes in the tax rate		(7.7)	0.7
Adjustments in respect of prior years		(2.2)	0.2
Total tax charge for the year	G1.1	(1.0)	9.8

G1.3 Factors that may affect future tax charges

The Finance Bill 2016 was enacted on 6 September 2016. This reduced the corporation tax rate to 17% from April 2020. As this rate reduction has been substantively enacted at the balance sheet date, the deferred tax assets have been calculated at 17% in line with when the company anticipates temporary differences to unwind.

As part of the 2016 Budget the Chancellor announced the Business Tax Road Map, which included measures to limit the utilisation of brought forward losses and interest deductions. These were included in Finance (No. 2) Act 2017, which was substantively enacted on 31 October 2017, and applies from 1 April 2017.

There are many future changes to worldwide taxation systems as a result of the potential adoption by the UK and individual territories of measures relating to the OECD Base Erosion and Profit Shifting Actions. The Group continues to actively monitor developments and evaluate their potential impact. The Group does not expect the future tax rate to be materially impacted by these changes to the international tax landscape.

¹ See Glossary for further details.

G. Other continued**G1.4 Current tax assets**

The current tax assets totalling £36.2 million (2017: £40.0 million) includes £27.8 million (2017: £15.0 million) due in respect of film tax credits outstanding on high-end drama and comedy productions following over-provisions made in 2017/18.

G1.5 Deferred tax assets/(liabilities)

	Fixed asset temporary differences £m	Provisions £m	Financial instruments £m	Associates and joint ventures £m	Programme rights £m	Other £m	Net deferred tax (liability) /asset £m
At 1 April 2017	6.1	1.9	0.4	(20.7)	(7.0)	(0.8)	(20.1)
Net credit/(charge) to the income statement	0.7	0.7	(0.1)	–	–	12.7	14.0
Charge to reserves	–	–	(4.9)	–	–	–	(4.9)
Exchange differences	–	2.6	–	–	–	0.6	3.2
At 31 March 2018	6.8	5.2	(4.6)	(20.7)	(7.0)	12.5	(7.8)
Deferred tax asset/(liability) presented within:						2018 £m	2017 £m
Non-current assets						6.1	11.3
Non-current liabilities						(13.9)	(31.4)
						(7.8)	(20.1)

The Group has unrecognised deferred tax assets arising on capital losses totalling £139.2 million (2017: £137.3 million) and trade losses totalling £28.2 million (2017: nil). These assets have not been recognised on the basis that there is insufficient certainty that future gains or profits will arise against which the Group can utilise these losses.

The Group also has unrecognised deferred tax assets arising on excess management expenses totalling £3.7 million and non-trade loan relationship losses totalling £9.3 million. These assets have not been recognised on the basis that there is insufficient certainty that future gains or profits will arise against which the Group can utilise these losses.

There is no time limit for the utilisation of either of these losses.

G2 Pension plans

This note sets out the additional detailed disclosures related to the BBC Pension Scheme which were not included in note C7 or C8.

G2.1 Changes in the present value of plan liabilities¹

The table below illustrates the movement on the scheme liabilities during the year. The key items which affect this are the additional year of pension benefits earned, any gains or losses relating to participants leaving the pension scheme, changes in assumptions made and benefits paid out during the year.

	2018 £m	2017 £m
Opening present value of plan liabilities	16,885.9	13,824.8
Current service cost	227.2	186.1
Past service cost/(credit)	0.3	(2.9)
Administration cost	9.1	9.8
Interest on pension plan liabilities	407.9	462.7
Remeasurement losses/(gains):		
– Experience gains arising on plan liabilities	111.4	(141.3)
– Changes in financial assumptions ¹	(151.5)	3,703.6
– Changes in demographic assumptions ¹	–	(695.3)
Contributions by plan participants	0.6	0.9
Benefits paid and expenses	(504.4)	(462.5)
Closing present value of plan liabilities	16,986.5	16,885.9

¹ See Glossary for further details.

G. Other continued**G2.2 Changes in the fair value of plan assets**

The table below illustrates the movement on the plan assets during the year. The key items which affect this are the additional year of contributions made, changes in the value of the pension plan assets (including the investment return) and benefits paid during the year.

The employee contributions to the scheme by members are mainly paid via a salary sacrifice arrangement. These have been treated as employer contributions.

	2018 £m	2017 £m
Opening fair value of plan assets	15,745.2	12,821.4
Interest income on assets	383.4	430.8
Remeasurements on plan assets ¹	696.8	2,620.3
Contributions by employer	154.7	334.3
Contributions by plan participants	0.6	0.9
Benefits paid and expenses	(504.4)	(462.5)
Closing fair value of plan assets	16,476.3	15,745.2

G2.3 Plan assets

The allocation of assets by the pension fund Trustees is governed by the need to manage risk against the desire for high returns and any liquidity needs. A high percentage of assets are held in equities which the Trustees expect will produce higher returns in the long term.

Type of asset	2018 £m	%	2017 £m	%
Held at quoted market prices:				
Equities	1,260.6	8	1,499.0	10
Pooled vehicles	1,259.4	8	2,624.7	17
Repurchase agreements	(1,569.9)	(10)	(1,639.3)	(10)
Fixed interest bonds	3,072.6	19	1,450.1	9
Index-linked bonds	6,500.7	38	6,144.0	39
Derivatives	97.4	1	112.8	1
Other assets:				
Property				
– UK	943.7	6	885.2	5
– Pooled investment vehicles	491.7	3	456.4	3
Alternatives*	4,101.4	25	3,710.9	23
Cash and other current assets	318.7	2	501.4	3
Total assets	16,476.3	100	15,745.2	100
Actual return on pension plan assets**	1,049.1		3,051.1	

* Alternatives are investments in asset classes other than the traditional quoted equities, bonds, property and cash. They include investments in private equity, private credit, hedge funds, infrastructure and renewable energy investments. They are generally illiquid investments as some may require sufficient time to find buyers willing to pay full market value. They are useful for managing risk as they enhance portfolio diversification and potentially reduce risk as their cash flows can be well suited to meeting the scheme's liabilities.

** This constitutes realised gains from the receipt of investment income (e.g. dividends and rent), transactions where assets are sold and unrealised fair value changes.

The pension fund Trustees and the BBC have agreed to a long-term plan of achieving full funding on a discount rate equal to the yield on liability-matching gilts plus 0.5% p.a. The Trustees have also established a framework for setting the scheme's strategic asset allocation based on the scheme's funding ratio, with the intention of not taking more risk than is necessary to return to full funding over the horizon of the plan.

G2.4 BBC Pension Scheme gains/(losses) in the consolidated statement of comprehensive income/(loss)

	2018 £m	2017 £m
Return on plan assets (excluding amounts included within interest)	696.8	2,620.3
Remeasurement (losses)/gains ¹ arising from:		
– Experience (losses)/gains on plan liabilities	(111.4)	141.3
– Changes in demographic assumptions	–	695.3
– Changes in financial assumptions	151.5	(3,703.6)
Net gain/(loss) recognised in the consolidated statement of comprehensive income/(loss)	736.9	(246.7)

1 See Glossary for further details.

G. Other continued**G2.5 Principal actuarial assumptions**

The calculation of the scheme liabilities requires a number of financial and demographic assumptions to be made. The principal assumptions used by the actuaries at the balance sheet date were:

Principal financial assumptions	2018 %	2017 %
Rate of increase in salaries	1.00	1.00
Rate of increase in pension payments:		
Old Benefits*	3.10	3.20
New Benefits*	2.90	3.00
Career Average Benefits (2006)*	2.40	2.40
Career Average Benefits (2011)*	2.00	2.10
Inflation assumption (RPI)	3.10	3.20
Inflation assumption (CPI)	2.10	2.20
Discount rate ¹	2.40	2.45

* For more information on the different pension arrangements, please refer to the remuneration report.

The average life expectancy assumptions, for members after retirement at 60 years of age, are as follows:

Principal demographic assumptions	2018 Number of years	2017 Number of years
Retiring today:		
Male	27.1	27.0
Female	28.6	29.3
Retiring in 20 years:		
Male	29.4	28.5
Female	31.0	31.0

The mortality assumptions have been selected to reflect the characteristics and experience of the membership of the scheme. These are based on the assumptions used for the actuarial valuation which was carried out for funding purposes as at 1 April 2016. The standard 'S2' series of tables, published by the CMI, reflect recent research into mortality experience in the UK. A subset of these tables has been used for males and females, with a multiplier of 118% for males and 96% for females. For the allowance for future improvements, the CMI 2016 core projection has been adopted with a long-term trend of 1.25% for both males and females.

G2.6 Scheme membership analysis and maturity¹ profile

Principal demographic assumptions	2018 Number	2017 Number
Contributors	9,827	10,636
Pensioners	19,763	19,636
Dependants	4,316	4,308
Deferred pensioners	28,927	29,036

The total number of scheme beneficiaries as at 31 March 2018 was 49,272 (2017: 50,037). Membership numbers in the table above are higher as members can hold more than one record. For example, contributing members who have transferred to the Career Average Benefits 2011 section from another section of the scheme may have a deferred pensioner record for their benefits built up in the Old Benefits, New Benefits or Career Average Benefits 2006 sections and a contributing record for their Career Average Benefits 2011 benefits.

The average duration of the benefit obligation at the end of the reporting period is 21 years (2017: 21 years). This number can be subdivided into the duration related to:

- contributors: 26 years (2017: 26 years)
- pensioners: 14 years (2017: 14 years)
- deferred pensioners: 28 years (2017: 28 years)

G3 Financial instruments

This section details the financial instruments held by the BBC Group. A financial instrument is a contract that results in one entity recording a financial asset (a contractual right to receive financial assets, e.g. cash) in their accounts and another entity recording a financial liability.

The BBC Group's financial instruments, other than those used for treasury risk management purposes, comprise cash and cash equivalents, borrowings and various items such as trade receivables and payables that arise directly from its operations.

The BBC Group's financial risk management operations are carried out by a BBC Group Treasury function, within parameters defined formally within the policies and procedures manual agreed by the BBC Board. BBC Group Treasury's activity is routinely reported and is subject to review by internal auditors.

G. Other continued

G3.1 Financial risk management

The BBC Group Treasury function uses financial instruments to raise finance and to manage financial risk arising from the BBC's operations in accordance with its objectives, which are:

- to ensure the business of the BBC Group, both PSB Group and Commercial, is funded in the most efficient manner and remains compliant with borrowing ceilings;
- to protect the value of the BBC's assets, liabilities and cash flows from the effects of adverse interest rates and foreign exchange fluctuations; and
- to maximise the return on surplus funds, whilst ensuring sufficient cash is retained to meet foreseeable liquidity requirements.

The BBC Group takes a risk averse approach to the management of foreign currency trading and has implemented a clear economic hedging policy to minimise volatility in the financial results. A small number of the forward foreign currency contracts entered into by the BBC Group were designated as hedging instruments in effective cash flow hedges. Hedge accounting is only applied where there is appropriate designation and documentation.

The BBC Group is exposed to the following areas of risk arising from financial instruments:

- market risk, principally currency and interest rate risk;
- liquidity risk; and
- credit risk¹. The largest element is the licence fee debtor, £405.3 million (2017: £396.0 million). The amount of income that the BBC receives is directly related to the amount of licence fee collected from households in the UK.

The material risks to the BBC Group are:

Currency risk

Foreign exchange transaction risk arises from forecast future transactions that are denominated in a currency that is not the entity's functional currency. Foreign exchange translation risk arises from the retranslation of overseas subsidiaries' income statements and balance sheets into sterling.

The BBC Group is principally a UK-based organisation with the majority of transactions, assets and liabilities being sterling based; however, the BBC Group undertakes some transactions in currencies other than sterling.

The BBC's commercial operations are undertaken in a range of global markets and a significant proportion of BBC Worldwide's revenues are generated outside the UK. Over the past few years, BBC Worldwide Limited has increasingly expanded internationally and as a result is exposed to foreign exchange risk arising from various currency exposures, principally in relation to the US dollar, the euro and the Australian dollar. Due to movements in exchange rates over time, the amount the Group expects to receive or pay when it enters into a transaction may differ from the amount that it actually receives or pays when it settles the transaction.

The Group takes a risk averse approach to the management of foreign currency trading and has implemented a clear economic hedging policy to minimise volatility in the financial results. A substantial proportion of the Group's material net foreign currency exposures are economically hedged.

The most significant foreign currency exposure, by total value of transactions, is to US dollars. Due to the relative size of this exposure in comparison to the BBC Group's sterling-denominated business, the BBC does not consider this to be significant for the BBC Group. However, it does generally enter into forward currency contracts to manage, or hedge, this currency risk, which allows the BBC Group to reduce uncertainty by settling transactions at known exchange rates.

The overall income or expenditure to be recognised in relation to contracts denominated in foreign currency (and the related hedges) is therefore fixed; however, where these contracts span financial years, the recognition of the fair value of the forward currency contracts results in timing gains/losses in each financial year. These timing gains/losses are therefore a result of market conditions and not variances in underlying contract value.

As a result of this certainty of cash flows the BBC Group has mitigated its underlying sensitivity to currency fluctuations and therefore has not presented sensitivity analysis as any potential variation is insignificant.

At 31 March 2018, the BBC Group had entered into a net commitment to sell foreign currencies amounting to £82.2 million (2017: £224.8 million) that mature in the period through to 2021 in order to fix the sterling cost of commitments through this period (mainly euros and US dollars). These forward foreign exchange contracts mean the BBC Group had no significant currency exposure.

Interest rate risk

The Group's main exposure to interest rate fluctuations arises on external borrowings. BBC Commercial Holdings' 2013 private placement included a tranche of fixed rate sterling debt alongside a tranche of fixed rate US dollar debt, with the latter swapped to fixed rate sterling throughout the period of the instrument. Since March 2003 the Group has been borrowing under its revolving credit facilities at floating rates of interest and then using interest rate swaps, caps and collars to manage the Group's exposure to interest rate fluctuations and provide greater certainty of cash flows. Interest rate swaps, caps and collars are entered into based on projected borrowing requirements, therefore differences will occur between the notional amount of the swaps, caps and collars and the actual borrowing requirements. The effect of taking out the interest rate swaps, caps and collars is that in the longer term the Group has no significant underlying sensitivity to interest rate fluctuations and hence no sensitivity analysis has been presented.

¹ See Glossary for further details.

G. Other continued

G3.1 Financial risk management continued

Other price risk of financial assets: The Group invests surplus cash in money market funds and money market deposits, therefore it is not subject to other price risks, such as market price risk.

Sterling fixed rate borrowings are achieved by entering into interest rate swap transactions; all outstanding swaps mature by the end of June 2020. In total, £153.6 million (2017: £173.2 million) of swaps were entered into. The coverage is £27.7 million lower (2017: £28.0 million lower) than the current level of bank loans of £181.3 million (2017: £201.2 million).

Fair value movements in respect of interest rate swaps and interest rate options are recorded through the income statement within financing income/financing costs as hedge accounting is not applied.

Liquidity risk

Liquidity risk is the risk that the BBC Group will not be able to meet its financial obligations as they fall due. The BBC is subject to ceilings on its borrowings set by the Secretary of State in accordance with the Agreement between the BBC and DCMS (see note F2). In order to comply with these ceilings, together with the terms of any individual debt instruments, the BBC's Group Treasury function manages the BBC Group's borrowings by regularly monitoring BBC Group cash flow forecasts. The BBC holds its surplus liquidity in term deposit accounts with highly rated financial institutions.

The bank loans of the BBC's commercial operations are subject to debt covenants based on the Group's earnings before interest and taxation. The covenants are in respect of net borrowings and net interest coverage. The Group is active in the monitoring of its debt covenants which have been met at 31 March 2018.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation.

Depending on how exchange rates and interest rates move between the time the Group enters into the transaction and at the year end, these derivatives can either be profitable ('in the money') or loss-making in their own right. However, the rationale in entering into these derivatives is not to profit from currency markets or interest rate fluctuations, but to provide stability to the BBC's cash flows. Other than where hedge accounting is applied, the movements relating to these derivatives (i.e. where they are either in profit or loss-making) are taken to the Group's statement of income and expenditure for the year.

The Group's credit risk management policy in relation to other trade receivables involves regularly assessing the financial reliability of customers, taking into account several factors such as their financial position and historical performance. The carrying amount of financial assets included in the financial statements represents the Group's maximum exposure to credit risk in relation to these assets.

G3.2 Fair value of financial instruments

The following table shows the fair value of the BBC Group's financial instruments, in categories according to how the financial instrument is measured. It also shows the maturity profile for each category of financial asset and liability.

	Amounts due in less than one year £m	Amounts due between two and five years £m	Amounts due after more than five years £m	Total £m
2018 – Fair value				
Financial assets at fair value				
Derivative financial instruments:				
Derivatives that are designated in hedge relationships	1.2	–	–	1.2
Derivatives through the income statement	7.9	11.8	417.6	437.3
Loans and receivables				
Trade and other receivables	642.5	–	3.1	645.6
Cash and cash equivalents				
	523.0	–	–	523.0
Available for sale financial assets				
Other investments	–	–	193.9	193.9
Investment properties	–	–	174.6	174.6
Financial liabilities at fair value				
Derivative financial instruments:				
Derivatives that are designated in hedge relationships	(1.7)	–	–	(1.7)
Derivatives through the income statement	(3.7)	(2.0)	(515.9)	(521.6)
Trade and other payables	–	(25.2)	–	(25.2)
Financial liabilities measured at amortised cost				
Bank loans, overdrafts and loan notes	(0.9)	(181.3)	–	(182.2)
Trade and other payables	(392.3)	–	–	(392.3)
Obligations under finance leases	(46.9)	(202.2)	(687.5)	(936.6)

1 See Glossary for further details.

G. Other continued**G3.2 Fair value of financial instruments** continued

	Amounts due in less than one year £m	Amounts due between two and five years £m	Amounts due after more than five years £m	Total £m
2017 – Fair value				
Financial assets at fair value				
Derivative financial instruments:				
Derivatives that are designated in hedge relationships	0.1	0.1	–	0.2
Derivatives through the income statement	6.5	31.2	459.5	497.2
Loans and receivables				
Trade and other receivables	673.8	–	2.8	676.6
Cash and cash equivalents	256.3	–	–	256.3
Available for sale financial assets				
Other investments	–	–	230.2	230.2
Investment properties	–	–	181.4	181.4
Financial liabilities at fair value				
Derivative financial instruments:				
Derivatives that are designated in hedge relationships	(21.5)	(5.0)	–	(26.5)
Derivatives through the income statement	(12.5)	(3.7)	(525.2)	(541.4)
Trade and other payables	(1.4)	(0.6)	(8.5)	(10.5)
Financial liabilities measured at amortised cost				
Bank loans, overdrafts and loan notes	–	(201.2)	–	(201.2)
Trade and other payables	(369.4)	–	–	(369.4)
Obligations under finance leases	(61.8)	(273.8)	(855.0)	(1,190.6)

G3.3 Fair value hierarchy

When calculating the fair value of the BBC Group's financial instruments (subsequent to the initial recognition), the technique used in each calculation has to be allocated to the relevant level of hierarchy in the table below. This disclosure helps to show the level of judgement that the BBC Group has used in calculating fair values, subsequent to the initial recognition.

