
THE BBC EXECUTIVE'S REVIEW AND ASSESSMENT

In addition to the information given in the following pages, you can find out how we performed last year against a whole range of other commitments – including our Statements of Programme Policy, the WOCC, Ofcom quotas and access services targets – in the Performance Against Public Commitments pdf available in the download section at www.bbc.co.uk/annualreport.

Executive cover image: Photo shows *Doctor Who's* TARDIS: let the BBC take you on a journey to where you want to go – sharing new places and new possibilities.

PART 2 BBC EXECUTIVE

OVERVIEW

- 2-2 UNDERSTANDING
THE BBC'S FINANCES
- 2-4 DIRECTOR-GENERAL'S
FOREWORD
- 2-10 PUTTING QUALITY FIRST

PERFORMANCE

- 2-14 THE BBC'S PURPOSES
- 2-16 RADIO
- 2-24 JOURNALISM
- 2-32 TELEVISION
- 2-40 FUTURE MEDIA & TECHNOLOGY
- 2-46 ENSURING FUTURE QUALITY

MANAGING THE BUSINESS

- 2-60 OPERATIONS
- 2-66 BBC'S ROLE IN A WIDER
MEDIA LANDSCAPE
- 2-72 RISKS AND OPPORTUNITIES

GOVERNANCE

- 2-76 EXECUTIVE BOARD
- 2-78 SUMMARY GOVERNANCE
REPORT

FINANCIAL STATEMENTS

- 2-86 FINANCIAL OVERVIEW
- 2-94 BEYOND BROADCASTING
- 2-95 SUMMARY FINANCIAL
STATEMENT
- 2-95 INDEPENDENT AUDITOR'S
STATEMENT
- 2-96 SUMMARY CONSOLIDATED
INCOME STATEMENT
- 2-97 SUMMARY CONSOLIDATED
BALANCE SHEET
- 2-97 SUMMARY CONSOLIDATED
CASH FLOW STATEMENT
- 2-98 NOTES TO THE SUMMARY
FINANCIAL STATEMENTS
- 2-104 GLOSSARY
- CONTACT US
- CREDITS



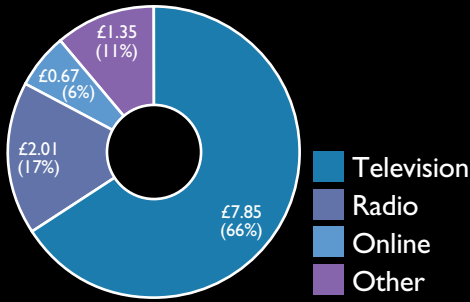
POLICE PUBLIC CALL BOX

PLEASE OBSERVE
FREE
FOR THE USE OF
PUBLIC -
AND A SERVICE
WHICH IS AVAILABLE
TO ALL -
PLEASE DO NOT OPEN

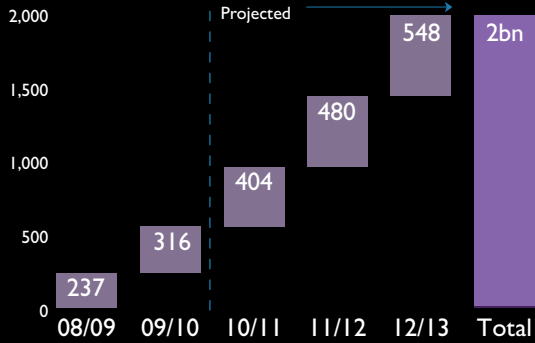
POLICE PUBLIC CALL BOX

2

This year the individual licence fee was £142.50.
The monthly charge per licence fee was:



Gross efficiency savings £m



Through the efficient and effective collection of the licence fee, by reducing the cost of running how we manage our business year-on-year, and by selling and licensing programmes and content assets to companies in the UK and abroad, we strive to increase the amount of money available to invest in delivering the right portfolio of programmes and services for UK audiences.

| | Reach % UK population who use service each week | Costs per user hour p How much to deliver service to users | Spend by service £m Total content spend |
|-------------------------------|--|---|--|
| BBC ONE | 77.3 (77.6) | 6.7 (6.8) | 1,113 (1,142) |
| BBC TWO | 55.7 (57.4) | 7.7 (7.5) | 450 (451) |
| BBC THREE | 20.7 (18.7) | 8.6 (10.6) | 88 (87) |
| BBC FOUR | 8.9 (7.8) | 14.0 (16.8) | 55 (55) |
| CBBC | 5.6 (5.2) | 8.8 (9.5) | 40 (36) |
| CBEEBIES | 8.3 (8.0) | 1.8 (1.8) | 18 (16) |
| BBC HD | 1.6 (0.6) | 1.6 (7.0) | 2 (2) |
| BBC ALBA* | 4.3 (n/a) | 20.6 (29.4) | 4 (3) |
| <hr/> | | | |
| BBC RADIO 1 | 21.9 (21.3) | 0.6 (0.6) | 32 (33) |
| BBC RADIO 2 | 26.9 (26.1) | 0.5 (0.5) | 40 (40) |
| BBC RADIO 3 | 3.9 (3.9) | 6.3 (6.3) | 41 (40) |
| BBC RADIO 4 | 19.5 (19.1) | 1.3 (1.3) | 87 (86) |
| BBC RADIO 5 LIVE | 12.3 (11.9) | 2.3 (2.3) | 55 (57) |
| BBC RADIO 5 LIVE SPORTS EXTRA | 1.4 (1.4) | 2.2 (2.6) | 3 (3) |
| BBC I XTRA | 1.2 (1.1) | 3.6 (4.5) | 7 (7) |
| BBC 6 MUSIC | 1.4 (1.2) | 2.7 (3.4) | 7 (7) |
| BBC 7 | 1.8 (1.7) | 1.7 (2.0) | 5 (5) |
| BBC ASIAN NETWORK | 0.7 (0.8) | 8.5 (6.9) | 9 (9) |
| <hr/> | | | |
| BBC ONLINE** | 37 (-) | (COST PER USER REACHED) 8.9 (9.7) | 127 (112) |
| BBC RED BUTTON | 29 (27) | 2.2 (2.7) | 14 (14) |
| <hr/> | | | |
| BBC NEWS† | 8.7 (8.4) | 7.6 (8.1) | 48 (48) |
| BBC PARLIAMENT† | 10.3 (0.3) | 14.1 (18.5) | 2 (3) |
| BBC ENGLISH LOCAL RADIO | 16.9 (17.1) | 3.2 (2.9) | 110 (109) |
| BBC RADIO SCOTLAND | 21.2 (21.6 includes RnG) | 7.8 (7.1) | 25 (25) |
| BBC RADIO NAN GAIDHEAL | | 16.7 (18.2) | 4 (4) |
| BBC RADIO WALES | 16.7 (17.8) | 5.9 (5.0) | 13 (13) |
| BBC RADIO CYMRU | 5.8 (6.4) | 13.7 (11.5) | 12 (12) |
| BBC RADIO ULSTERFOYLE | 35.4 (35.6) | 4.3 (4.4) | 14 (15) |

* BBC ALBA available on satellite only.

** BBC Online: CMI is a new measure. No comparable figure is available for 2008/09.

† Reach based on 15 minutes for all channels and services except BBC Online (3+ minutes). Three minute reach for BBC News channel and BBC Parliament – in line with industry standard for news services – would be 13.9% and 0.9% respectively, both up again year-on-year.

() Figures in brackets from 2008/09.

2009/10 AT A GLANCE

WE DELIVERED THE FOLLOWING SERVICES TO OUR AUDIENCES LAST YEAR. YOU CAN FIND LINKS TO THE SERVICE LICENCES FOR EACH BBC SERVICE – AS WELL AS ANY SERVICE REVIEWS CARRIED OUT BY THE BBC TRUST – AT WWW.BBC.CO.UK/BBCTRUST.

SERVICES

NETWORK TELEVISION



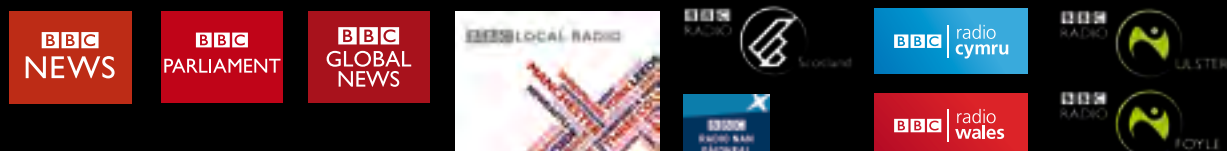
NETWORK RADIO



FUTURE MEDIA AND TECHNOLOGY



JOURNALISM



UNDERSTANDING THE BBC'S FINANCES

THE BBC CREATES, COMMISSIONS AND BROADCASTS MORE HOURS OF ORIGINAL TELEVISION AND RADIO PROGRAMMING THAN ANY OTHER BROADCASTING ORGANISATION IN THE WORLD – THE VAST MAJORITY OF IT PRODUCED IN THE UK.

2-2
OVERVIEW

BBC GROUP Across all its activities, the BBC's single vision is to be the most creative organisation in the world and enrich people's lives with programmes that inform, educate and entertain.

BBC WORLD SERVICE

£293M

GRANT-IN-AID

BBC World Service first broadcast news and information to the world via radio in 1932. Today, the original radio service has been enhanced with TV and online.

Last year over 240 million people across the world turned to the BBC for impartial and independent news, analysis and information.

BBC World Service publishes its own Annual Report, which can be found at www.bbc.co.uk/worldservice/specialreports/annual_review2009.shtml.

COMMERCIAL OPERATIONS

£119M

PROFIT BEFORE INTEREST AND TAX

BBC Worldwide is the BBC's main wholly-owned commercial subsidiary, which works to maximise income from BBC programme rights and properties, to offset the licence fee.

BBC Studios and Post Production works with the BBC, other broadcasters – ITV, Channel 4, five, and Sky – as well as other media and independent production companies to create great content.

BBC World News offers 24-hour news, information and analysis in English to more than 200 countries and territories across the globe. It is funded by subscription and advertising revenues.

The BBC is required to ensure that its commercial activities meet four conditions:

1. fit with the BBC's public purpose activities
2. show commercial efficiency
3. do not jeopardise the BBC's good reputation, nor the value of the BBC brand
4. comply with its own Fair Trading Guidelines

All commercial services met the above criteria for the period 1 April 2009 to 31 March 2010.

For more information see www.bbc.co.uk/info/policies/fairtrading.

For more information on these services, visit:

www.bbcworldwide.com.

www.bbcstudiosandpostproduction.com.

www.bbcworldnews.com.

LICENCE FEE FUNDED SERVICES

£3,447M

LICENCE FEE INCOME

The BBC is established by Royal Charter and our UK public service broadcasting activities are funded by a licence fee paid by UK households. Last year, we provided the following to home audiences:

- 10 UK-wide TV services
- Nations and regions TV services across England, Scotland, Wales and Northern Ireland
- 10 UK-wide radio networks
- Two national radio services each in Scotland, Wales and Northern Ireland
- 40 local radio stations in England
- plus online

This Annual Report and Accounts is primarily concerned with this aspect of our business. For more information about the BBC, or to catch up on programmes you have missed, visit our website www.bbc.co.uk and follow the links.

An independent Deloitte report, *The Economic Impact of the BBC: 2008/09*, published in March, demonstrated that the licence fee – and how the BBC actively chooses to invest it – is a cornerstone of the UK’s creative economy.

This is particularly so at a time when commercial considerations are squeezing programme budgets elsewhere. Deloitte concluded that overall, the BBC makes an economic contribution of at least £7.6billion to the UK economy – meaning over £2 of economic value is generated by every £1 of the licence fee.

In addition, their assessment of our spend in the creative economy in 2008/09 concluded that our investment of licence fee money in the independent production sector, one of the crown jewels of the UK creative economy, directly generated £867million of economic value that year, double the spend figure of £435million. Including wider benefits this value could be up to £1.4billion, with smaller companies receiving increasingly more investment.

An assessment of the 2009/10 figures will be published later in the year.

THIS YEAR THE LICENCE FEE WAS £142.50, A MONTHLY INCREASE OF 25P ON LAST YEAR. THIS IS HOW IT WAS SPENT:

Table 2-1
Monthly charge per licence fee

| | £ | % | £ | % |
|--------------|--------------|------------|--------------|------------|
| | 09/10 | 09/10 | 08/09 | 08/09 |
| Television | 7.85 | 66 | 7.91 | 68 |
| Radio | 2.01 | 17 | 1.99 | 17 |
| Online | 0.67 | 6 | 0.60 | 5 |
| Other | 1.35 | 11 | 1.13 | 10 |
| Total | 11.88 | 100 | 11.63 | 100 |

LESS THAN

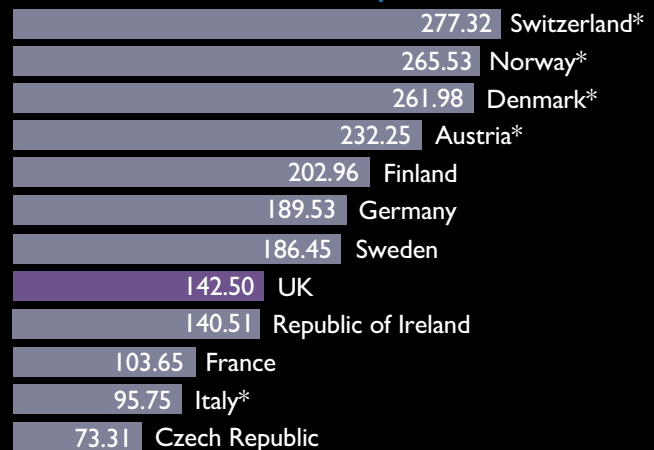
40p

EACH LICENSED UK HOUSEHOLD PAYS LESS THAN 40 PENCE PER DAY FOR ALL BBC SERVICES

Table 2-2
Breakdown of BBC spend

| | £m | % | £m | % |
|--------------|--------------|------------|--------------|------------|
| | 09/10 | 09/10 | 08/09 | 08/09 |
| Television | 2,351 | 66 | 2,346 | 68 |
| Radio | 604 | 17 | 590 | 17 |
| Online | 199 | 6 | 178 | 5 |
| Other | 406 | 11 | 335 | 10 |
| Total | 3,560 | 100 | 3,449 | 100 |

Chart 2-1
Licence fee rates across Europe £



Source: Broadcasting Fee Association. All licences run for a calendar year except the UK which runs from 1 April to 31 March. Euro exchange rate used as of 1 January 2010 (£1=€1.14). Cost is total per licence to domestic customer for TV and radio. Marked * includes VAT.

Chart 2-2
Spend in creative economy £m

| | Independent programmes transmitted | External programme facilities and resources | Acquired programmes transmitted | Artists and contributors (includes copyright – excluded from Table 2-10) | BBC performing groups | Total |
|-------|------------------------------------|---|---------------------------------|--|-----------------------|-------|
| 07/08 | 479 | 248 | 90 | 299 | 22 | 1,138 |
| 08/09 | 435 | 265 | 101 | 305 | 23 | 1,129 |
| 09/10 | 460 | 267 | 93 | 299 | 24 | 1,143 |

PUTTING QUALITY FIRST

THE 2010 GENERAL ELECTION MARKED A TURNING POINT NOT JUST FOR BRITISH POLITICS BUT FOR BRITISH BROADCASTING. THERE WERE THE OBVIOUS FIRSTS – LIKE THE PRIME MINISTERIAL DEBATES ACHIEVED THROUGH AN UNPRECEDENTED AGREEMENT BETWEEN THE THREE MAIN UK PARTIES AND THE BBC, ITV AND SKY NEWS. NEW RECORDS TOO – THE BBC NEWS WEBSITE, FOR INSTANCE, WELCOMED NEARLY 12 MILLION UNIQUE USERS ON THE FRIDAY AFTER POLLING DAY, THE HIGHEST FOR A SINGLE DAY IN THE HISTORY OF BBC ONLINE.

But something more significant was happening. Both newspapers and social media phenomena like Twitter played their part, but more than ever before from those historic debates to Mrs Duffy to the results programme, this was an election that happened on television and radio. The BBC's website performed so well at least in part because in content, look and feel it was integrated so closely with our TV and radio offering.

Yet the election also confirmed how much public service broadcasting in this country has changed. Only the BBC commissioned a significant amount of special programming for the campaign and, on the night five days after the election when the Queen asked David Cameron to form a new Government, only the BBC opened up the schedule of its main channel to cover the unfolding events. We did it because we believe that striving to produce the best journalism in the world and making that journalism freely available to all audiences is the single most important mission the BBC has. It is also what the public expect and want – ten million people turned to the BBC to watch the climax of that political drama on BBC One.

Ambitious, properly-funded, universally accessible journalism is one of the centrepieces of the BBC's new strategy, *Putting Quality First*. We delivered the strategy to the BBC Trust at the end of the year. At the time of writing, they are considering the proposals and asking the public for their reactions before reaching conclusions in the autumn.

But there is common ground between the Trust and myself on the five main themes of the strategy. The good news is that, even before the strategy is finally signed off, there was plenty of evidence in 2009/10 that the BBC was already taking these themes to heart.

DOING FEWER THINGS BETTER

The BBC exists to inform, educate and entertain its audiences with programmes and content of excellence and originality. That is why the first theme is simply that the BBC should always put quality first. The second is we should do fewer things better – in other words that, after a period in which we used digital technologies to expand the BBC's services and offer licence payers wider choice, we should now focus investment and creative energy on the programmes and projects which make the biggest difference.

Projects like *A History of the World*, a unique partnership with the British Museum. The core is a magnificent series of BBC Radio 4 programmes *A History of the World in 100 Objects* presented by the museum's Director Neil MacGregor. But it extends far beyond that – to a children's TV series; a permanent, rich website; the involvement of the BBC's local services and many hundreds of other museums up and down the country; and re-broadcast to global audiences via the BBC World Service.

The BBC has always been one of the UK's most important cultural institutions – now we are learning how much more we can do to bring knowledge, music and the arts into the lives of millions when we partner with others. Whether that means other big institutions like the Royal Society or the Royal Opera at Covent Garden, or just with individuals of talent, passion and conviction, much more is possible. A great example was the *Poetry Season* which lit up our services for a few weeks last spring. Expect to see many more major cultural and scientific projects in the years to come.

The same themes – scale, ambition, confidence – made it an outstanding year for drama, from BBC Radio 4's *The Complete Smiley* to *Occupation* on BBC One. The public want brave, serious, unexpected drama not just on BBC Two or BBC Four, but on our main channel. When we offer it – think of *Criminal Justice* or the recent *Five Days* – the sense of appreciation is palpable.



“THE BBC EXISTS TO INFORM,
EDUCATE AND ENTERTAIN ITS
AUDIENCES WITH PROGRAMMES
AND CONTENT OF EXCELLENCE
AND ORIGINALITY.”
MARK THOMPSON
BBC DIRECTOR-GENERAL

“WE WILL ONLY ACHIEVE THE FULL CREATIVE POTENTIAL OF THE BBC IF WE SQUEEZE THE BEST POSSIBLE VALUE OUT OF EVERY PENNY THAT THE PUBLIC GIVES US TO RUN THE ORGANISATION.”

2009/10 was the year when BBC Three came of age. With defining dramas like *Being Human* and hard-hitting current affairs programmes like *Blood, Sweat and Takeaways*, it has seen not just its audiences but its reputation steadily grow. Indeed it was an unusually strong year across our services. BBC Two was compelling both in serious mood – its season marking the first anniversary of the fall of Lehman Brothers – and in comedy with *Miranda* arriving on the scene. From Glastonbury to the Leeds Piano Competition, music was strong across our radio networks and more visible and consistent on television. Mark Damazer, who is stepping down as Controller of BBC Radio 4, leaves the Home Service of the BBC in fine form – in his hands, it has stood for whatever the opposite of dumbing down is: intellectually stretching, memorable, topical and relevant without ever feeling opportunistic.

Network production from Scotland, Wales and Northern Ireland increased both in quantity and quality – *Five Minutes of Heaven* and *Wallander* were in their different ways formidable creative achievements, while the remarkable *Doctor Who* story continued with a deft handing of the baton from one great doctor to another. For journalism, sport and the BBC's international services, it was a busy but successful year. BBC Worldwide achieved record profits despite tough trading conditions in many markets.



Can we do better? Of course we can. *Putting Quality First* identifies a wide set of new priorities. BBC Two and BBC Radio 2 are both great services under outstanding creative leadership, but we want to see both of them become more distinctive and challenging. We want to put more original British content on our children's services and to invest in more stand-out content for daytime television. While comedy is showing real signs of renewal on many BBC services, we want to see more confidence and creativity in entertainment. At its best, our website stands comparison with any in the world, but it needs greater clarity and focus – yes, to ensure that it does not damage the chances of others to establish a viable presence on the web, but also to improve the value it offers to its users.

GUARANTEEING ACCESS TO ALL

Behind the scenes, the BBC was hard at work on the third theme of *Putting Quality First*, which is to guarantee access to all. Freeview remained the UK's favourite way of accessing digital television during the year; and, by December, ten million homes were using Freeview on their main television set.

Groundbreaking BBC technology also enabled us to launch our HD service on Freeview to bring the quality and impact of high definition to the public via an ordinary aerial. The millionth Freesat box was sold, while 'Canvas' – the project to bring internet services like BBC iPlayer to main television sets in households across the country – came significantly closer to fruition.

Freeview, Freesat and 'Canvas' are all examples of the BBC working in partnership with others – another key theme of the year. The BBC has always had a role in devising and helping to set standards in the industry: today we stand clearly on the side of universal access and, wherever possible, an open source, open standards approach to media distribution and usage. We believe that the BBC's scale and its strength on research and development should be put to the benefit, not just of the BBC's own services, but of the industry as a whole. Eighteen months ago, when we first highlighted partnership as a theme, there was some scepticism about whether we would or could actually deliver. Today, as this part of the Annual Report makes clear, there is a growing list of successful partnerships to report.

THIS YEAR 82% OF ADULTS SAY THAT THEY WOULD MISS THE BBC IF WE NO LONGER EXISTED (SOURCE: BMRB).

The BBC has a leading role in ensuring a smooth transition from analogue to digital television across the UK. In 2009/10, the process of switchover got under way in earnest, with greater smoothness and fewer hiccups than many had predicted. We look forward to talking to the new Government about two more major digital goals: full transition from analogue to digital radio and universal high-speed broadband provision.

MAKING THE LICENCE FEE WORK HARDER

We will only achieve the full creative potential of the BBC if we squeeze the best possible value out of every penny that the public gives us to run the organisation. That's why the fourth theme of *Putting Quality First* is to make the licence fee work harder – and why it commits the BBC within a few years to ensure that 90p in every licence pound goes into the task of making outstanding content and getting it to the public.

The infrastructure and overhead costs of the BBC at just under 12% of our budget are half of what they were in the 1990s. Once our digital transformation is completed we want to reduce them by a further quarter to less than 9% and use that money to make more great programmes instead.



We strive to bring audiences the widest range of informative, educational and entertaining programmes across all our services.

1 QJ.

2 BBC Sport available via BBC Mobile.

3 *My Life in Verse* – Sheila Hancock, part of our pan-BBC Poetry season.

4 *Wounded*.

“AFTER A PERIOD IN WHICH WE USED DIGITAL TECHNOLOGIES TO EXPAND THE BBC'S SERVICES AND OFFER LICENCE PAYERS WIDER CHOICE, WE SHOULD NOW FOCUS INVESTMENT AND CREATIVE ENERGY ON THE PROGRAMMES AND PROJECTS WHICH MAKE THE BIGGEST DIFFERENCE.”

We recognise, given the tough economic realities they face themselves, that it is quite reasonable for the public to raise questions about how much the BBC pays its top on-air talent and its senior managers. We – and the public – want the best people both in front of the camera and microphone and behind it; if we fail to attract and retain the best talent in the world, the quality and originality of the services we offer the public will fall. But the reality of the market for media talent has to be tempered by a clear understanding that the BBC is different and that working for the BBC is a privilege. If you work here, whether as an on-air star or as a senior leader, you should expect to earn far less than if you were doing a similar job for a commercial broadcaster.

That is why the BBC Trust has approved a new approach to senior management pay at the BBC. The total bill will come down by at least a quarter; bonuses have been suspended indefinitely and for the most senior directors there is a four year pay freeze. Already directors of the BBC are taking home 5% less in real terms than they did two years ago. Top talent pay has also begun to come down. It will fall further in the years to come – for the first time, you can track that fall in the Managing the Business section of this Annual Report.



1 *Simon King's Shetland Diaries.*

2 *Mrs Mandela.*

3 *Fearne Cotton.*

4 *Podcasting takes content out of the home to allow the user to listen any time, anywhere.*

5 *The Thick of It via BBC iPlayer.*

During the year we have continued to increase transparency around pay and expenses of those who run the organisation, putting the BBC at the forefront of disclosure within the public sector. We followed the BBC Trust's practice of routinely publishing the expenses of senior managers. We also decided regularly to publish detailed information on the remuneration of more than 100 senior managers.

SETTING NEW BOUNDARIES FOR THE BBC

The fifth theme in *Putting Quality First* is that of setting new boundaries. It is quite clear that the British public want a BBC of scale and scope able to provide a wide range of content to suit their diverse needs – the idea of curtailing even relatively little used services provokes real and understandable disquiet among their fans. But the BBC also has a clear responsibility to ensure that its size does not crowd out other media players. The drive to distinctiveness which is at the heart of *Putting Quality First* is itself part of the solution.

In addition, we plan to set out clear boundaries so that competitors know what the BBC will and will not do in the future. We will demonstrate that our public service mission and our purposes are what determine where our boundaries are set. This clarity underpins our decision to cut our spend on acquired programmes and limit it to no more than 2.5% of the licence fee. We will cap our spending on sports rights. We will focus what we provide on BBC Online on those kinds of content which most clearly further the public purposes of the BBC. We have proposed to the BBC Trust that, while we undertake this task of concentrating our efforts on the web – doing fewer things better – we should reduce our spend against the service licence content budget by 25%. We plan to publish a set of undertakings about the limits of our editorial ambitions for our website.

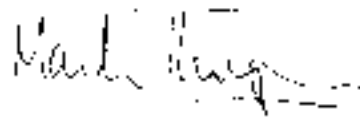
77% OF ADULTS SAY THE BBC IS AN INSTITUTION TO BE PROUD OF (SOURCE: ICM).

THE BBC AND THE PUBLIC

Setting appropriate limits for the BBC does not mean that our services should ossify. The public strongly support the BBC's confident move into the digital era – both for the convenience and quality of the BBC's own digital services and also because in many cases it was the BBC who encouraged them to sample digital devices in the first place.

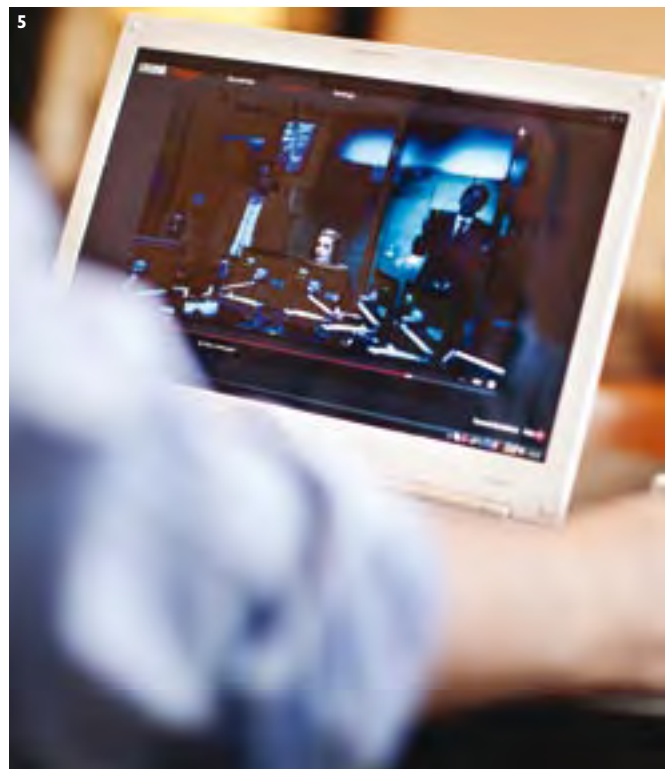
It's been a year of much debate about the future both of broadcasting as a whole and of the BBC in particular. Reading some of the UK press, one could be forgiven for assuming that public support for the BBC was on the wane. In fact the objective evidence, in independent surveys as well as those carried out for the BBC itself, is that public pride and trust in the BBC has actually grown over recent years.

Putting Quality First is evidence, I believe, that we do not take that trust and pride for granted. We know that we have to go on earning it – by openness and honesty about ourselves as an organisation, by listening carefully to what audiences have to say about our services, by addressing mistakes and problems promptly and effectively. But above all by ensuring that we really do put quality first.



Mark Thompson

Director-General
16 June 2010



PUTTING QUALITY FIRST: BUILDING ON A RICH HERITAGE



1920s

1922 The British Broadcasting Company is created. First regular News bulletin includes speech by Conservative leader Andrew Bonar Law, and the latest billiards scores.

1923 First outside broadcast – *The Magic Flute* from Covent Garden. Live sport commentaries follow in 1927. Newspapers view radio as competition and refuse to print programme schedules, so the Radio Times launches.

1926 General Strike forces the BBC into confrontation with government over editorial independence.

1927 British Broadcasting Corporation established by Royal Charter, guaranteeing editorial autonomy.



1940s

1940 Churchill's rousing speeches to the nation.

1942 First broadcast of *Desert Island Discs*.

1945 Richard Dimbleby's revelatory reports from Belsen concentration camp.

1946 Alistair Cooke's *Letter from America* – ending after 2,869 episodes in February 2004.

1946 First television for children.

1949 *Book at Bedtime* first broadcast: 'The Three Hostages' by John Buchan.



1930s

1930 First broadcast by BBC Symphony Orchestra.

1936 TV service launches from Alexandra Palace.

Mass market radio still home of key public service content such as Edward VIII's abdication speech.

1937 BBC's radio coverage of the coronation of George VI united people across the land in celebration.

1938 First BBC foreign language service: Arabic.



1950s

1950 First radio and TV broadcast from House of Commons; permanent televising starts in 1990.

1951 *The Archers*, the longest running radio soap in the world.

1953 Coronation ceremony of HM Queen Elizabeth II. Over 20 million people across Europe watch the event on television.

1954 David Attenborough's first exploration of wildlife with *Zoo Quest*.

1958 BBC develops first video tape recorder, and demonstrates it on *Panorama*.



1960s

- 1962 First live satellite television from the USA to the BBC station in Goonhilly, Cornwall.
- 1967 BBC Radio 1 starts broadcasting. The first record to be played was The Move's *Flowers in the Rain*.
- 1969 Revolutionary television from *Pot Black* – in colour for the first time, launching snooker as a national pastime; and from *Monty Python's Flying Circus* – pushing the boundaries of UK comedy and creating a new word in the process: 'pythonesque'.



1990s

- 1995 DAB launched, using technology and support from BBC R&D.
- 1997 *Teletubbies* transforms pre-school television. And for a slightly different audience, the BBC's rolling television news service launches.
- 1998 BBC Choice, the first BBC digital TV channel. It will become BBC Three in 2003.
- 1999 *Walking with Dinosaurs*, the highest rated science programme in British history (nearly 19 million viewers).



1970s

- 1971 Partnership with Open University, helping to improve access to university education.
- 1972 *Newsround*, the first ever news programme for children – presented by John Craven.
- 1974 *The Family* 'fly-on-the-wall' documentary kick starts reality TV.



2000s

- 2002 Freeview launches as the *BBC Proms* celebrate 75 years.
- 2004 *Strictly Come Dancing* inspires dance across the UK.
- 2007 BBC iPlayer transforms media consumption, with 360 million views in its first three months.



1980s

- 1980 After 25 years, *Children in Need* becomes a whole evening event and raises £1million for the first time ever. Pudsey debuts in 1985.
- 1981 Prince Charles's wedding to Lady Diana Spencer, the most popular programme ever broadcast with an audience of 750 million across 74 countries.
- 1982 Brian Hanrahan's news reporting from the Falklands Islands and hard-hitting drama *The Boys from the Blackstuff* each, in its own way, impacts on British society at large.



2010 AND ONWARDS

High quality content – including drama across radio and television – will remain central to the BBC offer. Subject to BBC Trust approval, Project 'Canvas' due to launch – part of a new management strategy to stay focused on the BBC's first principles: *Putting Quality First*.

For more about what the BBC has been up to since 1922, visit www.bbc.co.uk/history.

A close-up photograph of Chris Evans, a man with blonde hair and glasses, smiling broadly while speaking into a professional microphone. He is wearing a white shirt and a dark tie. The background is blurred, suggesting a radio studio setting.

BBC: WITH YOU ANYTIME, ANYWHERE

THIS SECTION GIVES A TOUR OF THE BBC'S PAST YEAR ON RADIO, TV AND ONLINE.

The BBC is about distinctive services, programmes and content – consistently delivering impartial information, engaging and surprising facts, or entertainment that grips or amuses audiences. Here we give our assessment of our performance from the last 12 months, conveniently broken down by delivery platform, plus a separate section on our journalism output and some highlights for local audiences in Scotland, Wales, Northern Ireland and across England.

Building on our *Putting Quality First* plans, we also give a flavour of some of the programmes we hope our audiences will enjoy next year and beyond.

Picture shows Chris Evans presenting his BBC Radio 2 breakfast show. The BBC Trust reviewed BBC Radio 2 during the year.



PERFORMANCE

THE BBC'S PURPOSES

THE BBC'S SIX PUBLIC PURPOSES – BUILT ON THE PRINCIPLES TO INFORM, EDUCATE AND ENTERTAIN – UNDERPIN ALL THAT WE DO.



CITIZENSHIP

Inform: we have a worldwide reputation for reportage and analysis of the world we live in. Our UK-wide, international, national and local channels and services cover a wide range of stories, issues and information tailored for a diverse range of users.

BBC News channel had an average weekly reach last year of 79 million – and is the most watched 24 hour news channel in the UK. Picture shows Matthew Amroliwala and Jane Hill.



LEARNING

Educate: we promote and support formal and informal education for all age groups – from pre-school children to silver-surfer adults, across television, radio and the web.

Alphablocks is an animated series which entertains our younger viewers, and at the same time helps them to develop engagement and confidence with reading and making words.



CREATIVITY

Entertain: we offer unique and innovative content that entertains and engages audiences, including live music and the biggest range of radio, television and bespoke online drama from any broadcaster in the world.