Categorisation into the following headings is based on the inputs used for the valuation technique as opposed to the technique itself:

- level 1 fair value measurements are those derived from quoted market prices (unadjusted) in active markets;
- level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

No transfers between these categories have occurred during the period.

1 See Glossary for further details.

G. Other continued**G3.3 Fair value hierarchy** continued

	Fair value hierarchy level	Assets £m	Liabilities £m
2018			
Greater than one year			
Forward foreign currency contracts ¹	1	3.9	(1.4)
Cash flow swaps ¹	2	417.6	(515.9)
Interest rate swaps	2	7.6	-
Embedded derivatives ¹	3	0.3	(0.6)
Investment properties	3	174.6	-
Other investments	3	193.9	-
Other payables	3	-	(25.2)
Finance leases	3	-	(889.7)
		797.9	(1,432.8)
Less than one year			
Forward foreign currency contracts	1	9.0	(5.4)
Embedded derivatives	3	0.1	-
Finance leases	3	-	(46.9)
		9.1	(52.3)
2017			
Greater than one year			
Forward foreign currency contracts	1	4.6	(6.9)
Cash flow swaps	2	459.4	(525.2)
Interest rate swaps	2	26.8	-
Embedded derivatives	3	-	(1.8)
Investment properties	3	181.4	-
Other investments	3	230.2	-
Other payables	3	-	(5.8)
Finance leases	3	-	(943.9)
		902.4	(1,483.6)
Less than one year			
Forward foreign currency contracts	1	6.6	(34.0)
Other payables	3	-	(1.4)
Finance leases	3	-	(46.3)
		6.6	(81.7)

The fair value and carrying value of financial instruments is the same, with the exception of finance leases and other investments (including the investment in Daunus Limited).

¹ See Glossary for further details.

G. Other continued**G3.3 Fair value hierarchy** continued

Included within level 2 financial instruments are cash flow swaps. This represents derivative financial assets of £417.6 million (2017: £459.4 million) and derivative financial liabilities of £515.9 million (2017: £525.2 million) relating to the financing arrangement of Broadcasting House. These swaps, which expire between 2033 and 2045, are valued with reference to relevant SONIA and LIBOR yield curves, subject to an appropriate credit risk adjustment of 250 basis points. These assumptions and inputs are reviewed on an annual basis, along with the completion of a sensitivity analysis. A change in the adjustment applied to the respective discount rate of +1% would result in an increase in the net liability by £42.6 million (2017: £40.0 million) whilst a reduction in the respective discount rate of -1% would result in a decrease in the net liability of £54.9 million (2017: £52.6 million).

In order to facilitate the redevelopment and subsequent financing arrangement relating to Broadcasting House the BBC holds an investment in Daunus Limited, which is included within level 3 financial instruments with a fair value of £193.3 million (2017: £233.3 million). The BBC holds a 20% (2017: 20%) share of the issued share capital (preferential in nature), which is due to mature in 2033, at which point the BBC receives certain rights in respect of Broadcasting House. The BBC's share in Daunus Limited entitles it to the first £125.0 million (plus RPI from the start of the lease) of any proceeds on termination of the lease. The fair value has therefore been derived from £125.0 million, inflated by RPI and subsequently discounted to 31 March 2018. The estimated interest rate used was 3.6% (2017: 1.0%) and the rate used to discount the future cash flows was 1.8% (2017: 1.5%). These assumptions and inputs are reviewed on an annual basis, along with the completion of a sensitivity analysis. A change in the adjustment applied to the respective interest rate of +1.0% would result in an increase in the net liability of £32.3 million (2017: £42.2 million) whilst a reduction in the respective interest rate of -1.0% would result in a decrease in the net liability of £27.9 million (2017: £35.7 million).

The fair value of the investment in Daunus Limited is not included on the balance sheet as it is equity accounted for (see note E3). This is due to the BBC sharing joint control with other investors, including voting power and right to veto over relevant activities, along with significant shared exposure to variable returns. The assumptions relating to Daunus Limited are reviewed on an annual basis, along with the completion of a sensitivity analysis. Whilst the reported profit or loss of Daunus Limited is not a significant input, the decision that Daunus Limited is a joint venture is a significant judgement.

Level 3 financial liabilities also include the Group's obligations under finance leases, with a fair value of £936.6 million (2017: £1,190.6 million), which predominantly relate to the lease of three properties. This is £261.9 million higher than their carrying value (2017: £500.6 million). The fair value has been determined by recalculating the finance lease liability using current market interest rates with an appropriate risk adjustment. The movement in interest rates between inception of each finance lease and the balance sheet date creates a difference between carrying value and fair value. These assumptions and inputs are reviewed on an annual basis, along with the completion of a sensitivity analysis relating to the aforementioned three property leases. A change in the interest rate applied of +0.25% would result in a decrease in the liability of £17.9 million (2017: £20.0 million) whilst a reduction in the respective interest rate of -0.25% would result in an increase in the net liability of £18.3 million (2017: £20.6 million).

These leases also include provisions to provide for the BBC's share of any appreciation in market value.

The change in fair value of level 3 financial instruments is reconciled as follows:

	2018 £m		2017 £m	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Opening balance	411.6	(999.2)	326.7	(985.8)
Settlements and payments	-	69.1	-	67.2
Unwinding of discount recorded within finance expense	-	(48.1)	-	(50.1)
Disposal of available for sale asset	(7.3)	-	-	-
Additions	0.4	(21.8)	14.0	(3.4)
Change in fair value recorded in operating costs	-	3.9	-	2.3
Change in fair value	(35.8)	33.7	70.9	(29.4)
Closing balance	368.9	(962.4)	411.6	(999.2)

The BBC Group applies cash flow hedge accounting for trades taken out by some of its commercial subsidiaries in respect of their forecast foreign currency transactions¹. Hedge accounting is only applied where appropriate designation and documentation exists. Net gains (before tax and non-controlling interests) recognised in the hedging reserve on forward foreign exchange contracts in cash flow hedge relationships at 31 March 2018 were £25.9 million (2017: £10.1 million net losses). These amounts will be recognised in the income statement in the period when the hedged forecast transaction affects the income statement, at various dates over the next three years.

¹ See Glossary for further details.

G. Other continued**G3.3 Fair value hierarchy** continued

The following table details the BBC Group's remaining contractual maturity for its non-derivative financial liabilities (including obligations under finance leases) but excludes trade and other payables that were settled in the normal course of business and are due within one year. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the BBC Group can be required to pay:

	Cash flow £m	Interest £m	Principal £m
2018			
Fixed interest rate instruments			
Not later than one year	69.8	50.9	18.9
Later than one year but not later than five years	474.3	181.1	293.2
Later than five years	785.8	241.0	544.8
	1,329.9	473.0	856.9
2017			
Fixed interest rate instruments			
Not later than one year	67.2	52.7	14.5
Later than one year but not later than five years	493.7	192.2	301.5
Later than five years	855.0	279.8	575.2
	1,415.9	524.7	891.2

G4 Interests in associates, joint ventures and subsidiaries**G4.1 Significant associates and their activities**

The BBC Group holds (directly and indirectly) interests in the following joint ventures, associates and subsidiaries listed below which, except where otherwise stated, are incorporated in Great Britain and registered in England and Wales.

Name of entity	Place of incorporation and principal place of business	Holding of issued ordinary shares %	Activity
YouView TV Limited	England and Wales	14.2%	Multiplatform broadcasting
New Video Channel America LLC*	United States	50.1%	TV channel operator
3sixtymedia Limited**	England and Wales	10.0%	Production

* Whilst BBC Worldwide Limited retain a significant influence over New Video Channel America LLC and has the rights to variable returns, it is not deemed to have control and is therefore recognised as an associate undertaking.

** The BBC holds 10% of the total share capital of 3sixtymedia Limited but 20% of the Class A ordinary shares, which gives it significant influence.

G4.2 Significant joint ventures and their activities

The BBC Group has an interest in the following joint ventures which are all incorporated in Great Britain and registered in England and Wales, unless otherwise stated:

Name of entity	Place of incorporation and principal place of business	Holding of issued ordinary shares %	Activity
Commercial joint ventures:			
UKTV Media Holdings Limited	England and Wales	50%	TV channel operator
Daurus Limited*	England and Wales	20%	Property

* The BBC holds 20% of the total share capital of Daurus Limited but 66% of the voting rights. Other shareholders retain certain veto rights and therefore this entity is recognised as a joint venture.

G. Other continued**G4.3 Subsidiary undertakings¹**

Name of entity	Registered address
Directly owned commercial subsidiaries: (all 100% owned unless stated)	
BBC Commercial Holdings Limited	
BBC Property Limited	
BBC Property Investment Limited	
BBC Property Development Limited	
Centre House Productions Limited	
BBC News Limited	
BBC Free to View (Satellite) Limited	Broadcast Centre Media Village 201 Wood Lane, London W12 7TP
BBC Free To View Limited	
Media Applications Technologies Limited	
BBC Subscription Television Limited	
BBC Investments Limited	
BBC Digital Programme Services Limited	
World Service Trading Limited	London Broadcasting House, Portland Place, London W1A 1AA
BBC World Service Holdings Limited	
DSHS Limited	The Lighthouse, 201 Wood Lane, London, W12 7TQ
Indirectly owned commercial subsidiaries: (all 100% owned unless stated)	
BBC Studios Group Limited	
(formerly BBC Ventures Group Limited)	
BBC Worldwide Limited	
2 Entertain Limited	
2 Entertain Management Limited	
2 entertain Video Limited	
BBC Video Limited	
MCI Music Publishing Limited	
Demon Music Group Limited	
Crimson Productions Limited	
F-Beat Records Limited	
Demon Records Limited	
BBC Earth MD (WWD) Limited	
BBC Earth Productions (Africa) Limited	1 Television Centre, 101 Wood Lane, London W12 7FA
BBC Earth Productions (Life) Limited	
BBC Earth Productions Limited	
BBC Earth Productions (Giant Films) Limited	
Earth Film Productions Limited	
BBC Magazine Holdings Limited	
BBC Worldwide Corporate Services Limited	
BBC Worldwide Investments Limited	
BBC Worldwide Productions (UK) Limited	
Tonto Films and Television Limited	
DVDS3 Limited	
Worldwide Channel Investments Limited	
Mortimer Productions Limited	
UK Programme Distribution Limited (92.683% owned)	
beeb Rights Limited (88.402% owned)	
BBC Global News Holdings Limited	
BBC Global News Limited	Broadcasting House, Portland Place, London, United Kingdom, W1A 1AA
BBC World Distribution Limited	
BBC.com Limited	
BBC Studios Limited	
BBC Grafton House Productions Limited	
BBC Children's Productions Limited	
BBC Comedy Productions Limited	Bc2 A5 Broadcast Centre Media Village 201 Wood Lane, London, W12 7TP
BBC Natural History and Factual Productions Limited	
BBC Store Limited	
BBC Studioworks Limited	Room N101 Neptune House BBC Elstree Centre, Clarendon Road, Borehamwood, Hertfordshire WD6 1JF
* Formerly BBC Ventures Group Limited	

¹ See Glossary for further details.

G. Other continued
G4.3 Subsidiary undertakings¹ continued

Name of entity	Registered address
Baby Cow Productions Limited (72.994% owned) Baby Cow Manchester Limited Baby Cow Pictures Limited (80% owned) Baby Cow Productions (Hunderby) Limited Baby Cow Productions (Partridge) Limited Baby Cow Productions (Red Dwarf) Limited Baby Cow Films Limited Alan Partridge Limited Baby Cow Animation (Warren) Limited Baby Cow Animation (Wussywat) Limited Baby Cow Animation Limited Baby Cow Films (Zoe) Limited The Last Holiday Limited Sid Gentle Films Limited (51% owned)	Charles House, 5-11 Regent Street, St James's Way, London SW1Y 4LR
Lookout Point Limited	4 Daventry Road, Dunchurch, Rugby CV22 6NS
BBC Worldwide (Africa) (Pty) Limited	Office 003H3 Ground Floor, 10 Melrose Boulevard, Melrose Arch, Melrose North, Gauteng, 2196
BBC Worldwide Australia Pty Limited BBC Worldwide Australia Holdings Pty Limited BBC Worldwide Australia Publishing Pty Limited	Level 1, 35-51 Mitchell Street, McMahons Point NSW 2060, Australia
BBC Worldwide Intermediadora de Programadora Estangeira Ltd	Rua Ferreira de Araujo, 741, Andar 1, Pinheiros, São Paulo SP 05.428-002 Brazil
Nine Productions1 Inc	650-699 Howe Street, Vancouver, British Columbia, V6 0B4, Canada
Worldwide Channel Investments (Ontario) Ltd 2004370 Inc	Toronto Dominion Bank Tower, Toronto Dominion Center, Toronto, ON M5K 1E6
Worldwide Knowledge (Beijing) Business Consulting Company Ltd	Unit 7, Floor 9, West Tower, Genesis Building, 8 Xinyuan South Road, Chaoyang District, Beijing 100027
BBC Worldwide Productions Nordics ApS	Mosedalvej 14 , 2500 Valby, Denmark
BBC Worldwide Germany GmbH Erste Weltweit Medien GmbH	Kaiser-Wilhelm-Ring 17-21, 50672 Köln, Germany
BBC Worldwide Media Private Ltd	Flat No. 401, 4th Floor, Construction House 'A', Off Linking Road, 24th Road, Khar (W), Mumbai 400 052
BBC Worldwide Channels Mexico S.A de C.V BBC Worldwide Mexico S.A de C.V	Avenida Paseo de la Reforma No 115, Piso 4 Lomas de Chapultepec, Distrito Federal 11000 Mexico
BBC Worldwide Polska	Pl. Bankowy 1, 00-139 Warszawa, Poland
BBC Worldwide Channels (Singapore) Pte. Ltd	3 Anson Road, #17-03 Springleaf Tower, Singapore 079909
BBC.com US, Incorporated Worldwide Americas Investments Incorporated	c/o Corporation Trust Centre, 1209 Orange Street, Wilmington New Castle, Delaware 19801
BBC Worldwide Americas (401) k Plan Trustees BBC Worldwide Americas Incorporated	1120 Avenue of the Americas, 5th Floor, New York, NY 10036-6700
BBC Worldwide France Sarl	18-20 Quai du Point du Jour, Bat. A, 92100 Boulogne-Billancourt, France
BBC Worldwide Holdings B.V	Prins Bernhardplein 200, 1097 JB Amsterdam, Netherlands
Global Hybrid Productions LLC Lime Grove Productions LLC Sun Never Sets Productions LLC Bad Wolf Productions LLC Adjacent Productions, LLC BBC Worldwide Reality Productions LLC Worldwide Competition Productions LLC	10351 Santa Monica Boulevard, Suite 250, Los Angeles, CA 90025
BBC Worldwide Canada Limited	409 King Street West, 5th Floor, Toronto, ON, M5V 1K1
BBC Worldwide Japan Limited	Tokyo Club Bldg., 10F, 3-2-6 Kasumigaseki, Chiyoda-ku, Tokyo 100-0013, Japan
BBC Worldwide Productions (Africa) (PTY) Limited	24 18th Street, Menlo Park 0081, Mazars House, 5 St Davids Place, Parktown 2193, South Africa

¹ See Glossary for further details.

G. Other continued**G4.3 Subsidiary undertakings¹** continued

Name of entity	Registered address
Rapid Blue	263 Oak Avenue, Ferndale, Randburg, 2194, South Africa
BBC World Japan Limited (Incorporated in Japan)	BBC World Japan Limited, Tokyo Club Bldg., 3-2-6, Kasumigaseki, Chiyoda-ku, Tokyo, 100-0013, Japan
BBC World (Singapore) Private Limited (Incorporated in Singapore)	#12-08/08 Shaw Tower, 100 Beach Road, Singapore, 189702
BBC Global News (India) Private Limited (Incorporated in India)	Unit No. 301, 3rd Floor, D-2, Southern Park, District Centre, Saket, New Delhi, 110017
BBC Global News US LLC	Corporation Service Company, 80 State Street, Albany, New York, 12207-2543
BBC Holdings M LLC LLC BBC R News	115054 Moscow, Bakhrushina street no. 32/1

G5 Reserves**G5.1 Operating reserve**

The operating reserve reflects accumulated profits to date.

G5.2 Hedging reserve

The hedging reserve is used to record the effective portion of cumulative net changes in the fair value of cash flow hedging instruments, related to hedged transactions that have not yet occurred (net of tax). During the current year, losses of £17.4 million were removed from the hedging reserve and debited to revenue in the income statement (2017: £28.1 million).

G5.3 Translation reserve

The translation reserve comprises all foreign exchange differences arising since the transition to IFRS, from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Group's net investment in foreign subsidiaries.

G5.4 Other reserves

Other reserves includes revaluation of available for sale financial assets and the fair value of the put option liabilities arising on acquisition of new subsidiaries. There has been a decrease in the fair value of the available for sale asset of £2.9 million due to a disposal during the period, and an additional put option liability of £21.8 million has been recognised during the year in relation to the acquisition of Sid Gentle and Clerkenwell.