We brought the immediacy and intimacy of theatre director Gregory Doran's production of *Hamlet* for the Royal Shakespeare Company to BBC Two in a widely acclaimed film. We are currently co-producing a contemporary realisation of Shakespeare's *Coriolanus*, from first-time director Ralph Fiennes.

For decades, UK audiences have enjoyed higher levels of domestic media production and content spending per head than almost anywhere else in the world.

Our audiences are accustomed to – and constantly expect – a stream of high-quality and original British content that reflects their experiences, tells their stories, and exposes them to stories from other people and places.

Our purposes help us to focus on offering audiences this.



COMMUNITY

We reflect the UK's diversity at national, regional and local levels with services in English, Scottish Gaelic and Welsh, and programmes in over 30 other languages. The BBC's distinctive offer across our portfolio means we have something for everyone.

Our sporting commentary – especially football – brings together communities united in passion. *The Football League Show*, shown here, averaged 1.1 million viewers per week in its first year. Off-air, we present concerts and host events across the UK – for more information on our outreach activities visit www.bbc.co.uk/outreach or to apply for tickets to recordings, go to www.bbc.co.uk/tickets.



GLOBAL

Our global news services provide independent and internationally respected news and analysis, covering the key stories of the day like the Haiti earthquake and the future of Afghanistan. BBC Worldwide offers the best UK content to new audiences across the globe.

Lyse Doucet interviews Prime Minister Gordon Brown and President Hamid Karzai for BBC World Service, and reported on our other outlets.



DIGITAL

The BBC is the most used online content provider in the UK, and 12.1 million now listen to our radio services via digital platforms. We are offering help to the millions of viewers aged 75 or over, disabled or living in care homes, to switch to digital TV between now and 2012.

EastEnders marked its 25th year with a live edition, and new online spin-off *E20*, shown here. Audiences are increasingly watching content via new devices and technologies, bringing fresh challenges and opportunities as we seek to make our content available in the most appropriate way.



RADIO

“THIS HAS BEEN A YEAR OF INCREDIBLE CREATIVE AMBITION ACROSS BBC RADIO. ABOVE ALL ELSE, WE REMAIN TOTALLY COMMITTED TO MAKING THE VERY HIGHEST QUALITY PROGRAMMES FOR OUR LISTENERS.”

TIM DAVIE
DIRECTOR, AUDIO & MUSIC



| | | |
|----------------|-------------|--|
| REACH | 66% | Two thirds of all radio listeners (66%) tune in to BBC radio each week. |
| QUALITY | 27m | 27 million adults across the UK listen to BBC network radio news and current affairs each week. Millions more listen to our speech-based local and nations services. The expectation of authoritative journalism, insight and analysis draw our listeners in – and their trust in our editorial independence and impartiality keeps them coming back as they make up their own minds on issues that matter. |
| IMPACT | 54 | BBC Radio won 54 Sony Radio Academy Awards including the UK Station of the Year for BBC Radio 5 live. |
| VALUE | 1.6p | The average cost per listener hour (the total cost of programmes divided by number of listener hours) across our portfolio of radio channels is 1.6p (2009: 1.6p). Our most expensive services, by this metric, are the important and unique national language services BBC Radio nan Gàidheal and BBC Radio Cymru; the cheapest – notwithstanding the amount of live music they each offer – are BBC Radio 2 and BBC Radio 1. |

RADIO IS CORE TO THE BBC'S MISSION TO INFORM, EDUCATE AND ENTERTAIN AUDIENCES WITH PROGRAMMES AND SERVICES OF HIGH QUALITY, ORIGINALITY AND VALUE. LAST YEAR, ALMOST 60% OF ADULTS IN THE UK TUNED IN TO OUR NETWORK SERVICES ALONE EACH WEEK FOR AN AVERAGE OF 15.3 HOURS.

THIS SUCCESS IS ATTRIBUTABLE TO OUR PASSION FOR CREATING DISTINCTIVE PROGRAMMES WHICH INSPIRE AUDIENCES ACROSS ALL OF OUR SERVICES.

We have a truly distinctive role in supporting and encouraging participation in British cultural and sporting events. BBC radio brings a vast array of the most significant events, from the Cheltenham Jazz Festival to the Ashes, to millions of listeners every year.

Over the past year a significant amount of change has been implemented across our radio services. Terry Wogan bid farewell to the loyal listeners of his BBC Radio 2 breakfast show and handed over to Chris Evans in January 2010; Simon Mayo moved into BBC Radio 2's drivetime slot, with Richard Bacon taking over on BBC Radio 5 live. BBC Radio 4 launched major series like *A History of the World in 100 Objects*, and BBC Radio 1 not only introduced great new talent to its daytime schedule but also launched important social action campaigns such as Bullyproof. We are also investing in attracting new audiences to radio through innovative services such as the ground-breaking industry-wide Radio Player, which aims to bring many hundreds of the UK's radio stations together in a single online user experience.

IN-DEPTH NEWS, ANALYSIS AND CURRENT AFFAIRS

27 million adults in the UK listen to BBC news and current affairs programmes each week across network radio.

At the core of BBC Radio 4's uniquely broad schedule is its powerful blend of authoritative journalism and insightful current affairs programmes. Last year, it launched *The Report*, a new current affairs strand with each programme dedicated to a major story, allowing time for in-depth coverage and analysis.

Table 2-3

BBC Network Radio hours of output by genre

The table shows the number of hours of each genre broadcast in total from all our radio stations.

| | 2009/10 | 2008/09 |
|--------------------|---------------|---------------|
| Music | 40,436 | 40,526 |
| News and weather | 11,833 | 12,304 |
| Sport | 4,071 | 4,095 |
| Factual | 2,438 | 2,107 |
| Current affairs | 2,155 | 2,093 |
| Drama | 4,784 | 4,471 |
| Arts | 1,156 | 905 |
| Entertainment | 7,420 | 7,597 |
| Religion | 1,173 | 1,118 |
| Schools | 128 | 128 |
| Children's | 1,414 | 1,484 |
| Presentation | 1,969 | 2,000 |
| National opts | 292 | 286 |
| Total hours | 79,268 | 79,113 |

As a result of changes in the classification of some entertainment programmes the comparatives have been restated. We welcomed the National Audit Office's review of radio production efficiency last year, which recognised that some savings have already been achieved. However, we are determined to increase efficiency further, without compromising the quality of our programmes. We will be reporting progress to the BBC Trust on this next year.

BBC Radio 5 live's commitment to reflecting the widest range of voices, views and stories was powerfully illustrated in its outside broadcasts, including Victoria Derbyshire's reports on everyday life from Zimbabwe and Peter Allen's week spent with the armed forces in Kandahar during Afghanistan's presidential elections. The station's Octoberfest from Hull saw an ambitious mix of news, sport, debate and entertainment in front of live audiences; Nicky Campbell, Simon Mayo, Colin Murray, Anita Anand, Shelagh Fogarty and Richard Bacon all brought their shows to the centre of the city.

BBC Radio 1, BBC iXtra and the BBC Asian Network offer news tailored to serve specific audiences, providing unique insight into areas highly relevant to their listeners.

BBC Radio 1's *Newsbeat* focuses on delivering the highest quality journalism and in-depth reports, with its unique perspective to challenging areas of interest to young listeners. *Newsbeat* reporter Sima Kotecha was embedded with UK and US Marine Corps in Afghanistan for a week in June and November. She captured first-hand life experienced on the front line through radio, an online diary and video blog.

Following the BBC Trust's review of services for younger audiences, BBC iXtra introduced two 15-minute news programmes modelled on *Newsbeat*. In an extended news

special, BBC iXtra tackled gun and knife crime with a live debate involving the best friend of a teenager fatally knifed during a gang ambush in London and the Head of the Metropolitan Police's Operation Trident. The BBC Asian Network's report *Holiday Brides* investigated the story of British Asian men abandoning their Indian brides after marrying them for dowries.

INSPIRING NEW, LIVE AND SPECIALIST MUSIC

We are committed to supporting the widest range of new music, live music, specialist music and contemporary British artists. Not only does this commitment offer audiences something unique, it is also a pillar of the BBC's support for the wider creative economy.

BBC Radio 1's diverse corps of specialist DJs has been selected for their expertise and reputation within their respective fields of music. Its schedule boasts many specialist shows including Zane Lowe championing new music, Gilles Peterson showcasing modern jazz, and Mike Davies' punk show. Over the last five years, music supported by specialist programmes has accounted for around three-quarters of new additions to the station's playlist, giving many bands exposure to far bigger audiences than they would otherwise enjoy. Through its commitment to specialist music, BBC Radio 1 breaks new acts in a far more diverse range of musical genres than other providers.

Last year, BBC Radio 2 broadcast over 1,000 hours of specialist music including country and Americana, folk, organ music and brass band music. It broadcast from an extensive range of events including the Cambridge Folk Festival, The BBC Radio 2 Folk Awards, Cheltenham Jazz Festival, The Young Brass Soloist of the Year and the Country Music Awards.

BBC 6 Music's *Craig Charles Soul & Funk Show*, *Stuart Maconie's Freak Zone* and Don Letts' *Culture Clash* show brought eclectic and surprising tracks to listeners while musician DJs such as Jarvis Cocker and Guy Garvey guided listeners through their personal song selections. Meanwhile, the BBC Asian Network launched the first ever Asian music chart show based on download sales.



BBC Radio is home to a broader range of output than any other UK provider, including more live music and original drama than anywhere else, and a peerless slate of comedy and in-depth news, comment and analysis. Pictures show:

- 1 BBC Radio 1's *Big Weekend*.
- 2 Caroline Quinn from BBC Radio 4's *PM*.
- 3 Actor Timothy Spall appeared in Stephen Poliakoff's *Playing with Trains*.
- 4 *The Now Show*.



BBC *Introducing* aims to discover and support unsigned artists across the UK, and last year it showcased new talent on dedicated stages at major festivals including Glastonbury, Reading and Leeds, BBC Radio 1's *Big Weekend* and T in the Park. New music also came from Huw Stephens on BBC Radio 1, *100% Homegrown* on BBC iXtra and Bobby Friction on BBC Asian Network.

Our unique live sessions across a number of our services provide insight into the important artists of the day. BBC Radio 1's *Live Lounge* continues to attract an inspiring mix of new artists such as Mumford & Sons and established stars including Lady Gaga to perform acoustically. The format has been extended to BBC iXtra this year to cover an even more diverse range of artists.

BBC Radio 3's partnership with the London Jazz Festival entered its eighth year with broadcasts across the schedule, and a newly commissioned work involving iconic guitarist Bill Frisell performing with the BBC Symphony Orchestra at the Barbican. Last year BBC Radio 3's partnership with the WOMAD Festival included more than seven hours of live coverage and a dedicated BBC Radio 3 stage at the event. BBC Radio 3's New Generation Artists scheme celebrated its 10th anniversary last year, and it has now supported over 60 emerging classical musicians. The *BBC Proms* were more successful than ever, with over 100 concerts. There was an 11% increase in people buying tickets for the first time, and 32% increase in under-16s attending.

THE BEST OF SPEECH RADIO

Documentaries are central to our output, contextualising music and culture and supporting the BBC's commitment to encouraging audiences to appreciate and question the world around us.

Radio 1 Stories, a new documentary strand, told the story of leading UK and global artists including Jay-Z, The Killers and Gorillaz. *The Story of The Noughties* was a compelling series highlighting the key musical, technological and cultural events of the last decade. BBC Radio 1 debuted at the Edinburgh Festival with *Scott Mills: The Musical*, partly written by listeners and featuring the winner of an open competition in the lead.

It opened to five star reviews and had a sold-out three night run. It brought the spirit of the Edinburgh Festival to a new audience of millions, who were able to follow the musical's development from conception to performance online.

As part of BBC Radio 2's focus on distinctiveness, it has increased its commitment to documentaries. The network's breadth of music output is reflected in its music documentaries which included a series presented by Marc Almond exploring the life and works of Jacques Brel, one of the most influential yet largely uncelebrated Belgian singer/songwriters of the 20th century. There were also two documentaries marking the 50th anniversary of the death of Billie Holliday, and a two-part series on iconic jazz musician and composer Miles Davis.

BBC Radio 3 celebrated anniversaries for Purcell, Handel, Haydn and Mendelssohn. Listeners were encouraged to re-discover the composers by looking at them in original ways, such as exploring Handel's investments in *Liquid Assets: Tracing Handel's Thousands*.

BBC STRATEGY REVIEW

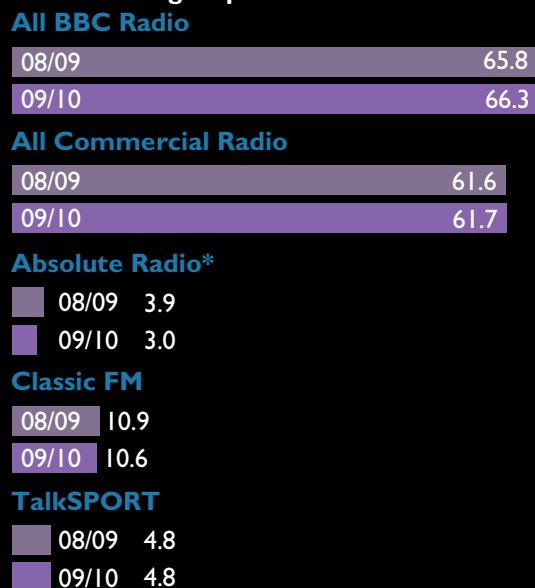
In March 2010, the BBC Executive announced a new strategy that recommended reducing investment in standalone radio stations, and focusing on distinctive programming across our portfolio. This has specific impacts on two current network services:

- the closure of BBC 6 Music was proposed – focusing our popular music output on BBC Radio 1, BBC iXtra and an increasingly distinctive BBC Radio 2.
- the closure of the BBC Asian Network as a national service was also proposed – using the money saved to serve Asian audiences better in other ways, for example through a network of localised services on DAB and Medium Wave with some syndicated national programmes.

The strategy was put to public consultation, and these proposals remain subject to approval.



Chart 2-3
BBC Radio weekly reach versus main commercial groups %



* Previously broadcast under Virgin brand.

Base: All adults 15+

PERFORMANCE RADIO CONTINUED



Our music this year included live coverage of *The Proms* and the *Electric Proms*, as well as genres not well covered elsewhere. Pictures show:

1 Nanci Griffith, winner of the Lifetime Achievement Award at BBC Radio 2's Folk Awards.

2 Jez Nelson from BBC Radio 3's contemporary jazz show.

Just some of our speech output included:

3 Football commentator Jacqui Oatley.

4 *Michael Foot: Champion of the Left*, a special programme from Donald Macintyre, former political editor of *The Independent*, on the political life and career of the former leader of the Labour Party, who died this year.

5 Topical features with Jeremy Vine.



27 MILLION ADULTS IN THE UK LISTEN TO OUR NETWORK NEWS AND CURRENT AFFAIRS PROGRAMMES EACH WEEK – AROUND THREE QUARTERS OF ALL LISTENERS TO BBC RADIO.

BBC Radio 4's commitment to engaging speech output is unmatched – from major series to strands such as *Woman's Hour* and *In Our Time*. *A History of the World in 100 Objects*, created in partnership with the British Museum was one of the most ambitious projects ever broadcast, and inspired a host of programmes and activities across the UK in conjunction with our nations and local radio services.

We marked Black History Month on BBC 7 with broadcasts of *To Sir With Love*, *The Color Purple* and Benjamin Zephaniah's *Listen to Your Parents*.

AMBITIOUS AND DISTINCTIVE ENTERTAINMENT

BBC network radio is a vital training ground for new writers and comedians and we are committed to maintaining vibrant radio drama and comedy programmes across our schedules. We also offer a platform for literature classics, such as Shakespeare and Chekhov on BBC Radio 3, and established writers such as David Hare, whose play *Murder in Samarkand* was a BBC Radio 4 highlight last year.

One of our most ambitious drama events last year was the dramatisation of all seven of John le Carré's George Smiley novels in *The Complete Smiley*, featuring a glittering cast headed by Simon Russell Beale, produced by BBC Scotland. BBC Radio 4 also scheduled a clutch of family dramas including *The Wonderful Wizard of Oz* and *Matilda*.

BBC 7's drama *Chain Gang* was the result of an audience participation experiment. Listeners were encouraged to submit their ideas for how the story should develop via the website. Developed over a three month period, the ideas were woven into a script by writer Robert Shearman, culminating in a recording of the final episode at St Pancras Station, to which listeners were invited.

BBC Radio 3's distinctive drama schedule included full length productions of classic stage plays, such as *Henry VIII* by Shakespeare and *John Fletcher*. The network's commitment to new writing is reflected in *The Wire*, which continues to offer original plays, such as *People Snogging in Public Places*. These plays engage with the contemporary world in original and often challenging ways.

The BBC Radio 4 comedy highlight was the return of *I'm Sorry I Haven't a Clue* after over a year away. David Mitchell's new comedy game show, *The Unbelievable Truth*, has established itself and now has the feel of a BBC Radio 4 classic. Meanwhile, BBC 7 gave us a new topical comedy sketch show, *Newsjack*, fronted by stand-up Miles Jupp and offering new writers the opportunity to satirise topical events. BBC 7 strengthened its partnership with Leicester Comedy Festival and broadcast the festival preview show.

BBC Radio 2's significant ongoing contribution to radio comedy was strengthened last year with the arrival of Paul O'Grady, Alan Carr and Liza Tarbuck. BBC Radio 5 live introduced comedian Chris Addison's *Seven Day Sunday*, a comic look at stories in the news.

BRINGING COMMUNITIES AND THE NATION TOGETHER

Live music events such as *The Proms*, *Electric Proms*, the *Children in Need* concert, major sporting events and BBC Radio 1's *Big Weekend* are an important way for us to bring our audiences together. We also bring a wide range of cultural and sporting events to our listeners.

BBC iXtra Live celebrated what was an amazing year for urban UK music by hosting a live music event at the Sheffield Arena. Featuring an all-UK line-up, BBC iXtra listeners enjoyed performances from artists who were championed by the station during their years of development, and who have now broken into the mainstream.

BBC Radio 5 live worked intensively throughout the year to bring major sports events to its listeners from across the UK and the world. *Test Match Special* significantly boosted the audience reach of BBC Radio 5 live sports extra, reaching almost one million listeners.

BBC Radio 3's Free Thinking festival of ideas in Gateshead, united thinkers, politicians and artists in direct dialogue with the public. There was a high profile line-up including Tanya Byron and Ken Livingstone. Audience participation was central to the *BBC Proms* this year when the Royal Albert Hall was filled with a ukulele-wielding audience who played along with the Ukulele Orchestra of Great Britain, including a rendition of Beethoven's *Ode to Joy*.

In the past year, we have highlighted particular issues which affect the lives of our listeners in Social Action Campaigns. BBC Radio 2's *Living with Dementia* campaign took a closer look at what life is like for those who have the illness and for their loved ones. BBC Radio 1 and BBC iXtra joined forces to mark National Bullying Week with an anti-online bullying season called *Bullyproof*. The stations were instrumental in uniting the major social networking sites to tackle online bullying for the first time. Research found that nearly two-thirds of the audience had found the discussions around bullying helpful, whilst an enormous 97% trusted the information given to them – one of the key reasons for this being "it's on the BBC".

LOCAL AND NATIONS RADIO

Our local and nations radio services root us in our communities. Outside broadcasts are an important point of connection with audiences, and are often scheduled to coincide with local summer shows, festivals and other community events.

ENGLAND

Listeners tell us how much they value our ability to pull together those in need in a time of crisis, and offer support, advice and practical help: a woman calling BBC Northampton to say that her father's funeral was going to be postponed because the council had not gritted her road prompted scores of listeners offering help. This was just one of many stories during the severe weather we broadcast and often played a part in, the length and breadth of the country.

And when big stories break, BBC Local Radio is a natural home for public debate. As Kraft moved in to buy Cadbury, BBC WM hosted an ongoing public discussion on radio about the future of the company, culminating in a live debate in Bournville during which the audience put their questions to a panel including Lord Digby Jones.

Many projects this year benefited from a new 'impact fund' that enabled stations to tackle key pieces of explanatory and investigative journalism either individually or with other stations: *Facing the Cuts* used a BBC survey of council spending plans as the focus for hundreds of stories across all media including on-air debates, a comparative map and content on each of our websites.

Each week, reach for BBC Local Radio in England stands at 7.0 million listeners – including 2.5 million people who consume no other BBC radio service.

SCOTLAND

A creative year for BBC Scotland's radio teams was rewarded with a slew of awards and nominations, including Gold and Bronze in the prestigious Sony Radio Academy Awards.

The month-long season of programmes – *Under the Influence* – examined Scotland's social and cultural relationship with alcohol and the drama *Daniel & Mary* focused on the problems of a young girl dealing with alcoholic parents. Another season – *30 Days in Europe* – explored Scotland's links with the continent.



Across our nations and radio services, our programming roots us in our communities, offering entertainment and information, and providing a familiar platform for listeners' stories and concerns. Photos show:

- 1 Cathy MacDonald hosts *Feasgar* on BBC Radio nan Gàidheal.
- 2 *The Stephen Nolan Show* from BBC Radio Ulster – Stephen also has a show on BBC Radio 5 live.
- 3 Beti George, who celebrated 25 years of *Beti a'! Phobl* on BBC Radio Cymru this year.
- 4 Local Kent band Floors and Walls live on BBC Radio Kent's *Introducing...*

There was continuing support for live music in Scotland with coverage of RockNess, T in the Park, Celtic Connections, the Glasgow International Jazz Festival and the Homecoming finale concert at the SECC. In mid-summer, *MacAulay & Co* and *Festival Café* took up residence in Edinburgh, offering coverage of the festivals there.

Comedy also added sparkle to our festive schedule with the new series of *Desperate Fishwives* being stripped across one week in the run-up to Christmas. The sketch show also found a new audience on BBC 7 and is now being filmed for a television pilot for BBC Scotland.

Production teams in Scotland continued to provide programming for the UK radio networks. There was critical acclaim for BBC Radio 4's *The Complete Smiley* plays, based on the work of John le Carré, as there was for *A Very Scottish Homecoming*, *Who Pays for the High Road North?* and *Johnny Cash of Easter Cash*.

BBC Radio nan Gàidheal introduced a new daily lunchtime topical programme *Feasgar*, and the re-launched drivetime sequence *Siubhal gu Seachd* now has a Facebook presence, facilitating audience participation.

The Monday evening edition of the popular music strand *Rapal* was re-focused to target a young teen audience and now offers a platform for developing new presentation talent drawn from its audience.

NORTHERN IRELAND

BBC Radio Ulster/Foyle provides a popular forum for debate and an important showcase for writing and production talent.

We made a number of changes to the format and style of our news programmes during the year. Several presenters changed roles and *Inside Politics* and *Seven Days* moved to new slots in the schedule. *Good Morning Ulster's* outside broadcasts profiled people and stories from communities across Northern Ireland whilst *Talk Back* and *Evening Extra* took a new editorial direction. Initial audience reaction to these changes has been positive.

Historical themes were explored in a new series of programmes as part of Jonathan Bardon's *A Short History of Ireland* and William Crawley's examination of the events and legacies of the 1859 Revival. Our literary heritage was explored in *The Book of Irish Writers* and more recent publications were reviewed in *The Book Programme*. Developments in the arts, both at home and around the world, were profiled in *Arts Extra* which also included special programmes about local writers and musicians.

Specialist music output featured across a range of programmes. Colum Sands unlocked the BBC archives to bring our recordings of traditional and contemporary folk music to a new audience in *The Festival Sessions* whilst ATL showcased the work of emerging bands. Tommy Millar's *Pipes and Drums* and *Strike Up the Band* both reflected music-making at community level and we have ambitions to extend our programming in this area to include local choirs, gospel and contemporary music.

A Kist o Wurds developed its coverage of Ulster-Scots stories and events and was complemented by Burns Night and Hogmanay programmes. Our Irish language output included *Blas* and *An Domhnach Mor's* coverage of the national Hurling and Football Championships.

WALES

News and current affairs is at the heart of BBC Radio Wales output, with *Good Morning Wales* and *Good Evening Wales* providing detailed analysis of local, national, UK and international affairs. This authoritative output was enhanced as *Eye on Wales*, *Wales@Work* and *Called to Order* all provided strong coverage of current affairs, business and political matters.

Sports coverage once again loomed large in our schedules. As well as extensive Six Nations coverage, we provided commentary of Heineken Cup rugby, and football matches featuring Cardiff, Swansea and Wrexham. At the first Ashes test in Wales we supplied build up, coverage and analysis across all our output.

On St David's Day, BBC Radio Wales' first *Wales Music Day* offered a range of live performances featuring some of Wales' brightest talents. This ambitious output built on our live *Evening Show* sessions (many of which were filmed and made available online).

In a competitive digital world BBC Radio Cymru remains the most popular radio station amongst Welsh speakers. Highlights included the short series *Unnos*, hour-long programmes, supported by a lively website, that challenged a group of musicians to create an EP between dusk and dawn. Presenter Huw Evans followed the night's progress and played the four new songs produced.

On network radio our drama team contributed a major series to BBC Radio 4's long-running *Writing the Century* strand which explores the 20th century by dramatising the diaries and letters of real people. And our music output included lunchtime recitals, *The Choir*, *Radio 3 Requests* and a wide programme of Welsh Music festivals. *Composer of the Week*, presented by Donald Madeod, continued to delight audiences with rare interviews with John Rutter, John McCabe and Stephen Sondheim.

To find out more about the BBC's local, regional or nations activities – many of our outside broadcasts are scheduled to coincide with local events – or to find out how to take part in our radio and online debates, visit our websites:

www.bbc.co.uk/england.

www.bbc.co.uk/scotland or www.bbc.co.uk/alba.

www.bbc.co.uk/wales or www.bbc.co.uk/cymru.

www.bbc.co.uk/northernireland.

Table 2-4

BBC Radio: hours from the nations and regions

| | 2009/10 | 2008/09 |
|------------------|----------------|----------------|
| London | 8,760 | 8,760 |
| England | 243,075 | 246,531 |
| Scotland | 14,694 | 14,860 |
| Wales | 15,670 | 16,073 |
| Northern Ireland | 9,355 | 9,357 |
| Total | 291,554 | 295,580 |

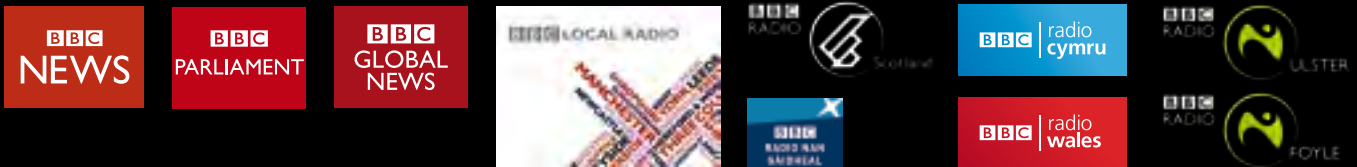
The vast majority of our radio hours are live – which enables us to keep our listeners updated on key developments and issues of the day.



JOURNALISM

“ACROSS TELEVISION, RADIO AND ONLINE THE BBC OFFERS A TRULY DISTINCTIVE MIX OF DAILY JOURNALISM, WEEKLY ANALYSIS, POLITICS AND COMMENTARY, COVERING LOCAL TO GLOBAL ISSUES IN AN AUTHORITATIVE AND IMPARTIAL WAY, AND GIVING VOICE TO OUR LISTENERS’ CONCERNS.”

MARK BYFORD
DEPUTY DIRECTOR-GENERAL



REACH **35m** Over 80% of the UK population use our news services each week, including 35 million adults who watch our weekday news, 29 million adults who listen on the radio, and ten million unique online browsers. Globally, our news services reach 241 million adults – more than any other international broadcaster.

QUALITY **53%** On the biggest stories of the year, the majority of domestic audiences – 53% – rated BBC News as the best news provider in the UK on TV, radio, online or print. Awards this year included RTS ‘News Programme of the Year’ for *The Ten O’clock News*; other RTS awards went to *Panorama* for ‘What Happened to Baby P’ and *This World* for ‘Gypsy Child Thieves’.

IMPACT **69%** 69% of UK respondents, when asked, said that their understanding of a wide range of stories they had followed had improved. These stories included the economy, winter’s severe weather, the Haiti earthquake, European and Local Elections, MP’s expenses, Afghanistan, Pakistan, and the Iranian Elections.

VALUE **7.8p** The average cost per viewer hour (the combined cost of programmes for BBC News channel and BBC Parliament divided by the total number of viewer hours) on our television news channels is 7.8p (2009: 8.4p).

BBC JOURNALISM PROVIDES THE MOST WATCHED, LISTENED TO AND USED NEWS AND CURRENT AFFAIRS SERVICES IN THE UK. THIS YEAR WE CONTINUED TO REACH OVER 80% OF THE UK ADULT POPULATION EVERY WEEK, WHILE THE BBC'S GLOBAL NEWS SERVICES CONNECTED WITH 241 MILLION IN A TYPICAL WEEK.

OUR OFFER COVERS A WIDE AND UNIQUE RANGE OF NEWS AND CURRENT AFFAIRS OUTPUT AND SERVICES. WE WORK AT LOCAL, NATIONAL, UK-WIDE AND GLOBAL LEVELS, ON TELEVISION, RADIO AND ON INTERACTIVE PLATFORMS.

In a strong year, audiences rated the BBC as the best news provider on coverage of the leading stories of the year: the UK and global economy, MPs' expenses, the war in Afghanistan, winter's severe weather, and the General Election campaign.

Our coverage combined strong eye-witness reportage with rigorous analysis – all underpinned by our commitment to accuracy, independence and impartiality.

THE NEWS AT HOME

As the world began to emerge from recession, we reported on its impact across the UK using our specialist editors and correspondents. In September 2009, the *Aftershock* season marked the anniversary of the collapse of investment bank Lehman Brothers, the biggest bankruptcy in corporate history. During this season a special edition of *Newsnight* reflected on the political, financial and ethical repercussions of the crash while BBC Business Editor Robert Peston reported on the global repercussions from New York.

The varying effects of the recession in different parts of the UK were illustrated by a Special BBC News at Six, on the day that the recession formally ended. Regional and national opt-outs discussed the story from a local perspective. In February our local radio initiative *Facing The Cuts* analysed possible local government cutbacks and job reductions over the next three years, and a survey of local authority leaders was used extensively across all BBC platforms. Newly recruited local government reporters in local radio are helping to enhance this coverage.

It was a winter of extreme weather. The reporting of the Cumbrian floods, in particular, proved the value of co-operation between the English regions radio and TV teams and UK-wide programmes. We showed not just powerful pictures but the

Chart 2-4

Average audiences to TV news programmes 2009/10 (million)

Breakfast news

BBC One 1.2

GMTV 0.9

Lunchtime news

BBC One 2.7

ITVI 1.0

Early evening network news

BBC One 4.2

ITVI 3.2

CH4 0.7

FIVE 0.7

Early evening regional news

BBC One 5.2

ITVI 3.1

Late night news (10pm)

BBC One 4.5

ITVI 2.4

practical and emotional impact on people caught up in the crisis. And the January snows were part of the UK's longest cold snap for almost 30 years, causing chaos for millions and closing hundreds of schools. Through our local services we were able to provide a comprehensive news and information service while our Network coverage, particularly the BBC News channel, reported from across the UK. Our local websites attracted a record number of users and our weekday 6.30pm programmes on BBC One attracted their highest audience for at least ten years on 6 January 2010 – with an average 10.3 million viewers tuning in.

And from the devolved nations, BBC News channel also reported on early signs of a rise in dissident activity in Northern Ireland, and took the official announcement of the new Welsh First Minister live.

The release of the Lockerbie bomber – a national story that had international ramifications – was covered comprehensively by our teams in Scotland, with in-depth analysis and commentary from our world affairs correspondents. BBC Scotland's Political Editor, Brian Taylor provided important context across the network, and Glenn Campbell, who broke the story, won an RTS Award for Scoop of the Year.

BBC News channel broadcast and analysed proceedings of the Iraq War Inquiry, with half hour specials every weekend bringing together all the week's coverage of the Inquiry.

INFORMING DEMOCRACY AND CITIZENSHIP

The biggest political story of the year was, of course, the build up to the General Election, which we covered in depth across our programmes and services.

For the first time in a UK General Election campaign, there was a series of Prime Ministerial Debates, on ITV and Sky as well as one hosted on BBC One by David Dimbleby. Other television coverage leading up to Election Day included the Paxman Interviews on BBC One and Jon Sopel's daily review in the News Channel's *Campaign Show* – all culminating in our *Election Show* on 6 May. More than 25 million people watched some of our live results coverage.

Audiences also valued our online election offer with the elections seat calculator, Election blogs, the poll tracker and constituency maps being particularly popular. The *Where They Stand* pages provided clarity on the parties' policies on the key issues of the campaign. The News online site received its biggest ever footfall with over 11 million users.

On local radio, in England, we hosted over 100 constituency debates alone. And – as part of our mission to inform democracy and take the issues to the people – we had bespoke content aimed at young people: on BBC Three, Dermot O'Leary hosted *First Time Voters Question Time*, and interviewed the party leaders. BBC Radio 1's *Newsbeat* also spoke to party leaders, and *CBBC Election: Your Vote* saw children interviewing senior politicians.

Before the General Election, the political development most closely followed by audiences was the revelations over MPs' expenses. We sought to report the facts in a meaningful way as well as assessing the long-term political implications of the story.

The local and European elections in June 2009 were covered comprehensively across all BBC outlets. *The Record: Europe* broadcast three days a week on BBC News channel during the European elections, and Dominic Hughes was live in Brussels for the election of the new European President.



BBC Parliament had a series of programmes from Brussels and Strasbourg, and a special programme looking at the campaign in Germany and in Brussels.

The decision to invite the BNP leader on to the *Question Time* panel caused some controversy. It was taken because of our commitment to due impartiality, and the party's previous electoral success in the local and European elections in June.

We launched *Democracy Live* on BBC Online – part of our ongoing commitment to build a greater understanding of the democratic institutions. It provides live and on demand video coverage of the UK's national political bodies and of the European Parliament, allowing the public to follow developments and debates using state-of-the-art video and search technology. *Democracy Live* is a unique BBC service – no other offer like it exists anywhere else in the world.

This year marked ten years of devolution. Programmes created by BBC Parliament and relayed from BBC Scotland provided an entire day's output on the anniversary of the Scottish Parliament.

THE NEWS FROM ABROAD

Internationally, the developments in Afghanistan and Pakistan dominated the agenda. The north-west frontier between the countries has become more dangerous than ever, presenting a particular challenge to the BBC's brand of eye-witness journalism.

BBC News ran a week of special programming in June 2009, while BBC Radio 4's *Today* examined the political, military and diplomatic strategies with John Humphrys in Afghanistan and Pakistan. *Today* also carried a series of reports from David Loyn from both sides of the border. In addition, John Simpson interviewed the new US commander General McChrystal, while *Panorama* reported on the inside story of the battle for Swat. We also had comprehensive coverage of the Afghan presidential elections with the BBC's Kabul Correspondent Ian Pannell finding evidence of bribery and fraud in the voting process.

The withdrawal of British troops from Iraq merited special coverage on all outlets, including live pictures of the memorial service for the 179 British personnel who died during the conflict.

BBC SPORT

We provide global, network and local coverage of sport, from the biggest national and international moments to local football commentary, across television, radio and interactive media. Last year we broadcast live and recorded highlights of 31 sports – just under 2,000 hours on network television and just over 4,000 hours on network radio alone. Our nations and local services also offered great sports coverage. Highlights included:

- Formula One – first time on BBC television since 1996. Over half the population watched it with us.
- Wimbledon saw Andy Murray playing under the roof on Magic Monday, and an audience high of 11.8 million.
- *BBC Sports Personality of the Year* had a sell out crowd of over 11,000 in Sheffield.
- And our coverage of the Winter Olympics was a multi-platform event – our preparations for London 2012 continue.
- The Ashes boosted BBC Radio 5 live sports extra's weekly reach to a record 963,000 listeners.

Our event coverage is complemented by a comprehensive sports news service. 43% of the UK population used our Sport coverage on an average week last year, up from 40% in the previous year.



On television, radio and online, our news and analysis gives audiences the information that they want – from up-to-the-minute headlines and sport, to in-depth current affairs. Pictures show:

1 Michael Cockerell's *Great Office's of State*.

2 *Newsnight* – marking its 30th anniversary on-air during the last year.

3 Cricket commentator Mike Selvey.

4 BBC News channel, with presenters Simon McCoy and Carrie Gracie.

5 John Pienaar, host of BBC Radio 5 live's *Weekend News*.





News and politics do not just affect people – they involve them too. Pictures show:

- 1 Ex-Prime Minister Gordon Brown during *Prime Minister's Questions* on BBC Parliament, also on BBC News channel.
- 2 *Democracy Live* – an online resource launched this year – see www.bbc.co.uk/democracylive.
- 3 Jane Corbin reporting from Afghanistan.
- 4 *First Time Voters' Question Time*: Dermot O'Leary chaired a panel that included MPs from each of the three main parties in front of an audience of young adults. It was broadcast live on BBC Three.
- 5 BBC London's main news presenter Riz Lateef works with school students during this year's *BBC News School Report* project.



WE OFFER TRULY DIVERSE NEWS, POLITICS AND CURRENT AFFAIRS – AND WILL INCREASINGLY FOCUS ON WHAT MAKES US DISTINCTIVE.

We provided comprehensive coverage of the earthquake that struck Haiti in January, and the subsequent relief effort. Correspondent Matthew Price was one of the first to arrive in capital Port-au-Prince, and reported with sensitivity and tact, despite the human and technical challenges that faced the team. 83% of those following the story thought we provided the right amount of coverage, and the same percentage considered they had a better understanding of the story as a result. BBC World Service launched its first ever Haitian Creole programme in the immediate aftermath of the earthquake.

President Obama's first year saw us cover key developments in the economy, the passage of the health bill and foreign policy, including the dispute with Israel over settlement building. Justin Webb, the outgoing North America Editor, secured the first British media interview with the new President.

Mobile phones and digital cameras captured the Iranian government's crackdown on protesters after the elections there. Tehran correspondent Jon Leyne continued to provide expert analysis from London after Iran's decision to expel him. This election was an example of how the 'blogosphere' is changing the face of journalism: faced with official closure of lines of communication, people turned to social media, anxious to share their stories. Eight User Generated Content items were received each minute by BBC Persian, all of it sifted to ensure accuracy.

The BBC News channel reported the opening day of the Radovan Karadzic trial in The Hague, and Ben Brown anchored a BBC News special which was also simulcast on BBC World News. The channel also marked two 20th anniversaries: commemorating the fall of the Berlin Wall saw live coverage from Brian Hanrahan in Berlin and reports from our Europe Editor Gavin Hewitt; and a series of special reports from Chris Rogers revisited the harrowing story of the Romanian orphanages whose images caused such horror around the world in 1990. The quality and breadth of the stories it covers saw the BBC News channel grow its weekly reach over the year to 7.9 million (from 7.6 million the previous year).

DEVELOPING OUR PROPOSITION

In July last year we announced our news video sharing deal, where we committed for the first time to share online video news content with leading UK newspaper websites. UK newspapers are now able to feature certain BBC video news content on their own websites, complementing their own news material. The Daily Telegraph, Guardian, Independent and Daily Mail were among the first newspaper websites that were able to embed BBC video news content. The newspapers can choose specialist video material that has already been generated for the BBC and has been published on BBC Online.

We offer a truly diverse news, politics and current affairs slate. Looking ahead, we will focus increasingly on areas where we are distinctive from other providers, or where partnerships can add more value to licence fee payers.

REPORTING THE WORLD TO THE WORLD

The BBC Global News division brings together BBC World Service radio, the BBC World News television channel, the BBC's international online news services, BBC Monitoring and BBC World Service Trust, the BBC's international development charity.

Last year, BBC Global News collaborated more closely than before with the domestic services on the leading stories of the day. Highlights included:

- The *Aftershock* series of programmes marked the anniversary of the collapse of Lehman Brothers and offered a global dimension on the state of the world economy.
- Seven BBC Global News centres provided their perspectives on the Climate Change conference in Copenhagen, and helped to explain the complexity of the negotiations and the tensions between China, the developing world and the West.
- Owen Bennett-Jones presented a series of special reports from Yemen in December, heard across global and domestic news services, and including the story of a young girl married and divorced by the age of ten.
- BBC Urdu teams explained developments in Pakistan, with interviews with US Secretary of State Hillary Clinton and pieces on the Pakistani army about the offensive against the Taliban.

Last year, our international news service delivered a stable weekly global audience of 241 million people. For more information visit the BBC World Service website: www.bbc.co.uk/worldservice.

Table 2-5
Weekly Reach 2009*

| | 000s |
|------------------|-------|
| BBC News channel | 7,896 |
| Sky News | 5,279 |

* Based on three minute reach.

In response to the Lambert Review of BBC News 24 in 2002 the BBC offered to consider the relationship between BBC News and BBC World News, including a triennial benchmarking exercise by independent consultants to confirm that marginal cost pricing remained in line with market practice and the BBC's Fair Trading guidelines. The latest benchmarking exercise was completed in May 2010 and confirmed this to be the case.

JOURNALISM ACROSS THE UK

BBC local journalism plays a pivotal role in UK life. Our investigations across radio, television and online shed light on important issues that concern our audiences, scrutinising people and policy for the public good.

NORTHERN IRELAND

News and current affairs remain a defining part of BBC Northern Ireland's local television output.

BBC Newsline's late-evening weekday bulletins were extended to ten minutes duration and our television news output was further enhanced with the introduction of new weekend bulletins. Work is currently underway to extend our network of area-based correspondents, with new reporters in north Down, south Antrim and Tyrone. Other developments in recent months also included the conclusion of *Let's Talk* and its replacement with a new series – *Spotlight Special*. It will continue to provide audiences with the opportunity to question, and debate with, senior politicians and decision-makers.

The 40th anniversary of the outbreak of the Troubles featured in a series of reports on *BBC Newsline*. It also provided the basis for *The Trouble with 40* which included reflections from a generation whose growing up had taken place against the background of community conflict.

Spotlight's regular investigations meanwhile looked at subjects including stem-cell treatments, the demise of the so-called Celtic Tiger; the work of the Commission set up to recover the bodies of 'the disappeared'; issues surrounding the actions of former MP Iris Robinson; the European election campaign; and the impact of the economic downturn on businesses and communities across Northern Ireland.

Our coverage of politics included interviews and reports in ever-popular *Hearts and Minds* and *The Politics Show* strands, and live programmes from the main party conferences. The Assembly's work was covered extensively through *Stormont Live* and was enhanced with the launch of *Democracy Live* which provides live online coverage of plenary debates at Stormont and some of the work being undertaken by the Assembly's scrutiny committees.





WALES

Across our output, our aim was to investigate and report modern Wales, revealing the rich diversity across contemporary Welsh society and politics.

Our news and current affairs output continued to make waves. *Who Cares in Wales* was an important investigation into the regulation of care homes, and *Why Do You Hate Me?* was a revealing exposé of the prejudice sometimes faced by people with disabilities. Our current affairs team also produced an illuminating profile of the retiring Wales First Minister Rhodri Morgan.

Sport has also played a central role, with *Scrum V* continuing to deliver an outstanding service to rugby followers.

As part of our commitment to provide content for S4C, our weekly politics programme, *CF99*, continued to offer a robust forum for debate, while current affairs strand *Taro 9* and *Ffeil* (the daily news bulletin for children) built on their distinctive journalistic strengths and expertise. *Pawb a'i Farn* broadcast live from locations around Wales, providing opportunities for communities to voice a Welsh perspective on local, national and international issues.

Digital switchover also enabled us to expand the BBC News service on S4C to offer a wider range of bulletins.

ENGLAND

Across England, a focus on journalistic impact – especially in the morning and at drivetime – has been supported by investment in local government reporters and a stronger commitment to local radio being the home for local public debate.

Our regional TV teams have continued to break new ground, embrace new audiences and set a journalistic agenda which has cemented the BBC's position as the UK's most popular source of local TV news. This is particularly important against the background of ITV's reduction in its commitment to regional news which has seen regions merged to form much larger coverage areas.

BBC London's coverage of a number of important stories related to the London mayoralty has delivered a series of exclusives. The West Midlands region sent a team to the

United States and worked with BBC Business Editor Robert Peston to bring insight into the Kraft takeover of Cadbury. And, of course, our teams across the country kept us all informed as the country struggled with extreme winter weather, and were rewarded with the highest audiences for English Regions daily TV news for ten years with 10.3 million viewers at the peak of January's snow. In addition, every weekly *Inside Out* current affairs strand programme in England produced a film on the knock-on effects of the snow across their patch. The North East team also produced a special half hour film to mark the Cumbria floods. *Inside Out* audiences average around 3.6 million each week.

SCOTLAND

Reporting Scotland's audience increased for the second year in a row. The early evening programme, along with *Newsnight Scotland*, was in the vanguard of media coverage of the release of the Lockerbie bomber. Glenn Campbell won one of the most prestigious TV News awards, the Royal Television Society's Award for 'Scoop of the Year', for breaking the story. We marked a decade of devolution with Brian Taylor's documentary, *Holyrood and the Search for Scotland's Soul*, and a live televised debate with Glenn Campbell.

Throughout the year Business Editor Douglas Fraser provided analysis of the ongoing economic crisis, with a particular focus on the Scottish financial sector.

In sport, live Scottish Cup and CIS Insurance Cup action, and the World Cup qualifier between Norway and Scotland, was complemented by *Sportscene's* weekly SPL highlights and online clips of all the goals. Shinty's Camanachd Cup Final was webstreamed live, allowing global access. Elsewhere in the schedules, rallying, bowls, athletics, golf, rugby and cricket all featured this year.

In September BBC ALBA marked its first year on-air, on satellite. Its unique news programme *An Là* will continue to provide a focus for local, national and international news. *Eòrpa*, also available on BBC Parliament, will continue to assess European current affairs for the Gaelic language community.

1 BBC Wales' Vaughan Roderick and his colleagues across the UK bring impartial news, comment and analysis from the local, general and European election trails.

2 Our early evening weekday bulletins – like BBC Northern Ireland's *BBC Newsline* – are the most popular daily news programmes in the UK, with a combined average audience of 5.2 million viewers.

3 Gary Robertson, one of the presenters on BBC Radio Scotland's weekday morning news programme *Good Morning Scotland*.

4 BBC Essex weekday breakfast show presenter Ray Clark shares some trade secrets with school students during this year's *BBC News School Report* project.

To find out more about the BBC's local, regional or nations activities – or for news and other local information – visit our websites:

www.bbc.co.uk/england.

www.bbc.co.uk/scotland or www.bbc.co.uk/alba.

www.bbc.co.uk/wales or www.bbc.co.uk/cymru.

www.bbc.co.uk/northernireland.



TELEVISION

“WE’RE SETTING NEW STANDARDS IN QUALITY AND ORIGINALITY, CREATING THE BEST TELEVISION AND ONLINE CONTENT IN THE WORLD, WHEREVER AND WHENEVER AUDIENCES WANT TO WATCH.”

JANA BENNETT
DIRECTOR, BBC VISION



REACH **85%** 85% of the UK watches BBC television each week – more than any other television broadcaster – for an average of almost ten hours each week.

QUALITY **71%** Over two thirds of programmes (71%) across BBC One, Two, Three and Four scored a high appreciation score of 80+, indicating how much audiences value our content. BBC Three’s documentary *Women, War, Weddings and Me* scored the highest ever appreciation score for a factual programme on any recorded channel.

IMPACT **200+** Programme-makers working for BBC television received over 200 major awards last year. Highlights include special recognition for Stephen Fry; an impressive seven wins for Kenneth Branagh’s *Wallander*; BAFTA wins for Carey Mulligan, in BBC Film’s *An Education*, and Andrea Arnold’s *Fish Tank*; Emmys for Ben Whishaw, *Criminal Justice*, and Julie Walters for her performance in *A Short Stay in Switzerland*.

VALUE **7.0p** The average cost per viewer hour (the total cost of programmes divided by the number of viewer hours) across our portfolio of ten UK-wide television services is 7.0p (2009: 7.1p).

FIFTY YEARS OF BROADCASTING FROM TELEVISION CENTRE – A REAL LANDMARK FOR OUR SERVICES IN A YEAR OF OUTSTANDING ACHIEVEMENTS BY BRITISH TALENT ON THE BBC.

IN A WORLD OF INCREASING CHOICE, OUR PROGRAMMES
CONTINUE TO SURPRISE AND DELIGHT AUDIENCES EVERYWHERE,
MAKING BBC TELEVISION THE MOST WATCHED AND APPRECIATED
UK BROADCASTER.

Working through seven production centres across England, Scotland, Wales and Northern Ireland, and collaborating with hundreds of independent production companies – from the global superindies to single specialist producers – we continue to build a worldwide reputation for excellence.

BRINGING PEOPLE TOGETHER

BBC One is Britain's favourite channel. It is at the heart of our cultural life, and part of the national conversation: the place we all come together at times of real significance.

When the BBC puts all its creative energies behind a project or a programme, the results can touch people in communities right across the country. From *Sport Relief* and Eddie Izzard's breathtaking marathon challenge to Gary Barlow's concert for *Children in Need*; from coach of the year, Smithy, to Sir Alan crowning his Apprentice; from David Tennant's magical adventures as the Doctor to a new talent, Matt Smith, and his exceptional promise in the role: these were big broadcast events, shared and celebrated by us all.

Sport too brings communities together – from Formula One returning, football highlights in *Match of the Day* to Amy Williams' gold at the Winter Olympics in Vancouver, we broadcast nearly 2,000 hours of sport last year, including over 275 hours in high definition – including some HD 'firsts' like the Grand National. We will continue to showcase the diversity of British sporting talent and, looking ahead to London 2012, we will be bringing the nation together for the biggest sporting spectacular in the world.

Chart 2-5

Network television weekly reach versus main commercial groups %

All BBC Television

| | |
|-------|------|
| 08/09 | 84.6 |
| 09/10 | 84.9 |

Total other channels

| | |
|-------|------|
| 08/09 | 75.0 |
| 09/10 | 79.9 |

All ITV

| | |
|-------|------|
| 08/09 | 75.1 |
| 09/10 | 74.8 |

All Channel 4

| | |
|-------|------|
| 08/09 | 66.7 |
| 09/10 | 66.1 |

All five

| | |
|-------|------|
| 08/09 | 44.4 |
| 09/10 | 43.9 |

All Sky

| | |
|-------|------|
| 08/09 | 35.2 |
| 09/10 | 39.3 |

THE BRITISH PUBLIC SAYS THAT IT WANTS THE BBC TO BE AT THE HEART OF THE UK'S CREATIVE INDUSTRIES, AND THAT MEANS BEING BOLD, INNOVATIVE AND IMAGINATIVE.

BACKING BRITISH TALENT

Signature drama on BBC One, including Peter Moffat's *Criminal Justice* and Peter Bowker's *Occupation* gained tremendous acclaim for the quality of the writing, the cast and the creativity of the scheduling. Also in peaktime, *The Street*, *Small Island* and *Five Days* were striking pieces of television, showcasing some of our finest talent.

Our drama investment this year really paid dividends for the diverse audiences we serve. On BBC Two, *Five Minutes of Heaven* explored the legacy of violence in Northern Ireland; BBC Three's hit series, *Being Human*, returned taking audiences into a world of werewolves, vampires and ghosts; and the *Women We Loved* season on BBC Four, with three of Britain's most respected actresses today, Helena Bonham Carter, Jane Horrocks and Anne-Marie Duff, portraying some of our finest artists of the past.

The BBC is the only television broadcaster offering original UK drama in daytime. As part of the BBC's commemoration of the 70th anniversary of the start of WWII, period drama *Land Girls* graced the daytime schedules, while *Moving On* gave opportunities to new writers, supported by one of television's most distinguished talents, Jimmy McGovern.

It has been a highly successful year for BBC Films, well-established at the heart of the British film industry with hits such as *An Education*, *Fish Tank* and *In the Loop*, a spin-off from BBC Two's comedy series *The Thick Of It*. Supporting fresh British talent, we have championed the world's first 3D feature film outside the US with *StreetDance*.

INVESTING IN CREATIVITY

We have a special commitment to support comedy from across the UK, celebrating our lives, our sense of humour, our culture. This year has seen several big successes: *Miranda*, Caroline Quentin's *Life of Riley*, the return of *Rab C. Nesbitt*, *Michael McIntyre's Comedy Roadshow*, *The Thick of It*, the part-improvised sitcom *Outnumbered*, *Gavin and Stacey*, *Getting On*: these shows are raising the bar for British comedy, touching audiences with their new and fresh approach to laughter.

We have also approached arts programming with renewed confidence and vigour, creating seasons and complementary programme schedules across BBC Two and BBC Four on subjects as diverse as poetry and modern art.



BBC Four has notably raised the profile of its arts output, with programmes including art historian Andrew Graham-Dixon's exploration of Russian art and a season celebrating the centenary of the Ballets Russes in documentary and new performance. The channel continues to grow in audience numbers, as it pursues an unashamedly expert and in-depth approach to arts and culture.

A WORLD OF WONDER

Public service broadcasting has a vital role to play in building knowledge and making science accessible to audiences.

In January we launched World of Wonder, a special year of science across TV, radio and online, with some exceptional series on BBC Two and BBC Four: *Chemistry: A Volatile History*; Prof Iain Stewart's *How Earth Made Us* and Brian Cox's *Wonders of the Solar System*.

On BBC One, *Bang Goes the Theory* returned, putting science to the test for a mass audience and driving its viewers' curiosity to find out more. The series is accompanied by a BBC Learning campaign, with roadshows reaching tens of thousands of people across the country, and a substantial offer online. Our *Bang* and *Lab UK* sites continue to provide a unique space, delivering original and accessible science in collaboration with the science community and hundreds of thousands of our viewers.

This year's natural history landmark, *Life*, was watched by around 11 million people each week across the series. While on BBC Two, Stephen Fry and Mark Carwardine travelled to some of the most remote places on earth in search of animals on the edge of extinction, offering their highly appreciative audience a unique *Last Chance to See*.

QUALITY AND IMPACT

Over the last year, we have increased the impact of factual programmes in peak-time with higher levels of quality, originality and innovation.

Louis Theroux: A Place for Paedophiles, Rosa Monckton's moving film *When A Mother's Love Is Not Enough* and the unforgettable stories of Ranger Andrew Allen and Lance Corporal Tom Neathway's time in Afghanistan in *Wounded*. These were challenging pieces: documentaries delivered with honesty, courage and conviction.

We are also bringing topical stories to wide-ranging audiences on BBC One.

The One Show averages 4.4 million viewers five nights a week, featuring stories from history to current affairs from across the UK. Alongside our commitment to established news and political programmes, we are constantly innovating with new formats, with successes like *The Day The Immigrants Left* from Evan Davis and *Famous, Rich and Homeless*, each bringing broad audiences to current debates.

On BBC Two, Andrew Marr's *The Making of Modern Britain* and Simon Schama's exploration of *Obama's America* offered audiences timely insights, making sense of our past and present. While *The Love of Money*, with its unparalleled range of eye-witness contributions from key decision-makers, expertly captured the story of the global banking crash, providing an authoritative first draft of history.

BBC Three offers ground-breaking factual content, including last year's standout *Adult Season* on growing up and the exceptional documentary *The Autistic Me*, alongside news, drama and comedy entertainment from a host of young television stars like Russell Howard. Really hitting its stride, the channel's share of younger audiences has grown this year, proving how readily young audiences can connect to difficult material, provided it is commissioned with their interests at heart.



BBC Television offers the most diverse range of top quality programmes of any UK broadcaster. Examples this year included:

- 1 David Dimbleby's *the Seven Ages of Britain*.
- 2 *Chemistry: A Volatile History*, with Professor Jim Al-Khalili.
- 3 New comedy this year, *The Bubble*, presented by David Mitchell.
- 4 *On Thin Ice* saw Ben Fogle, Olympic gold medallist James Cracknell and Bristol doctor Ed Coats race to the South Pole.

Last year we acquired programmes from 29 countries, including:

- 5 Award-winning German movie *The Lives of Others*.
- 6 *Mad Men* – stylishly set in 1960s New York.

As part of *Putting Quality First*, we have proposed reducing the amount spent on acquisitions from £100million to £80million by 2013.



1 *The Gruffalo*.

2 *A History of Christianity*.

3 *Wallander*.

4 *Ashes to Ashes*.

5 *Natural World*.

These programmes were showcased in high definition. BBC HD is Britain's most popular HD channel, offering a mix of sports, entertainment and events, along with top brands like *Doctor Who*, *Top Gear*, *The Culture Show* and *Dragon's Den*. Viewer numbers have more than doubled year-on-year.



Table 2-6
BBC One peaktime repeats

| | |
|----------------|-------------|
| 2007/08 | 8.3% |
| 2008/09 | 8.2% |
| 2009/10 | 8.0% |

BBC One's level of peaktime repeats dropped once again year-on-year.

Table 2-7
BBC Two peaktime repeats

| | |
|----------------|--------------|
| 2007/08 | 29.3% |
| 2008/09 | 32.6% |
| 2009/10 | 29.0% |

BBC Two's level of peaktime repeats dropped year-on-year, and is now under 30% once more.

Table 2-8

BBC network television hours of output by genre

BBC networks have the broadest range of programme genres of all UK broadcasters.

| | BBC One | | BBC Two | | BBC Three | | BBC Four | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2009/10 | 2008/09 | 2009/10 | 2008/09 | 2009/10 | 2008/09 | 2009/10 | 2008/09 |
| Factual | 2,154 | 1,993 | 1,785 | 1,854 | 1,541 | 1,427 | 915 | 991 |
| Education (formal) | – | – | 289 | 440 | – | – | 4 | 4 |
| News and weather | 2,407 | 2,330 | 902 | 850 | 32 | 32 | 6 | 12 |
| Current affairs | 235 | 237 | 282 | 287 | 160 | 167 | 165 | 160 |
| Entertainment | 612 | 638 | 499 | 594 | 989 | 1,160 | 293 | 168 |
| Sport | 597 | 755 | 1,023 | 915 | 75 | 27 | – | – |
| Children's | 482 | 475 | 1,660 | 1,673 | – | – | – | – |
| Drama | 980 | 937 | 472 | 507 | 506 | 364 | 413 | 441 |
| Film | 534 | 638 | 609 | 635 | 236 | 206 | 168 | 190 |
| Music and arts | 97 | 91 | 317 | 315 | 79 | 72 | 1,272 | 1,255 |
| Religion | 97 | 104 | 37 | 34 | – | – | 40 | 25 |
| Continuity | 231 | 230 | 302 | 292 | 120 | 114 | 73 | 71 |
| Total network hours (excluding opt-outs) | 8,426 | 8,429 | 8,177 | 8,399 | 3,738 | 3,569 | 3,349 | 3,317 |

Women, Weddings, War and Me on BBC Three followed 21-year-old Nel Hedayat as she returned to Afghanistan for the first time in 15 years. Exposing a world of prejudice, restriction and casual violence against women, it recorded the highest audience appreciation measure ever seen for any factual programme on any reported television channel.

WORLD CLASS PROGRAMMES FOR CHILDREN

Our children's services, the CBBC and CBeebies channels, have continued to strengthen their lead in an increasingly competitive marketplace. These channels offer a unique service, with around 75% of all programming produced in the UK. From award-winning news and current affairs to fresh ideas in drama, comedy and entertainment, we constantly seek to invent new formats in order to stimulate some of our most demanding audiences. CBeebies reaches over 40% of Britain's under sixes each week, while Children's Channel of the Year, CBBC, achieved its highest annual share of viewers since its launch, with 28% of all 6-12 year olds watching each week.

ZingZillas, new to CBeebies, used state-of-the-art animatronics, encouraging children to explore the full range of musical styles. *Deadly 60*, a new factual series, investigated predators across the globe, introducing children to the natural world in fresh and exciting ways, while *Horrible Histories* took children on a fun learning journey through the ages.

CBBC is the only fully multi-genre service to children, creating over 670 hours of original programming last year. *Newsround* specials, exploring subjects as diverse as bullying and online safety, have become part of the fabric of the channel. And, through drama, we consistently deliver high impact storytelling. *Tracy Beaker Returns*, *Grandpa in My Pocket*, *The Sarah Jane Adventures*: these ambitious series are just a few examples of programmes that speak to children about their world.

ANYTIME, ANYWHERE

More and more people are experiencing our output in ways other than the traditional linear broadcast. It has been a strong year of growth online. Over the New Year, we attracted a record 17 million requests for our programmes on BBC iPlayer and shows like *Top Gear* and *Doctor Who* now regularly reaching a million each week on BBC iPlayer alone. Millions more are pushing BBC Red Button everyday to interact with BBC television's content.

We are also developing fresh approaches to our storytelling online. *E20*, the new *EastEnders* site, is nurturing new writing and acting talent. The online drama attracted well over three million requests by the end of March. Our *Wildlife Finder*, a mould-breaking online product launched by Sir David Attenborough, gives people the opportunity to explore the natural world through a wealth of video, sounds and stories from landmarks including *Blue Planet*, *Planet Earth* and *Life*.

LOOKING FORWARD

Looking forward, we will continue to invest in the diversity of British talent.

BBC One is developing fresh approaches to current affairs and popular factual, natural history, comedy and entertainment programmes. BBC Two will build up its commissions of UK drama to reclaim its place as the home of signature television and the destination for BBC Films. BBC Three will continue to meet young people's appetite for well-told, hard-hitting stories and experiment with new drama to inspire younger audiences. And on BBC Four we will see more strong points of view and new ways of looking at arts and culture, music and science.

On network television the new strategy *Putting Quality First* is about continuing to focus on distinctiveness. And so our promise to audiences is: expect big, bold ideas and distinctive, high quality programmes.

NATIONAL AND LOCAL TELEVISION

Our new purpose-built broadcast centre in Salford is scheduled to open in May 2011. The BBC has had a presence outside London since the early days and have always sought to bring the best British talent to our audiences locally and nationally. But we want – and need – to do more to help us better reflect all parts of the UK.

WALES

This was an historic year, as Wales became the first UK nation to switch completely to digital TV, and viewing to BBC Wales local output rose to its highest level for five years.

The environmental season *Green Wales* provided a Welsh context for the World Climate Summit in Copenhagen. A range of programmes – including a popular ‘reality’ documentary format – examined the environmental challenges facing Wales over the next few years, and there was related output and debate across our radio and online services.

Documentary *Afghanistan: Five Welsh Families* provided a timely reminder to viewers of the impact of the war here at home. It was followed, later the same night, by a debate held in the garrison town of Brecon. Once more, there was extended coverage across all BBC Wales services.

On network television, *Torchwood: Children of Earth* drew almost seven million viewers every night during its week-long showing on BBC One. And it was time to say goodbye to David Tennant, as *Doctor Who*, after a remarkable Christmas finale.

Our factual team excelled with *Last Chance to See* on BBC Two, as Stephen Fry and naturalist Mark Carwardine set out on a worldwide journey in search of animals teetering on the edge of extinction. The factual team also spearheaded a Moon season on BBC Four. Among its many highlights, *Being Neil Armstrong* saw Andrew Smith, author of the best-selling *Moon dust*, journeying across America to discover the real Neil Armstrong.

NORTHERN IRELAND

The place and relevance of religion in contemporary society was examined by William Crawley in *Losing our Religion*. And we reflected on Pope John Paul II’s historic visit to Ireland in 1979, using interviews with some of the people involved and rare archive footage. *Our Man in the Vatican* provided a rare insight into the world of high diplomacy and international relations with its series about local man, Francis Campbell, and his work as the UK’s Ambassador to the Holy See.



Our production and commissioning from outside London covers the whole range of genres, including live music and the arts, drama and comedy, sport and events.

- 1 BBC Wales' *The Sarah Jane Adventures*.
- 2 Comedy development is a priority for BBC Scotland.
- 3 English Regions' newly launched specialist football magazine *Late Kick Off*.
- 4 BBC Northern Ireland's *Show Me the Mummy – Princess Takabuti*.
- 5 BBC Northern Ireland's *Proms in the Park*.

Coverage of arts and entertainment included *Festival Nights*, *Blas Ceoil* and *The Music Makers*. *Proms in the Park* from the grounds of Hillsborough Castle attracted a capacity crowd and appreciative audience on local and network television.

Comedy and entertainment programming included *Great Unanswered Questions*, *May's Panto Party* and the difficult search for new performing talent in *Find Me the Funny*. Our Blackstaff Studios played host to a new *Friday Night Show* whilst the King's Hall was the venue for music-making on a grand scale in support of *BBC Children in Need* and, later in the year, events linked to *BBC Sport Relief*.

Locally-produced programmes for network BBC television are a developing feature of our work – with all their creative and economic benefits. The volume of commissions has increased significantly and there have been some early (and important) successes in this area. *Occupation* and *Five Minutes of Heaven* showcased the skills and potential of our drama team and we continued to develop our role as a production centre for network current affairs programmes, including *Panorama* and documentaries such as *Girls on the Frontline*.

SCOTLAND

The *This Is Scotland* season on BBC Four in September 2009 celebrated Scotland's art, culture and history, with programmes as varied as *Rory Bremner and the Fighting Scots*, *Brian Cox's Jute Journey*, Peter Capaldi's *Portrait of Scotland* and *Off Kilter*, Jonathan Meades' idiosyncratic and provocative view of Scotland and the Scots. It helped to increase the channel's reach by 6% and contributed two of the channels top five programmes that month.

It was a strong year for factual programmes from Scotland, including the second half of the BAFTA award-winning series *A History of Scotland* on BBC One Scotland, repeated on network and on the BBC HD channel for UK-wide audiences.

In recent years, we have conducted a wide review into our network supply capability and this has seen an increase in programmes coming from outside London. A number of key programme strands have transferred to Scotland, including arts programmes *The Review Programme* (formerly *Newsnight Review*) and *Imagine*. These have joined an already impressive roster of network arts programmes from Scotland, including *The Culture Show* and *Artworks*.

About one fifth of all BBC children's programming is commissioned from Scotland, and most of it is made in-house. *Nina and the Neurons* continued to bring to life science and technology for the under-6s on CBeebies, and *Ed and Ouch's Excellent Inventions* did likewise for older children on CBBC. *Raven* is now in its tenth series, and new animated series *OOglies* got its first outing. Innovative multiplatform game show *Mission 2110* went on air in the spring.

Wallander, the award-winning adaptation of the Henning Mankel novels, set in Sweden and starring Kenneth Branagh, proved a hit with audiences: a second series has been commissioned. For viewers in Scotland – though available on BBC iPlayer across the UK – *River City* is now in a one hour format, and is Scotland's only dedicated soap opera.

Hogmanay Live 2009 showcased some of Scotland's best traditional and modern musicians. It was available to viewers throughout the UK via BBC Red Button and via the web (giving access, for the first time, for international audiences).

ENGLAND

We increased spend in England this year specifically targeted at serving local audiences. We launched weekend news bulletins which now routinely garner around half a million additional weekly viewers.

There was a special Remembrance Sunday edition of the *Politics Show* presented by Jon Sopel from Camp Bastion in Afghanistan. In the English Regions opt-outs of the show, we discussed the impact of the conflict with military families and veterans at live locations across the country. Another highlight saw David Hockney calling for a review of the smoking ban in an exclusive interview with the *Politics Show* in Yorkshire. On average, around 850,000 viewers watch the regional opt-outs of the *Politics Show* each week across England.

To find out more about the BBC's local, regional or nations activities, visit our websites:

www.bbc.co.uk/england.

www.bbc.co.uk/scotland or www.bbc.co.uk/alba.

www.bbc.co.uk/wales or www.bbc.co.uk/cymru.

www.bbc.co.uk/northernireland.

Table 2-9
**TV programming spend by region
as a % of eligible spend**

| | 2009 | 2008 |
|----------------------------------|---------------|---------------|
| London | 62.3% | 65.1% |
| Scotland | 6.1% | 3.7% |
| Wales | 4.4% | 3.5% |
| Northern Ireland | 1.2% | 0.6% |
| Total Nations | 11.7% | 7.9% |
| Midlands | 3.8% | 3.8% |
| North of England | 8.2% | 8.9% |
| South of England | 14.0% | 14.2% |
| Total English Regions | 26.0% | 27.0% |
| Total Nations and Regions | 37.7% | 34.9% |
| Grand Total | 100.0% | 100.0% |

Based on Ofcom definitions by calendar year.



FUTURE MEDIA & TECHNOLOGY

“THE BBC FUTURE MEDIA AND TECHNOLOGY DIVISION MAKES SURE AUDIENCES CAN ACCESS FREELY BBC PROGRAMMES OF THEIR CHOICE. THAT’S THE FUNDAMENTAL PRINCIPLE WHICH DRIVES OUR INNOVATION, AND AS WE DELIVER WE SEEK TO MAKE THE AUDIENCE EXPERIENCE FOREVER BETTER.”

ERIK HUGGERS

DIRECTOR, BBC FUTURE MEDIA & TECHNOLOGY



REACH

27m+

BBC Online was accessed by an average of over 27 million unique browsers each week. There has been a rapid growth in requests to use BBC iPlayer. Over 11 million people use BBC Red Button to enhance their television experience every week.