G6 Post-balance sheet events

On 3 April 2018 BBC Ventures Group Limited was renamed BBC Studios Group Limited, which acts as the holding company for BBC Studios Limited and BBC Worldwide Limited. As a result, BBC Studios Group is a global content group, embodying the very best of bold British creativity, and investing in quality content across premium genres including factual, scripted and entertainment. Its profits contribute to significant financial returns that are reinvested into the BBC for the benefit of the UK licence fee payer.

On 1 April 2018 the Global News Group began a restructuring programme to simplify their legal structure and better align it with the way the business operates.

Although the former represents a significant operational change and the latter a legal restructure, no material impact is expected to the BBC Group financial statements.

¹ See Glossary for further details.

G. Other continued

G7 Related party transactions

The following table represents transactions with related parties excluding key management personnel.

	Associates, joint ventures and other investments		BBC Pension Scheme	
	2018 £m	2017 £m	2018 £m	2017 £m
Rendering of services	89.7	79.4	-	-
Receiving of services	(102.0)	(95.3)	-	-
Pension contributions	-	-	154.7	334.3
Dividends received	39.3	24.8	-	-
	27.0	8.9	154.7	334.3
	Amounts owed by related parties		Amounts owed to related parties	
	2018 £m	2017 £m	2018 £m	2017 £m
BBC Pension Scheme	0.4	-	(0.4)	(0.8)
Associates, joint ventures and other investments	34.3	36.2	(9.1)	(14.5)
	34.7	36.2	(9.5)	(15.3)

In all transactions, terms were negotiated on an arm's length basis.

The BBC Group also enters into various transactions with Government and local authorities on an arm's length basis. These transactions include council tax agreements and corporation tax payments.

Related party transactions with key management personnel are disclosed in note C6.

During the year the BBC Group received less than £100,000 of income and incurred less than £100,000 of expenditure with BBC Children in Need, which is the level of rounding used in these financial statements. At 31 March 2018, the BBC Group had a debtor balance of £0.5 million (2017: £1.0 million) with this entity, predominantly relating to the recharge of employee costs. At year end, the BBC Group also had a debtor balance of £0.6 million with Media Action UK (£2017: £1.4 million).

G8 Segment reporting

Geographical location of income and non-current assets

2018	PSB Group £m	BBC Worldwide £m	BBC Studios £m	Other commercials £m	Group adjustments £m	Group £m
Non-current assets excluding deferred tax and financial instruments:						
UK	1,334.3	296.4	1.5	526.9	(791.3)	1,367.8
Rest of world	71.9	209.5	-	0.2	-	281.6
	1,406.2	505.9	1.5	527.1	(791.3)	1,649.4
Additions included in non-current assets and investments	243.1	179.0	2.1	146.1	(262.3)	308.0
External income:						
UK	4,133.7	199.4	432.0	52.9	(546.5)	4,271.5
Rest of world	11.4	668.9	-	110.9	-	791.2
	4,145.1	868.3	432.0	163.8	(546.5)	5,062.7
2017	PSB Group £m	BBC Worldwide £m	BBC Studios £m	Other commercials* £m	Group adjustments* £m	Group £m
Non-current assets excluding deferred tax and financial instruments:						
UK	1,148.6	332.3	-	420.3	(445.1)	1,456.1
Rest of world	48.9	244.3	-	0.3	-	293.5
	1,197.5	576.6	-	420.6	(445.1)	1,749.6
Additions included in non-current assets and investments	117.7	203.4	-	0.1	5.2	326.4
External income:						
UK	4,018.1	206.8	-	26.0	(92.2)	4,158.7
Rest of world	15.4	669.5	-	110.4	-	795.3
	4,033.5	876.3	-	136.4	(92.2)	4,954.0

* A presentational adjustment has been made between the Other commercials and Group adjustments segments to more accurately reflect the Group's eliminations.

H. Basis of preparation of the financial statements and other accounting policies

The BBC is incorporated in the United Kingdom by Royal Charter.

Statement of accounting policies

The BBC Group is required to select and apply accounting policies for each type of transaction entered into throughout the year and in the preceding year. An accounting policy will specify the timing for recognising and derecognising assets, liabilities, income and expenditure, how those items will subsequently be measured and where they are presented in the statement of total income and expenditure, balance sheet and statement of cash flows.

Use of estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates that affect the reported performance and position of the Group, or areas where assumptions or estimates are significant to the consolidated financial statements.

It also requires management to exercise judgement in applying the BBC Group's accounting policies. These areas involve a higher degree of judgement or complexity.

The areas involving a higher degree of judgement or complexity are set out below and in more detail in the related notes:

- Revenue recognition (note A)
- Provisions and accruals (note F9)
- Property, plant and equipment (note D1)
- Pension scheme and actuarial assumptions (note C7)
- Derivative financial assets and liabilities (note G3)

Basis of preparation

These consolidated financial statements for the BBC Group have been prepared in accordance with IFRS as adopted by the EU. Additional analysis is also presented to meet additional regulatory requirements including those prescribed by DCMS, Ofcom or the Charter.

The financial statements are principally prepared on the historical cost basis. Exceptions are noted within the relevant section of the notes.

Where items are sufficiently significant by virtue of their size or nature, they are disclosed separately in the financial statements in order to aid the reader's understanding of the BBC Group's financial position and performance.

Adoption of new and revised accounting standards

The following new and revised EU endorsed accounting standards have been adopted for the first time. They have been applied since 1 April 2017 and have not had a significant impact on the results or financial position of the Group:

- Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)
- Disclosure Initiative (Amendments to IAS 7)
- Annual Improvements to IFRS 2014-16 (Amendments to IFRS 12 Disclosure of Interests in Other Entities)

Going concern¹

The financial statements are prepared on a going concern basis. The directors believe this to be appropriate for the reasons set out below.

The directors have prepared and reviewed cash flow forecasts for the 24-month period to 31 March 2020, a period in excess of a year from the date of approval of these financial statements. In the directors' judgement, the key factors in these forecasts are the continuity of the Charter and licence fee, the BBC Pension Scheme deficit and the resultant deficit recovery payments agreed with the pension scheme Trustees and the realisation of planned cost savings under the 'Strategic Plan' programme.

The Charter and licence fee give the BBC Group a secure source of income, however the timing of cash flows is an important factor in the consideration of going concern given the borrowing restrictions agreed with the DCMS for both the PSB Group (£200 million) and the commercial operations of the BBC (£350 million). An additional £850 million is available to the PSB Group to fund finance leases only.

The BBC Group has external funding available, including a £200 million sterling revolving credit facility which expires on 31 March 2020, which is currently unutilised. PSB net debt at 31 March 2018 was £239.3 million, which equates to a headroom of £810.7 million against the external funding available.

The BBC Group also has a £380 million multicurrency revolving credit facility available to the BBC commercial operations, with funding split between a US\$259 million US Private Placement (fixed through foreign exchange swap transactions at £171 million) until June 2020 and a £210 million facility until July 2019. As at the year end, the Group had drawn down £181.3 million of the facilities available (2017: £201.2 million).

The directors of the BBC Group have reviewed the forecasts and available external borrowing facilities. Together with the sensitivities and mitigating factors in the context of available funds, they expect the BBC Group to be able to meet its debts as they fall due for the foreseeable future.

As a result, the directors are satisfied that the going concern basis is appropriate for the preparation of these financial statements.

Basis of consolidation

The BBC Group financial statements include the results of the BBC and all businesses controlled by the BBC (subsidiaries) together with the BBC's share of the results of businesses over which the BBC has significant influence but not control (associates) and those which the BBC jointly controls (joint ventures).

The BBC Group accounts for its interests in associates and joint ventures using the equity method. The equity method means that the BBC presents its interest in associates or joint ventures as a single line item in the balance sheet, measured at the cost of the investment plus the share of the net result, less dividends received. The equity accounted result for the year is presented as a single line item in the statement of income and expenditure.

¹ See Glossary for further details.

H. Basis of preparation of the financial statements and other accounting policies *continued*

Changes in the BBC Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions, being movements between reserves attributable to the BBC and non-controlling interests. A non-controlling interest is the interest in a subsidiary that is not owned, directly or indirectly, by the BBC. The non-controlling interest reflects the amount of the net result for the year and the net assets/(liabilities) which are not attributable to the BBC. The carrying amounts of non-controlling interests are adjusted to reflect any changes in their, and the BBC Group's, relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the BBC.

When the BBC Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the net assets of the subsidiary (including attributable goodwill) and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to the income statement or transferred directly to retained earnings as appropriate. The fair value of any interest retained in the former subsidiary at the date when control is lost is regarded as the cost on initial recognition of an investment in an associate or joint venture.

Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given by the BBC Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date. Subsequent adjustments to the fair values of net assets acquired are made within 12 months of the acquisition date where original fair values were determined provisionally. These adjustments are accounted for from the date of acquisition. Transaction costs that the BBC Group incurs in connection with a business combination, such as legal fees, due diligence fees and other professional and consulting fees, are expensed as incurred. On acquisition, the BBC Group recognises any non-controlling interest either at fair value or at the non-controlling interest's proportionate share of net assets.

When control is obtained in successive share purchases (a 'step acquisition') it is accounted for using the acquisition method at the acquisition date. The previously held interest is remeasured to fair value at the acquisition date and a gain or loss is recognised in the income statement.

Foreign currency transactions

Transactions in foreign currencies are translated into sterling at the rates of exchange ruling at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into sterling at the rate of exchange ruling at that date. Foreign currency gains or losses arising from the translation of assets and liabilities at these rates of exchange, together with exchange differences arising from transactions settled during the year, are included in the income statement within operating costs. Non-monetary assets and liabilities measured at historical cost are translated into sterling at the rate of exchange on the date of initial recognition.

Financial statements of foreign operations

The assets and liabilities of foreign operations are translated into sterling at the rate of exchange ruling at the balance sheet date. The income and expenses of foreign operations are translated into sterling at average rates of exchange ruling during the financial period, which is a good approximation for the actual rate. Exchange differences arising on translation are recognised directly in the translation reserve.

On disposal of an investment in a foreign operations the associated translation reserve balance is released to the income statement.

Accounting policies relevant to section A

Licence fee income

Income from television licences is treated as an amount due from the relevant Government department, principally the DCMS. This represents the value of licences issued in the year, less a deduction for refunds and cancellations.

Where an element of the licence fee income has been ring-fenced by the Government for a specific purpose, that income is recognised when it is due, except if it becomes virtually certain that the BBC's expenditure on the ring-fenced purposes will be less than the ring-fenced income already received. In this case, the relevant amount of licence fee income, as agreed with the Government, will be repayable and recognised as such in the year the obligation to repay arises.

Other income

Other income arises from activities such as the sale of goods, provision of services and granting of licences. Revenue is measured after deductions for value added tax, any other sales taxes, trade discounts and sales between BBC Group companies.

Other revenue

In respect of the supply of goods, revenue is recognised once the significant risks and rewards of ownership have been passed to the customer. Sales of goods are stated after deduction of the sales value of actual and estimated returned goods. Examples of goods sold include magazines, books and DVDs.

With regard to the provision of a service, revenue is recognised at the point the service has been delivered and the receipt of the income is probable. Where the delivery is over a period of time, the revenue is recognised on a straight-line basis. Examples of services sold include advertising and commercial licences for specific rights associated with TV programmes.

Royalties

Royalty income is recognised on receipt or on an accruals basis, in accordance with the detail of the relevant agreements, where sufficient information is available.

Rental income

Rental income is recognised on a straight-line basis over the term of the lease.

Grant income

Grants from Government departments are recognised as income in the financial year that they relate to. Grants from other public bodies are recognised as income consistently with the related costs, provided that there is reasonable assurance that the BBC will comply with any conditions attached to the grant and that the grant will be received.

¹ See Glossary for further details.

H. Basis of preparation of the financial statements and other accounting policies continued

Use of estimates and judgements – Commercial income

Revenue recognition in the BBC's commercial operations is complex, with a number of different revenue streams, including sale of content to global broadcasters, subscription income and revenue from the sale of physical and digital products.

The complexity of individual contractual terms may require the Group to make judgements in assessing when the triggers for revenue recognition have been met, particularly whether the Group has sufficiently fulfilled its obligations under the contract to allow revenue to be recognised.

Accounting policies relevant to section B

Completed originated programmes, programmes in production and prepayments to acquire future programme-related rights

Completed originated programmes and programmes in production are held at cost.

Cost includes all direct costs, production overheads and a proportion of other attributable overheads. The proportion of programmes necessarily taking a substantial period of time to produce is small and, as such, no borrowing costs are included in cost.

Where, exceptionally, it becomes certain that a programme is unable to be broadcast, the full value of the programme is written off to the income statement.

Programme development costs are expensed to the income statement until such time as there is a strong indication that the development work will result in a commissioned programme¹, when any further costs are recognised as programme-related assets.

Originated programmes that are still in production at the balance sheet date are recognised as programmes in production, except that prepayments to acquire future programme-related rights are shown separately where the BBC has made payments to independent producers, or the holders of certain rights (for example, rights to broadcast sporting events), to receive the programme on completion.

Rights to broadcast acquired programmes and films

The rights to broadcast acquired programmes and films are recognised at cost. The costs of acquired programmes and films are expensed on first transmission except to the extent that the number of further showings are contractually agreed, when they are expensed according to the expected transmission profile. Assets and liabilities relating to acquired programmes are recognised at the point of payment or commencement of the licence period, whichever is earlier. Agreements for the future purchase of rights whose licence period has not commenced and where there has been no payment by the balance sheet date are disclosed as purchase commitments.

Where the BBC has invested in independent productions, in addition to broadcasting rights, the BBC may obtain rights to future royalties from the sale of rights associated with the production. These residual interests are recognised initially at cost subject to amortisation as royalties are received and impaired if anticipated royalties do not materialise.

Accounting policies relevant to section C

Other employee benefits

Other short and long-term employee benefits, including holiday pay and long service leave, are recognised as an expense over the period in which they accrue.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructure.

Defined contribution plans

The amounts charged as expenditure for the defined contribution plans represent the contributions payable by the BBC for the accounting period.

Defined benefit plans

The defined benefit plans, of which the majority of staff are members, provide benefits based on pensionable pay. The assets of the BBC's Pension Scheme are held separately from those of the BBC Group.

Pension scheme assets are measured at fair value. Pension scheme liabilities are measured using the projected unit credit method. The present value of scheme liabilities is calculated by discounting estimated future cash outflows at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities.

Remeasurement comprising gains and losses and the return on scheme assets (excluding interest) are recognised immediately in the balance sheet with a charge or credit to the statement of comprehensive income in the period in which they occur. Remeasurement recorded in the statement of comprehensive income is not recycled. When the benefits of a plan are changed the resulting change in benefit that relates to past service is recognised immediately in the income statement. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

- current service cost, past-service cost and gains and losses on settlements and curtailments;
- net interest expense or income; and
- remeasurement.

The current service cost and past-service cost are included within operating costs in the consolidated income statement. Curtailments gains and losses are accounted for as past-service cost. Net interest expense or income relating to the funded defined benefit pension plans is included within 'finance income' or 'finance costs', as relevant, in the consolidated income statement.

Administration costs directly related to the management of plan assets are deducted from the return on plan assets, which are recorded as remeasurements in the statement of comprehensive income. Other administrative scheme expenses associated with running the scheme are recorded within operating expenses when incurred.

The retirement benefit obligation recognised in the consolidated balance sheet represents the deficit or surplus in the Group's defined benefit schemes. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the schemes or reductions in future contributions to the schemes.

¹ See Glossary for further details.

H. Basis of preparation of the financial statements and other accounting policies *continued*

Use of estimates and judgement – post-retirement benefits

The pension costs and obligations of the BBC Group's defined benefit schemes are calculated on the basis of a range of assumptions, including the discount rate, inflation rate, salary growth and mortality. Differences arising as a result of actual experience differing from the assumptions, or future changes in the assumptions, will be reflected in subsequent periods. A small change in assumptions can have a significant impact on the valuation of the liabilities. Further analysis on the sensitivity of pension assumptions is given in note C8.1.

Accounting policies relevant to section D

Owned assets

Other than as noted below, items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

Leased assets

Assets held under finance leases are capitalised within property, plant and equipment and depreciation is provided as appropriate. On initial recognition the asset is measured at the lower of its fair value and the present value of the minimum lease payments.

Depreciation

Depreciation is provided to write off the cost of each item of property, plant and equipment, less its estimated residual value, on a straight-line basis over its estimated useful life. The major categories of property, plant and equipment are depreciated as follows:

Land and buildings

- Freehold land – not depreciated
- Freehold buildings – 50 years
- Freehold building improvements – 10 to 50 years
- Leasehold buildings – shorter of 50 years or life of lease
- Leasehold building improvements – shorter of 50 years or life of lease

Plant and machinery

- Computer equipment – 3 to 5 years
- Electrical and mechanical infrastructure – 10 to 25 years
- Other – 3 to 10 years

Furniture and fittings – 3 to 10 years

Depreciation methods, estimated useful lives and residual values are reviewed at each reporting date.

Use of estimates and judgements – capital projects

The BBC is completing a number of significant capital projects for which amounts have been capitalised on the Group's balance sheet.

The recoverability of these assets is dependent on the achievement of project completion and the assets being used in the manner intended as part of the original business case.

Investment properties

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives of the properties (see depreciation on land and buildings above). The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are included in the profit and loss when the changes arise.

Lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Payments made under finance leases are apportioned between financing costs and the reduction of the outstanding liability. The financing costs are allocated to each period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Use of estimates and judgements – leases

The determination of whether an arrangement is, or contains, a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys the right to use the asset.

In assessing whether a lease is an operating lease or a finance lease, judgement needs to be exercised in determining whether or not substantially all the risks and rewards of ownership of the leased asset are held by the BBC Group. Given that finance leases are recognised as liabilities, and operating leases are not, this can have a significant effect on the reported financial position of the BBC. Another key judgement is the determination of the commencement date of a lease.

When determining the accounting for a finance lease, the BBC has assessed whether it has the right to use the leased asset at the inception of the lease, or whether this right passes at a later date ('the commencement date').

Where a significant site is being redeveloped, occupation may occur in distinct phases; consequently, the leased asset and liabilities are recognised based on the proportion of the site occupied at each commencement date.