QUALITY

75

During 2009/10, the average Netpromoter Score for BBC iPlayer was 75, making it the highest performing part of the BBC website. Netpromoter is a loyalty measure, based on the percentage of users who would promote or recommend the service minus the percentage of detractors. A score of 60 is considered strong.

IMPACT

18.2m

BBC iPlayer launched in 2007 and 2009/10 saw an average of over 18 million requests per week. BBC iPlayer has transformed the way people watch and listen to BBC programmes. BBC Red Button is home to our access service – ensuring that those viewers who rely on subtitles, audio description or signing can opt-in to these services and get more from their television.

VALUE

6.8p

Combined, BBC Online and BBC Red Button cost 6.8p per user reached (2009: 7.6p).

DIGITAL TECHNOLOGY HAS HAD A TRANSFORMATIONAL IMPACT ON THE MEDIA IN THE LAST DECADE. THE INTERNET HAS BECOME A MAJOR DISTRIBUTION PLATFORM FOR THE BBC – ALONGSIDE LINEAR TV AND RADIO – AND IS ESSENTIAL FOR DELIVERING ITS PUBLIC PURPOSES. BBC ONLINE IS AT THE HEART OF THE BBC'S INTERACTIVE AND ON-DEMAND FUTURE – IT'S A UNIQUE PLATFORM BECAUSE IT REPRESENTS ALL OF THE BBC IN ONE PLACE AND LINKS ALL OUR SERVICES TOGETHER.

Future Media & Technology provides a broad range of interactive services and technology functions for the BBC. We have responsibility for BBC Online, Red Button, Mobile and iPlayer, as well as providing the technology solutions that underpin the entire BBC – to keep it online and on-air and to provide the technology tools which are vital for the whole production process.

In summary, we try and make accessing the BBC's content the best experience we can for users, however and whenever they want it. But, importantly, our decisions on investment and innovation are driven by a clear principle: free access to licence fee payers via new technology that allows the BBC to support – and not threaten – the wider market.

New technology also allows us to enhance people's experiences, such as by providing more information online to supplement a television or radio programme.

The last year has been eventful for BBC Online, ranging from important new launches like *Democracy Live* and *Wildlife Finder* to the proposed refocusing of the service as part of the Strategy Review.

With Digital Switchover now in full swing, BBC Red Button – our primary route for providing digital content through television – has proved its ongoing importance, especially for audiences not yet online.

Mobile has been an undoubted success story – monthly users have gone from 4.4 to 7.8 million over the course of a year during which we have relaunched parts of our BBC Mobile site (including News and Sport) to increase its appeal to licence fee payers.

Throughout the year, BBC iPlayer has continued to grow (now around 5.5 million users a week), allowing an increasingly broad audience to enjoy great BBC on demand content in a safe, high quality, online environment. We have now made BBC iPlayer available across a number of television, mobile and gaming platforms.

Alongside our two services, we have continued to play a key role in keeping the BBC on-air and online, as well as enabling all elements of capture, production and distribution through technology services and solutions. We also continue to foster innovation across the whole BBC through our Research & Development function.

Putting Quality First will see us focus on the five key editorial areas and on doing fewer things better.

The BBC homepage is a safe and trusted gateway to a world of information, and home to some of the BBC's most innovative content. This year we have improved how it looks, and made it more appealing to our users. Try our new, improved sport pages or bring the past to life at www.bbc.co.uk/history.



242

PERFORMANCE

INNOVATION OVER THE YEARS

1930s

Research included short-wave broadcasting:
1936 First regular high definition television service launches.

1940s

The start of FM radio; colour television started to look viable:
1945 First VHF/FM transmission tests from Alexandra Palace.

1950s

The start of work on stereo radio; transistors being used in commercial equipment, paving the way for the communications revolution:
1958 VERA (Vision Electronic Recording Apparatus), first video tape machine used by the BBC.
1959 First transatlantic television transmission by R&D's 'Cablefilm' investigations into television picture storage begin.

1960s

Satellite communications used for the first time in broadcasting; digital techniques transform sound and picture communication:
1962 First transatlantic colour television link by satellite, using BBC R&D's slide scanner.
1967 BBC Two transmits first regular colour television service in Europe.

1970s

First experiments with digital sound broadcasting:
1972 BBC announces proposed new service called CEEFAX.
1975 Successful transmission of digital television signals.
1978 First digital stereophonic sound broadcast experiments – leading to NICAM stereo sound with television.

1980s

Decade of debate: stick with analogue systems, wait for digital, or a hybrid? Meanwhile, 'high definition' television and digital audio broadcasting both appear on the horizon:
1982 BBC Microcomputer, from Acorn, released.
1982 HDTV studies commence in earnest.

1990s

Start of digital radio and television broadcasting, and launch of bbc.co.uk. Virtual production techniques evolving to provide powerful production tools:
1995 The new Digital Radio service started in September.
1997 BBC web services start.
1998 BBC launches digital satellite television service.

2000s

Upgrades and enhancements across the board:
2002 Freeview launched.
2007 BBC iPlayer launched.
2009 BBC HD launched on Freesat.
2010 BBC HD launched on Freeview.

For more information on the technological and other developments that the BBC has been part of over the years, visit www.bbc.co.uk/rd and www.bbc.co.uk/historyofthebbc.

INFORMATION AT YOUR FINGERTIPS

Our news site – updated every minute of the day – sees the BBC's biggest online traffic. It provides world class, impartial news coverage. This year we covered the biggest global, national and local stories in depth, such as the Haiti earthquake; the Iraq War Inquiry and the release of the Lockerbie bomber (both national stories with international ramifications); and the Cumbrian floods. Our news offer includes reportage, background analysis and comment.

This year saw some key developments and initiatives on the platform, like the launch of *Democracy Live*, our exciting online tool aimed at bringing democracy to life through live and archive video from the Parliaments and Assemblies of the UK, as well as Europe.

Robert Peston, Fergus Walsh, Stephanie Flanders and other BBC correspondents and journalists have continued to break significant news stories through their blogs, or provided expert analysis on emerging stories.

Consumption of news and sport content is increasingly multiplatform; we have seen particular growth in mobile consumption where up-to-the-minute news and weather have been major drivers for the extraordinary growth of BBC Mobile.

BBC Red Button's distinctive combination of up-to-the-minute information and content – and interactive content like alternative sports commentaries – continues to be a convenient access point for millions of people to get the latest news and sport headlines through Digital Text. January's 'snow days' saw an extra 2.1 million people accessing the service. It remains the most popular interactive TV service in the UK.

BRINGING PEOPLE TOGETHER

Our services are not just aimed at the individual – we also serve communities of interest, with mass appeal content. This year we provided multiplatform coverage of important major sporting events such as the Winter Olympics, the return of Formula One to the BBC, Wimbledon tennis and music events like Glastonbury and BBC Radio 1's *Big Weekend* from Swindon.

The Winter Olympics was a truly multiplatform event. The time difference between the UK and Canada meant that many of the most popular events took place overnight here in the UK. But the immediate accessibility and convenience of our digital services meant that audiences were able to catch up on the latest news, watch highlights packages (especially popular on BBC Red Button) and watch up to six simultaneous live streams on BBC Red Button and BBC Online. Valuable lessons have been learned in advance of this summer's FIFA World Cup and the 2012 London Olympics.

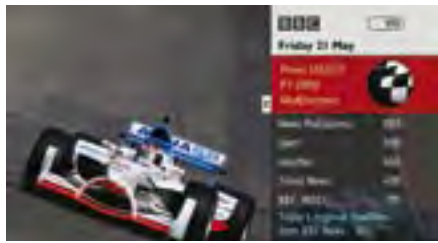
We have also been able to introduce new technological innovations for our TV sport coverage, to make it more engaging and informative. One example is the new way we can add virtual graphics to athletics coverage, such as world record lines for long jump events.

OFFERING A BIGGER EXPERIENCE

Across our BBC Online and Red Button services, we continued to seek new ways to provide greater depth and breadth of BBC content. This year we focused on creating new ways of using the BBC archive to enrich the user experience: our *Wildlife Finder*, for example, gave audiences access to our natural history archive for the first time.

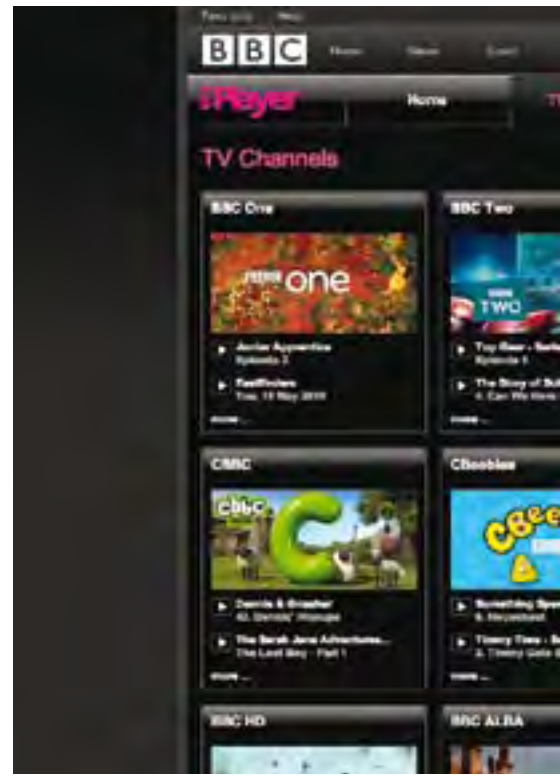
We launched the *Lab UK* personality test; the award-winning *Virtual Revolution*; and in partnership with the British Museum, a website to support the range of work across the BBC in support of BBC Radio 4's for *The History of the World in 100 Objects*, including the pan-BBC local history version supported in particular by our local and nations services across the UK.

We are able to provide high quality multiplatform music content from leading artists and performers. As well as our popular Glastonbury festival coverage, we've featured other music festivals such as Reading, BBC Radio 1's *Big Weekend*, the Mela season, and introduced *Maestro Cam* during the *BBC Proms*. We have continued to experiment online by exploring how we can better provide music content and information in the future – a first step is the introduction of the beta site www.bbc.co.uk/music.



BBC Red Button gives you choice – and control over what you want to watch.

Whatever your interest – catching up on last night's comedy from BBC Three on BBC iPlayer, or the latest football gossip or travel updates – you should be able to find it on www.bbc.co.uk – or find a link to another provider who can help.



WE ARE BUILDING ON THE SUCCESS OF BBC iPLAYER AND WILL LAUNCH THE RADIO PLAYER LATER IN THE YEAR IN PARTNERSHIP WITH COMMERCIAL RADIO PROVIDERS. IT WILL MAKE OVER 400 RADIO STATIONS AVAILABLE TO LISTENERS VIA THE INTERNET.

244

PERFORMANCE

ORIGINAL CONTENT

Internet-based drama *E20*, a spin-off from parent *EastEnders*, was an ambitious multiplatform project, attracting over three million requests across the *EastEnders* website and BBC iPlayer. It also had over half a million viewers on BBC Red Button. The show introduced new writing and acting talent, and threaded plotlines between the two shows. A second series has been commissioned and will premiere on the *EastEnders* website later in 2010.

Staying in Albert Square, the *EastEnders* game celebrating the 25th anniversary of the soap was one of the BBC Red Button audience hits of the year. Other notable successes through the year include the ever-popular and innovative *Doctor Who* website and various *Comedy Extras* (available on both BBC Red Button and Online) featuring specially commissioned extra content from programmes such as *Never Mind the Buzzcocks*, *Stewart Lee's Comedy Vehicle* and *The Thick of It*.

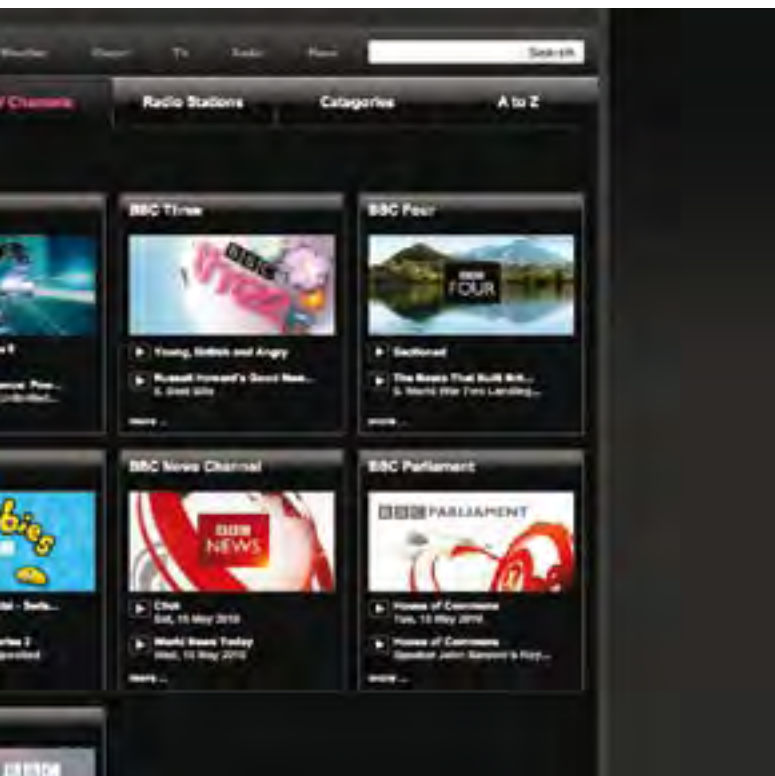
TRUSTED CHILDREN'S CONTENT

All our child-targeted services provide a safe and trusted environment for our younger users to learn and play. The launch of separate CBeebies and CBBC iPlayers are welcome additions to our offer.

We have refreshed the CBeebies website to put interactivity at its heart, blending great content, with great user experience and design. This has proved very popular with its young users, who quickly understand and embrace new technologies and ways of consuming content.

ENABLING THE BBC

Technology provides the foundations for the BBC's day-to-day activity, ranging from how we make programmes to how we get them to our audiences. Improvements to the underpinning technology can bring benefits to the quality of the content and to the value we deliver to licence fee payers. BBC Fabric (a product of the Digital Media Initiative) is one such improvement that will fundamentally change the way we make programmes. Fabric is a desktop-based digital production tool that allows content to be accessed, edited, and shared remotely across the entire BBC. We have now started to roll this out across the BBC and will reap the rewards for the foreseeable future.



DIGITAL PARTNERSHIPS AND INNOVATION

Innovation, improvement and partnership will remain important watchwords.

The launch of a new HD service on Freeview – offering BBC, ITV and Channel 4 HD channels – is a major step towards improving the viewing experience for audiences and is a neat illustration of the innovative technology solutions provided by BBC Research & Development.

And our proposed 'Canvas' partnership with the UK public service broadcasters and commercial stakeholders will make internet-connected television a reality, and will provide a quality free-to-air alternative to pay platforms.

We are building on our experience and the success of BBC iPlayer with the launch of a further partnership, to launch Radio Player later in the year. It will allow internet users to listen to more than 400 commercial and BBC stations.

BBC Research & Development has been engaged in research into archive technologies for over a decade now, with a long chain of collaborative projects with broadcasters, academics and industrial partners across Europe. Over the past year, we have focused on a range of challenges, from efficient digitisation and metadata creation, to advanced digital storage and file formats optimised for long-term preservation.

All of these will underpin our long-term ambition to liberate our programme library and archive for the benefit of licence payers.

IMPROVED VALUE

As well as prioritising our investment in the most important and meaningful content areas, we have worked hard this year to increase our efficiency.

In content, the Winter Olympics allowed us to trial the automated creation of websites, for example, and we are increasingly developing sites which are scalable and re-usable (such as *Wildlife Finder*).

Tough decisions have included removing some capacity from the BBC Red Button in Freeview homes, to allow viewers to receive HD channels on the platform. We have also reorganised our internal structure to deliver efficiencies and allow greater focus on quality.

ENSURING FUTURE QUALITY



Taking BBC content into the public space, the main picture shows BBC Two's coverage of the opening ceremony of the Vancouver Winter Olympics on the Mayor of London's big screen in Trafalgar Square – also home to the Canadian Embassy.

- 1 *The Street*, gripping drama from Jimmy McGovern.
- 2 Live music – including all *The Proms* on BBC Radio 3 – are a key part of what makes the BBC offer distinctive.

3 *Lambing Live* – an extension of our *Springwatch* programmes – followed the life and death drama of one of the biggest events in the UK farming calendar over five nights from a sheep farm in South Wales.

- 4 A big year for politics climaxed in the General Election, expertly covered by Nick Robinson and colleagues across the UK.



THE BBC'S PUBLIC SERVICE MISSION IS TO INFORM, EDUCATE AND ENTERTAIN AUDIENCES WITH PROGRAMMES AND SERVICES OF HIGH QUALITY, ORIGINALITY AND VALUE. AND THE BRITISH PUBLIC – RIGHTLY – EXPECTS US TO BE A RELIABLE SOURCE OF ACCURATE AND IMPARTIAL NEWS; A TIRELESS SUPPORTER OF ORIGINALITY AND EXCELLENCE; A GUARANTEED INVESTOR IN BRITISH TALENT AND SKILLS; AN UPHOLDER OF THE HIGHEST VALUES AND STANDARDS; AND A CONSTANT COMPANION AT TIMES OF CRISIS AND CELEBRATION.

As the external media landscape evolves, it is more important than ever that the BBC is clear in its mission and is consistent in how it is delivered.

The commercial media sector rightly challenges the BBC over this, especially at times of economic uncertainty. The limits of what the BBC does have become less clear over time and the BBC has been less effective than it could or should have been at spelling out its central mission and sticking to it.

So we have spent the last year looking at every aspect of our business. We wanted to check that we were honouring our first principles – to inform, to educate and to entertain – as we prepared for a fully digital Britain.

We wanted to look at what the BBC should do and, just as importantly, what it should not do.

In March we published a new strategy, *Putting Quality First*. We presented it to the BBC Trust and it was the subject of a public consultation so that licence fee payers felt empowered in helping us to decide how we spend their money in programmes and services for them.

Subject to approval, *Putting Quality First* directs the BBC to focus on five editorial priorities; do fewer things better; guarantee access to all; make the licence fee work harder; and set itself new boundaries. It helps us to focus on what matters to our licence fee payers, and more clearly and consistently sets out our content ambitions than before.



THE BEST JOURNALISM IN THE WORLD

Informing civic and democratic life at home and abroad – through independent, impartial and accurate news, current affairs and information.

INSPIRING KNOWLEDGE, MUSIC AND CULTURE

Enriching people's lives – bringing knowledge, music and culture to new minds, eyes and ears.

AMBITIOUS UK DRAMA AND COMEDY

Stimulating and entertaining audiences – with stories about their lives and the world around them.

OUTSTANDING CHILDREN'S CONTENT

Delighting and surprising young audiences – helping children explore their world in a safe public space.

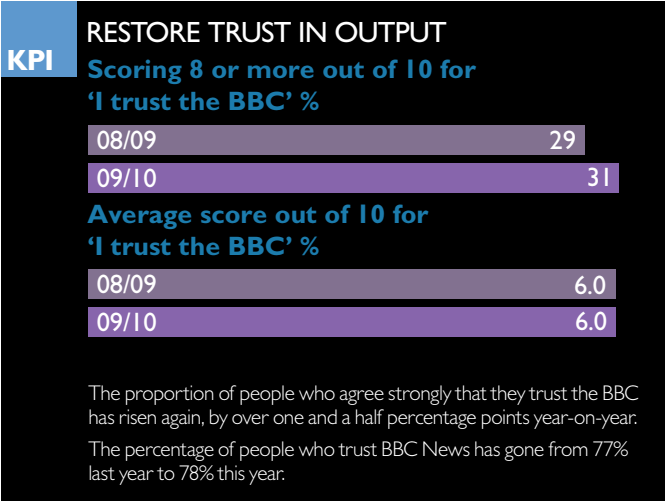
EVENTS THAT BRING COMMUNITIES AND THE NATION TOGETHER

Being there for the whole UK – in moments of crisis, commemoration and celebration through landmark events, sport and entertainment.

BBC PROGRAMMES AND SERVICES: *PUTTING QUALITY FIRST.*

THE BEST JOURNALISM IN THE WORLD

INFORMING CIVIC AND DEMOCRATIC LIFE AT HOME AND ABROAD –
THROUGH INDEPENDENT, IMPARTIAL AND ACCURATE NEWS, CURRENT
AFFAIRS AND INFORMATION.



248

PERFORMANCE



Since our first radio news bulletin on 14 November 1922, the BBC has been a standard-bearer for accurate, impartial and independent news. As technology improved – and audience expectations grew – we added a further commitment that our news should also be up-to-the-minute.

Today, we have over 3,500 journalists and other news staff spread across the globe – from York to New York, and Aberdeen to Sydney. We take pride that our audiences trust our output and turn to us on-air and online both for local information and as events unfold on the national and international stages.

Covering the stories that matter – from daily television news on BBC One to our local radio speech-only breakfast shows, and from political analysis on BBC Parliament to business programming on BBC Radio 4 – will remain a key element to our ongoing editorial strategy.

We will focus increasingly on areas where we can add most value and where our contribution is genuinely distinctive: eyewitness reportage and international newsgathering, especially from those parts of the world with growing geo-political importance like China and Brazil; specialist analysis and explanation, in particular in science, the environment and social affairs; investigative journalism; and current affairs.

The internet is enabling UK audiences to access a wider range of news and information than ever before. BBC News Online will continue to offer trustworthy news, analysis, and background information about the day's stories of significance. It will also provide a public space where the range of opinion can get a fair hearing and be debated.

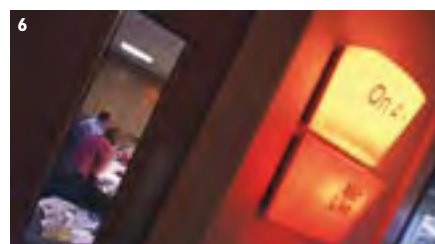
In the UK, BBC news will always be free at the point of use, free of advertising or other commercial messages, and available to you when, how and where you want it.

IN THE YEAR AHEAD:

- BBC Radio 5 live will present the major news stories as they happen, and provide context, analysis and discussion – 75% of its output will be news.
- BBC Parliament will offer 80 hours a week of coverage of the Westminster Parliament (full sitting week), plus coverage of proceedings of the Scottish Parliament, Northern Ireland Assembly and Welsh Assembly, as well as programming from Brussels and Strasbourg.
- BBC Three will cover a range of topics from autism to child trafficking, and will develop its Blood, Sweat and... brand which explores the impact of globalisation on the developing world.

For more programme and service commitments for the year ahead visit www.bbc.co.uk/aboutthebbc/statements2010.

To check out how we did against our promises last year see the *Performance against Public Commitments 2009/10* pdf in the download section of www.bbc.co.uk/annualreport.



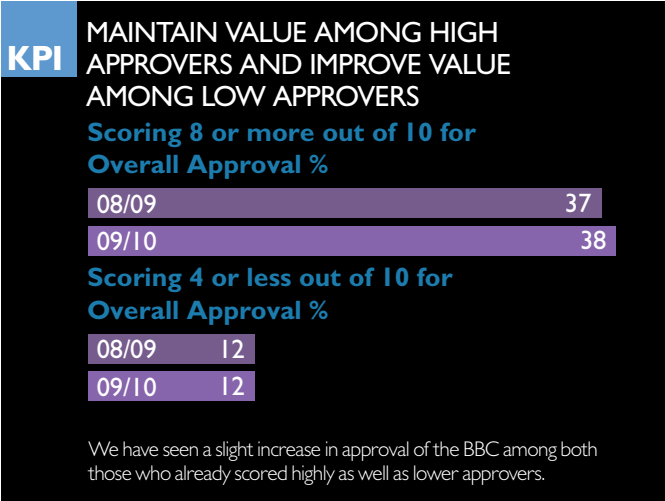
We will aim to reach 80% of the UK population each week with our wide-ranging journalism output, and continue to be the UK's most trusted news provider on television, on radio and online. Pictures show:

- 1 Robin Lustig, from BBC Radio 4's *The World Tonight* – which marked 40 years on air in April.
- 2 *Panorama* brought challenging stories – such as 'Dying for a Biscuit' – to peaktime terrestrial television.

- 3 Andrew Marr interviews leading politicians on BBC One in *The Andrew Marr Show* on Sundays, and talks to other leading thinkers on BBC Radio 4's *Start the Week*.
- 4 Behind the scenes at the BBC 10 O'Clock News.
- 5 Hugh Sykes interviewing Pashtun farmers in Afghanistan.
- 6 *Today* has just over 6.5 million listeners each week.

INSPIRING KNOWLEDGE, CULTURE AND MUSIC

ENRICHING PEOPLE'S LIVES – BRINGING KNOWLEDGE, MUSIC AND CULTURE TO NEW MINDS, EYES AND EARS.



We are recognised worldwide for the diversity of our factual programming and the originality of our musical performance. Pictures show:

- 1 *Mastercrafts*.
- 2 The Royal Albert Hall, home of *The BBC Proms*.
- 3 *Sacred Music*.
- 4 *Who Do You Think You Are?*
- 5 *Wonders of the Solar System*.
- 6 *Natural World*.
- 7 *The Art of Russia*.



With our core mission to inform and educate, building knowledge has always been central to the BBC's programme offer as we have sought over the years to open up the arts, science, history and other specialist fields to our listeners and viewers.

Our role in the musical life of the nation, too, has been unique, encouraging music making – pre-schoolers sang along to *Listen with Mother* for over 30 years – and, primarily, music listening. Today we support a unique blend of new music – much of it live, much of it specialist, and much of it from new talent trying to break through – via our radio services in particular or on Radio Player (from 2010, subject to approval).

Looking to the future, our strategy for these genres will still focus on linear broadcasting as the most effective way to reach wide audiences, exploring factual subjects, the arts and culture in depth, and introducing a wide range of music and performance. BBC Radio 2, for example, will feature more live concerts and jazz in prominent slots, and there will be more regular documentaries exploring music and cultural themes. *BBC Introducing* will continue to connect BBC Radio 1 and BBC iXtra with music makers and emerging unsigned talent at the grassroots.

BBC Two will benefit from an increase in funding from 2013 (subject to approval) and will use that investment to commission high quality, original content, offering fresh and new ideas to its discerning audience, with more programmes like Simon Schama's *Obama's America*, *The History of Now*, and *How Earth Made Us*, as well as programmes that entertain while building knowledge such as *Mastercrafts*.

We will also increasingly respond to evolving audience expectations online and will, for example, continue to support formal learning through propositions like *Bitesize* as we seek more opportunities to unlock the potential for learning from across our output.

IN THE YEAR AHEAD:

- BBC Four will show two series on the *Science of Mapping* and the *Beauty of Maps* to coincide with an exhibition at the British Library; and *Rude Britannia* is scheduled to coincide with Tate Britain's exhibition of British comic art.
- Our 2010 Opera Season will follow Gareth Malone as he attempts to produce and direct an opera in *Gareth Does Glyndebourne*. Performances will include Plácido Domingo in Verdi's *Simon Boccanegra*.
- BBC Radio 1 will broadcast from around 25 live UK live events and festivals; and will offer listeners 250 new sessions (excluding repeats); BBC Radio 2 will offer at least 260 hours of live music.

For more programme and service commitments for the year ahead visit www.bbc.co.uk/aboutthebbc/statements2010.

To check out how we did against our promises last year see the *Performance against Public Commitments 2009/10* pdf in the download section of www.bbc.co.uk/annualreport.



AMBITIOUS UK DRAMA AND COMEDY

STIMULATING AND ENTERTAINING AUDIENCES – WITH STORIES ABOUT THEIR LIVES AND THE WORLD AROUND THEM.

2-52
PERFORMANCE

KPI INCREASE DISTINCTIVENESS AND QUALITY

Scoring 8 or more out of 10 for High Quality %

| | |
|-------|----|
| 08/09 | 34 |
| 09/10 | 36 |

Average score out of 10 for High Quality %

| | |
|-------|-----|
| 08/09 | 6.4 |
| 09/10 | 6.4 |

The proportion of people who agree strongly that our output is high quality went up this year by over two percentage points. The average score was constant year-on-year.

We provide a stage for the best of the UK's writing and performing talent to reach a wide audience – a distinctive offer with something to entertain everyone.



Every week of the year, we offer an extensive range of drama and comedy across television and radio – and with additional original content like *EastEnders'* spin-off *E20* only available online. Pictures show:

- 1 *Outnumbered*.
- 2 A recording of the dramatisation of a PD James novel at our radio drama studio in Birmingham.
- 3 *Occupation*.
- 4 *The Thick Of It*.
- 5 *On Expenses*.
- 6 *I'm Sorry, I Haven't A Clue*.

The BBC provides a stage for the best of the UK's writing and performing talent to reach a wide audience. It is the BBC's responsibility to take risks and challenge audiences with innovative stories and programmes.

This year our drama offer included new and high-quality output like *Occupation* and *Criminal Justice* from BBC One, *House of Saddam* and *The Last Days of Lehman Brothers* from BBC Two, as well as fresh approaches on BBC Three – a second series of *Being Human* developed the characters and stories from series one as well as introducing new ones.

BBC Radio 3 and 4 both consistently offer an exceptional array of new and classic drama and readings – and after what was at the time seen as a risky pilot venture, *The Archers* survived and will mark its 60th anniversary in the new year.

Comedy is perhaps the riskiest genre of all. Successful new shows require time and investment, and are extremely hard to create and then maintain. Yet, there is an appetite from the audience for them, as recent TV hits *Outnumbered* and *Gavin and Stacey* show.

We will continue to invest in new writers and performers as we did this year with the teams behind *Home Time* and *The Gemma Factor*, providing a platform for them to showcase their talent. We will make space in our schedules across our portfolio of channels – particularly on BBC Three – to try new things before offering them to broader audiences. And once more, BBC Radio 4 is the sole UK provider of radio comedy in any scale.

Excellence, originality and variety will continue to form the basis of our strategies for drama and comedy. And, if approved, our proposed increase in spend on BBC Two will help to deliver more original, strongly authored series, serials and single dramas that reflect the state of contemporary Britain, as well as stronger and more distinctive comedy with the potential to become the mainstream hits of tomorrow.

IN THE YEAR AHEAD:

- We will invest more money in BBC Two content as it works to rebuild its reputation for signature television drama using UK talent and telling UK stories, as well as establishing a stronger and more distinctive role in comedy.
- BBC Radio 4 will offer at least 180 hours of original comedy (excluding repeats).
- BBC Four will offer the first UK digital showing of 20 world cinema film titles – a genre we remain committed to as we reduce our spend overall on acquired programmes.

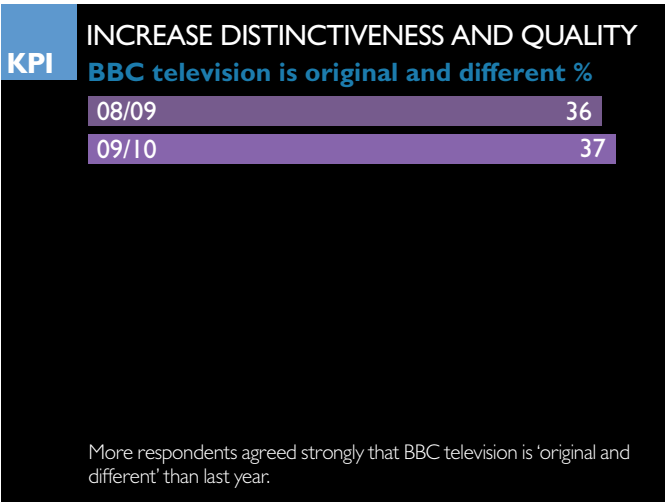
For more programme and service commitments for the year ahead visit www.bbc.co.uk/aboutthebbc/statements2010.

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OUTSTANDING CHILDREN'S CONTENT

DELIGHTING AND SURPRISING YOUNG AUDIENCES – HELPING CHILDREN
EXPLORE THEIR WORLD IN A SAFE PUBLIC SPACE.



Our emphasis on UK-created content – from *Horrible Histories* to *Timmy Time* to readings of Rudyard Kipling's *Just So Stories* on BBC 7 – sets us apart from much of the other children-oriented services available from the market. Our commercial-free environment offers a trusted space for children and is designed to encourage learning. Pictures show:

- 1 *Timmy Time*.
- 2 *Horrible Histories*.
- 3 *Show Me, Show Me*.
- 4 *Relic: Guardians of the Museum*.
- 5 *Spirit Warrior*.



Producing children's content has its own challenges.

Our children are treated to the best content from outside the UK by providers such as Disney and Nickelodeon, raising the bar for creativity and quality. At the same time, UK broadcasters and producers are under constant strain, making it difficult for many companies to invest in expensive, original children's output.

Even when programmes do get the green light, the competition across platforms for attention from this demanding and peer-sensitive audience makes it increasingly difficult for new and unknown programmes to punch through.

Despite these pressures, the BBC remains resolutely committed to providing high quality, UK-produced content for children. Our role in providing bespoke television, radio and online content that encourages learning, supports understanding of the world, and which makes children laugh – all within a trusted 'safe space' free of advertising – remains undiminished.

And so, a priority for us will be to increase investment in children's programmes. Subject to approval, we will increase our spend on children's programming by £10million per year from 2013 to 2016 at least, building on the additional investment of £25.5million over three years already secured in the current licence fee period. Much of this money will be directed towards UK originated drama, comedy and factual content for older children, as well as new CBeebies programming which will reduce repeat rates in output for the under-6s.

We will seek, through the BBC Trust, approval to extend the finishing time of the CBBC channel from 7pm to 9pm, peak viewing for this audience. We will consult carefully with parents and children to assess the possible implications, recognising that there is likely to be a range of views on the subject.

IN THE YEAR AHEAD:

- At least 70% of CBBC hours will be original productions – including a minimum of 665 hours of drama, 85 hours of news (including *Newsround*) and 550 hours of factual programming.
- Approximately 80% of CBeebies hours will be original productions.
- In addition to our digital television output, BBC One and BBC Two will broadcast a further shared 1,500 hours of children's programmes.
- BBC 7 will offer four hours of programming daily, for both young and older children.

For more programme and service commitments for the year ahead visit www.bbc.co.uk/aboutthebbc/statements2010.

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BRINGING THE NATION TOGETHER

BEING THERE FOR THE WHOLE UK – IN MOMENTS OF CRISIS, COMMEMORATION AND CELEBRATION THROUGH LANDMARK EVENTS, SPORT AND ENTERTAINMENT.

MAINTAIN REACH

KPI

Weekly pan-BBC reach %

| | |
|-------|----|
| 08/09 | 93 |
| 09/10 | 97 |

Each week around 97% of the UK adult population watched BBC television, listened to our radio services or used BBC Online. The difference year-on-year is due to a more robust methodology being used since January 2009 to collect pan-BBC reach data. The result is more accurate, and reflects the increasing ways the audience can consume BBC content. Caution should be exercised when comparing this year's pan BBC reach data to previous years as the two methodologies are not directly comparable.

A variety of programmes brought people together this year:

- 1 Our coverage of the Winter Olympics.
- 2 Eddie Izzard, running 43 marathons in 51 days for *Sport Relief*.
- 3 *I'd Do Anything* – family viewing on Saturday evenings.
- 4 *Children in Need*, every November.
- 5 Sport unites communities across the UK.
- 6 Our outreach work – including the new Doctor's visit to Sunderland and other locations across the UK.
- 7 Moving coverage of Remembrance Day.

2-56

PERFORMANCE



Our first ever radio outside broadcast – a relay of Mozart's *The Magic Flute* from Covent Garden – was on 8 January 1923; the 1926 General Strike was our first confrontation with government over editorial independence; and we started doing live sport commentaries in 1927.

Since the very early days of the BBC – even pre-dating our first Charter – we have been in the privileged position of being a national gathering point at times of trouble, celebration, commemoration and entertainment.

Audiences still turn to the BBC at times of crisis, such as this winter's snow and floods; when they have a simultaneous choice from different sources they overwhelmingly turn to the BBC at moments of international sporting excellence, like the *World Cup Final*; they follow national or cultural events like the Service of Remembrance or the General Election with the BBC; and *Eastenders* live 25th anniversary broadcast in March was the talk of the nation.

The range and diversity of the events that we support, and our presence across TV, radio and digital media, give us a unique responsibility to reflect the big moments in national life. Ironically, far from losing relevance, media fragmentation and societal change is making this responsibility even more critical.

Looking ahead, we will continue to cover those sporting events with a special national resonance identified by the Government's recent Listed Events review, subject to winning value-for-money sports rights: our challenge is to deliver a diverse sports package to our audiences while not distorting a market in which there is both considerable commercial and public value for other free-to-air broadcasters.

A key event for us will be the 2012 London Olympics – the biggest sporting event ever held in the UK. We will harness our online capabilities to offer additional content in the run-up to the Games, as well as providing an archival legacy once they have finished.

IN THE YEAR AHEAD:

- BBC One will build on the success of *Strictly Come Dancing* and other shows to re-affirm itself as the BBC's home for 'big experiences for big audiences'. It will keep ambition in its Saturday evening schedule.
- BBC Two Wales will cover The Royal Welsh Show, the most popular outdoor event in Wales, and across our services a new-look *Children in Need* will return in November.
- We will refresh our sport website, to deliver a more satisfying and consistent experience to its users.
- We remain committed to making our content widely accessible and so will subtitle all our programmes. Also, we will audio-describe at least 10% of relevant programmes and sign at least 5%.

For more programme and service commitments for the year ahead visit www.bbc.co.uk/aboutthebbc/statements2010.

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BBC: INCREASING VALUE BY WORKING BETTER

THIS SECTION ILLUSTRATES HOW WE CARRY OUT OUR OPERATIONS AND SUPPORT OUR PEOPLE.

The British public pays for the BBC. And it is right that we are as transparent as possible about how we do business.

The previous section gave a sense of our editorial mission, and our strategy to achieve it. Here we share elements of our business strategy – how we do things. We include a short section on the BBC Academy, launched this year, and training BBC staff and the wider industry.

We share some of the story of how we work with the UK's wider creative economy, reviewing BBC Studios & Post Production and BBC Worldwide, and outlining the commercial framework that dictates how we work with other organisations and companies.

We end by highlighting a few key potential risks to our business, and how we mitigate them.

Picture shows businesswoman Peggy Mitchell, played by Barbara Windsor, who leaves Albert Square later this year after ten years behind the bar at the Queen Vic. *EastEnders* celebrated its 25th anniversary earlier in 2010 with no fewer than 13 awards and an audience of nearly 19 million people to its live edition. Drama is a key plank in our future programme strategy.



MANAGING THE BUSINESS

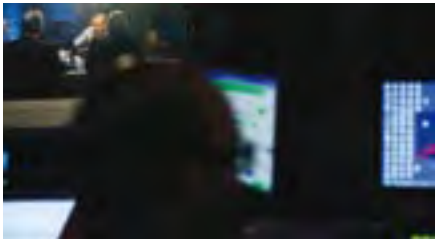


OPERATIONS

“AS AUDIENCES BENEFIT MORE AND MORE FROM EMERGING DIGITAL TECHNOLOGIES, WE HAVE TO RUN OUR BUSINESS IN A WAY THAT DELIVERS CLEAR VALUE AS WELL AS WORLD CLASS CONTENT.”

CAROLINE THOMSON
CHIEF OPERATING OFFICER

NEW TECHNOLOGIES AND INCREASING GLOBALISATION ARE DRIVING UNPRECEDENTED CHANGE IN THE MEDIA LANDSCAPE: WE RELY ON DIGITAL MEDIA TO DO OUR JOBS, AND WE CONSUME MEDIA CONTENT IN OUR LEISURE TIME. ONE IMPACT OF THIS CHANGE IN THE UK IS THAT THE MODEL THAT'S ALWAYS DELIVERED FIRST-RATE FREE-TO-AIR PUBLIC SERVICE PROGRAMMING IS NOW UNDER GREATER THREAT THAN BEFORE.

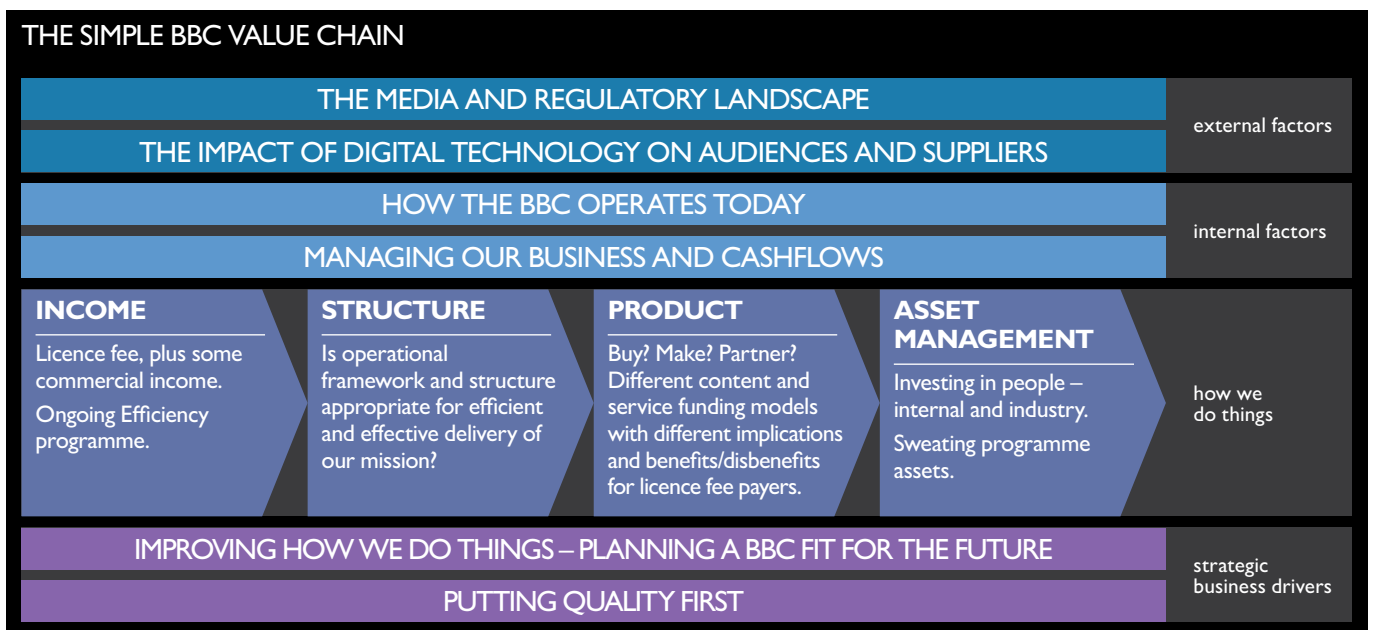


The relative decline in advertising spend in relation to overall economic growth – a trend that predates the recession and which has additionally been exacerbated by it – has delivered a double blow to commercial broadcasters as the volume of advertising spend fell sharply, while the proliferation of new satellite and online channels forced advertising rates down.

The knock-on effect for the wider industry saw the commercial PayTV broadcasters invest a smaller slice of a smaller pie in new UK content (36%, down from around 51% for a typical free-to-air broadcaster, according to Screen Digest).

Meanwhile, the big US gatekeepers to digital content – Google and YouTube – have not been investing large portions of their UK earnings back in the UK. This further reduces the cash available to make distinctive, high quality British programming.

The BBC's proposed strategy will tackle these two issues head on. We will organise and run our business flexibly to ensure we give our audiences what they want, in the most cost-effective way possible; and we will adapt the way we behave in the wider marketplace, as a supplier, a partner and a competitor.



CHANGING THE WAY WE OPERATE

Today's BBC is not the BBC of the early '90s, when around a quarter of the licence fee went on overheads. We have worked to halve that figure to around 12% today, and we are planning to cut it even further so that from 2013 at least 90p in every licence fee £1 will be spent in getting quality content made and transmitted. Over the next two years we will save £2billion cumulatively in costs.

Now, almost half our total expenditure goes to external suppliers, directly benefiting the UK economy. We have stripped out costs, streamlined our processes, and outsourced those aspects of our business that could be done more efficiently by a third party supplier.

But our changes are not just about reducing costs. We aim to make the BBC a much more modern and efficient organisation – with fewer senior managers and management layers, quicker decision-making, more collaborative ways of working, and where more creative use of new technology cuts bureaucracy and further streamlines our processes.

ARTISTS, PRESENTERS AND PERFORMERS

We have introduced some changes in our strategic approach to managing on-air talent – our artists, presenters and performers – the people who do most to drive audiences' assessment of BBC quality and distinctiveness. Because of their importance to licence fee payers we have introduced new processes for assessing value, negotiating contracts, approving deals, nurturing new talent, and developing existing talent. Our purpose is very clear: to make the BBC a place the best artists want to work to deliver great programmes at the best value for licence fee payers.

Even though the Trust's review of talent costs in 2008 showed the BBC did not pay more than the 'market price' for top TV talent, we made a commitment to reduce the amount we spend on top talent, particularly in the light of the economic downturn, and to manage our overall talent spend carefully.

We want to provide information which allows others to judge our performance against that commitment, without undermining our ability to negotiate good value talent deals.

The table below shows the BBC's overall talent spend for the last two years. Year-on-year we reduced total spend by nearly £8million. We will continue to exercise tight controls.

Table 2-10

Pay to artists, presenters, journalists, musicians £m

| | 2009/10 | 2008/09 | £ Change Year-on-year |
|----------------------|--------------|--------------|--------------------------|
| To £50,000 | 112.1 | 114.6 | -2.5 |
| £50,000 to £100,000 | 41.8 | 43.9 | -2.1 |
| £100,000 to £150,000 | 15.4 | 16.3 | -0.9 |
| £150,000 plus | 52.2 | 54.4 | -2.2 |
| Total | 221.5 | 229.2 | -7.7 |

GETTING THE BEST DEAL FOR THE LICENCE PAYER

As well as driving down the spend on our external talent, we continually assess our investment in our in-house people and contractors, with a view to reducing waste and duplication, and adding value.

The recession hit the media sector hard and it is right that the BBC uses the licence fee to offer work and opportunities in training to people in the wider industry, building transferable skills – usable in a portfolio market – and sustainable into the fully digital world.

GIVING THE BEST SUPPORT TO OUR STAFF

Over the past year, we implemented changes to how we recruit people. We advertise most of our vacancies online, which can be found at https://jobs.bbc.co.uk/fe/tpl_bbc01.asp along with an explanation of our recruitment processes.

And we have worked to simplify and improve our processes and policies that affect people once they have joined us. For example, we have invested in technology and systems which support our managers as they lead their teams.

We improved the HR advisory function, and are now better placed to offer our divisional and business unit leaders practical advice on a wide range of people issues.

And we have continued to work jointly with our outsource partner to improve and strengthen the service they provide.

STAFF REMUNERATION

The headcount trend is still downwards as we work to further reduce the number of people we employ. However, we have seen a slight net increase in the average numbers over the last year. In advance of the move to Salford, we have been consolidating some posts, and this accounts for most of the temporary increase in numbers. Overall, we expect the numbers to drop once more over 2010/11.

The pay deal for 2009/10 was settled at £470 per employee for graded staff earning under £60,000. A pay freeze applied to people above this threshold.

We also put measures in place that will have the effect of reducing the amount spent on senior managers by 25% over the next three years:

- BBC executive directors' pay frozen for four years.
- Bonuses for BBC executives removed indefinitely.
- Senior management pay frozen, and bonuses removed for two years.
- We pledged to reduce the number of senior managers by 18% over a four-year period.

Although senior manager numbers grew in the first half of the year, by March – five months after the measures were announced – we had reduced the number of senior managers by 15 (2.3%) and the total payroll for the period dropped by £6.8million (8.6%). We will continue to reduce the number of senior managers and the senior management payroll, and the Executive Remuneration Committee will continue to review progress on a regular basis.

Our aim is to get the right balance between attracting and retaining the right staff needed to lead the BBC and deliver outstanding services, with the need to deliver visible value to licence payers.

DIVERSITY ON AND OFF AIR

Recruiting and developing a diverse workforce that is representative of the contemporary British population enhances our relevance to all licence fee payers and exposes us, and our audiences, to stories and issues beyond our own immediate horizons.

Variety of experience and outlook is a catalyst for creativity and leads to richer, more meaningful output that resonates with all UK audiences.

Currently, around half the BBC's workforce (49%) are women; black and minority ethnic (BME) staff are at 12.1% (versus a target of 12.5%); and 4.4% of our staff are registered disabled (target: 5.5%).

Our ambition is to embed diversity across our activities and functions – from creating unique and inspired output to attracting and nurturing great talent, from connecting with hard to reach audiences to ensuring new services are accessible:

Corporate strategy and business planning: consultation with diverse communities informed the Code of Service Standards for the Digital Switchover Helpscheme, and equality considerations were built into procurement processes. More information on the scheme can be found at www.digitaluk.co.uk.

Audiences: we partnered with Channel 4 on Talking Disability, a research project that examined disabled audiences' perceptions of television. The findings have had a real impact, and we have run workshops for programme makers to help them think more, and better, about disabled portrayal, casting and access.

Output: We work actively with programme makers and commissioners to improve representation on-screen and on-air. High profile examples from the year have included CBeebies presenter Carrie Burnell; *EastEnders* announced a new regular disabled character, Adam Best (played by wheelchair-bound actor David Proud) as well as giving us our first all black episode; hard-hitting drama *Moses Jones* featured a mainly black cast and screened at peaktime on BBC One; and on radio, Graeae theatre company brought *The Hunchback of Notre Dame* to BBC Radio 4. We are working with BECTU and others to provide a networking conference for BME radio freelancers.

Workforce: This was the third and final year of a programme of investment targeted at supporting diversity at all levels of our workforce. Over the period, 40% of people joining our Journalism Trainee Scheme and 33% joining our Journalism Talent Pool were from a BME background. Our Mentoring and Development Programme has supported a diverse number of staff as they gain the skills to move into senior roles. And Extend, our work placement scheme for disabled people, provided opportunities to 50 individuals.

Table 2-11
Total average PSB headcount (equivalent full-time)

| Year end | Headcount |
|---------------|-----------|
| Year end 2006 | 18,860 |
| Year end 2007 | 17,914 |
| Year end 2008 | 17,677 |
| Year end 2009 | 17,078 |
| Year end 2010 | 17,238 |

Table 2-12
Senior manager headcount by salary band

| Salary band | 2009/10 | 2008/09 |
|----------------------|------------|------------|
| Under £70,000 | 40 | 45 |
| £70,000 to £99,999 | 261 | 265 |
| £100,000 to £129,999 | 157 | 153 |
| £130,000 to £159,999 | 82 | 76 |
| £160,000 to £189,999 | 33 | 39 |
| £190,000 to £219,999 | 23 | 23 |
| £220,000 to £249,999 | 9 | 8 |
| £250,000 to £279,999 | 4 | 3 |
| £280,000 to £309,999 | 2 | 4 |
| £310,000 to £339,999 | 3 | 1 |
| £340,000 to £369,999 | – | – |
| £370,000 to £399,999 | – | 1 |
| Total | 614 | 618 |

Chart shows UK PSB staff only. We will reduce the total to 520 (18% of base figure) by 2013.

Table 2-13
UK PSB staff by Nation (equivalent full-time) %

| Nation | 2009/10 | 2008/09 |
|----------------------------|---------|---------|
| England (excluding London) | 24 | 23 |
| London | 59 | 60 |
| Scotland | 7 | 6 |
| Wales | 7 | 7 |
| Northern Ireland | 3 | 4 |

Table 2-14
Diversity table, % of total staff

| | Target 2012 | Actual 2010 | Change year-on-year |
|---|-------------|-------------|---------------------|
| Black and Minority Ethnic | 12.5 | 12.1 | +1.2% |
| Senior manager, Black and Minority Ethnic | 7.0 | 5.7 | +0.7% |
| Disabled staff | 5.5 | 4.4 | -0.3% |
| Senior manager, disabled staff | 4.5 | 3.4 | n/a |

THE YEAR AHEAD

Much of our efforts operationally this year will be focused on supporting people impacted by two major changes for the BBC:

In London, we will be migrating network News output from White City and BBC World Service from Bush House, both to Broadcasting House. Detailed plans are in place to ensure that we meet our broadcasting commitments during the upheaval. 1,500 roles will be transferring from London to Salford Quays, and we will be managing the move of around 700 individuals and their dependants to ensure a core of experienced staff can deliver 'business as usual' as the moves take place. We are planning to recruit the balance to ensure that we achieve the right skills and contract mix for a flexible people resource. The BBC North recruitment website www.bbc.co.uk/jobs/north launched in February, and averaged 200 registrations per weekday to the end of March. A partnership with Connexions and JobCentre Plus has led to the development of an apprenticeship scheme targeting hard to reach groups in the local area.

We are committed to redeploying as many staff who have chosen not to relocate as possible.

In addition, the 2012 London Olympics provides a unique opportunity to connect with hard to reach audiences and to create a social legacy which will have ongoing benefits. Skills and education projects which engage the widest possible range of audiences will run across the UK with the aim to change perceptions of the BBC, enhance our employer brand, improve social inclusion and bring new content to our platforms.

A SUSTAINABLE FUTURE

The world is changing, and the BBC must adapt if it is to stay relevant.

We can no longer guarantee a job for life, but must employ flexibly and fairly. We can offer a demanding and creative place to work, where we support people to be multi-skilled, and encourage them to experience many different roles across the organisation. But in order to do this, we must cut some permanent posts and structure our work around an agile workforce.

In March we agreed a Dialogue Agreement with BECTU covering freelancers working with our in-house television production department. This is a positive step forward, ensuring a productive ongoing dialogue with our much valued freelance community.

Our employee relations strategy will focus on maintaining a collaborative and open relationship with employees and trade unions in what will be an increasingly challenging environment.

It is an environment that challenges us to maintain our commitment to licence fee payers to deliver the best programmes and services possible whilst reducing costs.

BBC SAFETY

BBC Safety, Health and Security specialists take a proactive approach to giving advice and support to newsgathering teams and programme makers operating all over the world. As a result, this year we have managed to reduce the number of accidents reportable to the HSE to 28 this year (2009: 36). Since 2000 we have reduced the incidence rate of reportable accidents from 277 per 100,000 staff to 127.

Our occupational health team also provided advice and support to staff with work related health issues and made sure that we had accurate information and robust plans to manage the Swine Flu outbreak and other crises.

During the year we refined our risk assessment process and introduced an online risk tool to make the assessment process as simple as possible.

BBC Safety is working closely with the Health and Safety Executive on a range of areas such as: management of large events such as rock concerts, and the coverage of large sporting events, including preparation for the 2012 London Olympics.

In a key initiative – and one which will also benefit the wider industry – we have championed a safety passport which will allow freelancers to use safety training from one organisation when working with another and so move more easily between different organisations.

The BBC was saddened by death of Anton Turner in Tanzania in October, while filming *Serious Explorers* for CBBC. Anton was charged by an elephant and died at the scene. The investigation team concluded that Anton's death was a tragic accident. The investigation was published at www.bbc.co.uk/info/reports.

BBC Safety works with in-house and external programme makers to bring memorable stunts – this one is from *Bang Goes The Theory* – and some of the best and most astounding pictures from the natural world to our screens.



BBC ACADEMY



THE BBC HAS AN OBLIGATION "...TO MAKE AN EFFECTIVE CONTRIBUTION TO THE PREPARATION AND MAINTENANCE OF A HIGHLY SKILLED MEDIA WORKFORCE ACROSS THE AUDIO-VISUAL INDUSTRY". (BBC CHARTER SECTION 3.2B)

The BBC has always trained the broadcast industry. And as BBC trained staff migrated to other broadcasters or independent companies, that training has formed the backbone of the industry. In fact, Deloitte estimates that existing BBC training is worth around £59million per annum in improved productivity to the creative industries. (Source: The Economic Impact of the BBC: 2008/09)



The increased pace with which digital production is sweeping the industry means that sustainable training is more important than ever. Yet the economic downturn led to reduced investment in training as companies consolidated their cashflow in uncertain times.



Across the industry, the BBC makes by far the biggest contribution to training, making our role in underpinning standards more important than ever:

- As the industry increasingly relies on a growing freelance pool, we now train people for a lifetime of employability rather than a job for life. Our investment in freelance staff benefits the licence fee payer directly through high quality BBC programmes and content, as well as through their contributions to great content on other non-BBC channels.
- The pace of technological change means that skills need regular updating: end-to-end production, aggregation, distribution, collaborative working and new cultures. And the demands of working in a 360 degree multiplatform environment require talent to possess highly transferable skills. Our investment in people means that they will not get left behind.
- Meeting our own Network Production Supply targets – ensuring a fair spread of licence fee money is spent across England, Scotland, Wales and Northern Ireland – depends on further developing highly trained creative talent pools around the UK.

2010 will see the second year of the apprenticeship scheme. Pictures show new intake apprentices Adil, Jade and Tommy being put through their paces in front of, and more importantly behind, the camera.

We launched the BBC Academy in December to ensure that we could better meet these needs. The BBC Academy is working with Channel 4 and ITV on diversity initiatives, and we are sharing the BBC's Multiplatform Foundation training with other broadcasters and organisations including PACT, BECTU and the Indie Training Fund. Subject to regulatory approval, we will continue to look for opportunities to share our training assets and intellectual property more widely as part of our public service mission to support the industry.

Last year we delivered 4,416 external training days, and we are actively looking for opportunities to increase this in the future. And we continue to support industry bodies such as Skillset and the National Film and Television School – our financial support totalled £1.4million in 2009/10.

BBC'S ROLE IN A WIDER MEDIA LANDSCAPE

THE BBC'S PUBLIC PURPOSES AND VISION TO BE THE MOST CREATIVE ORGANISATION IN THE WORLD CAN ONLY BE DELIVERED IF WE CONTINUE TO ENRICH PEOPLE'S LIVES WITH HIGH QUALITY AND DISTINCTIVE PROGRAMMES THAT INFORM, EDUCATE AND ENTERTAIN OUR AUDIENCES. BUT THE CONTEXT IN WHICH WE DELIVER OUR MISSION IS CHANGING RAPIDLY, AS TECHNOLOGIES AND INDUSTRIES CONVERGE AND AS CONTENT AND COMPETITION BECOME INCREASINGLY GLOBAL.



A CHANGING WORLD

The UK has an enviable tradition of investing heavily in homegrown content, which has in turn delivered striking worldwide successes across genres and formats. BBC titles like *Top Gear* and *Doctor Who* and formats like *Strictly Come Dancing* can be found every day on channels across the globe.

However, this is now under threat as market trends are undermining the traditional supply model for the free-to-air delivery of high quality, original UK content through factors such as:

- shifting balance of industry funding
- new roles in the value chain
- rising costs of content and distribution
- regulatory uncertainty.

BBC'S UNDERLYING COMMERCIAL PRINCIPLES

Such changes in the media marketplace require changes in behaviour from the BBC. Our new strategy, *Putting Quality First*, identifies both clear objectives for our commercial activities, as well as appropriate boundaries around them. Our commercial activities – whether as a partner, a supplier or a competitor – must contribute to the fulfilment of our public purposes. They are not exempt from the BBC's public mission, and must further protect and promote the BBC's brand and reputation.

In addition, our new strategy will help us ensure we only expand into areas that genuinely support the BBC's overall mission and drive benefits back to our licence payers.

Our guiding principles are that the BBC should:

- hold onto the value of its intellectual property
- exploit that value on the licence fee payer's behalf
- make sure no commercial activity damages the core brand and reputation of the BBC, at home or abroad.

BBC AS A PARTNER OF CHOICE

In conducting business, the BBC tries to ensure that we use our influence to support, rather than stifle. The BBC has made good progress in driving its partnerships programme, which aims to support UK public service broadcasting and the wider UK media sector, since its launch in December 2008.

Highlights have included:

- *Project 'Canvas'*, which will bring IPTV to the home, recently signed new partners (Channel 4 and TalkTalk). The project is currently undergoing regulatory scrutiny.
- for the *Digital Production* partnership, the BBC is engaged with the industry to establish how best to modernise production capabilities, establish standards and develop new creative opportunities by adopting digital technology.
- a wide-ranging memorandum of understanding was signed with STV, paving the way for collaboration in a number of areas.
- the proposition for the BBC/commercial Radio Player has been evolving, and launch is planned for summer 2010, subject to approval.
- the Radio Council has brought the BBC and commercial radio together to promote digital radio.
- Video News Sharing launched successfully in 2009 with four major newspaper partners, and several other websites have since joined.



BBC S&PP and BBC Worldwide work with the industry and the BBC to create great content for all audiences. Pictures show:

- 1 *Are You Smarter Than a Ten Year Old?*
- 2 Children's gameshow *BAMZOOKi*.
- 3 Robbie Williams' *Electric Proms* broadcast live to almost 200 screens in more than 23 countries across Europe, with later screenings in Australia and South Africa.
- 4 *Strictly Come Dancing*.
- 5 *Blue Peter*.
- 6 *Bellamy's People*.

- archive partnerships are progressing with work plans under development with a number of organisations including the British Film Institute and The National Archive.
- under the Bristol City Partnership, the BBC is working with partners to boost local TV production and film-making and collaborate on digital and connectivity projects.
- in addition, the BBC Academy has launched a number of training initiatives with ITV and Channel 4.

Our experience over the past 18 months has demonstrated the challenges of trying to meet partners' different objectives and operate in a complex regulatory environment. However, we still believe there is more we can do to open up our resources to other creative businesses in ways that they aspire to, and on terms that make sense, whilst providing benefits to the BBC and audiences. BBC North will provide

an opportunity to challenge traditional models and relationships, establishing partnerships as a way of working from day one and for the 2012 Project, responsible for the delivery of BBC activity across 2012 including the London Olympic Games, partnerships will be critical to success.

There are four other areas with significant potential where we will focus efforts in the coming year:

- skills and training, optimising our investment in these areas
- facilitate access to the 'digital public space' for like-minded organisations
- leverage existing resources
- roll out the Bristol City Partnership model in other parts of the UK.

HENRY MOORE FROM THE BBC ARCHIVE

In partnership with the Henry Moore Foundation, and working with Tate Britain, we digitised and released six films by renowned director John Read, along with other BBC documentaries, interviews and reports from our archive. The programmes were made over nearly five decades, and the release was designed to coincide with a major Henry Moore exhibition running from February to August this year at Tate Britain.

Read's half-hour film portrait of Moore is now generally considered to be the UK's first ever television arts documentary, and both pioneering and influential.

For more information or to see these programmes go to www.bbc.co.uk/archive/henrymoore. For more information on what the Tate is doing in London, Liverpool and St Ives visit www.tate.org.uk.

It is through our partnerships with others that we are better able to unlock the riches in our archive and make the digital public space a destination of choice.

The Read films capture the moment Reclining Figure, shown below, was created – the actual statue stands outside the Scottish National Gallery of Modern Art in Edinburgh.



CONNECTING TELEVISION

Project 'Canvas' (working title) is the BBC's proposal to enable a connected future for the UK's free-to-air TV platforms. Built on the successful Freeview model, it will offer audiences a potentially unlimited range of broadcast content and media services by enabling their devices (from home PCs to mobile phones) to be connected via any ISP broadband to their television.

For users, it will mean not just mainstream broadcast content, but also web applications from developers already creating content for devices like the Apple iPhone.

'Canvas' is just one example of the BBC's 'public service partnerships' agenda, launched in December 2008.

While the project was initiated by the BBC and ITV, it now involves Arqiva, BT, Channel 4, five and TalkTalk as equal funding partners. If approved, the partnership will form an independent joint venture, set up on a cost recovery basis.

'Canvas' is an open platform. It aspires to be a tangible demonstration of 'public space' in UK broadcasting for years to come. The potential it offers for a direct relationship between content provider and consumer has excited additional interest from a wide range of groups, including commercial video-on-demand providers, national arts and cultural organisations, and government service providers.

'Canvas' shows the sustainable role that the BBC can play as a stimulus for innovation right across the UK media sector, supporting a range of activities that benefit its licence fee payers.

"Open internet-enabled TV platform 'Canvas' can transform public access to British culture, providing a gateway to a treasure trove of content – films, live events and archive material – much of it already paid for with public money but until now only available to a select few."

John Woodward, CEO, UK Film Council

SUPPLYING THE CREATIVE ECONOMY AT HOME

We are much sought after as a partner in studio and post-production services – activities that are managed through BBC Studios and Post Production, a wholly-owned commercial subsidiary of the BBC, and a small but significant supplier to producers and other broadcasters.

The UK broadcast facilities market has been in flux for some years, and the challenges of tough ongoing trading conditions that we are all facing have been exacerbated by the downward spiral in the wider economic climate. On top of this, lower production budgets and the transfer of some BBC programmes from London to Glasgow further impacted on our ability to build our business, support our industry, and add value back to the licence fee payer. However, despite these difficulties, BBC Studios and Post Production Ltd performed strongly over the period, moving from last year's operating loss of £0.4million to an operating profit before restructuring of £0.4million.

Our re-structure, announced in last year's Annual Report, saw us consolidate our four new customer-facing businesses – Drama Services; Entertainment; Media Solutions; and Sport and Children's – to operate more efficiently with half the number of employees than with the previous structure, and better able to respond to the bespoke requirements of our diverse customer base.

As a service supplier, the BBC is at the heart of the UK's creative process. Headlines from last year include:

- supporting the first live episode of *EastEnders*, providing full technical crew and facilities for a hugely complex technical and logistical operation
- delivering the first 3D production at BBC Television Centre – supporting TwoFour's *Are You Smarter Than Your Ten Year Old?* for Sky
- partnering BBC Sport for the Vancouver 2010 Winter Olympics
- supporting the award-winning *Harry Hill's TV Burp*, made by Avalon for ITV
- deploying new virtual reality technology for *BAMZOOKi Street Rules*
- investing in new HD equipment to enable HD capability from all Television Centre studios
- playing host to *BBC Children in Need's* seven hour live TV marathon, fully HD this year for the first time
- deploying the new BBC R&D IngeX services – enabling HD tapeless content acquisition in multiple formats

We will continue to build on our reputation for exciting and innovative content, combining market-leading capabilities with new technologies and strategic partnerships.

SUPPLYING TO THE BBC

From on-screen and on-air talent, to independent production companies, and to outsourced support services providers, we aim to choose all our suppliers carefully, to ensure that they have a specific expertise and deliver value for money.

We have had ongoing relationships over many years with, for example, service providers that are essential to broadcast continuity – such as Arqiva, Siemens and SES Astra who provide and maintain our distribution networks – while other suppliers are new to the BBC.

All our supply arrangements are managed through our specialised procurement teams, to ensure we comply with the relevant regulations, and use industry-standard terms of trade. Information on all our procurement needs – including new tenders – can be found on www.bbc.co.uk/supplying.



1 BBC S&PP sells its expertise in the open market, and helps create award-winning content with other broadcasters, like *Harry Hill's TV Burp* from ITV.

2 BBC S&PP is one of the most experienced live television studio event producers in the world, hosting a range of events over the years, including *BBC Children in Need* since 1980.

Table 2-15
Top indies based on spend

| TV | Radio |
|------------------|-------------------|
| Kudos | Somethin' Else |
| Talkback THAMES | Smooth Operations |
| Shine Limited | Unique |
| Shed Productions | Above The Title |
| Tiger Aspect | Pier Productions |

Independent and in-house production

The WOCC (Window of Creative Competition) was introduced three years ago, to drive creative competition between independent producers and the BBC's in-house production departments in television. The system is underpinned by a firm commitment to both supply bases through a set of guarantees, alongside which 25% (around £250million in any one year) of eligible output is available for direct competition between the two supply bases. This year, the overall outcomes are roughly the same as previous year – with indies winning 70% of the business and in-house production securing the balance 30%. However, there are big movements in individual genres with year-on-year changes in favour of both indies and in-house. This demonstrates true competition in action and raises the creative bar. Audiences are the true winners.

- 1 Natural history series *Life* has now been sold to over 50 broadcasters in more than 40 territories.
- 2 *Top Gear* continues to be a highly popular brand across all formats. Picture shows Jeremy Clarkson with actor Eric Bana.
- 3 The CBeebies channel is now available to over 13 million subscribers worldwide.



BEYOND BRITAIN

The content we create can have enormous value in overseas markets. BBC Worldwide is our main commercial subsidiary and it operates a broad range of media businesses in order to supplement licence fee income by maximising this value and promoting the BBC brand and UK content internationally. Despite a still challenging economic climate in some markets, the company had a successful year with a strong performance from overseas business and its recent growth initiatives offsetting the impact of recessionary pressures, particularly evident in the UK.

Total sales and profits before specific items were up to record levels of £1,074.2million (2009: £1,003.6million) and £145.2million (2009: £106.4million) respectively. The 36% growth in operating profit was driven by the continuing expansion of the Channels business; an excellent performance from Sales & Distribution (which licenses programmes to other broadcasters) where profits were up 26% year on year; taking full ownership of 2entertain (the DVD operation formerly 40%-owned by Woolworths Group plc); and a reduction in losses within the Digital Media business. Like for like, just over 5.5% of total revenue came from online businesses in 2009/10 (2009: 4.6%), putting BBC Worldwide on a good trajectory towards its goal of 10% by 2012.