1 See Glossary for further details.

H. Basis of preparation of the financial statements and other accounting policies *continued*

Accounting policies relevant to section E

Programme-related intangible assets

Programme-related intangible assets, which include programme rights and residual programme rights, are stated at cost, after writing off the costs of programmes that are considered irrecoverable, less accumulated amortisation. The cost and accumulated amortisation of programme-related intangible assets are reduced by programmes which are fully written off.

Research and development expenditure – internally generated intangible assets

Expenditure on research activities is written off in the income statement when incurred.

Expenditure on development activities is included on the balance sheet as an asset only if both of the following conditions are met:

- it is probable that the asset will generate future economic benefits; and
- the development costs of the asset can be measured reliably.

The assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

For the PSB Group it is generally unlikely that future economic benefits in the form of cash inflows will be received, and as a result, other than assets created for use by the business in delivering its public purposes, development costs are only capitalised by the BBC Group’s commercial businesses.

Other intangible assets

Other intangible assets acquired separately by the BBC Group are stated at cost less accumulated amortisation and any accumulated impairment losses. The identifiable intangible assets acquired as part of a business combination are shown at fair value at the date of acquisition (in accordance with IFRS 3 *Business Combinations*) less accumulated amortisation and any accumulated impairment losses.

Amortisation¹

Amortisation is charged to the income statement on a systematic basis over the estimated useful lives of intangible assets, from the date that they are available for use, unless such lives are indefinite.

Amortisation methods, useful lives and residual values are reviewed at each balance sheet date and adjusted if appropriate.

The useful lives and amortisation methods of other classes of intangible asset are as follows:

UKTV carrier agreement	Straight line	Unexpired term of agreement
Software	Straight line	2 – 5 years
Other	Straight line	3 – 8 years

Amortisation of distribution rights is charged to the income statement to match the average revenue profile over its estimated average marketable life. The Group reviewed the amortisation profile of distribution rights during the 2016/17 financial year and updated it in line with the overall revenue profile based on experience. The review resulted in a change in the expected average marketable life of investments to be over a three-year period, instead of the previous range of one to ten years. This resulted in an additional amortisation charge in the 2016/17 financial year as a result of the change in estimates.

Impairment¹: Non-financial assets

At each balance sheet date, the BBC Group reviews the carrying amount (net amount held on the balance sheet) of those assets that are subject to amortisation to determine whether there is any indication that any of those assets has suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

For goodwill, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset is the higher of fair value less costs to sell and value in use. For the purposes of impairment testing, assets are grouped at the lowest level at which they generate separately identifiable cash flows (cash-generating units). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

An impairment loss is recognised in the income statement for the amount by which the asset’s carrying amount exceeds its recoverable amount. Where a cash-generating unit is impaired, the impairment loss will first be allocated to reduce goodwill and then to the other assets of the cash-generating unit on a pro rata basis, except that the carrying amount of any individual asset will not be reduced below its separately identifiable recoverable amount.

Impairment losses in respect of goodwill are not reversed. In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

Goodwill

Goodwill is recorded in the balance sheet as the difference between the fair value of the consideration transferred by the BBC and the recognised amount of non-controlling interests in the acquiree compared to the fair value of the identifiable assets and liabilities acquired. These are all measured at the date of acquisition. Where the consideration is less than the net assets acquired, the difference is recognised immediately in the income statement.

Acquisitions prior to 1 April 2007 – as part of the adoption of IFRS, in accordance with IFRS 1 *First-time adoption of IFRS*, the Group elected to restate only those business combinations that occurred on or after 1 April 2007. In respect of acquisitions prior to 1 April 2007, goodwill is recognised at deemed cost, being the amount previously recognised under UK accounting standards, subject to being tested for impairment at that date. Goodwill arising in periods up to 1 April 1998 remains offset against the operating reserve, as was permitted by UK GAAP at the time.

Goodwill arising on the acquisition of associates and joint ventures is included in the carrying amount of the associate or joint venture and is tested for impairment as part of the overall balance.

Subsequent measurement of separately recognised goodwill – goodwill is tested annually for impairment and is measured at cost less any accumulated impairment losses. For the purposes of impairment testing the goodwill is allocated to cash-generating units on the basis of those expected to benefit from the relevant business combination.

¹ See Glossary for further details.

H. Basis of preparation of the financial statements and other accounting policies *continued*

Accounting policies relevant to section F

Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at fair value less an allowance for estimated impairment. The allowance is based on objective evidence that the BBC Group will not be able to recover all amounts due.

Changes in the carrying amount of the allowance are recognised in the income statement.

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (those necessarily taking a substantial period of time to get ready for their intended use) are added to the cost of those assets, until such time as the assets are ready for their intended use.

Originated programmes can be qualifying assets, but those necessarily taking a substantial period of time to get ready for broadcast are a small proportion of overall programme investment. Any borrowing costs that could be attributed to those programmes are not significant and, therefore, no borrowing costs are capitalised.

All finance income and other borrowing costs are recognised in income and expense in the period in which they are incurred.

Use of estimates and judgements – provisions

Judgement and estimation techniques are employed in the calculation of the best estimate of the amount required to settle obligations, including determining how likely it is that expenditure will be required by the BBC. This can be very complex, especially when there is a wide range of possible outcomes.

The BBC Group recognises decommissioning liabilities as part of the initial cost of the asset, discounted to present value. The Group reassesses whether there has been a change in this liability based on the facts and circumstances at each balance sheet date.

Accounting policies relevant to section G

Taxation

The tax charge for the period comprises both tax currently payable and deferred tax. Taxation is recognised in the income statement except to the extent that it relates to items recognised directly in reserves, in which case it is recognised in reserves.

Current tax is the expected tax payable for the year, using tax rates that are enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. In respect of tax currently payable:

- the PSB Group is not liable to corporation tax on any surplus licence fee income or grants received from Government departments; however, it is fully liable for corporation tax on capital gains and on all its other external income. Expenditure on capital assets is not eligible for capital allowances giving rise to temporary differences that would lead to deferred tax assets or liabilities. Movements of fair value adjustments in the income statement give rise to deferred tax balances.
- the BBC's commercial subsidiaries are liable for corporation tax based on taxable profit for the year.

Current tax assets and current tax liabilities are offset if, and only if, there is a legally enforceable right to set off the recognised amounts; and the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax is provided using the balance sheet liability method on any temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the tax rates expected to apply in the period when the liability is settled or the asset is realised using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset only where there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

- the same taxable entity; or
- different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Financial instruments

The BBC Group holds various derivative and non-derivative financial instruments (including assets such as trade investments and liabilities such as borrowings). All financial assets are recognised and derecognised on a trade date. The accounting policy for the major categories of financial instruments is set out below.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of less than three months (short-term deposits). Cash and cash equivalents also includes licence fee funds collected on behalf of HM Treasury, which are excluded from the Group's net funds and in respect of which a separate creditor is recognised.

Derivative financial instruments

The BBC Group does not enter into speculative derivative contracts; however, some derivative financial instruments are used to manage the BBC's exposure to fluctuations in interest rates (interest rate swaps¹, caps¹ and collars¹) and foreign currency exchange rates (foreign currency forwards contracts and currency options).

Derivative financial instruments, excluding derivatives held as qualifying hedges, are initially recognised at fair value and are subsequently remeasured to fair value at the balance sheet date with movements recorded in the income statement.

The fair value of interest rate swaps, caps and collars is the estimated amount that the BBC Group would receive or pay to terminate the swap, cap or collar at the balance sheet date, taking into account current interest rates, the current creditworthiness of swap, cap or collar counterparties and the creditworthiness of the BBC.

The fair value of foreign currency forward contract rates is determined using forward exchange rates at the balance sheet date.

¹ See Glossary for further details.

H. Basis of preparation of the financial statements and other accounting policies *continued*

Hedge accounting

The BBC Group designates certain derivatives as cash flow hedges by documenting the relationship between the hedging instrument and the hedged item, along with the risk management objectives and its strategy for undertaking various hedge transactions. Where the hedge is deemed to have been effective, the effective portion of any changes in the fair value of the derivatives that are designated in the hedge are recognised in other comprehensive income. The accumulated amount in the cash flow hedge reserve is reclassified to profit or loss in the same period as the hedged cash flows affect profit or loss. Any ineffective portion of the hedge is recognised immediately in the income statement.

Embedded derivatives

These derivatives are found embedded within other financial instruments or other host contracts. Once identified they are treated as derivatives in their own right if their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value.

Embedded derivatives are carried on the balance sheet at fair value from inception¹ of the host contract. Unrealised changes¹ in fair value are recognised as gains/losses within the income statement during the period in which they arise.

Use of estimates and judgements – Impairment of financial assets

Financial assets are assessed at each balance sheet date to determine whether there is any objective evidence of impairment. Factors considered in determining whether there is objective evidence of an impairment include significant financial difficulty of the counterparty and breach of contract. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate¹. All impairment losses are recognised in the income statement.

Reserves

The operating reserve is the accumulated surplus/deficit to date.

Available for sale reserve includes fair value gains and losses on available for sale financial assets.

The hedging reserve is used to record the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred (net of tax).

The translation reserve is used to record exchange differences arising from the retranslation of the net assets and results of overseas subsidiaries.

New standards and interpretations not yet adopted

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers (including Clarifications to IFRS 15 Revenue from Contracts with Customers)

- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
- Applying IFRS 9 *Financial Instruments* with IFRS 4 *Insurance Contracts* (Amendments to IFRS 4)
- Transfers of Investment Property (amendments to IAS 40)
- Annual Improvements to IFRS 2014-2016 Cycle (Amendments to IFRS 1)
- Annual Improvements to IFRS 2014-2016 Cycle (Amendments to IAS 28)
- IFRIC 22 *Foreign Currency Transactions and Advance Consideration*

The directors do not expect that the adoption of the standards and interpretations above would have a material impact on the financial statements of the Group in future periods, except for the following:

IFRS 9 Financial Instruments (date of adoption: 1 April 2018) replaces the existing guidance in IAS 39. It includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. Other than new disclosure requirements, the most significant impact on the Group is expected to relate to the impairment of financial assets. The three-stage expected credit loss model is likely to result in earlier recognition of credit losses as it is no longer necessary for an impairment event to have occurred before a credit loss is recognised. The Group has performed an initial review of its material financial assets to determine the scope of IFRS 9. No material changes are currently expected as a result of adopting IFRS 9.

IFRS 15 Revenue from Contracts with Customers (date of adoption: 1 April 2018) replaces IAS 18 and IAS 11. IFRS 15 requires the identification of distinct promises within contracts with customers in order to determine the 'performance obligations' that exist. The transaction price receivable from customers is subsequently allocated between the identified performance obligations. In order to apply IFRS 15, entities are required to follow the five-step model below:

- 1 Identify the contract with a customer
- 2 Identify the performance obligations in the contract
- 3 Determine the transaction price
- 4 Allocate the transaction price to the performance obligations
- 5 Recognise revenue when the entity satisfies each performance obligation

An assessment of the impact on the Group has been undertaken with specific revenue streams identified where revenue recognition will change. Revenue recognition under IFRS 15 is expected to be consistent with current practice with the exception of certain programme production contracts and certain commercial licencing agreements, where the timing of revenue recognition will change. Licence Fee revenue will continue to be accounted for in line with IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*. No material changes are currently expected as a result of adopting IFRS 15.

¹ See Glossary for further details.

H. Basis of preparation of the financial statements and other accounting policies *continued*

IFRS 16 Leases (date of adoption: 1 April 2019) replaces IAS 17. IFRS 16 will impact the accounting for lessees. For applicable lease agreements, IFRS 16 will require the recognition of lease assets and lease liabilities, representing the right to use the leased item and the respective future lease payments. The rental expense previously recognised within the income statement will be replaced by a depreciation charge and a finance charge. This will apply to all leases unless the term is less than 12 months or the underlying asset has a low value.

A significant number of lease transactions will be impacted by IFRS 16, with a number of judgements being required to both identify and account for leases. Work is ongoing to ensure completeness of leases, collate all necessary data, and implement system changes. The application of certain practical expedients allowed for upon adoption is also being considered by the Group.

Lessor accounting, relating to the Group's investment property portfolio, is deemed to be similar to IAS 17 and, given the size of the Group's investment property portfolio, is not expected to have a material impact on the Group.

The impact of IFRS 16 on the Group is being assessed by the Group and cannot currently be reasonably estimated, given the number of lease arrangements in place. However, given the value of the Group's lease commitments, the changes will have a material impact on the consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows.

When IFRS 9, 15 and 16 are adopted, they can be applied either on a fully retrospective basis, requiring the restatement of the comparative periods, or with the cumulative impact of the new standard applied as an adjustment to reserves on the date of adoption. The Group is expected to apply the latter approach, which will require the disclosure of the impact of the relevant accounting standard change on each line item in the financial statements in the reporting period.

Glossary

The table below explains the financial terms used within the financial statements:

Term	Note	Definition
Amortisation	H	Amortisation is the reduction reflected in the carrying value of the asset as a consequence of the regular use of that asset by the organisation.
Associate	E3	An associate is an entity that the BBC Group has significant influence over, but that does not meet the definition of a joint venture or subsidiary. Significant influence is the power to participate in the financial and operating decisions of an entity but is not control or joint control over those policies.
Cash flow swaps	G3.3	The BBC's cash flow swaps exchange a series of variable cash flows for a series of fixed cash flows.
Cash-generating units	E2	Cash-generating units are the smallest group of assets that can independently generate cash flows.
Changes in demographic and financial assumptions	G2.1	Changes in demographic and financial assumptions represent the changes in estimates used to value the future liability. Demographic assumptions include mortality rates, staff turnover and early retirement. Financial assumptions encompass items such as discount rate and future salary levels.
Commissioned programme	H	A commissioned programme is where an agreement has been made for the programme to be produced for broadcast.
Credit risk	G3.1	Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation.
Current service cost	C7.2	The current service cost is the underlying cost to the BBC of pension rights earned by employees during the year.
Deferred tax	G1.1	Deferred tax is the amount of income tax payable or recoverable in future periods in respect of taxable or deductible temporary differences, the carry forward of unused losses, and/or the carry forward of unused tax credits. Temporary differences are differences between the carrying amount of an asset or liability in the statement of financial position and its tax base, where the tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.
Derivative	G3.3	A derivative is an asset or liability that is dependent on, or derives its value from, another asset or liability and is to be settled in the future.
Discount rate	G2.5	The discount rate for the IAS 19 valuation has been derived with reference to market yields at the end of the reporting period on AA-rated sterling-denominated corporate bonds with maturities consistent with the estimated term of the post-employment benefit obligations. Certain types of bonds are excluded from the calculating model, either because they have unusual features, are relatively small or potential outliers, in order to remove the distortion that might otherwise occur from including unusual, less liquid or potentially misrated bonds. Extrapolation is performed when the profile of the scheme's expected benefit outflow is longer than the cash flows of the available bonds.
Effective interest rate	H	An effective interest rate is the rate used to discount future cash flows over the life of the contract back to present value.
Exercise	G3.3	Exercise is the point at which the rights in the option are implemented or acted upon.
Fair value	D, G	The fair value of an asset is the amount for which the asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.
Finance lease	F4.3	A finance lease is a lease where the lessee has substantially taken on the risks and rewards of ownership and operating the asset. As such, both the asset and future liability are recognised on the balance sheet.
Foreign currency transactions	G3.3	As these financial statements are prepared in sterling, the BBC's foreign currency transactions and balances must be translated at appropriate exchange rates, into sterling. This means that variations in exchange rates can cause the valuation of investments to fluctuate even when there has been no change in the health of the underlying business.
Forward foreign currency contracts	G3.3	Under forward exchange contracts you buy or sell a currency at a fixed exchange rate with delivery made on a given date or dates in the future.
Going concern	H	The directors are required to make a statement that the BBC is a going concern, which means it can meet its debts and continue trading for a period of at least 12 months from the date on which these financial statements were signed.

Term	Note	Definition
Goodwill	E2	Goodwill is the difference between the monetary value paid for a business and the fair value of its net assets. It represents the premium the purchaser is prepared to pay for the business. Where the BBC does not own an entity outright, the other shareholders are known/disclosed as non-controlling interests.
IAS 19 valuation	C8.1	The IAS 19 valuation takes assets at their market value and discounts the accrued liabilities by reference to the discount rate of an AA-rated corporate.
Impairment	H	An impairment occurs when the carrying value of an asset is higher than the amount that is recoverable from its use or sale.
Inception	H	Inception is the point at which a contract is confirmed; this is normally the point at which the contract is signed.
Interest cost on pension plan liabilities	F10	The interest cost on pension plan liabilities represents the increase during the year in the value of the plan liabilities because the benefits are one year closer to settlement.
Interest rate caps	G3.1	Interest rate caps protect against interest rates rising, by setting an upper limit (cap) on the floating interest rate, whilst still allowing the benefit of falling interest rates.
Interest rate collars	G3.1	Interest rate collars are the same as interest rate caps except that there is also a lower limit set to the floating interest rate.
Interest rate swaps	G3.1	Interest rate swaps effectively swap a floating rate loan into a fixed rate loan, or vice versa.
Joint venture	E3	A joint venture is where the BBC Group has joint control over an entity with another partner(s).
Maturity	G2.6	The maturity of a scheme provides an indication of the cash requirements of the scheme and the likely attitude of the Trustees to risk within their investment policy. The more mature a scheme, the more likely that Trustees will favour low-risk investments.
Net finance income/(cost)	C7.2	Net finance income/(cost) is the difference between the expected return on assets and the interest liabilities.
Operating lease	F4.4	An operating lease is a lease where the lessee has not taken on the risks and rewards of owning and operating the asset. The lessee (the BBC) is hiring rather than buying an asset.
Past service cost	C7.2	The past service charges arise from changes to the terms and conditions relating to members' defined retirement benefits, resulting in a credit for years of service already given.
Pension Scheme	C7	On retirement, members of the BBC's defined benefit pension scheme are paid their pensions from a fund which is kept separate from the Group, to which the BBC makes cash contributions.
Plan liability	G2.1	The plan liability represents the expected amount of money that will be needed in the future to pay employees for their current and future service to the company.
Programme rights	E1	Programme rights are rights held by the BBC that permit a future transmission of a particular programme or event.
Public services	F3	Public services in this context represent the PSB Group.
Put option	G3.3	A put option issued by the BBC provides the holder the rights, but not the obligation, to require the BBC to buy shares at a future date and price determined by the option agreement.
Related parties	C6	Related parties include key management personnel, their immediate families and external entities controlled by them.
Remeasurement gains and losses	G2.4	These gains and losses arise from actual performance being different from that predicted. Only defined benefit schemes give rise to gains and losses in the statement of comprehensive income/(loss).
Remeasurements	C7.2	Remeasurements which arise from actual performance being different from that predicted give rise to gains and losses in the statement of comprehensive income.