BBC Worldwide's return to the BBC in dividends and programme investments was £151.1million (2009: £152.6million). Dividends increased from £68.4million to £73.6million, and £77.5million (2009: £84.2million) was invested in BBC-commissioned programming. The decrease on last year reflects the natural ebb and flow of programme production cycles.

Advertising and retail sales in the UK continued to face difficult market conditions, but a weaker UK economy and currency meant the company received an uplift from overseas sales, particularly in the USA and Australian markets. Lonely Planet had a strong operating performance with new publishing lines proving popular, especially in the USA, and traffic on its website at year end reaching a record high of six million unique users. The business moved from a loss of £(3.2)million last year to a profit of £1.9million, and 22% of sales now come from non-print activities, underscoring its success in migrating onto the internet and mobile.

BBC Worldwide does not just deliver increasing financial value to the BBC. It also helps deepen the BBC's relationship with audiences at home and abroad and helps the BBC fulfil its fifth public purpose – to bring the UK to the world and the world to the UK. In November 2009, the BBC Trust published its Review of Commercial Services, which emphasised this latter mandate for the company. Non-UK revenues accounted for 54.6% of BBC Worldwide's total in the year (2009: 51.3%) and will form its principal focus for future growth, especially in the USA.

So the priorities ahead for BBC Worldwide are: to continue to strengthen its portfolio of BBC-branded TV channels, now available in five continents; to develop its online channels such as BBC.com and its international production network; and to ensure that the BBC receives due brand credit from as much of its activity as possible. Alongside this it will maintain the effectiveness of its highly successful DVD and TV programme and format sales operations. In order to ensure its magazines and audiobook operations get the investment they need to prosper and develop online potential more fully, BBC Worldwide is in the process of exploring possible partnership structures for these businesses.

Another key focus is to make the most of its major international consumer brands such as *Top Gear*, *Doctor Who* and *Dancing with the Stars* (the international name for *Strictly Come Dancing*). For example, *Top Gear* has increased its revenues year-on-year and now operates across every format area including digital downloads via iTunes, magazines, live shows and merchandise.

Given the diversity of BBC Worldwide's portfolio, its strong brands and the broad spread of its markets around the world, we believe the company is well placed to take advantage of further opportunities around the world in 2010/11.

Chart 2-6

BBC Worldwide statutory revenue £m

| | |
|-------|-------|
| 07/08 | 916 |
| 08/09 | 1,004 |
| 09/10 | 1,074 |

Chart 2-7

BBC Worldwide profit before specific items, interest and tax £m

| | |
|-------|------|
| 07/08 | 118 |
| 08/09 | 106 |
| 09/10 | 145* |

2007/08 figures are UK GAAP. Other years are IFRS.

* Specific items are significant items which are highlighted by virtue of their size or importance to enable a full understanding of BBC Worldwide's performance.

FAIR TRADING BY THE BBC

THE DETAILED OPERATIONAL FRAMEWORK FOR BOTH OUR PUBLIC SERVICE AND COMMERCIAL ACTIVITIES IS OUTLINED IN OUR FAIR TRADING GUIDELINES, FOUND AT WWW.BBC.CO.UK/INFO/POLICIES/FAIRTRADING. THESE WERE MOST RECENTLY UPDATED IN APRIL 2009.

The BBC Agreement requires the Executive to ensure that all commercial services meet the following criteria:

- fit with the BBC's public purposes
- show commercial efficiency
- not jeopardise the BBC's good reputation nor the value of the BBC brand
- comply with the BBC's own Fair Trading Guidelines, and in particular avoid distorting the market.

Having received reports from relevant senior management, the BBC Executive is satisfied that all commercial services met the criteria for the period 1 April 2009 to 31 March 2010.

We dealt with four Fair Trading complaints during the year. Three complaints were the subject of an appeal to the BBC Trust. Details can be found in our Fair Trading Bulletin www.bbc.co.uk/info/policies/fairtrading_complaints and on the BBC Trust's appeals page www.bbc.co.uk/bbctrust/appeals/fair_trading_appeal_findings.html.

Our Fair Trading Guidelines provide guidance on the trading relationship between the BBC and BBC World Service in order to ensure separation between grant-in-aid and licence fee income. This relationship is audited annually and the most recent report found that the BBC's behaviour was compliant.

The management of our Fair Trading arrangements has been accredited with the ISO 9001:2008 quality standard. The most recent assessment by the British Standards Institute in December 2009 confirmed that our procedures are continuing to operate effectively.

The BBC Trust commissions independent auditors Deloitte LLP to undertake an annual Fair Trading audit. Details are available in Part One of this Annual Report and Accounts.

RISKS AND OPPORTUNITIES

THE EXECUTIVE BOARD IS RESPONSIBLE FOR IDENTIFYING RISKS AND TAKING MITIGATING ACTION. THE RISKS AND RELATED OPPORTUNITIES IDENTIFIED BELOW ARE THOSE THOUGHT TO HAVE THE MOST SIGNIFICANT IMPACT ON OUR AUDIENCES, STRATEGY AND OPERATIONS. THEY ARE NOT EXPRESSED IN ANY RANKING OR ORDER OF PRIORITY.

CONTENT AND AUDIENCES: Challenges are mitigated by our editorial strategy outlined in *Putting Quality First*

Our mission is to inform, educate and entertain audiences and manage any threats to this objective. We must continue to seize appropriate opportunities and serve all audiences, against a backdrop of profound changes in the media sector:

| RISK | ACTION | FUTURE OUTLOOK |
|---|---|---|
| <ul style="list-style-type: none"> Failure to deliver on Charter requirements and strategy | <ul style="list-style-type: none"> Effective editorial and business strategies Ongoing monitoring of audience and industry developments | <ul style="list-style-type: none"> Ongoing focus on Charter, Mission and Purposes |
| <ul style="list-style-type: none"> Failure to attract, retain and develop to full potential the best people at all levels, both on and off screen/air, could compromise the quality of our delivery | <ul style="list-style-type: none"> Offer the best employment and development opportunities Pay and benefits policies that reflect both demands and opportunities | <ul style="list-style-type: none"> Uncertainty in media sector will challenge established business models, but present opportunities |
| <ul style="list-style-type: none"> Failure to uphold the highest values and standards, and to maintain accuracy and impartiality in all content, could lead to loss of audience trust | <ul style="list-style-type: none"> Strong editorial controls and effective compliance processes Ongoing training of production teams Serious consideration of complaints | <ul style="list-style-type: none"> Highest standards of editorial integrity and impartiality will remain paramount Any editorial lapses will be dealt with quickly and proportionately Enhanced editorial training |
| <ul style="list-style-type: none"> Failing to keep pace with developments in technology could limit access to content | <ul style="list-style-type: none"> Technology strategies that reflect developments and principle of free at the point of use | <ul style="list-style-type: none"> Accelerating pace of change will present challenges but also new opportunities in how we engage with our audiences |

OPERATIONAL AND SERVICES: Challenges are mitigated by our business strategy, policies and procedures

Resilience of our operations, and of the operations of our suppliers and partners, is essential to delivering the services that licence fee payers expect in both normal times and times of crisis. Innovation is essential to anticipate modern audience needs:

| RISK | ACTION | FUTURE OUTLOOK |
|---|---|--|
| <ul style="list-style-type: none"> Technical failure, infrastructure interdependencies, industrial action or the actions of third parties including suppliers, could lead to interruption of broadcast services | <ul style="list-style-type: none"> Detailed broadcast continuity plans regularly reviewed and tested Exit strategies and contingency plans for key suppliers Relationships fostered with appropriate unions, representative bodies and suppliers | <ul style="list-style-type: none"> IT equipment replacement under review Technological development will continue to offer opportunities alongside risks Resilience enhanced by options offered by internet and broadcast technology development |
| <ul style="list-style-type: none"> Without careful allocation and management of resources, we will not successfully complete the wide scope of concurrent projects, compromising our ability to match audience future needs | <ul style="list-style-type: none"> Interdependencies, common deadlines and skillsets analysed, reviewed and reported at senior level Lessons learnt from external reviews of major projects | <ul style="list-style-type: none"> Detailed plans will address resource and skills issues where key project delivery timescales coincide Dependencies that can be anticipated will be monitored |

FINANCIAL AND COMMERCIAL: Challenges are mitigated by our financial strategy and our commercial policy and guidelines
 The prolonged UK and global economic situation impacts us and all our stakeholders and could lead to a decline in income:

| RISK | ACTION | FUTURE OUTLOOK |
|---|---|---|
| <ul style="list-style-type: none"> Economic slowdown could lead to decreased licence fee income and reduced financial flexibility, in turn increasing pressure on borrowing arrangements | <ul style="list-style-type: none"> Monitor impact of social, economic and technological trends Contingencies built into financial plans, including cost of pensions Efficiencies gained by cooperation with partners | <ul style="list-style-type: none"> Possibility of a 'double dip' recession in the UK remains High levels of uncertainty remain regarding the global economy significantly impacting pension valuation and funding |
| <ul style="list-style-type: none"> Failure to protect and derive benefit from the BBC brand could lead to damage to the BBC reputation and a reduction in overall income levels | <ul style="list-style-type: none"> Developing further opportunities to exploit current programmes and archive Brand awareness and value monitoring | <ul style="list-style-type: none"> High level of scrutiny of brands will continue New opportunities across wide range of UK and overseas markets |
| <ul style="list-style-type: none"> Extending beyond appropriate boundaries could impact commercial interests of other operators against the public interest | <ul style="list-style-type: none"> Compliance with existing guidelines on unfair competition Vigilance over boundaries | <ul style="list-style-type: none"> Upheaval in media sector may continue Developments in technology will pose new challenges Transparent public service role |

CORPORATE RESPONSIBILITY: Challenges are mitigated by the strength of our business processes

Whilst driving our strategy to deliver quality, originality and value to our audiences, we must maintain appropriate practices:

| RISK | ACTION | FUTURE OUTLOOK |
|--|--|---|
| <ul style="list-style-type: none"> Inadequate controls could endanger the health and safety of individuals, the natural environment and our reputation | <ul style="list-style-type: none"> Strong safety risk assessment procedures applied diligently Environmental impacts under continuous review | <ul style="list-style-type: none"> Attention to changing exposures and industry best practice Take opportunities to devise environmentally friendly solutions |
| <ul style="list-style-type: none"> Failure to comply with legal and regulatory requirements may result in penalties | <ul style="list-style-type: none"> Liaison and active engagement with regulatory bodies and stakeholder groups | <ul style="list-style-type: none"> Political focus on media industry regulation likely to continue |
| <ul style="list-style-type: none"> Failure to meet digital public policy responsibilities could limit enjoyment by all | <ul style="list-style-type: none"> Focus on digital switchover challenges Engaging with vulnerable groups | <ul style="list-style-type: none"> Pace of innovation may overtake and mitigate some risks and present new opportunities |
| <ul style="list-style-type: none"> Developments in technology and changes to legislation are conspiring to increase potential threats from information security breaches | <ul style="list-style-type: none"> Active consideration of threats, with ongoing mitigation measures Data Protection procedures and training | <ul style="list-style-type: none"> Effective practices and procedures will remain key Continued deployment of the best available technology to safeguard data |



BBC: BENCHMARKED AGAINST BEST PRACTICE

THIS SECTION SHOWS HOW WE HAVE COMPLIED WITH WIDER REGULATORY GUIDELINES.

The external regulatory and legal frameworks have implications for the BBC and how we carry out our activities.

Here we introduce our Executive Board and show the process they follow to manage risks to our business.

And our independent non-executive Directors give their view on how our committees and structures have worked this year, as well as the matters they have covered.

For more information see the extended Governance section in the download centre at www.bbc.co.uk/annualreport.

Picture shows Chairman of the Executive Audit Committee David Robbie in discussion with an external advisor. The BBC seeks expert advice to ensure that it meets or exceeds its regulatory and legal requirements.



GOVERNANCE



MARK THOMPSON
 Director-General since June 2004. Chair of the Executive Board and the BBC Direction Group, made up of all the BBC's divisional directors.



MARK BYFORD
 Deputy Director-General. Board member since December 1998. Chair of the Journalism Board, Chair Editorial Standards Board, Complaints Management Board, Learning Board and London 2012 Olympics Coordinating Group.



ZARIN PATEL
 Chief Financial Officer since January 2005. Trustee of the BBC Pension Scheme and non-executive Director of BBC Worldwide Limited.



CAROLINE THOMSON
 Chief Operating Officer. Board member since May 2000. Trustee of the BBC Pension Scheme. Non-executive Director of Digital UK.



LUCY ADAMS
 Director of BBC People since June 2009.



SHARON BAYLAY
 Director of Marketing, Communications & Audiences since May 2009. Non-executive Director of BBC Worldwide Limited, Freesat and Digital UK.



MARCUS AGIUS
 Appointed non-executive Director and Senior Independent Director in December 2006. Re-appointed this year. Chairs the BBC Executive Board's Remuneration Committee. Group Chairman of Barclays PLC. Chairman of the Trustees of the Royal Botanic Gardens, Kew and Chairman of the Foundation and Friends of the Royal Botanic Gardens, Kew.



VAL GOODING CBE
 Appointed non-executive Director in January 2008. Re-appointed this year. Also non-executive board member of Standard Chartered and J Sainsbury, Advisory Board Member of Warwick Business School, Trustee of the British Museum, non-executive director of the Lawn Tennis Association and Trustee of Rose Theatre.

EXECUTIVE BOARD

THE EXECUTIVE BOARD, CHAIRED BY THE DIRECTOR-GENERAL, AND ITS SUB-COMMITTEES, ARE RESPONSIBLE FOR THE DELIVERY OF BBC SERVICES AND DAY-TO-DAY OPERATIONS ACROSS THE ORGANISATION.



JANA BENNETT OBE
Director of Vision. Board member since April 2002.



TIM DAVIE
Director of Audio & Music since September 2008. Board member since April 2005.



ERIK HUGGERS
Director of BBC Future Media & Technology. Board member since August 2008. Prior to this, Group Controller, BBC FM&T.



PETER SALMON
Director, BBC North. Board member since November 2009.



DR MIKE LYNCH OBE
Appointed non-executive Director in January 2007. Technology entrepreneur and founder and CEO of Autonomy Corporation plc.



DAVID ROBBIE
Appointed non-executive Director in January 2007. Chairs the BBC Executive Board's Audit Committee. Group Finance Director at Rexam PLC. Trustee of Aldeburgh Music.



DR SAMIR SHAH OBE
Appointed non-executive Director in January 2007. Chief Executive of Juniper Communications Limited. Trustee of the Victoria and Albert Museum and Special Professor in Post-Conflict Studies in the School of Modern Languages and Cultures, University of Nottingham. Chair of Screen West Midlands.



ROBERT WEBB QC
Appointed non-executive Director in January 2007. Appointed QC in 1988. Chairman of BBC Worldwide and BBC Commercial Holdings Board. Chairman of Autonomy Corporation plc and non-executive Director of the London Stock Exchange, Hakluyt & Co Ltd, Argent Group plc and the Emerging Health Threats Forum. Honorary Fellow of UNICEF.

JOHN SMITH
Chief Executive Officer of BBC Worldwide Limited. Board member from 1997 until September 2009.

For more information on the members of the BBC's Executive Board, please visit www.bbc.co.uk/aboutthebbc/running/executive.

SUMMARY GOVERNANCE REPORT

THE EXECUTIVE BOARD HAS COMPLIED WITH THE REQUIREMENTS OF THE BBC'S ROYAL CHARTER, CREATING APPROPRIATE AND EFFECTIVE GOVERNANCE ARRANGEMENTS FOR THE BBC.

The BBC's corporate governance framework is defined in the Royal Charter, which also requires the Executive Board to follow accepted principles of good corporate governance. Complying with the Charter has also secured substantial compliance with the 2008 FRC Code, although in a number of areas the 2008 FRC Code is not appropriate to the circumstances of the BBC – for example, compliance with the Charter means non-compliance with the 2008 FRC Code on Board composition. However, we believe that this does not compromise the quality of the governance arrangements in place and that the balance of executive and non-executive Directors, and the mix of business and broadcasting skills, enables us to effectively lead the BBC Group.

The Executive Board is responsible for all aspects of operational management of the BBC (except the BBC Trust Unit), although in practice some of our responsibilities are delegated to other management groups. Any delegation from the Executive Board is stated in the relevant standing orders for each group and a framework for reporting and review is established. The standing orders for the Executive Board and its sub-Committees are at www.bbc.co.uk/info/running/executive.

The BBC Trust assesses the performance of the BBC's management and its services, and this year's can be found in Part One of this Annual Report and Accounts, and online at www.bbc.co.uk/annualreport, where a copy of the full Executive Governance Report can also be found.

In order to ensure that we complied with all relevant legislation, to which the BBC is subject in 2009/10, we incurred compliance costs estimated at £17.6million (2009: £17.3million), which includes the BBC's annual £3.5million subscription to Ofcom.

Board appointments

No executive appointments were made this year. However, Sharon Baylay (MC&A), and Lucy Adams (BBC People) took up their appointments during the period, and Peter Salmon (BBC North) joined the Executive Board in November.

The Nominations Committee oversaw the re-appointment of two non-executive Directors who were due to step down: Marcus Agius will continue as Senior Independent Director for a further three year term, and Val Gooding will stay on for a further two year term.

Report of the Senior Independent Director

During the year, much of the BBC Executive Board's agenda considered the BBC's response to the economic downturn which continued to have an impact across all of the BBC's activities. Within this context public spending became a major topic and like other national organisations the activities of the BBC were quite correctly scrutinised.

The BBC's own response to the operational challenges posed by current economic conditions was swift. At the request of the BBC Trust, the Executive Board provided proposals on pay policy for senior managers, which we are now implementing. We remained mindful of the pressures the global financial crisis, and the arrival of new technology, has had on the BBC's competitors, and explored opportunities and partnerships where the BBC could appropriately use its position to benefit the wider media sector.

In March we put forward our new strategy, *Putting Quality First*. My fellow non-executive Directors and I believe that its proposals, to reduce the scope of the BBC's future production and output while increasing the quality of its programming, will mitigate some of the BBC's existing business risks and put it on a firmer footing for the future. The BBC stands for quality, and as a Board it is our responsibility to ensure that it meets the highest public expectation. Within the confines of the multi-year licence fee settlement, this means doing fewer things, but doing them even better than we have in the past.

The composition of the Board also changed this year, adding a new post – Director, BBC North – whilst the Chief Executive Officer of BBC Worldwide stepped down. At times like these, the independent perspective the non-executive Directors bring remains crucial, and the added scrutiny we have faced has led to a sharper, and more determined approach in order to reach the right conclusions for licence payers and audiences.



Marcus Agius

Senior Independent Director
16 June 2010

ACCOUNTABILITY AND INTERNAL CONTROL

Report of the Chairman of the Executive Audit Committee

The Audit Committee reviews and oversees financial reporting, internal control and risk management at the BBC. Focusing the BBC's spending on what matters most to the British public – driving improved value for money and reinvesting savings into high quality content – is the context against which we judge whether the control environment is fit for purpose.

We evaluate issues raised by Internal Audit, and management's progress in addressing them with the minimum of delay. We also receive regular updates from our external auditors, outlining their audit approach and any issues they wish to bring to our attention.

We regularly review the most significant risks facing the business, commissioning papers and presentations from management on major concerns and on risk profiles from across the BBC, with a view to ensuring that any proposed actions taken to manage and mitigate risk are appropriate and adequate. Where we find they are not, we challenge management to do better and to reconsider prioritisation.

Issues facing the BBC, or the wider industry, and which we have considered this year, have included: the implications of social and technological changes, especially on licence fee income; the security of confidential information; overall resilience of content delivery; and the implications for the BBC of adopting International Financial Reporting Standards (IFRS).

The scope of this committee covers the whole BBC Group; therefore we also receive and discuss updates from the other Audit Committees which oversee our commercial businesses.



David Robbie

Chairman of the Audit Committee
16 June 2010

Risk management and internal control

An ongoing and evolving process for identifying, evaluating, managing, monitoring and reporting significant risks to the BBC has been in place for the financial year, with the director of each BBC business group having a clear responsibility for identification and management of risks facing their business. Risk exposure is considered at both business group and Executive Board level.

The Executive Board, in reliance upon the detailed work of the Executive Audit Committee (which considers the findings of both internal and external audit) and by review and discussion of quarterly reports on both risk and compliance, confirms that it has considered the effectiveness of the system of internal controls in operation throughout the financial year and up to the date of approval of the Annual Report and Accounts.

MANAGING RISK AT THE BBC

The Executive Board oversees an embedded process that gives visibility to prioritised risks.



Report of the Chairman of the Executive Remuneration Committee

This is an abridged version. The full report is available on the website at www.bbc.co.uk and in the extended governance pdf in the download section.

Executive remuneration has come under increasing scrutiny in recent months and, in February 2009, the BBC Trust requested that the BBC Executive Board undertake a thorough review of its senior management remuneration policy and consider how our approach could be modified to respond to the current economic climate. We responded by putting in place a series of measures that will reduce the amount spent on senior managers by 25% over the next three years:

- BBC Executive pay was frozen for four years.
- Bonuses for BBC Executives were removed indefinitely.
- Senior management pay was frozen and all senior management bonuses were removed for two years.
- The BBC pledged to reduce the number of senior managers by 18% over a four year period.

As a result, a senior manager joining or remaining at the BBC can expect significantly less remuneration in real terms than commercial counterparts.

In carrying out this review, the Executive aimed to achieve a difficult balance between attracting and retaining the talented staff needed to lead the BBC and to continue delivering outstanding content,

with the need to ensure that it continues to offer licence fee payers value for money in a period in which many of them have experienced the negative effects of the recession.

The review also took into account the commercial pressures that the BBC faces, and we saw evidence that the economic downturn had resulted in fundamental change to market practices with regard to executive remuneration.

I am pleased to report that in the few months since the publication of our report we have already made progress. We have reduced the number of senior managers by 15 (2.3%) and we have reduced the total paybill for the period October 2009-April 2010 by £6.8million (8.6%). We will maintain this momentum, and see even greater reduction in numbers and paybill this year. The Executive Remuneration Committee will continue to review progress.

This remains a complex and challenging task, but I believe that we have thoroughly reviewed all of the relevant internal and external factors and have arrived at a remuneration strategy and a set of medium term measures that provide the confidence that our responsibilities are being met.



Marcus Agius

Chairman of the Executive Remuneration Committee
16 June 2010

EXECUTIVE BOARD REMUNERATION REPORT

This report sets out the BBC's remuneration policy and details the remuneration received by the members of the Executive Board. It has been prepared on the basis that the requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and those of the Financial Services Authority apply to the BBC wherever these disclosure provisions are relevant. The sections on pensions and remuneration received by the Executive Board members are audited by KPMG LLP.

Remuneration Committees: constitution and operation

The Remuneration and Appointments Committee (RAC) of the BBC Trust is responsible for setting the remuneration strategy for the Executive Board and is responsible for all aspects of the remuneration of the Director-General and the non-executive Directors.

The Executive Remuneration Committee (ERC) is responsible for implementing the agreed strategy for all executive members of the Executive Board, with the exception of the Director-General. Its members are non-executive Directors: Marcus Agius (Chairman), Robert Webb and Val Gooding. Meetings of the ERC are also attended, on invitation, by the Director-General and the Director, BBC People, who advise on matters relating to other members of the Executive Board and the overall performance of the BBC. When matters concerning the remuneration of the Director, BBC People are considered, they are not present. The ERC has access to internal expertise through the BBC's Reward Director who also attends the meetings.

Complying with the 2006 FRC Combined Code on Corporate Governance, the ERC takes specialist advice from external professional advisers on some matters, and particularly those relating to market practice. During the year, independent advice was received from PricewaterhouseCoopers.

Remuneration of non-executive Directors

Non-executive Directors' fees are determined by the Trust.

Remuneration of executive directors

The strategy that has been set by the Trust is to provide remuneration that attracts, motivates and retains the key talent required to lead the BBC and to deliver outstanding public service broadcasting, whilst also recognising the BBC's status as a publicly funded corporation which must deliver value to the licence fee payer.

Each year the ERC reviews independently provided market pay data to support it in its decision making on remuneration, and ensure that levels of pay are consistent with the agreed strategy. As basic salaries for all executive directors was frozen in 2009, no market comparison was undertaken.

Further details on each component of the remuneration of executive directors are provided in the following paragraphs.

Base pay

In determining base pay the ERC takes into account the base pay of the BBC's principal competitors and the other organisations with which it competes for talent; the affordability of the BBC to reward its executives; and the performance of the executive. Base pay is aligned at around

Table 2-16

Remuneration received

The remuneration of the Executive Board members and the Trustees during the year is shown below:

| | | Fee/base pay ⁴ £000 | Annual bonus £000 | Taxable benefits £000 | Other remuneration ⁵ £000 | Total remuneration 2009/10 £000 | Total remuneration 2008/09 £000 |
|--|-----------------------------------|--------------------------------------|-------------------------|-----------------------------|--|--|--|
| Executive directors | | | | | | | |
| Director, BBC People | | | | | | | |
| Lucy Adams | Joined 1 June 2009 | 267 | – | 12 | 49 | 328 | – |
| Stephen Kelly | Left 28 February 2009 | – | – | – | – | – | 396 |
| Director, MC&A | | | | | | | |
| Sharon Baylay | Joined 5 May 2009 | 281 | – | 13 | 51 | 345 | – |
| Director, Vision | | | | | | | |
| Jana Bennett | | 415 | – | 15 | 87 | 517 | 515 |
| Deputy Director-General | | | | | | | |
| Mark Byford | | 475 | – | 13 | – | 488 | 485 |
| Director, Audio & Music | | | | | | | |
| Tim Davie ¹ | | 365 | – | 15 | 72 | 452 | 403 |
| Jenny Abramsky | Retired 30 September 2008 | – | – | – | – | – | 248 |
| Director, Future Media & Technology | | | | | | | |
| Erik Huggers | Joined 1 August 2008 | 330 | – | 15 | 62 | 407 | 274 |
| Ashley Highfield | Left 30 June 2008 | – | – | – | – | – | 124 |
| Chief Financial Officer | | | | | | | |
| Zarin Patel | | 352 | – | 14 | 68 | 434 | 429 |
| Director, BBC North | | | | | | | |
| Peter Salmon | Joined 1 November 2009 | 156 | – | 6 | 31 | 193 | – |
| Chief Executive Officer, BBC Worldwide | | | | | | | |
| John Smith ⁴ | Stepped down 30 September 2009 | 200 | 141 | 7 | – | 348 | 480 |
| Director-General | | | | | | | |
| Mark Thompson | | 668 | – | 7 | 163 | 838 | 834 |
| Chief Operating Officer | | | | | | | |
| Caroline Thomson | | 335 | – | 21 | 63 | 419 | 413 |
| Total executive directors | | 3,844 | 141 | 138 | 646 | 4,769 | 4,601 |
| | | Fee/base pay ⁴ £000 | Annual bonus £000 | Taxable benefits £000 | Other remuneration ⁴ £000 | Total remuneration 2009/10 £000 | Total remuneration 2008/09 £000 |
| Non-executive Directors⁷ | | | | | | | |
| Marcus Agius | | 51 | – | – | – | 51 | 50 |
| Val Gooding ² | | 37 | – | – | – | 37 | 35 |
| Mike Lynch | | 36 | – | – | – | 36 | 35 |
| David Robbie | | 41 | – | – | – | 41 | 40 |
| Samir Shah | | 36 | – | – | – | 36 | 35 |
| Robert Webb ³ | | 83 | – | – | – | 83 | 40 |
| Total non-executive Directors | | 284 | – | – | – | 284 | 235 |
| Total Executive Board | | 4,128 | 141 | 138 | 646 | 5,053 | 4,836 |
| Total Trustees | | | | | | 662 | 677 |
| Total | | | | | | 5,715 | 5,513 |

¹ On 1 October 2008 Tim Davie was appointed as Director, Audio & Music. Prior to this appointment he was Director, MC&A.

² Val Gooding was appointed Chair of Fair Trading Committee 1/2/10.

³ Robert Webb ceased to be Chair of Fair Trading Committee 30/9/09. From 1 October 2009 he was appointed as non-executive Chairman of both BBC Commercial Holdings Limited and BBC Worldwide Limited. In recognition of these additional responsibilities he received fees of £45,000 during the 2009/10 financial year.

⁴ John Smith stepped down from the BBC Board on 30/9/09. The base pay detailed is for the six months that he was an executive director. Base pay for the year was £420,000. Benefits have been pro-rated. The bonus payment shown represents a payment for the whole financial year; in addition to which an equal amount has been invested into the 2010-2013 deferred bonus scheme. The maximum payout under the LTIP has increased to 25%, effective for the 2009-2012 scheme. Total remuneration for the year was £823,000 as disclosed in the BBC Worldwide Annual Review.

⁵ The BBC introduced a salary sacrifice arrangement on 1 June 2008 for members who joined the Pension Scheme before 1 November 2006, and those directors as indicated in the table above participated in the arrangement. The terms and conditions of employment were changed for those employees opting for the salary sacrifice arrangement and as a result employee pension contributions made via the salary sacrifice arrangement have been treated as employer contributions, 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. The total salary sacrifice by executive directors was £77,060 (2009: £84,704).

⁶ Other remuneration relates to pension arrangements; providing cash supplements for directors subject to the maximum annual limit.

⁷ Non-executive Directors are appointed initially for a period of two years, except the Senior Independent Director, who is appointed for an initial three-year period.

Table 2-17
Defined benefit schemes

Details of defined benefit entitlements are shown below:

| | Age as at 31 March 2010 | Increase/ (decrease) in accrued pension over year £000 | Total accrued pension at 31 March 2010 £000 | Transfer value of accrued pension at 31 March 2010 £000 | Transfer value of accrued pension at 31 March 2009 £000 | Director's contributions (excluding contributions paid via the salary sacrifice arrangement) £000 | Increase/ (decrease) in transfer value less director's contributions £000 |
|----------------------------|-------------------------------|---|--|---|---|--|---|
| Executive directors | | | | | | | |
| Lucy Adams ¹ | 45 | 2 | 2 | 11 | – | – | 11 |
| Sharon Baylay ² | 41 | 2 | 2 | 10 | – | – | 10 |
| Jana Bennett | 54 | 3 | 16 | 247 | 212 | – | 35 |
| Mark Byford | 51 | 9 | 215 | 3,682 | 3,406 | – | 276 |
| Tim Davie | 42 | 2 | 10 | 92 | 57 | – | 35 |
| Erik Huggers ³ | 37 | 2 | 4 | 19 | 7 | – | 12 |
| Zarin Patel | 49 | 3 | 24 | 284 | 220 | – | 64 |
| Peter Salmon ⁴ | 53 | 2 | 7 | 107 | 73 | – | 34 |
| John Smith ⁵ | 52 | (26) | 183 | 3,250 | 3,673 | – | (423) |
| Mark Thompson | 52 | 3 | 12 | 167 | 130 | – | 37 |
| Caroline Thomson | 55 | 6 | 73 | 1,460 | 1,475 | – | (15) |

¹ Lucy Adams was appointed as a director on 1 June 2009 and joined the scheme on 1 July 2009. She is a Career Average Benefits member with less than two years' service, and so she is not entitled to a deferred pension at 31 March 2010. However, to be consistent with the other members, we have calculated and valued her accrued deferred pension benefits.

² Sharon Baylay was appointed as a director on 5 May 2009 and joined the scheme on 1 June 2009. She is a Career Average Benefits member with less than two years' service, and so she is not entitled to a deferred pension at 31 March 2010. However, to be consistent with the other members, we have calculated and valued her accrued deferred pension benefits.

³ Erik Huggers is a Career Average Benefits member who had less than two years' service at 31 March 2009 and so he was not entitled to a deferred pension at that date. However, to be consistent with the other members at 31 March 2009 we have calculated and valued his accrued deferred pension benefits as at 31 March 2009.

⁴ Peter Salmon is a New Benefits member who was appointed as a director on 1 November 2009, although he joined the scheme on 1 October 2006. The figures shown include the period before he was appointed as a director.

⁵ John Smith resigned as a director on 30 September 2009 but he is still an active member of the Scheme at 31 March 2010, therefore his accrued pension as at 31 March 2010 has been valued.

No payments in respect of termination or compensation for loss of office were paid to or receivable by Executive Board members during the year.

Table 2-18
LTIP vesting schedule for BBC Worldwide

| Performance ranking for BBC Worldwide | LTIP payment |
|---------------------------------------|--|
| Upper quartile or above | 20% of base salary (25% for 2009-12 Scheme) and 100% match of deferred bonus |
| Median | 10% of base salary, and 50% match of deferred bonus |
| Below median | Nothing vests |

Notes

1. Straight line pro-ration applies between each of the vesting points above.

2. 50% of the amount of any deferred annual bonus is also forfeited if performance is below the lower quartile.

Table 2-19
LTIP vesting for CEO of BBC Worldwide

| LTIP award | Bonus deferred £000 | End of performance period | LTIP award vested £000 | Deferred bonus matching award vested £000s | Total vested £000s |
|-------------------|------------------------|---------------------------------|---------------------------------|---|--------------------------|
| | a | | b | c | a+b+c |
| LTIP 2007 to 2010 | 80 | March 2010 | 88 | 80 | 248 |

Table 2-20
LTIP potential vesting in 2011 to 2012 for CEO of BBC Worldwide

| LTIP award | Bonus deferred £000s | End of performance period | Potential LTIP vesting (at target) £000s | Potential LTIP vesting (at maximum) £000s | Potential deferred bonus matching award (at target) £000s | Potential deferred bonus matching (at maximum) £000s | Total potential (at target) £000s | Total potential (at maximum) £000s |
|--------------|-------------------------|---------------------------------|---|--|---|--|--|---|
| | a | | b | c | d | e | a+b+d | a+c+e |
| 2008 to 2011 | 88 | March 2011 | 44 | 88 | 44 | 88 | 176 | 264 |
| 2009 to 2012 | 69 | March 2012 | 44 | 110 | 34 | 69 | 147 | 248 |

Notes

1. LTIP 2008-2011 for performance below lower quartile 50% of deferred bonus is forfeited.

2. Potential LTIP vesting is based on current earnings and rounded to nearest 1,000.

the market median for total remuneration, discounted by a factor of 50-80% ensuring that the BBC does not lead the market on executive pay in the media sector.

Variable pay

A limited element of variable pay, linked to the achievement of key objectives and overall contribution to BBC performance, is provided. Executive directors are eligible for an annual bonus of up to a maximum of 10% of base pay, of which up to 6% is for the achievement of divisional value-for-money targets, and up to 4% is for the achievement of divisional transformational objectives. During the year the annual bonus scheme for executive directors (with the exception of the CEO of BBC Worldwide) was suspended indefinitely. As a result no discretionary bonuses were paid in 2010.

With regard to the CEO of BBC Worldwide, the BBC's remuneration strategy recognises that as a commercially funded business, it is appropriate that its CEO participates in the annual bonus and the long-term incentive plans of BBC Worldwide.

Benefits

In addition to pensions, the other main contractual benefits are a car and fuel allowance, private health insurance, and life assurance. The Director-General and Deputy Director-General are entitled to a chauffeur-driven car under earlier arrangements. The Director-General has no entitlement to a personal car allowance or fuel allowance.

Pension

Members of the Executive Board are eligible to participate in the BBC Pension Scheme, which provides for pension benefits on a defined benefit basis.

For an employee joining the Pension Scheme before 1 November 2006, the accrual rate is 1/60th of the final pensionable salary for each year of service with pensionable salary being base pay, including London Weighting, but not including any bonuses or other payments. For employees in this group the normal pensionable age is 60. For an employee who joined on or after the 1 November 2006 the accrual rate is 1.67% of their pensionable pay for each year of service, adjusted in line with inflation. For employees in this group the normal pensionable age is 65.

The majority of the executive directors have a normal pensionable age of 60 but may continue in employment to age 65. The normal retirement date for Erik Huggers, Sharon Baylay and Lucy Adams is 65 as they are Career Average Benefits members of the Pension Scheme. For those who joined the Pension Scheme after 31 May 1989 earnings are subject to the maximum annual limit (£123,600 per annum for 2009/10). No maximum annual limit is applied to those who joined on or before 31 May 1989. The Pension Scheme provides for early retirement on medical grounds and life assurance of four times pensionable pay up to a prescribed limit.

A variety of arrangements were put in place, for members of the Executive Board who joined on or after 1 June 1989, and whose pensionable pay exceeds the maximum annual limit, including funded and unfunded arrangements outside of the Pension Scheme. Since 1 April 2006 these arrangements

have been replaced by a cash supplement paid on pensionable salary above the maximum annual limit. See Table 2-16.

Any participating employee who reaches or exceeds the Lifetime Allowance (£1.75million for 2009/10) may opt out of the Pension Scheme and instead receive a cash supplement.

Employment contracts

Employment contracts of executive directors have a notice period of a maximum of 12 months, and are subject to earlier termination for cause. As at 31 March 2010 the unexpired term of each executive director was a maximum of 12 months. 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.

Outside interests

With the prior agreement of the Director-General and the Nominations Committee, executive members of the Executive Board may hold one remunerated external directorship with up to 15 days per year permitted to fulfil these duties. Remuneration which arises from directorships may be retained by the executive member. Executive directors may also hold non-remunerated posts outside the BBC.

During the year no executive director held any other remunerated external directorship. To obtain the Executive Board's register of interests visit www.bbc.co.uk/aboutthebbc/running/executive/eb.

The BBC's commercial businesses

The CEO of BBC Worldwide (the commercial subsidiary of the BBC) was a member of the Executive Board for six months of the year. He participates in the annual bonus plan and long-term incentive plan (LTIP) of BBC Worldwide. These plans are not funded by the licence fee and the full costs of base pay, annual bonus and the LTIP are self-funded by the commercial revenues of BBC Worldwide.

The CEO of BBC Worldwide is eligible for a maximum annual bonus of 55% of base pay under the plan (increased from 50% in April 2009), determined principally by performance against profit targets. Up to 75% of the previous year's annual bonus may be deferred into the LTIP.

The maximum payout under the LTIP is 25% of base pay, and additionally a potential 100% match of deferred annual bonus. Awards, including the matching element, made under the scheme are subject to two performance measures: Profit Growth (75% weighting) and Return on Sales growth (25% weighting), measured over a three year period and relative to a comparator group of at least 15 other international media companies. The members of the comparator group are available in the extended Governance section at www.bbc.co.uk/annualreport.

BBC Worldwide must be ranked at least at the median of the comparator group for any of the award to vest. Maximum vesting is achieved for a ranking at the upper quartile or above. There is a straight-line vesting scale between each point. The vesting schedule is shown in the Table 2-18.

BBC: FOCUSING ON THE BOTTOM LINE

THIS SECTION GIVES THE BBC'S KEY FINANCIAL INFORMATION.

Here we share the context of our financial strategy and our ongoing efficiency story: on-target for nearly £2billion cumulative efficiency savings over five years.

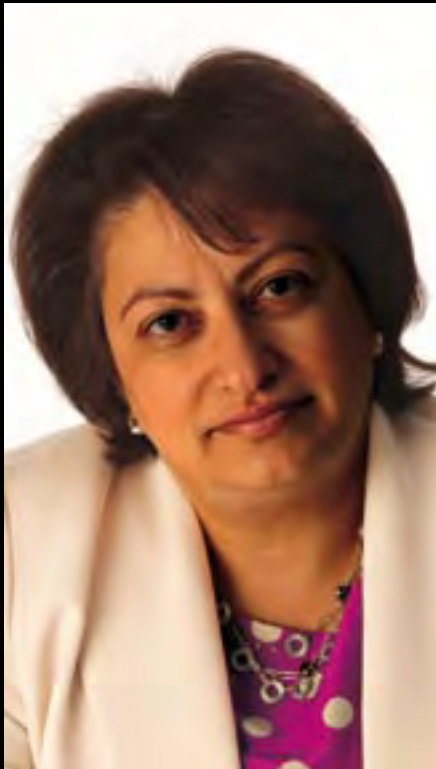
We lay out our key financial data and accounts, and supporting notes – including a service-by-service breakdown of spend. More information can be found in the extended Finance section in the download centre at www.bbc.co.uk/annualreport.

We give headline information on some activities 'beyond broadcast' such as the environment and outreach, and where to go for more information.

Picture shows Evan Davis interviewing business leaders for BBC Radio 4's *The Bottom Line*, which also airs on the BBC World Service, and is filmed for the BBC News and World News channels.



FINANCIAL STATEMENTS



FINANCIAL OVERVIEW

“WE MUST CONTINUALLY MANAGE OUR BUSINESS SO THAT WE MEET OUR PUBLIC PURPOSES, AND SATISFY OUR LICENCE FEE PAYERS OF A JOB WELL DONE.”

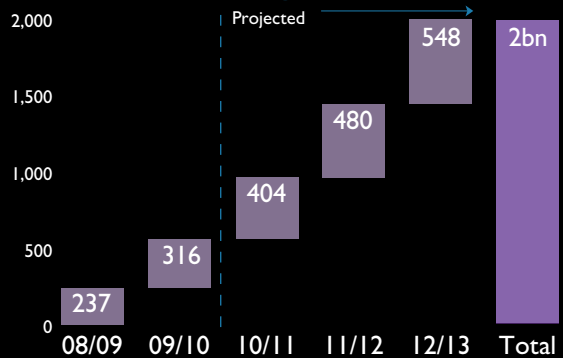
ZARIN PATEL
CHIEF FINANCIAL OFFICER

KPIs

EFFICIENCY

- More than £550million saved since the start of our current efficiency programme in April 2008, including £316million this year.
- On target to achieve our 3% annual savings target – equivalent to nearly £2billion (£1.8billion net), to be re-invested in content, infrastructure and services.

Gross efficiency savings £m



LICENCE FEE COLLECTION

- Cost of collection and evasion maintained at 8.7% of the licence fee for third consecutive year.
- More people are paying for their television licence online, by direct debit and by telephone.

Licence fee collection/evasion %

| | |
|-------|-----|
| 07/08 | 8.7 |
| 08/09 | 8.7 |
| 09/10 | 8.7 |

BBC WORLDWIDE PROFIT

- Despite the global economic crisis, BBC Worldwide increased its sales year-on-year by 7%, and its statutory profit was up to a record £145million with operating margins up from 11% to 14%.
- BBC Worldwide has returned £837million in dividends and programme investments since 2004.

BBC Worldwide statutory profit before specific items, interest and tax £m

| | |
|-------|------|
| 07/08 | 118 |
| 08/09 | 106 |
| 09/10 | 145* |

2007/08 figures are UK GAAP. Other years are IFRS.

* Specific items are significant items which are highlighted by virtue of their size or importance to enable a full understanding of BBC Worldwide's performance.

OUR CONTINUING FOCUS IS ON DELIVERING THE BEST POSSIBLE VALUE FOR LICENCE FEE PAYERS. THAT'S OUR BOTTOM LINE, AND IT MEANS FOCUSING ON IMPROVING EFFICIENCY AND GENERATING MAXIMUM RETURNS ON OUR ASSETS.

BY 2013, WE WILL HAVE DELIVERED EFFICIENCY SAVINGS TOTALLING NEARLY £2BILLION, MEETING OUR 3% ANNUAL SAVINGS TARGET.

We are now two years into our five-year efficiency programme. By 2013, the work we have already done will generate efficiency savings of £1,453million, which is equivalent to 73% of our total savings target. Plans are now in place to deliver a further £0.5billion.

We have succeeded in reducing licence fee evasion to just 5.2% of income, a 0.1% improvement on 2008/09. This is despite a very tough economic environment, and slower than expected growth in the number of new households (0.5% growth compared to budgeted 0.8%).

Our financial statements show a surplus of £478million (2009: £244million), including an exceptional one-off benefit of £334million resulting from actions taken to reduce future pension costs through the changes to early retirement provision.

BBC Worldwide has achieved a significant increase in profitability this year from £106million to £145million*, by growing its new businesses areas. This improved performance will benefit the BBC through increased returns to invest in original programming. Exchange gains have helped offset the impact of difficult economic conditions, which particularly impacted UK businesses.

The BBC's Strategy Review, *Putting Quality First*, re-enforces our commitment to making the licence fee work harder. We are looking ahead to ensure that we have robust financial management, enabling us to continue to place quality and audience value at the heart of our agenda.

The BBC has a unique funding structure, with Public Service Broadcasting financed by the licence fee, dividends from the BBC's commercial activities, and grant-in-aid funding to support the World Service.

We have a number of core objectives and metrics that allow us to measure our performance and efficiency. These are more important indicators for us than profitability and growth targets.

Like most other public sector organisations, the BBC has adopted IFRS for the first time in 2009/10. While this does not impact our cash flows or underlying performance, the adoption of IFRS changes the way we recognise and measure some of our property leases and long-term, outsourced service contracts. Our financial statements include a reconciliation between IFRS and UK GAAP.

EFFICIENCY

• Maximising our income by collecting the licence fee as efficiently as we can

Our income is affected by the number of new households, the level of licence fee evasion, and by the level of the licence fee itself. Gross income is up £85million or 2% this year, reflecting the increased value of the licence fee (£76million) and household growth (£9million). The number of new households was lower than anticipated due to the recession, with growth of just 0.5%, compared to a budget of 0.8%.

We have been able to mitigate the contraction in household growth by holding down our costs, maintaining the total cost of collection and evasion at 8.7%. The total cost has reduced by 40% in relative terms, from 14.4% in 2000, to just 8.7% in 2010.

The current economic environment is tough for everybody. In these difficult circumstances, we have tried to make it easier for people to pay their licence fee. Collection is more flexible now than ever before, and is supported by a new, more customer-friendly website, and active communication programmes like the 'push a little button' campaign to raise public awareness. This has helped reduce evasion to 5.2%, whilst the level of complaints has fallen slightly from 0.14% to 0.12% of television licences.

The launch of the new website means that every licence fee payer can now see their licence online, as well as pay for their licence and change their details. As a result, the number of self-serve transactions has increased again this year from 35% to 44%. The level of direct debit payments has also increased again, to 68%.

• **Making the BBC as efficient as possible, and providing good value for money**

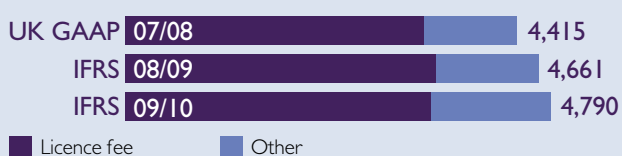
We have now completed the first two years of our five-year efficiency programme, delivering cumulative savings of £553million so far, with one-off costs of £85million. By 2013, the work we have already done will ultimately generate efficiency savings of £1,453million, equivalent to 73% of our total target. Over the next three years, we will implement further initiatives, which will generate an additional £0.5billion of savings so that by 2013, we will deliver total cumulative efficiency savings of nearly £2billion (£1.8billion net).

This is a significant achievement given the internal and external challenges we have faced, including a subdued commercial property market, which has meant we have had to adapt our efficiency plans to respond.

Table 2-21
Continuous Improvement programme – efficiency savings by category

| Savings category | % of total savings | |
|------------------------------------|--------------------|--|
| People | 13% | We have reduced the number of people in the organisation, focusing staff on editorial priorities that audiences really value. We have also committed to reduce our spending on top talent and on senior managers. For the fourth consecutive year, our payroll has increased by less than inflation. |
| Production and process improvement | 29% | We are making the most of new technology to improve our programmes, cut our costs, and improve the skills of our people. New approaches have helped us become more efficient in everything we do, from scheduling to shooting. For example, our Multimedia Newsroom has helped us deliver output more efficiently across TV, radio and online. |
| Procurement and contracts | 23% | We are freeing up funds for production, making savings from bulk buying, outsourcing, and renegotiating contracts. We have renegotiated contracts to deliver savings without damaging quality, including our major transmission contracts, and subtitling and sign language services. |
| Property and technology | 7% | Major projects like the Digital Media Initiative are helping us transform the way we work. For example, our move to tapeless digital production allows us to create content more efficiently than ever before. We will see increased savings as we realise the full benefits of our property and technology modernisation programme. |
| Focusing on content quality | 28% | We are shifting our focus to the kind of output that our audiences really appreciate. We have spent less on programmes that deliver lower value, and directed money towards programmes that deliver the highest quality and maximum audience impact, such as <i>A History of the World in 100 Objects</i> and <i>The Seven Ages of Britain</i> . |

Chart 2-8
Income £m



Income

- Licence fee income has grown £85million as a result of the £3 increase per licence, lower evasion rates and an increase in the number of licences issued.
- It is now clear that the overall costs of digital switchover will be less than anticipated and the BBC will repay £132million of underspend to the Government.
- Adjusting for this repayment, licence fee income, overall, shows a decline, as the underspend is not recognised as income.
- Other Income is up £177million to £1,344million, due primarily to BBC Worldwide growth.

We have been running pan-BBC efficiency programmes since 2000, and this is now an integral part of the way we run the business. Our current Continuous Improvement programme is looking at a number of new ways of saving money. These include adapting the way we make programmes, making greater use of new technology, and changing the way we work as an organisation. The latter requires behavioural changes, which are by nature more complex, but which will deliver sustainable, long-term financial and creative benefits.

The new BBC Scotland headquarters in Pacific Quay is a good example. It's a more efficient building, which is cheaper to run, but it has also allowed us to pioneer technological advances like tapeless production, and reduced the number of people we need, as they can now work across TV, radio, and online.

These changes in workflow and technology will help BBC Scotland deliver efficiencies of approximately 30% over five years. Most importantly, these efficiencies are sustainable, and demonstrate the difference that a more effective working environment can make to a creative organisation. We were also able to take a more innovative approach to the funding of the building, which avoided a large capital outlay upfront and reduced risks associated with construction and technical fit-out.

Pacific Quay is an example of efficiency and innovation on a grand scale, but smaller scale changes are just as important, from better utilisation of our production facilities, to more efficient production schedules. Every efficiency saving allows us to invest more in the quality of our content. Examples this year include increasing our investment in HD and spending £25.5million more in children's programming by 2013.

MAXIMISING THE IMPACT OF THE LICENCE FEE

• Maximising the returns we make on programmes paid for by the licence fee

Our main commercial subsidiary, BBC Worldwide, was created to generate the maximum return on programmes paid for by licence fee payers. To achieve this, it sells BBC programmes, formats, and merchandise across the world. BBC Worldwide has had a challenging but successful year, with revenues (including intra-group transactions and share

of joint venture income) up by 7% to £1,074million, and statutory profit before specific items, interest and tax also increasing by 36% to £145million this year. Operating margins are up from 11% to 14%.

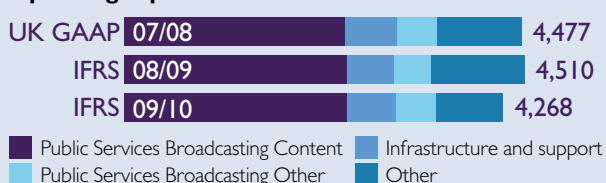
This performance has allowed BBC Worldwide to provide significant returns to the BBC, including £78million invested in BBC programmes, and £32million returned to the BBC through dividends. BBC Worldwide has also declared a further dividend for 2009/10, which will take total dividends to £74million, a year-on-year increase of £5million. Since 2004, this means that BBC Worldwide has now returned £837million to the BBC in dividends and investment in BBC programmes.

BBC Worldwide achieved revenue growth through geographical expansion, including channel launches in Australasia, Africa, Scandinavia, and Latin America; focusing on leading brands like *Lonely Planet* and *Top Gear*; and maximising sales from its production investments, including *Dancing with the Stars*, the international version of the BBC's *Strictly Come Dancing*. Improved performance in the Digital Media business, and other cost cutting measures have helped increase profitability. During the year, BBC Worldwide took full ownership of 2entertain (the DVD operation formerly 40%-owned by Woolworths Group plc) for £17million, thereby securing distribution of BBC and other quality UK content.

Whilst the effect of the UK economic downturn was most acutely felt in advertising and retail based businesses, BBC Worldwide's overseas operations benefited from the weakness of Sterling. This generated exchange gains, which helped offset difficult trading conditions. However, the weakness of Sterling against the Australian Dollar has required BBC Worldwide to reduce the carrying value of *Lonely Planet*, its travel information business, despite strong operating performance. If the exchange rates at 28 February 2010, when the impairment testing was performed, had remained consistent with those at 31 March 2009, the recoverable value would have exceeded the carrying value and no impairment charge would have been recorded.

Chart 2-9

Operating expenditure £m



Operating expenditure

- The BBC's Continuous Improvement programme has been effective in delivering cumulative efficiency savings of £316million in the year, and £553million to date.
- UK PSB content spend is regulated by the BBC Trust through service licences.
- Two service licence budgets (2009: two) were outside the 10% tolerance this year (BBC Radio 3 and BBC HD).

BBC Worldwide will continue to focus on international activities, brands and online operations, so that it can continue providing value to the BBC and licence fee payers.

BBC World News also suffered a fall in advertising sales, partly offset by increased subscription income from cable and satellite providers, with total revenue dropping just 2% to £62.9million (including intra-group income). Trading losses were more than offset by foreign exchange gains, resulting in statutory PBIT of £3.6million. World News achieved record revenues in March 2010, and has recently implemented cost-cutting measures to reverse trading losses.

BBC Studios and Post Production has also been affected by the current downturn, and a rise in the number of productions moving out of London. Despite this, the business has delivered revenues of £59.8million (including intra-group income) and a statutory operating profit before restructuring of £0.4million, mainly as a result of tighter cost control.

• Spreading the benefit of the licence fee across the whole of the UK

The BBC is for all licence fee payers, across absolutely every corner of the UK, and we are committed to growing the whole country's creative industries and production talent.

That is why one of our key metrics is the proportion of money we spend on network television outside of London. 50% of our network television programming will be made outside London by 2016, and the Nations will account for 12% of our network spend by 2012, and 16% by 2016.

We are already on target to achieve this: as we reported to Ofcom this year, total network television spend outside London for the calendar year 2009 was 38% of our eligible spend, up from 35% in 2008.

The increase was greatest in Scotland, where we increased the percentage of eligible network output from 3.7% to 6.1% in 2009, partly through landmark commissions, such as the This is Scotland season. A number of programme strands moved from London during 2009/10, including *The Review Show* (formerly *Newsnight Review*) to Glasgow.

In Northern Ireland, we doubled the level of programmes commissioned to 1.2% of eligible network output, with titles such as the multi-award-winning *Five Minutes of Heaven* on BBC Two.

In Wales, we increased the proportion of eligible network television commissioned from 3.5% to 4.4%. With the opening of our new Drama Village in Cardiff Bay, this trend is set to continue. *Casualty* is one of the major shows set to move to Drama Village in 2011.

These are just a part of our clear long-term commitment to spread the BBC's investment in content more widely across the whole country. With production areas like Children's and Sport moving to Salford from 2011/12, this will be the biggest shift we have ever seen in the geographical presence of the BBC. As part of our move to Salford, BBC Radio 5 live will relocate from London to its new home in the North. This is a key part of our commitment to increase the proportion of network radio commissioned outside of London to 38% from 2012.

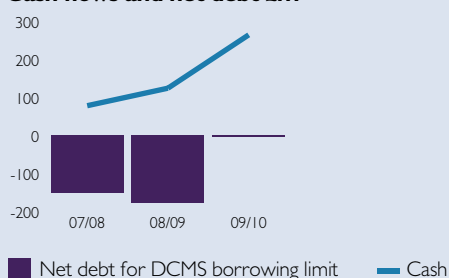
According to an independent study of our economic impact by Deloitte, BBC activity now supports around 7,000 jobs in Glasgow, Cardiff and Bristol. This generates around £200million of economic value every year.

• Ensuring the licence fee supports the wider creative economy

The economic impact study has also endorsed the BBC's important role as an investor in the UK's creative economy. It shows that for every £1 of licence fee spent, we generate £2 of value to licence fee payers. Our Strategy Review includes a commitment to maintaining this level of impact.

We invest significant sums every year in independent production companies, artists and contributors, as well as external facilities and buying programmes. The fact that we do this is a particularly important stabilising factor in tough times, when investment by the commercial sector is under pressure. This has certainly been the case in the last 18 months, and during that time we have maintained our own levels of spend. In the last year we invested £1.1billion in the UK creative economy, and commissioned 40% of our television content

Chart 2-10
Cash flows and net debt £m



Managing our resources

- UK PSB borrowings are limited by the DCMS, but these limits exclude certain property leases. After adjusting net debt to exclude these leases, PSB continues to operate well within the DCMS borrowing limit for debt.
- UK PSB had net funds of £168million (2009: £46million) available for use at the year end, of which £132million is repayable under the DSHS.
- The BBC, as a whole, has £575million of available borrowings under its current banking facilities.
- The BBC's cash position has increased from £124million in 2009 to £264million in 2010, of which £132million is due for repayment. Net debt has improved by £173million to £3million.

from independents. This is up from 37% the year before. We also commissioned 14% of our eligible network radio content from independents, an increase of 0.5%. External suppliers received 26% of eligible BBC Online spend, slightly exceeding its 25% target.

The amount we spend on the indie sector is only one aspect of our support for the UK creative economy. The other important one is partnerships. Since the launch of our partnerships programme in 2008, we have been working in partnership with ITV, Channel 4, five and commercial radio to support UK public service broadcasting and the wider UK media sector.

FINANCIAL STRATEGY AND RISK

The BBC is focused first and foremost on delivering great programmes for the whole of the UK. We structure our business to deliver maximum value from the licence fee, for example through our Continuous Improvement efficiency programme. We are also driving more of the licence fee into programmes by minimising overhead and support costs.

One way we do this is by outsourcing some support services to expert providers, and minimising how much of the licence fee is spent on these activities.

We structure our supply deals in different ways, according to the competitive environment. In some markets, this means we have shorter-term deals, with contracts put out to tender every three to four years. In other cases we can achieve better value through longer-term deals, where partnership, shared savings, and new ways of working can deliver the greatest value.

Taking this approach means we can minimise the risk to the licence fee payer, and guarantee an efficient and effective service. The savings we make can then be invested in quality content. Across our largest contracts, we have saved more than £350million.

ADOPTION OF IFRS

The BBC has prepared its financial statements using International Financial Reporting Standards (IFRS) for the first time in 2009/10. This is consistent with the adoption of IFRS in the wider public sector; and for Whole of Government Accounts (WGA). 1 April 2008 is the transition date for our first IFRS balance sheet.

As reported in previous Annual Reports, the most significant impact of adoption relates to the recognition and measurement of leases under IFRS. Certain property leases are now treated as finance leases rather than operating leases, resulting in significantly higher assets and lease liabilities being recognised on the balance sheet. However, the net asset impact of this is only £159million. In addition, changes to disclosure requirements relating to operating leases and other commitments have changed how we show these very long-term commitments.

These leasing and contractual commitments are not new. They result from the way we manage our business. We have chosen to outsource a number of services that are not core to programming or content making, including for example, transmission services. This strategy has allowed the BBC to focus on core delivery, improve value for money, and reduce risk. Our property strategy has allowed us to release the value of our assets, through sale and leaseback, giving us the up front cash to invest in programmes and services.

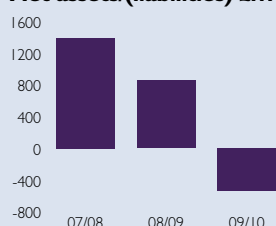
Many of these contracts are very long-term in nature. This allows us to secure a better price, and gives us and our contractual partners certainty, subject to performance criteria. As a result, on an annual basis, we have capital commitments of only £116million, which represents less than 2.5% of total income, and variable contract commitments totalling £557million per annum.

It is important to note that the finance lease obligations recognised on the balance sheet as a result of the adoption of IFRS are excluded from the DCMS definition of borrowings and therefore do not impact our borrowing limits.

Note 27 in the extended outline financial statements gives more detail on the impact of adopting IFRS.

Chart 2-11

Net assets/(liabilities) £m



Net assets/(liabilities)

- The financial statements show the BBC has net liabilities. In fact, the BBC has net assets of £1.1 billion, excluding the pension scheme deficit of £1.6 billion. The deficit represents a long-term liability.
- In aiming to deliver value for money the BBC has outsourced a number of services, including transmission services.
- The BBC's on balance sheet commitments, extend over a long period. Only £116million of the BBC's commitments are due in the next year (less than 2.5% of annual income).
- Licence fee income, under the Charter, is guaranteed until 2013, and we expect it to be extended thereafter. As such, the BBC has substantial financial flexibility to meet its future obligations, whilst continuing to focus on delivering against the public purposes.

OTHER CURRENT AND FUTURE CHALLENGES

Pension obligations

Our 2008/09 Annual Report set out the need to continually review our approach to pension provision, recognising that it must remain affordable in the long-term.

Over the last 12 months, a combination of market uncertainty, increased life expectancy, lower interest rates and anticipated inflation rises have driven the accounting valuation of the BBC Pension Scheme from a deficit of £0.1billion to a deficit of £1.6billion at 31 March 2010.

In order to value the pension, future pension payments (liabilities) are discounted back to today's money using current market interest yields on highly-rated corporate bonds. This yield fell from 7.2% in 2009 to 5.5% in 2010, increasing pension liabilities by £2.2billion. In addition, the inflation rate used to determine the amount by which pensions grow each year has increased from 2.9% in 2009 to 3.7% in 2010, which also increases the value of pension liabilities by £0.9billion.

The value placed on the future pension payments is very sensitive to the yield on corporate bonds and the assumed inflation rate. For example, if the yield on corporate bonds had been around 6.8% in 2010, the liabilities would have reduced to a level that would have removed the deficit.

The increase in value of liabilities has cancelled out the recovery in the value of the Scheme's assets and led to the £1.5billion increase in the deficit.

The accounting valuation is only a snapshot at a point in time and is therefore impacted by relatively short-term market fluctuations. In the long-term, the Scheme remains healthy, in that it currently earns more from pension contributions and investment income than it pays out in pensions.

The BBC Pension Scheme is subject to a formal actuarial valuation every three years, which is used to determine the employer's contributions. A formal valuation is being undertaken as at 1 April 2010, and whilst the results will not be known for some time, our estimate is for a deficit of around £1.5billion.

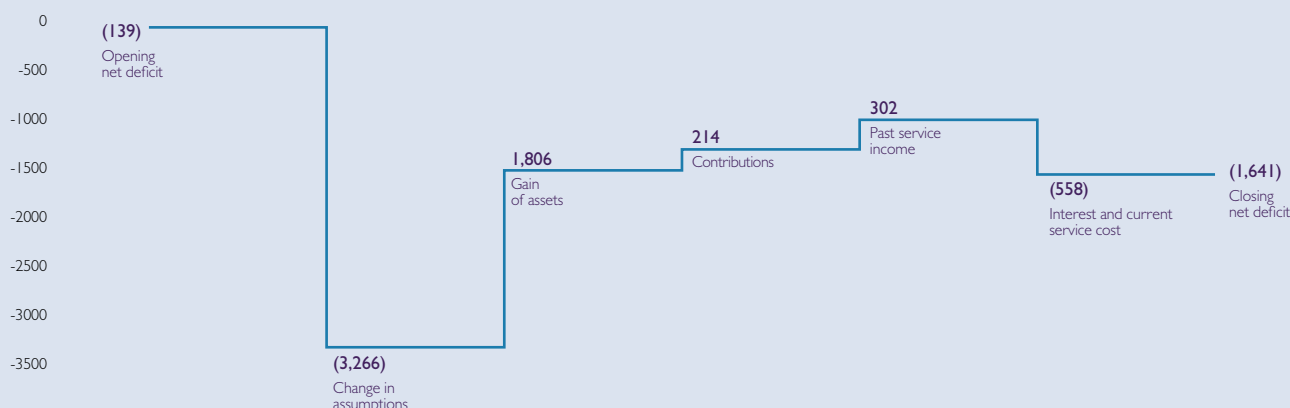
We began a programme of significant reform of our Scheme in 2006, with the aim of containing costs and risks. The final salary section of the Scheme was closed to new joiners, and a lower cost defined benefit, career-average section was introduced. Employee contributions to the final salary section of the Scheme have been increasing steadily over recent years, and rose to 7.5% from April 2010. The early payment terms for the final salary section were also reviewed and amended to reduce costs, giving an exceptional one-off increase in income of £334million. Taken together, these changes have helped make the Scheme more affordable for the BBC over the long-term.

That said, we have a duty to safeguard the long-term health of the Scheme. We have both a current deficit that needs to be reduced and a longer term need to improve affordability of the Scheme, which has been adversely affected by increasing life expectancy and increased market volatility. Without further reform, we predict that pension costs may continue to rise, as people live longer and markets remain unstable.

We believe that it would be inappropriate to divert a higher proportion of the licence fee to offset further pension cost increases. Doing so would provide no guarantee that a similar deficit would not occur in the future, and our income is not guaranteed in the longer-term, so it would be inappropriate to take such a risk.

We have therefore announced a package of changes to the benefits paid by the Scheme, with the aim of further reducing risk and cost to the BBC. The changes are subject to consultation, but we plan to include:

Chart 2-12
Movement in pension scheme deficit in the year £m



- all sections of the defined benefit scheme will be closed to new joiners and they will be offered membership of a new, defined contribution arrangement, where the BBC will match employee contributions.
- current members of the Scheme will be offered a choice of remaining within the Scheme, or joining the new defined contribution arrangement. For members wishing to remain within the Scheme, future salary increases for calculating pension benefits will be capped at 1% per annum including promotion increases.

Over the coming year, we will work closely with our staff, the Trustees of the Scheme and trade unions to agree and implement these reforms, which are needed to deliver an affordable solution and safeguard the long-term health of the Scheme for current and former employees.

OTHER MATTERS

Treasury policies

Our Treasury function manages the BBC's financial risk, and ensures that we can meet our obligations when they fall due, and remain within our borrowing limits and covenants.


The majority of the BBC's activities are funded from the licence fee, and, as a result, our borrowing facilities are relatively low in comparison to our total annual cash outflow (£200million for Public Service Broadcasting, and £350million for the commercial businesses). These facilities were put in place in 2007/08 to ensure we are fully funded to 2012/13. The facilities are with a select group of counterparties, with strong credit ratings. They can be used to finance major transactions, but other financing routes can also be utilised where appropriate. For example, the properties at the BBC North base in Salford are being leased.

One of the other financial risks we need to consider is exposure to fluctuations in exchange rates. We have a relatively low number of foreign currency transactions, but we still seek to reduce or eliminate the risk of volatility by taking out forward currency contracts. These effectively fix the sterling price of these transactions.

CRITICAL ACCOUNTING POLICIES

Critical accounting policies are those areas where the greatest judgement needs to be exercised. For the BBC these include:

- Pension scheme assumptions – although the assumptions for financial reporting are market based, there are still important decisions to be made in determining how the BBC Pension Scheme's liabilities compare to market indices. A small change in assumptions can have a significant impact on the valuation of the liabilities. The discount rate used for valuations is a good example.
- Provisions – considerable judgement is required in accounting for provisions, including determining how likely it is that expenditure will be required by the BBC, and calculating a best estimate. This can be very complex, especially when there is a wide range of possible outcomes.
- Leases and managed services – we have to determine whether a lease or arrangement has effectively transferred the rights and obligations associated with the assets to the BBC. 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. However, under IFRS the full value of operating lease payments is also disclosed.
- Impairment – sometimes an asset or investment may be deemed to be impaired, because the benefits to be generated from it are less than its cost. This requires an estimation of the cash flows that will be realised in the future, and judgement is required in modelling possible outcomes.



Zarin Patel

Chief Financial Officer
16 June 2010

Chart 2-12 continued

The movement on the deficit on the BBC's defined benefit pension scheme results from:

- Changes in the assumptions used to calculate the pension liability: The discount rate, based on AA corporate bond yields, has fallen from 7.2% to 5.5%, increasing the deficit by £2.2billion. In addition, the inflation rate applied to expected future pension payments has increased from 3% to 3.7%, adding £0.9billion to the deficit.
- Gain on assets: A benefit of £1.8billion overall due to plan assets achieving higher returns than expected as world equity markets recover year-on-year.
- Past service income: an amendment to the early retirement arrangements results in a £334million reduction in past service cost (net £302million).
- Contributions: payments made into the scheme by employees and the BBC.
- Interest and current service cost: Includes a year's interest charge on the full pension liability of £463million and the current service cost of £128million, being the cost of pension rights earned by employees in the year.

BEYOND BROADCASTING

IN ADDITION TO THE FINANCIAL, COMMERCIAL AND BUSINESS MATTERS THAT THE BBC IS REPORTING ON IN THIS ANNUAL REPORT AND ACCOUNTS, THE 2006 COMPANIES ACT REQUIRES US TO RECORD OUR ENVIRONMENTAL AND SOCIAL ACTIVITIES.