Term	Note	Definition
Remeasurements on plan assets	G2.2	Remeasurements on plan assets represent the amount by which the assets held by the scheme (such as equities, bonds and property) have performed better or worse than the expected prior year value.
Research costs	B1	Research costs are incurred to explore ideas for new programmes or assets, such as the BBC iPlayer. Research costs are where the ideas are generated, some of which are then developed further into a plan or design where the costs are then categorised as development.
Subsidiary undertaking	G4.3	A subsidiary undertaking is an entity that is directly or indirectly controlled by the Group. Control exists where the Group has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account.
Unrealised changes	H	Unrealised changes are those changes that occur to the value of the embedded derivative prior to the point at which the derivative is exercised.

¹ See Glossary for further details.

Equality Information Report

Our annual Equality Information Report provides an update on the progress we have made in relation to equality, diversity and inclusion for our workforce.



Staff (reporting is shown separately for our staff and freelancers)

All staff and leadership: 31 March 2018

Workforce	All staff	Leadership	2020 target
Women	47.7%	43.3%	50.0%
BAME	14.8%	10.4%	15.0%
Disability	10.4%	9.5%	8.0%
LGBT	10.9%	12.0%	8.0%

Age

All staff age distribution by division: 31 March 2018

Division	Total	Age band (numbers)						Age band (%)					
		<20	20-29	30-39	40-49	50-59	60+	<20	20-29	30-39	40-49	50-59	60+
Content	886	*	162	301	291	110	20	0.2	18.3	34.0	32.8	12.4	2.3
Corporate, Policy and External Affairs	212	–	38	81	51	30	12	–	17.8	38.2	24.1	14.2	5.7
Deputy Director-General Group	5,402	92	1,074	1,655	1,436	958	187	1.7	19.9	30.6	26.6	17.7	3.5
English Regions	3,003	–	289	794	934	774	212	–	9.6	26.4	31.1	25.8	7.1
Nations and Regions	2,732	*	263	660	885	762	157	0.2	9.6	24.2	32.4	27.9	5.7
Network News	3,246	*	325	885	988	895	152	–	10.0	27.3	30.4	27.6	4.7
Radio and Education	1,912	*	307	555	483	458	108	0.1	16.1	29.0	25.2	24.0	5.6
UK Public Service	17,393	101	2,458	4,931	5,068	3,987	848	0.6	14.1	28.4	29.1	22.9	4.9
World Service Group	1,316	–	102	443	405	282	84	–	7.8	33.7	30.8	21.4	6.3
BBC Studios	1,409	*	385	439	343	201	35	0.4	27.3	31.2	24.3	14.3	2.5
Worldwide	1,105	*	237	429	307	117	14	0.1	21.4	38.8	27.8	10.6	1.3
Other	236	–	45	80	45	62	*	–	19.1	33.8	19.1	26.3	1.7
Grand Total	21,459	108	3,227	6,322	6,168	4,649	985	0.5	15.0	29.5	28.7	21.7	4.6

Senior leadership staff age distribution by division: 31 March 2018

Division	Total	Age band (numbers)						Age band (%)					
		<20	20-29	30-39	40-49	50-59	60+	<20	20-29	30-39	40-49	50-59	60+
Content	176	–	*	36	92	40	*	–	0.5	20.5	52.3	22.7	4.0
Corporate, Policy and External Affairs	67	–	–	20	24	15	*	–	–	29.9	35.8	22.4	11.9
Deputy Director-General Group	978	–	10	245	408	286	29	–	1.0	25.1	41.7	29.2	3.0
English Regions	111	–	–	*	36	55	13	–	–	6.3	32.4	49.6	11.7
Nations and Regions	202	–	–	12	90	88	12	–	–	5.9	44.6	43.6	5.9
Network News	537	–	–	69	210	224	34	–	–	12.9	39.1	41.7	6.3
Radio and Education	223	–	*	38	90	79	14	–	0.9	17.0	40.4	35.4	6.3
UK Public Service	2,294	–	13	427	950	787	117	–	0.6	18.6	41.4	34.3	5.1
World Service Group	173	–	*	18	69	72	13	–	0.6	10.4	39.9	41.6	7.5
BBC Studios	206	–	*	23	98	72	11	–	1.0	11.1	47.6	35.0	5.3
Worldwide	366	–	14	129	158	59	*	–	3.8	35.3	43.2	16.1	1.6
Other	21	–	–	*	*	*	*	–	–	23.8	28.6	42.8	4.8
Grand Total	3,060	–	30	602	1,281	999	148	–	1.0	19.7	41.9	32.6	4.8

All staff data reflects UK based employee contracts only.

Senior leadership is defined as grades 10 and above.

Totals for each characteristic differ due to varying disclosure rates.

* Data has been replaced with an asterisk where figures are below sample size.

All staff age distribution by job family: 31 March 2018

Job Family	Total	Age band (numbers)						Age band (%)					
		<20	20-29	30-39	40-49	50-59	60+	<20	20-29	30-39	40-49	50-59	60+
Commissioning	143	–	*	21	67	40	*	–	4.9	14.7	46.8	28.0	5.6
Programming	10,216	*	1,354	3,113	3,161	2,156	426	0.1	13.3	30.4	30.9	21.1	4.2
Technical/ Engineering	5,338	*	774	1,470	1,368	1,387	334	0.1	14.5	27.5	25.6	26.0	6.3
Sales/Marketing	599	*	159	242	138	51	*	0.2	26.5	40.4	23.1	8.5	1.3
Support/Admin	3,261	*	416	1,001	981	732	130	–	12.8	30.7	30.1	22.4	4.0
Not Allocated	1,902	95	517	475	453	283	79	5.0	27.1	25.0	23.8	14.9	4.2
Grand Total	21,459	108	3,227	6,322	6,168	4,649	985	0.5	15.0	29.5	28.7	21.7	4.6

Senior leadership staff age distribution by job family: 31 March 2018

Job Family	Total	Age band (numbers)						Age band (%)					
		<20	20-29	30-39	40-49	50-59	60+	<20	20-29	30-39	40-49	50-59	60+
Commissioning	99	–	–	12	48	32	*	–	–	12.1	48.5	32.3	7.1
Programming	1,244	–	*	154	527	483	75	–	0.4	12.4	42.4	38.8	60
Technical/ Engineering	396	–	*	90	175	116	14	–	0.3	22.7	44.2	29.3	3.5
Sales/Marketing	101	–	–	39	42	19	*	–	–	38.6	41.6	18.8	10
Support/Admin	841	–	14	207	325	261	34	–	1.8	24.6	38.6	31.0	4.0
Not Allocated	379	–	10	100	164	88	17	–	2.6	26.4	43.3	23.2	4.5
Grand Total	3,060	–	30	602	1,281	999	148	–	1.0	19.7	41.9	32.6	4.8

All staff age distribution by grade bands: 31 March 2018

Grade band	Total	Age band (numbers)						Age band (%)					
		<20	20-29	30-39	40-49	50-59	60+	<20	20-29	30-39	40-49	50-59	60+
Worldwide non-SM equivalent	812	–	231	337	172	63	*	–	28.4	41.5	21.2	7.8	1.1
Bands 1-4	2,262	100	739	410	419	418	176	4.4	32.7	18.1	18.5	18.5	7.8
Bands 5-7	9,542	*	1,941	3,148	2,278	1,756	411	0.1	20.3	33.0	23.9	18.4	4.3
Bands 8/9	5,783	–	286	1,825	2,018	1,413	241	–	4.9	31.6	34.9	24.4	4.2
Bands 10/11	2,715	–	30	591	1,143	835	116	–	1.1	21.8	42.1	30.7	4.3
Bands SM2/1	345	–	–	11	138	164	32	–	–	3.2	40.0	47.5	9.3
Grand Total	21,459	108	3,227	6,322	6,168	4,649	985	0.5	15.0	29.5	28.7	21.7	4.6

All staff leaver and joiner distribution by age: 31 March 2018

Category	Total	Age band (numbers)						Age band (%)					
		<20	20-29	30-39	40-49	50-59	60+	<20	20-29	30-39	40-49	50-59	60+
Leavers	3,464	25	1,162	1,127	613	389	148	0.7	33.6	32.5	17.7	11.2	4.3
Joiners	3,915	98	1,786	1,181	554	243	53	2.5	45.6	30.2	14.1	6.2	1.4

All staff data reflects UK based employee contracts only.

Senior leadership is defined as grades 10 and above.

Totals for each characteristic differ due to varying disclosure rates.

* Data has been replaced with an asterisk where figures are below sample size.

All staff leaver distribution by age and reason for leaving: 31 March 2018

Reason for leaving	Total	Age band (numbers)						Age band (%)					
		<20	20-29	30-39	40-49	50-59	60+	<20	20-29	30-39	40-49	50-59	60+
Voluntary	1,248	*	366	528	238	96	18	0.2	29.3	42.3	19.1	7.7	1.4
Redundancy	626	–	22	138	217	197	52	–	3.5	22.0	34.7	31.5	8.3
End FTC	1,478	23	763	446	141	73	32	1.6	51.6	30.2	9.5	4.9	2.2
Other involuntary	52	–	*	12	12	14	*	–	15.4	23.1	23.1	26.9	11.5
Other	60	–	*	*	*	*	40	–	5.0	5.0	8.3	15.0	66.7
Grand Total	3,464	25	1,162	1,127	613	389	148	0.7	33.6	32.5	17.7	11.2	4.3

All staff internal mover distribution by age: 31 March 2018

Internal move type	Total	Age band (numbers)						Age band (%)					
		<20	20-29	30-39	40-49	50-59	60+	<20	20-29	30-39	40-49	50-59	60+
Attachment	1,738	–	264	789	492	177	16	–	15.2	45.4	28.3	10.2	0.9
Promotion	463	*	173	179	88	21	*	0.2	37.4	38.7	19.0	4.5	0.2
Transfer	1,788	*	683	618	336	136	11	0.2	38.2	34.6	18.8	7.6	0.6
Grand Total	3,989	*	1,120	1,586	916	334	28	0.1	28.1	39.8	22.9	8.4	0.7

All staff age distribution by contract type: 31 March 2018

Contract type	Total	Age band (numbers)						Age band (%)					
		<20	20-29	30-39	40-49	50-59	60+	<20	20-29	30-39	40-49	50-59	60+
Continuing	18,378	*	1,765	5,456	5,762	4,474	920	–	9.6	29.7	31.4	24.3	5.0
Fixed term less than 1 yr	2,283	24	1,117	673	306	125	38	1.1	48.9	29.5	13.4	5.5	1.7
Fixed term 1 yr+	728	83	328	179	84	39	15	11.4	45.0	24.6	11.6	5.4	2.1
Flexicon	70	–	17	14	16	11	12	–	24.3	20.0	22.9	15.7	17.1
Grand Total	21,459	108	3,227	6,322	6,168	4,649	985	0.5	15.0	29.5	28.7	21.7	4.6

All staff age distribution by length of service: 31 March 2018

Length of service (yrs)	Total	Age band (numbers)						Age band (%)					
		<20	20-29	30-39	40-49	50-59	60+	<20	20-29	30-39	40-49	50-59	60+
Less than 1	3,043	87	1,324	928	465	201	38	2.9	43.5	30.5	15.3	6.6	1.2
1<3	3,088	21	1,137	1,113	524	254	39	0.7	36.8	36.0	17.0	8.2	1.3
3<5	2,359	–	545	1,015	515	227	57	–	23.1	43.1	21.8	9.6	2.4
5<10	3,528	–	219	1,864	948	411	86	–	6.2	52.8	26.9	11.7	2.4
10+	9,441	–	*	1,402	3,716	3,556	765	–	–	14.9	39.4	37.6	8.1
Grand Total	21,459	108	3,227	6,322	6,168	4,649	985	0.5	15.0	29.5	28.7	21.7	4.6

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Senior leadership is defined as grades 10 and above.

Totals for each characteristic differ due to varying disclosure rates.

* Data has been replaced with an asterisk where figures are below sample size.

Disability

All staff disability distribution by division: 31 March 2018

Division	Total	Disability (numbers)		Disability (%)	
		Disabled	Not disabled	Disabled	Not disabled
Content	809	83	726	10.3	89.7
Corporate, Policy and External Affairs	191	25	166	13.1	86.9
Deputy Director-General Group	4,869	627	4,242	12.9	87.1
English Regions	2,790	248	2,542	8.9	91.1
Nations and Regions	2,554	242	2,312	9.5	90.5
Network News	3,004	291	2,713	9.7	90.3
Radio and Education	1,757	219	1,538	12.5	87.5
UK Public Service	15,974	1,735	14,239	10.9	89.1
World Service Group	1,182	83	1,099	7.0	93.0
BBC Studios	1,293	125	1,168	9.7	90.3
Worldwide	981	81	900	8.3	91.7
Other	213	17	196	8.0	92.0
Grand Total	19,643	2,041	17,602	10.4	89.6

Senior leadership staff disability distribution by division: 31 March 2018

Division	Total	Disability (numbers)		Disability (%)	
		Disabled	Not disabled	Disabled	Not disabled
Content	162	17	145	10.5	89.5
Corporate, Policy and External Affairs	60	*	52	13.3	86.7
Deputy Director-General Group	912	96	816	10.5	89.5
English Regions	106	16	90	15.1	84.9
Nations and Regions	193	13	180	6.7	93.3
Network News	510	43	467	8.4	91.6
Radio and Education	213	29	184	13.6	86.4
UK Public Service	2,156	222	1,934	10.3	89.7
World Service Group	158	13	145	8.2	91.8
BBC Studios	192	15	177	7.8	92.2
Worldwide	337	21	316	6.2	93.8
Other	19	-	19	-	100.0
Grand Total	2,862	271	2,591	9.5	90.5

All staff disability distribution by job family: 31 March 2018

Job Family	Total	Disability (numbers)		Disability (%)	
		Disabled	Not disabled	Disabled	Not disabled
Commissioning	128	12	116	9.4	90.6
Programming	9,486	892	8,594	9.4	90.6
Technical/Engineering	4,837	566	4,271	11.7	88.3
Sales/Marketing	537	70	467	13.0	87.0
Support/Admin	3,014	352	2,662	11.7	88.3
Not Allocated	1,641	149	1,492	9.1	90.9
Grand Total	19,643	2,041	17,602	10.4	89.6

All staff data reflects UK based employee contracts only.

Senior leadership is defined as grades 10 and above.

Totals for each characteristic differ due to varying disclosure rates.

* Data has been replaced with an asterisk where figures are below sample size.

Senior leadership staff disability distribution by job family: 31 March 2018

Job Family	Total	Disability (numbers)		Disability (%)	
		Disabled	Not disabled	Disabled	Not disabled
Commissioning	92	*	84	8.7	91.3
Programming	1,173	107	1,066	9.1	90.9
Technical/Engineering	373	40	333	10.7	89.3
Sales/Marketing	93	*	84	9.7	90.3
Support/Admin	779	79	700	10.1	89.9
Not Allocated	352	28	324	8.0	92.0
Grand Total	2,862	271	2,591	9.5	90.5

All staff disability distribution by grade bands: 31 March 2018

Grade band	Total	Disability (numbers)		Disability (%)	
		Disabled	Not disabled	Disabled	Not disabled
Worldwide non-SM equivalent	710	62	648	8.7	91.3
Bands 1-4	1,963	244	1,719	12.4	87.6
Bands 5-7	8,737	935	7,802	10.7	89.3
Bands 8/9	5,371	529	4,842	9.8	90.2
Bands 10/11	2,541	240	2,301	9.4	90.6
Bands SM2/1	321	31	290	9.7	90.3
Grand Total	19,643	2,041	17,602	10.4	89.6

All staff leaver and joiner distribution by disability: 31 March 2018

Category	Total	Disability (numbers)		Disability (%)	
		Disabled	Not disabled	Disabled	Not disabled
Leavers	3,020	307	2,713	10.2	89.8
Joiners	3,247	290	2,957	8.9	91.1

All staff leaver distribution by disability and reason for leaving: 31 March 2018

Reason for leaving	Total	Disability (numbers)		Disability (%)	
		Disabled	Not disabled	Disabled	Not disabled
Voluntary	1,105	105	1,000	9.5	90.5
Redundancy	592	54	538	9.1	90.9
End FTC	1,218	131	1,087	10.8	89.2
Other involuntary	48	*	39	18.8	81.2
Other	57	*	49	14.0	86.0
Grand Total	3,020	307	2,713	10.2	89.8

All staff internal mover distribution by disability: 31 March 2018

Internal move type	Total	Disability (numbers)		Disability (%)	
		Disabled	Not disabled	Disabled	Not disabled
Attachment	1,649	194	1,455	11.8	88.2
Promotion	427	52	375	12.2	87.8
Transfer	1,558	180	1,378	11.6	88.4
Grand Total	3,634	426	3,208	11.7	88.3

All staff data reflects UK based employee contracts only.

Senior leadership is defined as grades 10 and above.

Totals for each characteristic differ due to varying disclosure rates.

* Data has been replaced with an asterisk where figures are below sample size.

All staff disability distribution by contract type: 31 March 2018

Contract type	Total	Disability (numbers)		Disability (%)	
		Disabled	Not disabled	Disabled	Not disabled
Continuing	16,998	1,764	15,234	10.4	89.6
Fixed term less than 1 yr	1,991	205	1,786	10.3	89.7
Fixed term 1 yr+	589	64	525	10.9	89.1
Flexicon	65	*	57	12.3	87.7
Grand Total	19,643	2,041	17,602	10.4	89.6

All staff disability distribution by length of service: 31 March 2018

Length of service (yrs)	Total	Disability (numbers)		Disability (%)	
		Disabled	Not disabled	Disabled	Not disabled
Less than 1	2,661	208	2,453	7.8	92.2
1<3	2,487	282	2,205	11.3	88.7
3<5	2,265	220	2,045	9.7	90.3
5<10	3,387	368	3,019	10.9	89.1
10+	8,843	963	7,880	10.9	89.1
Grand Total	19,643	2,041	17,602	10.4	89.6

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Senior leadership is defined as grades 10 and above.

Totals for each characteristic differ due to varying disclosure rates.

* Data has been replaced with an asterisk where figures are below sample size.

Ethnicity

All staff ethnicity distribution by division: 31 March 2018

Division	Total	Ethnicity band (numbers)			Ethnicity band (%)		
		BAME	Other white background	White UK	BAME	Other white background	White UK
Content	843	123	48	672	14.6	5.7	79.7
Corporate, Policy and External Affairs	208	25	13	170	12.0	6.3	81.7
Deputy Director-General Group	5,134	875	316	3,943	17.0	6.2	76.8
English Regions	2,888	241	78	2,569	8.3	2.7	89.0
Nations and Regions	2,644	82	290	2,272	3.1	11.0	85.9
Network News	3,099	464	230	2,405	15.0	7.4	77.6
Radio and Education	1,853	204	92	1,557	11.0	5.0	84.0
UK Public Service	16,669	2,014	1,067	13,588	12.1	6.4	81.5
World Service Group	1,196	651	115	430	54.4	9.6	36.0
BBC Studios	1,345	130	75	1,140	9.6	5.6	84.8
Worldwide	1,046	204	108	734	19.5	10.3	70.2
Other	227	24	*	195	10.6	3.5	85.9
Grand Total	20,483	3,023	1,373	16,087	14.8	6.7	78.5

Senior leadership staff ethnicity distribution by division: 31 March 2018

Division	Total	Ethnicity band (numbers)			Ethnicity band (%)		
		BAME	Other white background	White UK	BAME	Other white background	White UK
Content	166	14	10	142	8.4	6.0	85.6
Corporate, Policy and External Affairs	66	*	*	57	6.0	7.6	86.4
Deputy Director-General Group	944	88	67	789	9.3	7.1	83.6
English Regions	106	*	*	94	8.5	2.8	88.7
Nations and Regions	194	*	26	164	2.1	13.4	84.5
Network News	520	45	24	451	8.7	4.6	86.7
Radio and Education	219	23	*	187	10.5	4.1	85.4
UK Public Service	2,215	187	144	1,884	8.4	6.5	85.1
World Service Group	163	56	12	95	34.3	7.4	58.3
BBC Studios	201	15	11	175	7.5	5.5	87.0
Worldwide	348	49	30	269	14.1	8.6	77.3
Other	21	-	*	20	-	4.8	95.2
Grand Total	2,948	307	198	2,443	10.4	6.7	82.9

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Senior leadership is defined as grades 10 and above.

Totals for each characteristic differ due to varying disclosure rates.

* Data has been replaced with an asterisk where figures are below sample size.

All staff ethnicity distribution by job family: 31 March 2018

Job Family	Total	Ethnicity band (numbers)			Ethnicity band (%)		
		BAME	Other white background	White UK	BAME	Other white background	White UK
Commissioning	137	19	14	104	13.9	10.2	75.9
Programming	9,772	1,500	651	7,621	15.3	6.7	78.0
Technical/Engineering	5,065	657	308	4,100	13.0	6.1	80.9
Sales/Marketing	567	60	46	461	10.6	8.1	81.3
Support/Admin	3,134	509	218	2,407	16.2	7.0	76.8
Not Allocated	1,808	278	136	1,394	15.4	7.5	77.1
Grand Total	20,483	3,023	1,373	16,087	14.8	6.7	78.5

Senior leadership staff ethnicity distribution by job family: 31 March 2018

Job Family	Total	Ethnicity band (numbers)			Ethnicity band (%)		
		BAME	Other white background	White UK	BAME	Other white background	White UK
Commissioning	95	*	11	77	7.4	11.6	81.0
Programming	1,201	143	61	997	11.9	5.1	83.0
Technical/Engineering	377	37	24	316	9.8	6.4	83.8
Sales/Marketing	100	*	*	90	4.0	6.0	90.0
Support/Admin	814	79	69	666	9.7	8.5	81.8
Not Allocated	361	37	27	297	10.2	7.5	82.3
Grand Total	2,948	307	198	2,443	10.4	6.7	82.9

All staff ethnicity distribution by grade bands: 31 March 2018

Grade band	Total	Ethnicity band (numbers)			Ethnicity band (%)		
		BAME	Other white background	White UK	BAME	Other white background	White UK
Worldwide non-SM equivalent	769	167	86	516	21.7	11.2	67.1
Bands 1-4	2,152	318	106	1,728	14.8	4.9	80.3
Bands 5-7	9,095	1,443	627	7,025	15.9	6.9	77.2
Bands 8/9	5,519	788	356	4,375	14.3	6.4	79.3
Bands 10/11	2,615	286	170	2,159	10.9	6.5	82.6
Bands SM2/1	333	21	28	284	6.3	8.4	85.3
Grand Total	20,483	3,023	1,373	16,087	14.8	6.7	78.5

All staff leaver and joiner distribution by ethnicity: 31 March 2018

Category	Total	Ethnicity band (numbers)			Ethnicity band (%)		
		BAME	Other white background	White UK	BAME	Other white background	White UK
Leavers	3,265	535	253	2,477	16.4	7.7	75.9
Joiners	3,608	637	280	2,691	17.7	7.7	74.6

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Senior leadership is defined as grades 10 and above.

Totals for each characteristic differ due to varying disclosure rates.

* Data has been replaced with an asterisk where figures are below sample size.

All staff leaver distribution by ethnicity and reason for leaving: 31 March 2018

Reason for leaving	Total	Ethnicity band (numbers)			Ethnicity band (%)		
		BAME	Other white background	White UK	BAME	Other white background	White UK
Voluntary	1,167	222	93	852	19.0	8.0	73.0
Redundancy	604	69	43	492	11.4	7.1	81.5
End FTC	1,384	233	107	1,044	16.8	7.7	75.5
Other involuntary	51	*	*	38	15.7	9.8	74.5
Other	59	*	*	51	5.1	8.5	86.4
Grand Total	3,265	535	253	2,477	16.4	7.7	75.9

All staff internal mover distribution by ethnicity: 31 March 2018

Internal move type	Total	Ethnicity band (numbers)			Ethnicity band (%)		
		BAME	Other white background	White UK	BAME	Other white background	White UK
Attachment	1,687	245	114	1,328	14.5	6.8	78.7
Promotion	451	66	28	357	14.6	6.2	79.2
Transfer	1,697	317	127	1,253	18.7	7.5	73.8
Grand Total	3,835	628	269	2,938	16.4	7.0	76.6

All staff ethnicity distribution by contract type: 31 March 2018

Contract type	Total	Ethnicity band (numbers)			Ethnicity band (%)		
		BAME	Other white background	White UK	BAME	Other white background	White UK
Continuing	17,603	2,517	1,148	13,938	14.3	6.5	79.2
Fixed term less than 1 yr	2,136	367	162	1,607	17.2	7.6	75.2
Fixed term 1 yr+	679	137	54	488	20.2	8.0	71.8
Flexicon	65	*	*	54	3.1	13.8	83.1
Grand Total	20,483	3,023	1,373	16,087	14.8	6.7	78.5

All staff ethnicity distribution by length of service: 31 March 2018

Length of service (yrs)	Total	Ethnicity band (numbers)			Ethnicity band (%)		
		BAME	Other white background	White UK	BAME	Other white background	White UK
Less than 1	2,792	505	223	2,064	18.1	8.0	73.9
1<3	2,936	524	258	2,154	17.8	8.8	73.4
3<5	2,264	369	191	1,704	16.3	8.4	75.3
5<10	3,353	583	223	2,547	17.3	6.7	76.0
10+	9,138	1,042	478	7,618	11.4	5.2	83.4
Grand Total	20,483	3,023	1,373	16,087	14.8	6.7	78.5

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Gender

All staff gender distribution by division: 31 March 2018

Division	Total	Gender band (numbers)		Gender band (%)	
		Female	Male	Female	Male
Content	886	409	477	46.2	53.8
Corporate, Policy and External Affairs	212	149	63	70.3	29.7
Deputy Director-General Group	5,402	2,227	3,175	41.2	58.8
English Regions	3,003	1,388	1,615	46.2	53.8
Nations and Regions	2,732	1,219	1,513	44.6	55.4
Network News	3,246	1,480	1,766	45.6	54.4
Radio and Education	1,912	1,085	827	56.7	43.3
UK Public Service	17,393	7,957	9,436	45.7	54.3
World Service Group	1,316	636	680	48.3	51.7
BBC Studios	1,409	899	510	63.8	36.2
Worldwide	1,105	617	488	55.8	44.2
Other	236	132	104	55.9	44.1
Grand Total	21,459	10,241	11,218	47.7	52.3

Senior leadership staff gender distribution by division: 31 March 2018

Division	Total	Gender band (numbers)		Gender band (%)	
		Female	Male	Female	Male
Content	176	79	97	44.9	55.1
Corporate, Policy and External Affairs	67	38	29	56.7	43.3
Deputy Director-General Group	978	381	597	39.0	61.0
English Regions	111	49	62	44.1	55.9
Nations and Regions	202	77	125	38.1	61.9
Network News	537	233	304	43.4	56.6
Radio and Education	223	107	116	48.0	52.0
UK Public Service	2,294	964	1,330	42.0	58.0
World Service Group	173	71	102	41.0	59.0
BBC Studios	206	103	103	50.0	50.0
Worldwide	366	178	188	48.6	51.4
Other	21	*	13	38.1	61.9
Grand Total	3,060	1,324	1,736	43.3	56.7

All staff gender distribution by job family: 31 March 2018

Job Family	Total	Gender band (numbers)		Gender band (%)	
		Female	Male	Female	Male
Commissioning	143	83	60	58.0	42.0
Programming	10,216	5,342	4,874	52.3	47.7
Technical/Engineering	5,338	1,328	4,010	24.9	75.1
Sales/Marketing	599	375	224	62.6	37.4
Support/Admin	3,261	2,131	1,130	65.3	34.7
Not Allocated	1,902	982	920	51.6	48.4
Grand Total	21,459	10,241	11,218	47.7	52.3

Senior leadership staff gender distribution by job family: 31 March 2018

Job Family	Total	Gender band (numbers)		Gender band (%)	
		Female	Male	Female	Male
Commissioning	99	53	46	53.5	46.5
Programming	1,244	549	695	44.1	55.9
Technical/Engineering	396	72	324	18.2	81.8
Sales/Marketing	101	54	47	53.5	46.5
Support/Admin	841	425	416	50.5	49.5
Not Allocated	379	171	208	45.1	54.9
Grand Total	3,060	1,324	1,736	43.3	56.7

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* Data has been replaced with an asterisk where figures are below sample size.

All staff gender distribution by grade bands: 31 March 2018

Grade band	Total	Gender band (numbers)		Gender band (%)	
		Female	Male	Female	Male
Worldwide non-SM equivalent	812	471	341	58.0	42.0
Bands 1-4	2,262	1,280	982	56.6	43.4
Bands 5-7	9,542	4,675	4,867	49.0	51.0
Bands 8/9	5,783	2,491	3,292	43.1	56.9
Bands 10/11	2,715	1,197	1,518	44.1	55.9
Bands SM2/1	345	127	218	36.8	63.2
Grand Total	21,459	10,241	11,218	47.7	52.3

All staff leaver and joiner distribution by gender: 31 March 2018

Category	Total	Gender band (numbers)		Gender band (%)	
		Female	Male	Female	Male
Leavers	3,464	1,987	1,477	57.4	42.6
Joiners	3,915	2,127	1,788	54.3	45.7

All staff leaver distribution by gender and reason for leaving: 31 March 2018

Reason for leaving	Total	Gender band (numbers)		Gender band (%)	
		Female	Male	Female	Male
Voluntary	1,248	656	592	52.6	47.4
Redundancy	626	385	241	61.5	38.5
End FTC	1,478	900	578	60.9	39.1
Other involuntary	52	28	24	53.8	46.2
Other	60	18	42	30.0	70.0
Grand Total	3,464	1,987	1,477	57.4	42.6

All staff internal mover distribution by gender: 31 March 2018

Internal move type	Total	Gender band (numbers)		Gender band (%)	
		Female	Male	Female	Male
Attachment	1,738	1,036	702	59.6	40.4
Promotion	463	208	255	44.9	55.1
Transfer	1,788	964	824	53.9	46.1
Grand Total	3,989	2,208	1,781	55.4	44.6

All staff gender distribution by contract type: 31 March 2018

Contract type	Total	Gender band (numbers)		Gender band (%)	
		Female	Male	Female	Male
Continuing	18,378	8,551	9,827	46.5	53.5
Fixed term less than 1 yr	2,283	1,328	955	58.2	41.8
Fixed term 1 yr+	728	321	407	44.1	55.9
Flexicon	70	41	29	58.6	41.4
Grand Total	21,459	10,241	11,218	47.7	52.3

All staff gender distribution by length of service: 31st March 2018

Length of service (yrs)	Total	Gender band (numbers)		Gender band (%)	
		Female	Male	Female	Male
Less than 1	3,043	1,576	1,467	51.8	48.2
1<3	3,088	1,599	1,489	51.8	48.2
3<5	2,359	1,162	1,197	49.3	50.7
5<10	3,528	1,697	1,831	48.1	51.9
10+	9,441	4,207	5,234	44.6	55.4
Grand Total	21,459	10,241	11,218	47.7	52.3

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Religion

All staff religion and belief distribution (numbers): 31 March 2018

Total	Religion and belief (numbers)										
	Total	Atheist	Buddhist	Christian	Hindu	Jewish	Muslim	Sikh	Other	None	Prefer not to say/ excluded
BBC total	21,459	3,518	117	6,056	268	187	518	134	685	8,196	1,780

All staff religion and belief distribution (percentages): 31 March 2018

Total	Religion and belief (%)										
	Atheist	Buddhist	Christian	Hindu	Jewish	Muslim	Sikh	Other	None	Prefer not to say/ excluded	
BBC total	16.4	0.5	28.2	1.3	0.9	2.4	0.6	3.2	38.2	8.3	

Senior leadership staff religion and belief distribution (numbers): 31 March 2018

Total	Religion and belief (numbers)										
	Total	Atheist	Buddhist	Christian	Hindu	Jewish	Muslim	Sikh	Other	None	Prefer not to say/ excluded
BBC total	3,060	533	15	1,001	38	47	48	21	81	1,036	240

Senior leadership staff religion and belief distribution (percentages): 31 March 2018

Total	Religion and belief (%)										
	Atheist	Buddhist	Christian	Hindu	Jewish	Muslim	Sikh	Other	None	Prefer not to say/ excluded	
BBC total	17.4	0.5	32.7	1.2	1.5	1.6	0.7	2.7	33.9	7.8	

All staff religion and belief distribution by grade bands (numbers): 31 March 2018

Grade band	Religion and belief (numbers)										
	Total	Atheist	Buddhist	Christian	Hindu	Jewish	Muslim	Sikh	Other	None	Prefer not to say/ excluded
Worldwide non-SM equivalent	812	127	*	240	31	*	24	*	29	271	71
Bands 1-4	2,262	314	*	636	17	11	43	16	71	963	185
Bands 5-7	9,542	1,565	62	2,612	105	74	271	61	332	3,648	812
Bands 8/9	5,783	979	28	1,567	77	46	132	32	172	2,278	472
Bands 10/11	2,715	475	13	874	36	41	41	20	74	923	218
Bands SM2/1	345	58	*	127	*	*	*	*	*	113	22
Grand Total	21,459	3,518	117	6,056	268	187	518	134	685	8,196	1,780

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Totals for each characteristic differ due to varying disclosure rates.

* Data has been replaced with an asterisk where figures are below sample size.

All staff religion and belief distribution by grade bands (percentages): 31 March 2018

Grade band	Religion and belief (%)									
	Atheist	Buddhist	Christian	Hindu	Jewish	Muslim	Sikh	Other	None	Prefer not to say/excluded
Worldwide non-SM equivalent	15.6	0.7	29.6	3.8	1.1	3.0	0.5	3.6	33.4	8.7
Bands 1-4	13.9	0.3	28.1	0.8	0.5	1.9	0.7	3.1	42.6	8.1
Bands 5-7	16.4	0.7	27.4	1.1	0.8	2.8	0.6	3.5	38.2	8.5
Bands 8/9	16.9	0.5	27.1	1.3	0.8	2.3	0.6	2.9	39.4	8.2
Bands 10/11	17.5	0.5	32.2	1.3	1.5	1.5	0.7	2.8	34.0	8.0
Bands SM2/1	16.8	0.6	36.8	0.6	1.7	2.0	0.3	2.0	32.8	6.4
Grand Total	16.4	0.5	28.2	1.3	0.9	2.4	0.6	3.2	38.2	8.3

All staff leaver and joiner distribution by religion and belief (numbers): 31 March 2018

Category	Total	Religion and belief (numbers)									
		Atheist	Buddhist	Christian	Hindu	Jewish	Muslim	Sikh	Other	None	Prefer not to say/excluded
Leavers	3,464	671	28	877	49	29	74	27	145	1,007	557
Joiners	3,915	755	24	932	51	34	102	26	141	1,245	605

All staff leaver and joiner distribution by religion and belief (percentages): 31 March 2018

Category	Religion and belief (%)									
	Atheist	Buddhist	Christian	Hindu	Jewish	Muslim	Sikh	Other	None	Prefer not to say/excluded
Leavers	19.4	0.8	25.3	1.4	0.8	2.1	0.8	4.2	29.1	16.1
Joiners	19.3	0.6	23.8	1.3	0.9	2.6	0.7	3.6	31.8	15.4

All staff leaver distribution by religion and belief and reason for leaving (numbers): 31 March 2018

Reason for leaving	Total	Religion and belief (numbers)									
		Atheist	Buddhist	Christian	Hindu	Jewish	Muslim	Sikh	Other	None	Prefer not to say/excluded
Voluntary	1,248	234	*	298	27	10	30	13	57	380	191
Redundancy	626	109	10	192	*	*	*	*	20	158	118
End FTC	1,478	314	10	349	15	14	36	11	67	442	220
Other involuntary	52	*	–	20	*	*	–	–	–	10	13
Other	60	*	–	18	–	–	*	*	*	17	15
Grand Total	3,464	671	28	877	49	29	74	27	145	1,007	557

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All staff leaver distribution by religion and belief and reason for leaving (percentages): 31 March 2018

Reason for leaving	Religion and belief (%)									
	Atheist	Buddhist	Christian	Hindu	Jewish	Muslim	Sikh	Other	None	Prefer not to say/excluded
Voluntary	18.8	0.6	23.9	2.2	0.8	2.4	1.0	4.6	30.4	15.3
Redundancy	17.4	1.6	30.7	1.0	0.6	1.1	0.3	3.2	25.2	18.9
End FTC	21.3	0.7	23.6	1.0	1.0	2.4	0.7	4.5	29.9	14.9
Other involuntary	13.5	–	38.5	1.9	1.9	–	–	–	19.2	25.0
Other	11.6	–	30.0	–	–	1.7	1.7	1.7	28.3	25.0
Grand Total	19.4	0.8	25.3	1.4	0.8	2.1	0.8	4.2	29.1	16.1

All staff religion and belief distribution by contract type (numbers): 31 March 2018

Contract type	Total	Religion and belief (numbers)									
		Atheist	Buddhist	Christian	Hindu	Jewish	Muslim	Sikh	Other	None	Prefer not to say/excluded
Continuing	18,378	2,921	101	5,246	227	157	432	111	559	7,252	1,372
Fixed term less than 1 yr	2,283	450	14	589	24	26	65	20	91	684	320
Fixed term 1 yr+	728	139	*	201	17	*	21	*	29	231	82
Flexicon	70	*	–	20	–	*	–	–	*	29	*
Grand Total	21,459	3,518	117	6,056	268	187	518	134	685	8,196	1,780

All staff religion and belief distribution by contract type (percentages): 31 March 2018

Contract type	Religion and belief (%)									
	Atheist	Buddhist	Christian	Hindu	Jewish	Muslim	Sikh	Other	None	Prefer not to say/excluded
Continuing	15.9	0.5	28.5	1.2	0.9	2.4	0.6	3.0	39.5	7.5
Fixed term less than 1 yr	19.7	0.6	25.8	1.1	1.1	2.8	0.9	4.0	30.0	14.0
Fixed term 1 yr+	19.1	0.3	27.6	2.3	0.4	2.9	0.4	4.0	31.7	11.3
Flexicon	11.4	–	28.6	–	1.4	–	–	8.6	41.4	8.6
Grand Total	16.4	0.5	28.2	1.3	0.9	2.4	0.6	3.2	38.2	8.3

All staff religion and belief distribution by length of service (numbers): 31 March 2018

Length of service (yrs)	Total	Religion and belief (numbers)									
		Atheist	Buddhist	Christian	Hindu	Jewish	Muslim	Sikh	Other	None	Prefer not to say/excluded
Less than 1	3,043	563	19	753	42	26	81	19	102	965	473
1<3	3,088	627	19	855	73	27	85	35	125	966	276
3<5	2,359	476	10	687	30	25	85	17	95	758	176
5<10	3,528	582	20	1,001	53	28	129	13	110	1,341	251
10+	9,441	1,270	49	2,760	70	81	138	50	253	4,166	604
Grand Total	21,459	3,518	117	6,056	268	187	518	134	685	8,196	1,780

All staff religion and belief distribution by length of service (percentages): 31 March 2018

Length of service (yrs)	Religion and Belief (%)									
	Atheist	Buddhist	Christian	Hindu	Jewish	Muslim	Sikh	Other	None	Prefer not to say/excluded
Less than 1	18.5	0.6	24.7	1.4	0.9	2.7	0.6	3.4	31.7	15.5
1<3	20.3	0.6	27.7	2.4	0.9	2.8	1.1	4.0	31.3	8.9
3<5	20.2	0.4	29.1	1.3	1.1	3.6	0.7	4.0	32.1	7.5
5<10	16.5	0.6	28.4	1.5	0.8	3.7	0.3	3.1	38.0	7.1
10+	13.5	0.5	29.2	0.7	0.9	1.5	0.5	2.7	44.1	6.4
Grand Total	16.4	0.5	28.2	1.3	0.9	2.4	0.6	3.2	38.2	8.3

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Totals for each characteristic differ due to varying disclosure rates.

* Data has been replaced with an asterisk where figures are below sample size.

Sexual orientation & gender identity

All staff sexual orientation and gender identity distribution by division (numbers): 31 March 2018

Division	Total	Sexual orientation (numbers)							
		Bisexual	Gay man	Gay woman/lesbian	Heterosexual/straight	Other	Prefer not to say/excluded	Transgender	LGBT
Content	886	16	23	15	667	*	163	13	66
Corporate, Policy and External Affairs	212	*	16	–	167	*	26	*	24
Deputy Director-General Group	5,402	115	213	66	4,183	31	794	110	509
English Regions	3,003	32	107	17	1,991	18	838	59	221
Nations and Regions	2,732	23	83	15	1,869	*	733	46	170
Network News	3,246	62	134	30	1,986	22	1,012	57	292
Radio and Education	1,912	34	74	29	1,277	11	487	45	183
UK Public Service	17,393	284	650	172	12,140	94	4,053	335	1,465
World Service Group	1,316	21	31	4	850	10	400	11	76
BBC Studios	1,409	45	65	18	1,032	10	239	34	168
Worldwide	1,105	18	44	*	917	*	119	36	101
Other	236	*	*	*	182	*	45	*	10
Grand Total	21,459	369	794	202	15,121	117	4,856	417	1,820

All staff sexual orientation and gender identity distribution by division (percentages): 31 March 2018

Division	Sexual orientation (%)							
	Bisexual	Gay man	Gay woman/lesbian	Heterosexual/straight	Other	Prefer not to say/excluded	Transgender	LGBT
Content	1.8	2.6	1.7	75.3	0.2	18.4	1.8	9.1
Corporate, Policy and External Affairs	0.9	7.5	–	78.8	0.5	12.3	2.7	12.9
Deputy Director-General Group	2.1	3.9	1.2	77.5	0.6	14.7	2.4	11.0
English Regions	1.0	3.6	0.6	66.3	0.6	27.9	2.7	10.2
Nations and Regions	0.9	3.0	0.6	68.4	0.3	26.8	2.3	8.5
Network News	1.9	4.1	0.9	61.2	0.7	31.2	2.6	13.1
Radio and Education	1.8	3.9	1.5	66.8	0.6	25.4	3.2	12.8
UK Public Service	1.6	3.7	1.0	69.8	0.6	23.3	2.5	11.0
World Service Group	1.6	2.3	0.3	64.6	0.8	30.4	1.2	8.3
BBC Studios	3.2	4.6	1.3	73.2	0.7	17.0	2.9	14.4
Worldwide	1.6	4.0	0.5	83.0	0.2	10.7	3.7	10.2
Other	0.4	1.7	1.3	77.1	0.4	19.1	0.5	5.2
Grand Total	1.7	3.7	1.0	70.5	0.5	22.6	2.5	11.0

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Totals for each characteristic differ due to varying disclosure rates.

* Data has been replaced with an asterisk where figures are below sample size.

Senior leadership staff sexual orientation and gender identity distribution by division (numbers): 31 March 2018

Division	Total	Sexual orientation (numbers)							LGBT
		Bisexual	Gay man	Gay woman/lesbian	Heterosexual/straight	Other	Prefer not to say/excluded	Transgender	
Grand Total	3,060	40	156	33	2,274	16	541	71	303

Senior leadership staff sexual orientation and gender identity distribution by division (percentages): 31 March 2018

Division	Sexual orientation (%)							
	Bisexual	Gay man	Gay woman/lesbian	Heterosexual/straight	Other	Prefer not to say/excluded	Transgender	LGBT
Grand Total	1.3	5.1	1.1	74.3	0.5	17.7	2.8	12.0

All staff sexual orientation and gender identity distribution by job family (percentages): 31 March 2018

Job Family	Sexual orientation (%)							
	Bisexual	Gay man	Gay woman/lesbian	Heterosexual/straight	Other	Prefer not to say/excluded	Transgender	LGBT
Commissioning	0.7	6.3	1.4	76.9	–	14.7	4.1	13.1
Programming	1.7	3.7	0.9	67.2	0.6	25.9	2.8	11.6
Technical/Engineering	1.9	3.5	1.0	69.3	0.6	23.7	1.8	10.5
Sales/Marketing	1.0	6.5	1.2	79.0	0.3	12.0	1.9	11.8
Support/Admin	1.3	3.5	1.1	81.9	0.5	11.7	2.8	9.7
Not Allocated	2.2	3.6	0.5	68.7	0.4	24.6	2.9	11.2
Grand Total	1.7	3.7	1.0	70.5	0.5	22.6	2.5	11.0

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Socio-economic background (school type)

All staff socio-economic background (school type) distribution by division: 31 March 2018

Division	Total	School type (numbers)			School type (%)		
		A state-run or state-funded school – non-selective	A state-run or state-funded school – selective on academic, faith or other ground	Independent or fee-paying school	A state-run or state-funded school – non-selective	A state-run or state-funded school – selective on academic, faith or other ground	Independent or fee-paying school
Content	519	284	134	101	54.7	25.8	19.5
Corporate, Policy and External Affairs	143	77	38	28	53.8	26.6	19.6
Deputy Director-General	3,278	1,974	825	479	60.2	25.2	14.6
English Regions	1,424	858	349	217	60.3	24.5	15.2
Nations and Regions	1,396	866	416	114	62.0	29.8	8.2
Network News	1,370	704	332	334	51.4	24.2	24.4
Radio and Education	1,042	583	258	201	55.9	24.8	19.3
UK Public Service	9,172	5,346	2,352	1,474	58.3	25.6	16.1
World Service Group	338	166	96	76	49.1	28.4	22.5
BBC Studios	843	514	186	143	61.0	22.0	17.0
Worldwide	651	350	178	123	53.8	27.3	18.9
Other	140	80	40	20	57.1	28.6	14.3
Grand Total	11,144	6,456	2,852	1,836	57.9	25.6	16.5

Senior leadership staff socio-economic background (school type) distribution by division: 31 March 2018

Division	Total	School type (numbers)			School type (%)		
		A state-run or state-funded school – non-selective	A state-run or state-funded school – selective on academic, faith or other ground	Independent or fee-paying school	A state-run or state-funded school – non-selective	A state-run or state-funded school – selective on academic, faith or other ground	Independent or fee-paying school
Content	115	67	21	27	58.3	18.3	23.4
Corporate, Policy and External Affairs	46	23	*	14	50.0	19.6	30.4
Deputy Director-General	675	369	161	145	54.7	23.9	21.4
English Regions	71	39	21	11	54.9	29.6	15.5
Nations and Regions	131	78	44	*	59.5	33.6	6.9
Network News	242	106	49	87	43.8	20.2	36.0
Radio and Education	167	88	42	37	52.7	25.1	22.2
UK Public Service	1,447	770	347	330	53.2	24.0	22.8
World Service Group	80	30	24	26	37.5	30.0	32.5
BBC Studios	123	65	27	31	52.8	22.0	25.2
Worldwide	239	105	62	72	43.9	26.0	30.1
Other	15	10	*	*	66.7	20.0	13.3
Grand Total	1,904	980	463	461	51.5	24.3	24.2

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All staff socio-economic background (parental degree) distribution by division: 31 March 2018

Division	Total	Parental degree (numbers)		Parental degree (%)	
		No	Yes	No	Yes
Content	524	273	251	52.1	47.9
Corporate, Policy and External Affairs	150	66	84	44.0	56.0
Deputy Director-General Group	3,497	1,686	1,811	48.2	51.8
English Regions	1,399	784	615	56.0	44.0
Nations and Regions	1,379	694	685	50.3	49.7
Network News	1,546	675	871	43.7	56.3
Radio and Education	1,067	481	586	45.1	54.9
UK Public Service	9,562	4,659	4,903	48.7	51.3
World Service Group	562	202	360	35.9	64.1
BBC Studios	843	364	479	43.2	56.8
Worldwide	726	305	421	42.0	58.0
Other	132	67	65	50.8	49.2
Grand Total	11,825	5,597	6,228	47.3	52.7

Senior leadership staff socio-economic background (parental degree) distribution by division: 31 March 2018

Division	Total	Parental degree (numbers)		Parental degree (%)	
		No	Yes	No	Yes
Content	117	62	55	53.0	47.0
Corporate, Policy and External Affairs	50	23	27	46.0	54.0
Deputy Director-General Group	719	331	388	46.0	54.0
English Regions	72	48	24	66.7	33.3
Nations and Regions	131	75	56	57.3	42.7
Network News	275	105	170	38.2	61.8
Radio and Education	175	84	91	48.0	52.0
UK Public Service	1,539	728	811	47.3	52.7
World Service Group	106	29	77	27.4	72.6
BBC Studios	131	56	75	42.7	57.3
Worldwide	271	115	156	42.4	57.6
Other	14	*	*	50.0	50.0
Grand Total	2,061	935	1,126	45.4	54.6

All staff socio-economic background (parental occupation) distribution by division: 31 March 2018

Division	Total	Parental occupation (numbers)			Parental occupation (%)		
		Higher managerial and professional occupations	Intermediate occupations	Routine and manual occupations	Higher managerial and professional occupations	Intermediate occupations	Routine and manual occupations
Content	540	329	66	145	60.9	12.2	26.9
Corporate, Policy and External Affairs	149	106	20	23	71.2	13.4	15.4
Deputy Director-General Group	3,588	2,098	445	1,045	58.5	12.4	29.1
English Regions	1,392	758	196	438	54.5	14.1	31.4
Nations and Regions	1,406	781	195	430	55.5	13.9	30.6
Network News	1,529	1,008	174	347	65.9	11.4	22.7
Radio and Education	1,057	671	134	252	63.5	12.7	23.8
UK Public Service	9,661	5,751	1,230	2,680	59.5	12.7	27.8
World Service Group	558	407	49	102	72.9	8.8	18.3
BBC Studios	831	535	101	195	64.4	12.1	23.5
Worldwide	738	493	87	158	66.8	11.8	21.4
Other	140	78	17	45	55.8	12.1	32.1
Grand Total	11,928	7,264	1,484	3,180	60.9	12.4	26.7

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Senior leadership staff socio-economic background (parental occupation) distribution by division: 31 March 2018

Division	Total	Parental occupation (numbers)			Parental occupation (%)		
		Higher managerial and professional occupations	Intermediate occupations	Routine and manual occupations	Higher managerial and professional occupations	Intermediate occupations	Routine and manual occupations
Content	119	69	11	39	58.0	9.2	32.8
Corporate, Policy and External Affairs	49	32	*	14	65.3	6.1	28.6
Deputy Director-General Group	724	449	99	176	62.0	13.7	24.3
English Regions	68	30	13	25	44.1	19.1	36.8
Nations and Regions	132	61	18	53	46.2	13.6	40.2
Network News	264	182	33	49	68.9	12.5	18.6
Radio and Education	170	93	31	46	54.7	18.2	27.1
UK Public Service	1,526	916	208	402	60.0	13.7	26.3
World Service Group	107	78	14	15	72.9	13.1	14.0
BBC Studios	127	86	11	30	67.7	8.7	23.6
Worldwide	270	183	33	54	67.8	12.2	20.0
Other	14	*	*	*	64.3	14.3	21.4
Grand Total	2,044	1,272	268	504	62.2	13.1	24.7

All staff socio-economic background (school type) distribution by Job Family: 31 March 2018

Job Family	Total	School type (numbers)			School type (%)		
		A state-run or state-funded school – non-selective	A state-run or state-funded school – selective on academic, faith or other ground	Independent or fee-paying school	A state-run or state-funded school – non-selective	A state-run or state-funded school – selective on academic, faith or other ground	Independent or fee-paying school
Commissioning	97	55	24	18	56.7	24.7	18.6
Programming	4,875	2,781	1,197	897	57.0	24.6	18.4
Technical/Engineering	2,717	1,684	706	327	62.0	26.0	12.0
Sales/Marketing	364	209	85	70	57.4	23.4	19.2
Support/Admin	2,135	1,223	569	343	57.3	26.7	16.0
Not Allocated	956	504	271	181	52.7	28.4	18.9
Grand Total	11,144	6,456	2,852	1,836	57.9	25.6	16.5

Senior leadership staff socio-economic background (school type) distribution by Job Family: 31 March 2018

Job Family	Total	School type (numbers)			School type (%)		
		A state-run or state-funded school – non-selective	A state-run or state-funded school – selective on academic, faith or other ground	Independent or fee-paying school	A state-run or state-funded school – non-selective	A state-run or state-funded school – selective on academic, faith or other ground	Independent or fee-paying school
Commissioning	71	39	20	12	54.9	28.2	16.9
Programming	654	339	155	160	51.8	23.7	24.5
Technical/Engineering	261	155	63	43	59.4	24.1	16.5
Sales/Marketing	71	38	12	21	53.5	16.9	29.6
Support/Admin	597	303	149	145	50.7	25.0	24.3
Not Allocated	250	106	64	80	42.4	25.6	32.0
Grand Total	1,904	980	463	461	51.5	24.3	24.2

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All staff socio-economic background (parental degree) distribution by job family: 31 March 2018

Job Family	Total	Parental degree (numbers)		Parental degree (%)	
		No	Yes	No	Yes
Commissioning	100	55	45	55.0	45.0
Programming	5,217	2,353	2,864	45.1	54.9
Technical/Engineering	2,869	1,433	1,436	49.9	50.1
Sales/Marketing	398	182	216	45.7	54.3
Support/Admin	2,217	1,139	1,078	51.4	48.6
Not Allocated	1,024	435	589	42.5	57.5
Grand Total	11,825	5,597	6,228	47.3	52.7

Senior leadership staff socio-economic background (parental degree) distribution by job family: 31 March 2018

Job Family	Total	Parental degree (numbers)		Parental degree (%)	
		No	Yes	No	Yes
Commissioning	74	39	35	52.7	47.3
Programming	716	319	397	44.6	55.4
Technical/Engineering	281	127	154	45.2	54.8
Sales/Marketing	76	35	41	46.1	53.9
Support/Admin	634	288	346	45.4	54.6
Not Allocated	280	127	153	45.4	54.6
Grand Total	2,061	935	1,126	45.4	54.6

All staff socio-economic background (parental occupation) distribution by job family: 31 March 2018

Job Family	Total	Parental occupation (numbers)			Parental occupation (%)		
		Higher managerial and professional occupations	Intermediate occupations	Routine and manual occupations	Higher managerial and professional occupations	Intermediate occupations	Routine and manual occupations
Commissioning	98	48	14	36	49.0	14.3	36.7
Programming	5,190	3,308	620	1,262	63.8	11.9	24.3
Technical/Engineering	2,964	1,713	372	879	57.7	12.6	29.7
Sales/Marketing	400	249	47	104	62.3	11.7	26.0
Support/Admin	2,237	1,256	311	670	56.1	13.9	30.0
Not Allocated	1,039	690	120	229	66.5	11.5	22.0
Grand Total	11,928	7,264	1,484	3,180	60.9	12.4	26.7

Senior leadership staff socio-economic background (parental occupation) distribution by job family: 31 March 2018

Job Family	Total	Parental occupation (numbers)			Parental occupation (%)		
		Higher managerial and professional occupations	Intermediate occupations	Routine and manual occupations	Higher managerial and professional occupations	Intermediate occupations	Routine and manual occupations
Commissioning	72	38	10	24	52.8	13.9	33.3
Programming	701	425	91	185	60.6	13.0	26.4
Technical/Engineering	288	177	39	72	61.5	13.5	25.0
Sales/Marketing	76	52	*	15	68.5	11.8	19.7
Support/Admin	631	400	81	150	63.4	12.8	23.8
Not Allocated	276	180	38	58	65.2	13.8	21.0
Grand Total	2,044	1,272	268	504	62.2	13.1	24.7

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Freelance (reporting is shown separately for our staff and freelancers)

All staff age distribution by division: Freelance 2017/18

Division	Total	Age band (numbers)						Age band (%)					
		<20	20-29	30-39	40-49	50-59	60+	<20	20-29	30-39	40-49	50-59	60+
Deputy Director-General Group	1,281	*	227	326	340	269	116	0.2	17.7	25.5	26.5	21.0	9.1
Content	627	*	178	183	146	93	23	0.6	28.4	29.2	23.3	14.8	3.7
Corporate, Policy and External Affairs	31	–	*	*	13	*	*	–	9.7	16.1	41.9	19.4	12.9
Nations and Regions	1,608	36	394	297	361	308	212	2.2	24.4	18.5	22.5	19.2	13.2
News and Current Affairs	3,012	26	846	694	669	474	303	0.9	28.1	23.0	22.2	15.7	10.1
Radio and Education	1,501	*	426	407	330	212	117	0.6	28.4	27.1	22.0	14.1	7.8
Sub Total	8,060	78	2,074	1,912	1,859	1,362	775	1.0	25.7	23.7	23.1	16.9	9.6
BBC Studios	6,910	52	1,679	1,855	1,776	1,076	472	0.8	24.3	26.8	25.7	15.6	6.8
BBC Total	14,970	130	3,753	3,767	3,635	2,438	1,247	0.9	25.0	25.2	24.3	16.3	8.3

All staff disability distribution by division: Freelance 2017/18

Division	Total	Disability (numbers)		Disability (%)	
		Disabled	Not disabled	Disabled	Not disabled
Deputy Director-General Group	777	49	728	6.3	93.7
Content	410	25	385	6.1	93.9
Corporate, Policy and External Affairs	20	*	17	15.0	85.0
Nations and Regions	929	44	885	4.7	95.3
News and Current Affairs	1,902	106	1,796	5.6	94.4
Radio and Education	831	56	775	6.7	93.3
Sub Total	4,869	283	4,586	5.8	94.2
BBC Studios	3,534	203	3,331	5.7	94.3
BBC Total	8,403	486	7,917	5.8	94.2

All staff ethnicity distribution by division: Freelance 2017/18

Division	Total	Ethnicity band (numbers)			Ethnicity band (%)		
		BAME	Other white background	White UK	BAME	Other white background	White UK
Deputy Director-General Group	1,168	117	85	966	10.0	7.3	82.7
Content	560	90	23	447	16.0	4.1	79.9
Corporate, Policy and External Affairs	27	*	*	22	14.8	3.7	81.5
Nations and Regions	1,460	59	158	1,243	4.1	10.8	85.1
News and Current Affairs	2,695	525	208	1,962	19.5	7.7	72.8
Radio and Education	1,387	116	77	1,194	8.3	5.6	86.1
Sub Total	7,297	911	552	5,834	12.5	7.5	80.0
BBC Studios	6,138	470	306	5,362	7.7	5.0	87.3
BBC Total	13,435	1,381	858	11,196	10.3	6.4	83.3

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Totals for each characteristic differ due to varying disclosure rates.

* Data has been replaced with an asterisk where figures are below sample size.

All staff gender distribution by division: Freelance 2017/18

Division	Total	Gender band (numbers)		Gender band (%)	
		Female	Male	Female	Male
Deputy Director-General Group	1,281	469	812	36.6	63.4
Content	627	236	391	37.6	62.4
Corporate, Policy and External Affairs	31	16	15	51.6	48.4
Nations and Regions	1,608	626	982	38.9	61.1
News and Current Affairs	3,012	1,360	1,652	45.2	54.8
Radio and Education	1,501	790	711	52.6	47.4
Sub Total	8,060	3,497	4,563	43.4	56.6
BBC Studios	6,910	3,011	3,899	43.6	56.4
BBC Total	14,970	6,508	8,462	43.5	56.5

All staff religion and belief distribution (numbers): Freelance 2017/18

Total	Total	Religion and belief (numbers)									Prefer not to say/excluded
		Atheist	Buddhist	Christian	Hindu	Jewish	Muslim	Sikh	Other	None	
BBC Total	14,970	2,582	110	3,838	64	143	215	54	653	4,124	3,187

All staff religion and belief distribution (percentages): Freelance 2017/18

Total	Total	Religion and belief (%)									Prefer not to say/excluded
		Atheist	Buddhist	Christian	Hindu	Jewish	Muslim	Sikh	Other	None	
BBC Total		17.3	0.7	25.6	0.4	1.0	1.4	0.4	4.4	27.5	21.3

All staff sexual orientation and gender identity distribution by division (numbers): Freelance 2017/18

Division	Total	Sexual orientation (numbers)						Prefer not to say/excluded	LGB
		Bisexual	Gay man	Gay woman/lesbian	Heterosexual/straight	Other			
Deputy Director-General Group	1,281	12	42	16	942	*	261	78	
Content	627	12	13	7	466	*	125	36	
Corporate, Policy and External Affairs	31	*	*	–	21	–	*	*	
Nations and Regions	1,608	14	31	12	1,255	*	289	64	
News and Current Affairs	3,012	52	86	26	2,260	18	570	182	
Radio and Education	1,501	23	45	22	1,118	14	279	104	
Sub Total	8,060	114	220	83	6,062	51	1,530	468	
BBC Studios	6,910	87	190	60	4,929	51	1,593	388	
BBC Total	14,970	201	410	143	10,991	102	3,123	856	

All staff sexual orientation and gender identity distribution by division (percentages): Freelance 2017-18

Division	Total	Sexual orientation (%)						Prefer not to say/excluded	LGB
		Bisexual	Gay man	Gay woman/lesbian	Heterosexual/straight	Other			
Deputy Director-General Group	1,281	0.9	3.3	1.3	73.5	0.6	20.4	7.6	
Content	627	1.9	2.1	1.1	74.3	0.6	20.0	7.2	
Corporate, Policy and External Affairs	31	3.2	9.7	–	67.7	–	19.4	16.0	
Nations and Regions	1,608	0.9	1.9	0.7	78.0	0.5	18.0	4.9	
News and Current Affairs	3,012	1.7	2.8	0.9	75.0	0.6	19.0	7.5	
Radio and Education	1,501	1.5	3.0	1.5	74.5	0.9	18.6	8.5	
Sub Total		1.4	2.7	1.1	75.2	0.6	19.0	7.2	
BBC Studios	6,910	1.3	2.7	0.9	71.3	0.7	23.1	7.3	
BBC Total		1.3	2.7	1.0	73.4	0.7	20.9	7.2	

All staff data reflects UK based employee contracts only.
 Totals for each characteristic differ due to varying disclosure rates.
 * Data has been replaced with an asterisk where figures are below sample size.

Volume of internal complaints

The following table summarises the volume of internal complaints received in relation to allegations of bullying, harassment and sexual harassment.

Data of this sort is not published by other, similar organisations, so we are unable to compare our performance.

Complaints made and investigated

	2017/18	2016/17	2015/16	2014/15
Bullying and Harassment	51 formal cases^{1,2}	41 formal cases	41 formal cases	47 cases
Grievance complaints notified either direct to HR, via a grievance being raised, or via the confidential B&H helpline.	<ul style="list-style-type: none"> — 5 sexual harassment — 46 bullying and harassment — 37 closed — 13 ongoing — 1 withdrawn Average time to close case: 78 days	<ul style="list-style-type: none"> — 3 sexual harassment — 38 bullying and harassment — 26 closed — 8 ongoing — 7 withdrawn Average time to close case: 62 days	<ul style="list-style-type: none"> — 1 sexual harassment — 40 bullying and harassment — 28 closed — 8 ongoing — 5 withdrawn Average time to close case: 58 days	<ul style="list-style-type: none"> — 1 sexual harassment — 46 bullying and harassment — 13 upheld partially or fully — 31 not upheld — 2 withdrawn Average time to close case: 83 days
Whistleblowing cases	15 cases in total (covering a range of issues covering safety, theft, fraud):	26 cases in total (covering a range of issues covering safety, theft, fraud):	31 cases in total	20 cases in total
Whistleblowing allegations are received either via Expolink, who manage an independent whistleblowing hotline on our behalf, via senior management including the Senior Independent Director, or directly to the Business Assurance and Investigations teams.	<ul style="list-style-type: none"> — 2 upheld — 8 unsupported — 5 on-going 	<ul style="list-style-type: none"> — 5 upheld — 19 unsupported — 2 on-going 		

1 In addition, in 2017/18, Eight cases were heard as disciplinaries, relating to complaints of misconduct made outside the grievance process.

2 In October 2017, the Me Too movement emerged, highlighting international sexual harassment and assault. The movement became known by its hashtag #metoo. The BBC has continued to raise awareness of how staff can raise concerns. In total the BBC had 48 #metoo cases in 2017/18, nine are included in the statistics above (four of the 'Formal Cases' above and five of the 'disciplinaries' under footnote 1). The remaining 39 did not become formal cases or disciplinaries for a variety of reasons: e.g. the complaint was withdrawn, the individual who was complained about was no longer working at the BBC or the complainant wasn't able to identify the person concerned (or the person concerned was deceased). In all #metoo cases, where appropriate, the BBC has advised the individuals how to refer their concerns to the relevant authorities e.g. the police and/or the BBC has offered support.

Index

Subject index	Page number
Awards	04-05
BBC Studios	71, 72
BBC Studioworks	71, 73
BBC World Service	52-58, 73
BBC Worldwide	71, 72
Charities	84-85
Commercial trading	71-73
Committee reports	93, 108, 109, 118, 119, 121
Content spend by service – by nation	45, 47, 49, 51, 150-166
Content spend by service – network	63-65
Developing our people	78
Diversity and inclusion	40, 79-83, 93, 101, 240-263
Efficiency savings	67-68, 70-71
Environmental sustainability	86-87
Equality Information Report	240-263
Financial statements	168-239
Governance	88-124
Human rights	77
Licence fee income and expenditure	69-73
Market context	61-62
Nations and regions	42-51, 151-167
Pay disclosures	101-107
Performance against public commitments	125-149
Public purposes	18-58
Reach by service	45, 47, 49, 51, 56-58, 63-65, 153, 154, 157, 158, 161, 162, 165, 166
Remuneration – BBC Board	97
Remuneration – BBC senior managers	75, 76
Risks and opportunities	113-116
Service performance	45, 47, 49, 51, 63-65
Severance pay	77
Spend by service	45, 47, 49, 51, 63-65
Staff – headcount and location	75
Talent costs	75, 76
Time spent with each service	45, 47, 49, 51, 63-65, 153, 154, 157, 158, 161, 162, 165, 166
Trading fairly	121-122
Viability statement	117

Copyright and photographer credits

Front cover

Blue Planet II – BBC/Lisa Labinjoh/Joe Platko

Contents page

Recording Radio 4's *The Hitchhiker's Guide to the Galaxy* – BBC/Richard Ansett
Doctor Who – BBC
 BBC Newsroom – BBC/Jeff Overs
Little Women – Playground Television UK/
 Patrick Redmond

Pages 02-03

Blue Planet II – BBC/Tony Wu
 BBC Local Radio at 50 logo – BBC
 Children's: *Blue Peter* – BBC
 General Election – BBC
 BBC Studios: *Strictly Come Dancing* – BBC/Guy Levy
 BBC iPlayer – BBC
 BBC Sport – BBC
Three Girls – BBC/Sophie Mutevelian

Pages 04-05

BAFTAs: *Murdered for Being Different* – BBC/
 Des Willie
 RTS Programme Awards: *This Country* – BBC/
 Sophie Mutevelian
 British Academy Children's Awards: *Hey Duggee* –
 StudioAKA
 ARIAs: *Flintoff, Savage and the Ping Pong Guy* – BBC
 RTS Television Journalism Awards: *Victoria
 Derbyshire* – BBC/Jeff Overs
 Broadcast Awards: *Rio Ferdinand: Being Mum and
 Dad* – BBC
 Writers' Guild Awards: *Holby City* – BBC

Pages 06-07

Peaky Blinders – Caryn Mandabach Productions Ltd
 2017/ Robert Viglasky

Page 08

BBC Chairman – BBC/Liam Bailey Ltd

Page 10

BBC Director-General – BBC/Liam Bailey Ltd

Page 11

This Country – BBC/Ollie Upton

Page 12

BBC iPlayer – BBC
Three Girls – BBC/Ewan Spencer

Page 13

Hull, UK City of Culture – Danny Lawson/PA Wire/
 PA Images

Pages 16-17

New Broadcasting House – BBC/Victoria Roberts

Pages 18-19

Strictly Come Dancing – BBC/Guy Levy

Pages 20-21

Newsnight – BBC/Jeff Overs

Page 22

BBC Election Debate – BBC/Jeff Overs

Page 23

This World, Nikki Fox – BBC
 BBC News, Clive Myrie – BBC
 BBC News on devices – BBC
 Radio 5 live, Emma Barnett – BBC/Roscoe & Rutter

Pages 24-25

Apple Tree House – BBC/Cool Riddims/Guy Levy

Page 27

BBC Bitesize – BBC
The Tempest – BBC/Guy Levy

Pages 28-29

My Family, Partition and Me: India 1947 – BBC/
 Wall to Wall Media/Lorian Reed-Drake

Page 30

Blue Planet II – BBC/Gavin Thurston
Hospital – Label1 Television/BBC Ryan McNamara

Page 31

Civilisations – BBC/Nutopia
High Street Hijabis – BBC

Page 32

McMafia – BBC Worldwide

Page 33

Tomorrow's World – BBC
 BBC Proms – BBC/Mark Allan

Page 34

Culture UK, Boy Blue Entertainment's *Emancipation
 of Expressionism* – BBC/Nicole Guarino
The Hitchhiker's Guide to the Galaxy – BBC/
 Richard Ansett
Man Like Mobeen – BBC/Cave Bear and Tiger Aspect
 Productions

Page 35

BBC Sport – BBC

Page 36

Asian Network Live – BBC

Page 37

Gay Britannia – Radio 2's *I Feel Love concert* –
 BBC/James Stack
 Podcasts – BBC

Pages 38-39

The Boy With The Topknot – BBC/Kudos/
 Parti Productions

Page 40

Without Limits: Vietnam – BBC/John Livesay

Pages 42-43

Six Nations, Scotland v England – Getty Images/AFP

Page 44

Keeping Faith – Vox Pictures/BBC Wales

Page 46

Two Doors Down – BBC Studios/Alan Peebles

Page 48

Soft Border Patrol – BBC NI

Page 50

BBC Radio Manchester – BBC

Pages 52-53

BBC Arabic – BBC

Pages 54-55

BBC Minute; BBC News Pidgin; Nawal Al-Maghafi
 – all BBC

Page 59

Motherland – BBC/Delightful Industries/Merman/
 Colin Hutton

Page 61

6 Music – BBC/Andrew Hayes-Watkins

Page 62

Radio 1Xtra – BBC/Ray Burmiston
Detectorists – BBC/Channel X/Chris Harris

Page 66

Little Women – Playground Television UK/
 Patrick Redmond

Page 67

BBC Deputy Director-General, Anne Bulford – BBC/
 Liam Bailey Ltd

Page 72

Blue Planet II – BBC NHU 2016/Steve Benjamin

Page 73

Strictly Come Dancing – BBC/Guy Levy

Page 74

BBC staff event – BBC

Page 79

Creative Access – BBC

Pages 80-81

Mind Over Marathon – BBC/Paul Ploman
Man In An Orange Shirt – BBC/Kudos/Nick Briggs

Page 82

The MAMA Youth trainees – BBC

Page 84

Children in Need – BBC Children in Need/Guy Levy

Page 86

EastEnders – BBC/Jack Barnes

Page 87

BBC Media City – BBC/Emma Gibbs

Pages 88-89

BBC Newsroom – BBC/Jeff Overs

Page 91

BBC Board – BBC/Liam Bailey Ltd

Page 125

Amol Rajan – BBC/Elizabeth Needham-Bennett

Page 150

Shetland – BBC/ITV Studios/Mark Mainz

Page 168

Howards End – Playground Television UK/
 Laurie Sparham

Page 240

Doctor Who – BBC

Inside back cover

Inform: *Blue Planet II* – BBC/Gavin Thurston
 Educate: *Pablo* – BBC/Paper Owl Films
 Entertain: *Strictly Come Dancing* – BBC/Guy Levy

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