THE BBC HAS A PRESENCE ACROSS THE UK, AND WITH THAT COMES A RESPONSIBILITY TO BEHAVE SUSTAINABLY, ETHICALLY AND WITH CONSIDERATION TOWARDS OUR NEIGHBOURS AND THOSE PEOPLE WHOSE LIVES WE TOUCH.

THE BBC AND THE ENVIRONMENT

Our environmental footprint arises from business operations which include the buildings we occupy, staff travel, programme making and commercial activities.

We have ambitious targets for reductions in energy, transport, water and waste, and this year we rolled out a series of initiatives to cut our carbon emissions, from low energy studio lighting, more intelligent use of heating and cooling in our buildings to raising staff awareness to encourage behaviour change.

Table 2-22
Our environment targets – by 31 March 2013

| Area | Target 2012/13 | Performance 2009/10 |
|---|----------------|---------------------|
|  Reduction in energy consumed per FTE | -20% | -4% |
|  Reduction in water consumed per FTE | -25% | -3% |
|  Reduction in waste to landfill per FTE | -25% | -39% |
| Increase in rate of recycling | +75% | +51% |
|  Reduction in CO ₂ emissions per BBC user | -20% | -5%* |

* 2008/09 figure. 2009/10 figure not reported at time of publication.

Note: For detailed notes on our performance visit www.bbc.co.uk/outreach.

As we approach the mid point in our five year strategy, we have initiated a review of our environmental efficiency. Our ambition remains to be a sector leader in environmental and sustainable best practice.

BBC OUTREACH

Corporate responsibility, outreach and partnership work is central to the BBC. Our focus is on reaching underserved audiences and deliver added value that goes beyond the content we broadcast on television, radio and online.

We have a wide range of outreach activities where we try to involve audiences in active participation, such as community volunteering, taking part in opportunities to shape BBC output, or using our content to help with learning.

For example, BBC News School Report, now in its fourth year, worked with over 700 schools across the UK to encourage and enable 11-14 year old students to write and publish their own news reports. The project aims to improve young people's representation and stimulate their political interest – particularly important in an election year. It also produces content for the broader audience, with widespread coverage across regional stations as well as nationally, including reports on the *One*, *Six* and *Ten O'Clock News* broadcasts. To find out more about our Outreach activities see www.bbc.co.uk/outreach.

CHARITABLE DONATIONS

We broadcast charity appeals to raise awareness of – and funds to support – a wide range of different UK charities. Information on the BBC's corporate charities can be found here:

- BBC Children in Need: www.bbc.co.uk/pudsey.
- BBC Performing Arts Fund: www.bbc.co.uk/performingartsfund.
- BBC Wildlife Fund: www.bbc.co.uk/wild.
- BBC World Service Trust: www.bbc.co.uk/worldservice/trust.

We also work closely with *Comic Relief* and *Sport Relief*, and carry weekly appeals on BBC Radio 4 and the monthly *Lifeline* appeal on BBC One. Nations and Regions services carry their own local appeals. The BBC does not make cash donations to charities.

BBC Children in Need raised £39million as part of its appeal season in November, while in March *Sport Relief* raised over £30million.

Last year we provided charities with services with a cash equivalent value of £384,000 (2009: £330,000). In addition to broadcast appeals, BBC commercial businesses donated £6,843 to charities during the year (2009: £1,400).

CORPORATE RESPONSIBILITY

During the year, we once again took part in Business in the Community's Corporate Responsibility Index, maintaining our Platinum ranking. This reflects the high standards we aim to achieve in managing our business responsibly. We also participate in the London Benchmarking Group survey, the CSR Media Forum, the Corporate Responsibility Group, and the Associate Parliamentary Corporate Responsibility Group.

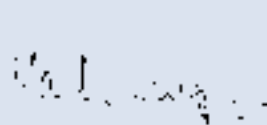
For more information about all of these activities, visit www.bbc.co.uk/outreach and follow the links.

SUMMARY FINANCIAL STATEMENT

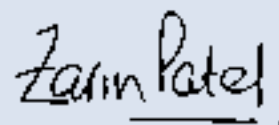
This summary financial statement contains the BBC's Income Statement, Balance Sheet and Cash Flow Statement, as well as some detailed notes to help explain them. These include the key headline data from the full financial statements and Governance report, which are available online in the download centre at www.bbc.co.uk/annualreport.

The summary financial statement does not contain sufficient information to allow a full understanding of the results and state of affairs of the BBC Group, its Governance arrangements and of its policies and arrangements concerning directors' remuneration as are provided by the full annual financial statements and reports.

The summary financial statement, including the summary Governance report and Executive Remuneration Report, was approved by the Executive Board on 16 June 2010 and signed on its behalf by:



Mark Thompson
Director-General



Zarin Patel
Chief Financial Officer

INDEPENDENT AUDITOR'S STATEMENT TO THE TRUSTEES OF THE BRITISH BROADCASTING CORPORATION (BBC)

We have examined the summary financial statement which comprises the Summary Consolidated Income Statement, Summary Consolidated Balance Sheet, Summary Consolidated Cash Flow Statement and Executive Board Remuneration Report.

The BBC's Trustees have engaged us to examine the summary financial statement which has been prepared as if the BBC were a quoted company and entitled to prepare such a statement under Section 426 of the Companies Act 2006.

This statement is made solely to the BBC's Trustees as a body on terms we have agreed. Our work has been undertaken so that we might state to the BBC's Trustees those matters we are required to state to them in such a statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the BBC and the BBC's Trustees as a body, for our work, for this statement, or for the opinions we have formed.

Respective responsibilities of directors, Trustees and auditors

The Trustees and Executive Board are responsible for preparing the BBC Executive's review and assessment as if Section 428 of the Companies Act 2006 applied to the BBC and it were a quoted company.

Our responsibility, in accordance with the terms of our engagement is to report to you our opinion on the consistency of the summary financial statement within the BBC Executive's review and assessment with the full annual financial statements and the Executive Board Remuneration Report, and its compliance with the relevant requirements of section 428 of the Companies Act 2006 and the regulations made thereunder as if they applied to the BBC and it were a quoted company.


We also read the other information contained in the BBC Executive's review and assessment and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial statement.

Basis of opinion

We conducted our work in accordance with Bulletin 2008/3 The auditor's statement on the summary financial statement issued by the Auditing Practices Board. Our report on the BBC's full annual financial statements describes the basis of our audit opinion on those financial statements and the Executive Board Remuneration Report.

Opinion

In our opinion the summary financial statement is consistent with the full annual financial statements and the Executive Board Remuneration Report of the BBC for the year ended 31 March 2010 and complies with the applicable requirements of section 428 of the Companies Act 2006 and the regulations made thereunder as if they applied to the BBC and it were a quoted company.



Scott Cormack
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
8 Salisbury Square
London EC4Y 8BB
16 June 2010

SUMMARY CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2010

| | Note | 2010 £m | 2009 £m |
|--|------|------------------|------------|
| Continuing operations: | | | |
| Licence fee income | | 3,446.8 | 3,494.4 |
| Other income and revenue | | 1,343.6 | 1,166.4 |
| Total income | 1 | 4,790.4 | 4,660.8 |
| Operating costs excluding restructuring costs and exceptional pension income | | (4,540.5) | (4,469.6) |
| Exceptional pension income | | 334.1 | – |
| Restructuring costs | | (61.9) | (40.3) |
| Total operating costs | 2 | (4,268.3) | (4,509.9) |
| Group operating surplus | | 522.1 | 150.9 |
| Gain/(loss) on sale and termination of operations | | 2.0 | (2.9) |
| Gain on disposal of fixed assets | | 39.0 | 15.9 |
| Share of results of associates and joint ventures | | 36.9 | 29.8 |
| Net financing (cost)/income | | (87.7) | 57.6 |
| Surplus before taxation | | 512.3 | 251.3 |
| Taxation | | (34.7) | (7.5) |
| Surplus for the year | 3 | 477.6 | 243.8 |
| Attributable to: | | | |
| BBC | | 473.3 | 242.7 |
| Minority interest | | 4.3 | 1.1 |
| Surplus for the year | | 477.6 | 243.8 |

Note:

The surplus for the financial year is the amount found by deducting all items of expenditure recognised in the year from all income receivable for the year. For the BBC Group, as a public benefit entity, any surplus arising does not represent a 'profit' that can be returned to an entity's funders, but a 'timing difference' relating to past or future expenditure.

SUMMARY CONSOLIDATED BALANCE SHEET

At 31 March 2010

| | Note | 2010 £m | 2009 £m | 2008 £m |
|---|------|------------------|------------|------------|
| Non current assets | | 1,558.8 | 1,998.0 | 1,922.6 |
| Current assets | | 2,241.9 | 1,499.0 | 1,429.2 |
| Current liabilities | | (1,601.4) | (1,016.2) | (1,164.1) |
| Non current liabilities | | (1,084.4) | (1,485.2) | (1,321.9) |
| Net assets excluding pension asset | | 1,114.9 | 995.6 | 865.8 |
| Net pension (liability)/asset | 5 | (1,647.1) | (143.3) | 523.3 |
| Net (liabilities)/assets | | (532.2) | 852.3 | 1,389.1 |
| Represented by | | | | |
| BBC reserves | | (547.8) | 841.3 | 1,378.1 |
| Minority interests | | 15.6 | 11.0 | 11.0 |
| | | (532.2) | 852.3 | 1,389.1 |

SUMMARY CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2010

| | 2010 £m | 2009 £m |
|--|----------------|------------|
| Net cash inflow from operating activities | 441.2 | 226.8 |
| Net cash outflow from investing activities | (146.8) | (199.1) |
| Net cash (outflow)/inflow from financing activities | (144.8) | 14.3 |
| Net increase in cash and cash equivalents | 149.6 | 42.0 |
| Cash and cash equivalents at the beginning of the year | 124.3 | 78.0 |
| Effect of foreign exchange rate changes on cash and cash equivalents | (1.7) | 4.3 |
| Cash classified as held for sale | (8.3) | – |
| Cash and cash equivalents at the end of the year | 263.9 | 124.3 |

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

I Income

The main income for the BBC is derived from television licences. Licence fee income is recognised in full when a licence is issued, subject to deductions for actual and expected refunds and cancellations.

| | UK PSB Group £m | BBC World Service and BBC Monitoring £m | BBC Worldwide £m | Other Commercials £m | Group Adjustments £m | Total £m |
|-------------------------|-----------------------|---|------------------------|----------------------------|----------------------------|----------------|
| 2010 | | | | | | |
| Licence fee income | 3,446.8 | – | – | – | – | 3,446.8 |
| Other revenue | 283.8 | 7.9 | 843.0 | 122.0 | – | 1,256.7 |
| Other operating income | 28.2 | 293.0 | 45.3 | 0.6 | – | 367.1 |
| | 3,758.8 | 300.9 | 888.3 | 122.6 | – | 5,070.6 |
| Less intra-group income | (219.6) | (1.5) | – | (48.9) | (10.2) | (280.2) |
| Total income | 3,539.2 | 299.4 | 888.3 | 73.7 | (10.2) | 4,790.4 |
| 2009 | | | | | | |
| Licence fee income | 3,494.4 | – | – | – | – | 3,494.4 |
| Other revenue | 255.3 | 7.6 | 662.8 | 128.7 | – | 1,054.4 |
| Other operating income | 24.3 | 289.6 | 41.8 | 0.6 | – | 356.3 |
| | 3,774.0 | 297.2 | 704.6 | 129.3 | – | 4,905.1 |
| Less intra-group income | (185.6) | (0.7) | – | (50.5) | (7.5) | (244.3) |
| Total income | 3,588.4 | 296.5 | 704.6 | 78.8 | (7.5) | 4,660.8 |

2 Total operating expenditure, including UK Public Service Broadcasting Group expenditure by service

| | 2010 £m | 2009 £m |
|--------------------------------------|----------------|----------------|
| UK Public Service Broadcasting Group | 3,519.2 | 3,421.2 |
| BBC World Service and BBC Monitoring | 255.0 | 249.6 |
| Worldwide | 790.4 | 685.7 |
| Other Commercial Businesses | 95.0 | 151.5 |
| Exceptional pension income* | (334.1) | – |
| Group Adjustments | (57.2) | 1.9 |
| | 4,268.3 | 4,509.9 |

* Exceptional pension income relates to Past Service Income on the defined benefits pension scheme, arising from a change in the terms and conditions of early retirement.

| | 2010 £m | 2009 £m |
|---|----------------|----------------|
| Reconciliation to the basis for service licence reporting purposes | | |
| UK Public Service Broadcasting Group operating expenditure | 3,519.2 | 3,421.2 |
| Adjustments: | | |
| IAS 17 – Lease reclassification | 38.2 | 26.8 |
| IAS 19 – Employee benefits | 2.8 | 1.3 |
| UK Public Service Broadcasting Group expenditure for service licence reporting purposes | 3,560.2 | 3,449.3 |

Table 2a sets out the total expenditure for each group of service licences within the framework set by the BBC Trust.

2a Total operating expenditure, including UK Public Service Broadcasting Group expenditure by service continued
UK public services

| | Service Licence content budget £m | Distribution £m | Infrastructure /support £m | Other items £m | 2010 Total £m | 2009 Total £m |
|---|---|--------------------|----------------------------------|-------------------|---------------------|---------------------|
| BBC One | 1,113.1 | 43.2 | 217.1 | – | 1,373.4 | 1,399.1 |
| BBC Two | 450.0 | 30.6 | 95.0 | – | 575.6 | 572.2 |
| BBC Three | 87.5 | 6.8 | 24.3 | – | 118.6 | 115.1 |
| BBC Four | 54.5 | 3.8 | 15.7 | – | 74.0 | 71.7 |
| CBBC | 39.9 | 6.0 | 11.2 | – | 57.1 | 50.2 |
| CBeebies | 18.1 | 4.2 | 6.4 | – | 28.7 | 25.5 |
| BBC HD | 1.6 | 7.8 | 1.5 | – | 10.9 | 6.7 |
| BBC ALBA | 4.3 | 0.8 | 1.0 | – | 6.1 | 4.5 |
| BBC News channel | 47.8 | 8.4 | 7.8 | – | 64.0 | 61.2 |
| BBC Parliament | 2.4 | 6.5 | 1.4 | – | 10.3 | 9.7 |
| BBC Red Button | 14.2 | 13.8 | 4.7 | – | 32.7 | 30.1 |
| Television | 1,833.4 | 131.9 | 386.1 | – | 2,351.4 | 2,346.0 |
| BBC Radio 1 | 32.2 | 4.9 | 6.7 | – | 43.8 | 43.1 |
| BBC Radio 2 | 40.4 | 4.4 | 7.7 | – | 52.5 | 50.8 |
| BBC Radio 3 | 40.8 | 4.7 | 8.5 | – | 54.0 | 51.3 |
| BBC Radio 4 | 86.7 | 8.8 | 16.5 | – | 112.0 | 109.0 |
| BBC Radio 5 live | 55.0 | 5.8 | 11.2 | – | 72.0 | 72.5 |
| BBC Radio 5 live sports extra | 2.5 | 0.2 | 1.4 | – | 4.1 | 3.7 |
| BBC iXtra | 6.5 | 0.4 | 2.5 | – | 9.4 | 9.6 |
| BBC 6 Music | 6.5 | 0.4 | 2.4 | – | 9.3 | 9.0 |
| BBC 7 | 5.0 | 0.3 | 1.8 | – | 7.1 | 6.9 |
| BBC Asian Network | 8.9 | 0.4 | 2.8 | – | 12.1 | 12.1 |
| BBC Local Radio | 110.2 | 6.1 | 21.4 | – | 137.7 | 133.6 |
| BBC Radio Scotland | 24.9 | 2.6 | 5.2 | – | 32.7 | 32.4 |
| BBC Radio nan Gàidheal | 4.2 | 0.9 | 0.9 | – | 6.0 | 5.7 |
| BBC Radio Wales | 13.1 | 0.9 | 2.5 | – | 16.5 | 16.2 |
| BBC Radio Cymru | 12.3 | 1.2 | 2.3 | – | 15.8 | 15.5 |
| BBC Radio Ulster/BBC Radio Foyle | 14.4 | 1.4 | 3.0 | – | 18.8 | 18.5 |
| Radio | 463.6 | 43.4 | 96.8 | – | 603.8 | 589.9 |
| BBC Online | 126.7 | 22.3 | 50.3 | – | 199.3 | 177.8 |
| Spend regulated by service licence | 2,423.7 | 197.6 | 533.2 | – | 3,154.5 | 3,113.7 |
| Licence fee collection costs | – | – | – | 126.5 | 126.5 | 122.8 |
| Orchestras and performing groups | 20.3 | – | 3.8 | – | 24.1 | 25.2 |
| S4C | 30.0 | – | 6.6 | – | 36.6 | 32.7 |
| Development spend | 31.2 | – | 5.9 | – | 37.1 | 36.3 |
| Costs incurred to generate third party income | – | – | – | 41.5 | 41.5 | 40.0 |
| DAB digital radio | – | 11.6 | – | – | 11.6 | 10.3 |
| Digital text | – | 6.6 | – | – | 6.6 | 6.9 |
| Other | 81.5 | 18.2 | 16.3 | 168.0 | 284.0 | 274.2 |
| Restructuring costs | – | – | – | 36.9 | 36.9 | 11.0 |
| Total UK public services expenditure | 2,505.2 | 215.8 | 549.5 | 204.9 | 3,475.4 | 3,398.9 |
| Digital UK Limited ring-fenced expenditure | – | – | – | 29.2 | 29.2 | 26.0 |
| Digital UK switchover ring-fenced expenditure | – | – | – | 55.6 | 55.6 | 24.4 |
| Total UK Public Service Broadcasting Group expenditure | 2,505.2 | 215.8 | 549.5 | 289.7 | 3,560.2 | 3,449.3 |

2b Total operating expenditure, including UK Public Service Broadcasting Group expenditure by service continued
Infrastructure and support costs are broken down as follows:

| | 2010 £m | 2009 £m |
|--|--------------|--------------|
| Infrastructure/support costs | | |
| Marketing | 74.5 | 76.6 |
| Press and publicity | 5.0 | 5.3 |
| Libraries, learning support and community events | 49.8 | 49.9 |
| Reduction to pension payment | – | (19.5) |
| Overheads (excluding restructuring) | 406.3 | 387.1 |
| BBC Trust Unit (excluding restructuring) | 13.9 | 14.7 |
| | 549.5 | 514.1 |

3 Operating surplus

| | 2010 £m | 2009 £m |
|--|--------------|--------------|
| Operating surplus/(deficit) before financing income and costs and taxation | | |
| UK Public Service Broadcasting Group | 55.9 | 177.8 |
| BBC World Service and BBC Monitoring | 44.4 | 46.9 |
| Worldwide | 140.0 | 44.1 |
| Other Commercial Businesses | (21.3) | (66.8) |
| Group Adjustments* | 381.0 | (8.3) |
| | 600.0 | 193.7 |
| Financing (costs)/income | (87.7) | 57.6 |
| Taxation | (34.7) | (7.5) |
| Surplus for the year | 477.6 | 243.8 |

* Group adjustments include a £334.1million benefit relating to Past Service Income on the defined benefits pension scheme, arising from a change in the terms and conditions of early retirement.

The Financial Review includes further discussion of the performance of the commercial businesses and how the current economic conditions have impacted on their contribution to the Group operating position for the year.

4 UK Public Service ring-fenced expenditure

DCMS has ring-fenced the following amounts within the current Charter and six year licence fee settlement (2008 to 2013).

| | Amount spent prior to 2009 £m | Amount spent in 2009 £m | Amount spent in 2010 £m | Amount repayable 2010 £m | Cumulative Total £m | Six-year ring-fenced funding £m |
|-----------------------------------|---|----------------------------------|----------------------------------|-----------------------------------|---------------------------|--|
| Digital Switchover | | | | | | |
| Help for the elderly and disabled | 5.9 | 23.6 | 48.5 | 132.0 | 210.0 | 603.0 |
| Digital UK Limited | 27.6 | 20.4 | 29.7 | – | 77.7 | 201.0 |

The Secretary of State has agreed with the BBC that the £603million estimated cost of the Digital Switchover Help Scheme (operated by DSHS Limited) will be ring-fenced and set aside from the licence fee for the purpose of funding the Scheme over the six-year life of the licence fee settlement: in the event that the costs of the project exceed this limit due to higher than anticipated demand, this will not be at the expense of the BBC's programmes, services or other resources.

During the year the BBC and the Secretary of State agreed a mechanism for recovering underspent ring-fenced funds. Of the £132.0million cumulative underspend as at 31 March 2010, £89.1million will be repaid in 2010/11 and £42.9million in 2011/12. Confirmed underspends arising in future periods will become available for repayment in the following year. Responsibility for ensuring value for money for funds repaid will pass from the BBC Trust to the Government. The funds will be used for purposes not inconsistent with the purposes of the licence fee.

The Framework Agreement between the BBC and the DCMS states that the BBC is committed to leading certain aspects of the digital switchover programme, through Digital UK, and the licence fee settlement includes a ring-fenced amount of up to £201million from the inception of Digital UK until the end of the six year life of the licence fee settlement for communication activities. The ring-fenced amount is only part of the BBC's annual contribution to Digital UK.

As at 31 March 2010, the BBC is on target to remain within the ring-fenced amounts at the end of the six year period.

5 Pension Scheme (liability)/asset included in the balance sheet

The BBC operates defined benefit pension schemes, as well as some defined contribution schemes. The majority of staff are members of the defined benefit schemes, which provides benefits based on final, or career average, pensionable pay.

| | BBC Pension Scheme 2010 £m | Unfunded scheme 2010 £m | Total 2010 £m | BBC Pension Scheme 2009 £m | Unfunded scheme 2009 £m | Total 2009 £m |
|---------------------------------------|-------------------------------|----------------------------|------------------|-------------------------------|----------------------------|------------------|
| Fair value of scheme assets | 8,154.8 | – | 8,154.8 | 6,454.0 | – | 6,454.0 |
| Actuarial value of scheme liabilities | (9,795.7) | (6.2) | (9,801.9) | (6,592.6) | (4.7) | (6,597.3) |
| Closing net pension liability | (1,640.9) | (6.2) | (1,647.1) | (138.6) | (4.7) | (143.3) |

The calculation of the scheme liabilities and pension charges, for IAS 19 purposes, requires a number of assumptions, both financial and demographic, to be made. The principal assumptions used by the actuaries, at the balance sheet date were:

| Principal financial assumptions | 2010 % | 2009 % | 2008 % |
|---------------------------------------|-----------|-----------|-----------|
| Rate of increase in salaries | 3.7 | 4.4* | 5.6 |
| Rate of increase in pension payments: | | | |
| Old Benefits | 3.7 | 3.0 | 3.6 |
| New Benefits | 3.5 | 2.7 | 3.4 |
| Career Average Benefits | 2.4 | 2.4 | 2.5 |
| Inflation assumption | 3.7 | 2.9 | 3.6 |
| Discount rate | 5.5 | 7.2 | 6.9 |

* This is the assumption from 1 April 2011. The assumption to 31 March 2011 is 3.9% per annum.

The average life expectancy assumptions, for members after retirement at 60 years of age, are as follows:

| Principal demographic assumptions | 2010 Number of years | 2009 Number of years | 2008 Number of years |
|-----------------------------------|-------------------------|-------------------------|-------------------------|
| Retiring today: | | | |
| Male | 27.0 | 26.9 | 26.6 |
| Female | 29.7 | 29.6 | 29.1 |
| Retiring in 20 years: | | | |
| Male | 29.0 | 28.9 | 28.1 |
| Female | 31.8 | 31.7 | 30.7 |

The longevity assumptions have been selected to reflect the characteristics and experience of the membership of the scheme. This has been done by adjusting standard mortality tables (PMA07MC+0.5 and PFA07MC+I) which reflect recent research into mortality experience in the UK, with a minimum improvement of 1% per annum used.

The demographic assumptions have been updated from those used for the actuarial valuation of the scheme as at 1 April 2007 to reflect the likely assumptions which will be used for the actuarial valuation of the scheme as at 1 April 2010.

6 Analysis of net debt for Department for Culture, Media and Sport (DCMS) borrowing ceilings

| | At 1 April 2009 £m | Cash flows £m | Non-cash changes £m | Exchange £m | At 31 March 2010 £m |
|---|--------------------------|---------------------|---------------------------|----------------|------------------------------|
| Cash and cash equivalents | 124.3 | 149.6 | (8.3) | (1.7) | 263.9 |
| Bank overdrafts | (2.5) | 0.8 | – | – | (1.7) |
| Gross funds | 121.8 | 150.4 | (8.3) | (1.7) | 262.2 |
| Cash classified as held for sale | – | – | 8.3 | – | 8.3 |
| Loans and loan notes | (271.3) | 72.3 | – | (12.4) | (211.4) |
| Derivatives associated with loans | (4.8) | – | (3.5) | – | (8.3) |
| Finance leases | (617.9) | 9.0 | – | – | (608.9) |
| Leases not included in DCMS borrowing limits* | 596.2 | – | (40.7) | – | 555.5 |
| Net (debt)/funds | (176.0) | 231.7 | (44.2) | (14.1) | (2.6) |
| Made up of: | | | | | |
| Public Service Broadcasting | 46.4 | | | | 168.1 |
| Centre House Productions | (13.6) | | | | (10.7) |
| BBC Worldwide | (157.5) | | | | (23.0) |
| Other commercial businesses | (51.3) | | | | (137.0) |
| Net debt | (176.0) | | | | (2.6) |

* The DCMS definition of 'borrowings' excludes leases which would be classified as operating under UK GAAP, but which are classified as finance leases under IFRS. These leases are therefore excluded when comparing net (debt)/funds to DCMS borrowing ceilings.

The debt and repayments on finance leases held by Centre House Productions Limited are offset directly by cash held on matching deposits, and the income from them, such that there is no long-term cash effect.

Reconciliation of net funds/(debt) to the Department for Culture, Media and Sport (DCMS) borrowing ceilings

The Public Service borrowing limit of £200million is set by the Secretary of State in accordance with the Framework Agreement between the BBC and DCMS. As at 31 March 2010, 31 March 2009, and throughout both financial years, the BBC was in compliance with the borrowing ceilings.

Net funds is made up of the BBC's cash at hand and in bank, less any borrowings including principal amounts outstanding on finance leases.

| | Public Services | | Commercial Businesses |
|--------------------------|--|--|-----------------------|
| | Capital or current expenditure £m | Digital switchover Current expenditure on Digital Switchover Help Scheme* £m | £m |
| 2010 | | | |
| Net (debt)/funds | 168.1 | – | (160.0) |
| Borrowing ceiling | (200.0) | (25.0) | (350.0) |
| 2009 | | | |
| Net (debt)/funds | 46.4 | – | (208.8) |
| Borrowing ceiling | (200.0) | (25.0) | (350.0) |

* £25million may only be used in respect of borrowing to fund current expenditure on meeting the responsibilities placed on the BBC by any scheme agreed under clause 39 of the Framework Agreement (targeted help schemes), including costs incurred by the BBC for the scheme's overheads and financing costs.

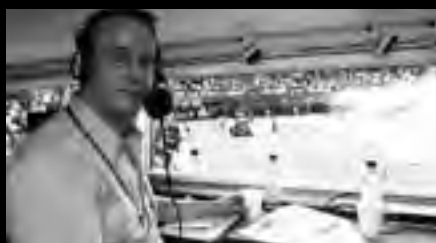
Under the terms of the DCMS agreement, BBC Commercial Holdings Limited must satisfy two financial covenants. These covenants are required to be met at 31 March each year. As at 31 March 2010 and 31 March 2009, BBC Commercial Holdings Limited was in compliance with both of these covenants. Under a direction granted by the Secretary of State for the DCMS a borrowing limit of £350million has been set for the BBC commercial group.

GLOSSARY

WE HAVE USED SOME TERMS IN THIS REPORT TO EXPLAIN HOW WE RUN OUR BUSINESS, BUT WHICH MIGHT BE UNFAMILIAR TO OUR READERS. THE FOLLOWING LIST GIVES DEFINITIONS FOR SOME OF THE MORE FREQUENTLY USED ONES.

| | |
|---------------------------------|---|
| Acquired Programmes | Acquired Programmes are bought in a finished state from another supplier; for example <i>Mad Men</i> (BBC Four) or <i>The Wire</i> (BBC Two). Last year we licensed programmes from over 20 countries. As part of <i>Putting Quality First</i> , we have proposed reducing the amount spent on acquisitions from £100million to £80million by 2013. |
| Appreciation Index or AI | Appreciation Index or AI is the average score out of 10 based on a respondent's enjoyment of a programme. The score is then multiplied by 10 and expressed out of 100 (for example, 8.1 out of 10 becomes an AI of 81). |
| Creative economy | The UK's creative economy includes the organisations and people who work in design and media industries, including indies, actors and writers. A Deloitte report from March 2010 showed that the BBC contributes at least £7.6billion to the UK creative economy, generating £2 worth of economic value for every pound of the licence fee. |
| BARB | BARB (Broadcasters Audience Research Board) is the independent organisation responsible for providing the official measurement of UK television audiences. |
| Cost per user hour | Cost per user hour (CPUH) combines service spend and consumption to help inform an assessment of value for money. BBC Radio 2 has the lowest CPUH of all BBC radio services (around 0.5p) due to its popularity. |
| CMI | Cross Media Insight (CMI), survey by GfK/NOP Media measures claimed reach to the BBC's services across all platforms. It is more robust than PBTS previously used. 2009/10 was its first full year. |
| Digital switchover | The process of digital switchover involves turning off the UK's analogue television broadcasting system by 2012. For more information see www.helpscheme.co.uk . |
| Freesat | Freesat is a free-to-air satellite TV service provided by the BBC and ITV, where users pay for the equipment but do not pay a monthly subscription. Visit www.freesat.co.uk /Freesat from Sky is also available for a one-off payment: www.freesatfromsky.co.uk . |
| Freeview | Freeview is the main UK digital terrestrial television service transmitted through an aerial and using a set-top box. No subscription is required. Freeview is the most widely used digital television platform. See www.freeview.co.uk . |
| HDTV | HDTV – or high-definition television – is available via either a set-top box or an integrated digital television, and gives viewers better quality, high resolution pictures. |
| Impact | Impact shows how memorable or acclaimed a programme or service is, and can be measured by the number of awards won by a service, or comments (positive and negative) generated in the press. |
| IPTV | IPTV (Internet Protocol TV) usually delivers on-demand content down a phone line to a television. Project 'Canvas' is an example of the opportunities made available by the development of IPTV. |
| Narrative repeat | A narrative repeat is an edition of a programme transmitted within seven days of its first broadcast. |
| On-demand | On-demand services let the viewer or listener experience a programme at a time that suits them, for example via BBC iPlayer, itvplayer, 4oD or Sky Player. |
| Peak-time | Peak-time hours for the BBC's TV services are 6pm-10.30pm. Radio consumption is very different, and peak-time for radio is usually defined as the breakfast and drive-time slots. |
| PSB | The UK's Public Service Broadcasters (PSBs) are the BBC, ITV, Channel 4, five and S4C. |
| Rajar | Rajar (Radio Joint Audience Research) is the official body in charge of measuring radio audiences in the UK. It is jointly owned by the BBC and the RadioCentre on behalf of the commercial sector. |
| Reach | Reach on <i>television</i> is the number or percentage of an audience group who watch a programme or channel (15 consecutive minutes each week is the usual BBC measure, versus three minutes on commercial TV); and on <i>radio</i> is the number or percentage of people aged 15+ who listen to at least five minutes of radio in a 15-minute period during an average week. |
| Share | The share of total viewing or listening to a particular programme or service over a set time, expressed as a percentage of total hours of viewing/listening. For example, BBC One has a 21% share of viewing in all homes each week, and BBC Radio 4 had 12% share of listening for the year 2009/10. |
| Unique users | 'Unique users' or unique browsers is a measure for website traffic. It is not a traditional survey of 'people', but is measured automatically using either server logs or by a tag embedded within the web pages. |

If you want information or to know more about how the BBC is run, please visit www.bbc.co.uk/aboutthebbc.



SERVICE REMITS

NETWORK TELEVISION



BBC One aims to be the UK's most valued television channel, with the broadest range of quality programmes of any UK mainstream network.



BBC Two brings programmes of depth and substance to a broad audience. It originates the greatest amount and range of factual programming of all BBC TV channels, combined with distinctive arts, comedy and drama.



BBC Three is dedicated to innovative British content and talent. The channel aims to provide a broad mix of programmes aimed primarily at younger audiences.



BBC Four aims to be British television's most intellectually and culturally enriching channel, offering a distinctive mix of documentaries, performance, music, film and topical features.



The CBBC channel offers a distinctive mixed schedule for 6-12 year olds, encouraging each child to strengthen his or her existing interests and develop new ones.



CBeebies aims to offer a mix of high quality, mostly UK-produced, programmes designed to encourage learning through play in a consistently safe environment for children under six.

NETWORK RADIO



BBC Radio 1 aims to offer a high-quality service for young audiences combining the best new music, a comprehensive range of live studio sessions, concerts and festivals, and tailored speech output.



BBC Radio 2 brings listeners a broad range of popular and specialist music focused on British talent and live performances, complemented by a broad range of speech output including current affairs, documentaries, religion and the arts.



BBC Radio 3 centres on classical music, around which it provides a broad spectrum of jazz, world music, arts programmes and drama; there is a strong emphasis on musical performance from across the UK.



BBC Radio 4 aims to use the power of the spoken word to offer programming of depth which seeks to engage and inspire, with a unique mix of factual programmes, drama, readings and comedy.



BBC Radio 5 live broadcasts live news and sport 24 hours a day, covering events as they happen in an accessible style.



BBC Radio 5 live sports extra is a part-time network that provides additional sports coverage using rights already owned by the BBC, and so delivering greater value to licence fee payers.

JOURNALISM



The BBC News channel is a 24 hour television news service, providing comprehensive coverage and analysis of the biggest and most significant stories in the UK and internationally.



BBC Parliament is the only UK channel dedicated to the coverage of politics, featuring debates, committees and the work of the UK's parliamentary and legislative bodies, and the European Parliament.



BBC Global News brings together the BBC World Service, BBC World News television channel, the BBC's international-facing online news services in English, BBC Monitoring and BBC World Service Trust.



BBC Local Radio is a primarily speech-based service of news, information and debate, with a strong emphasis on interactivity.



Radio Scotland is a speech-led service for adults; BBC Radio nan Gàidheal is a speech and music radio service for Gaelic speakers. Both services offer a wide range of genres and reflect the issues, events, culture and interests of the people of Scotland.



Radio Wales is a speech-led service for adults; BBC Radio Cymru is a speech and music radio service for Welsh speakers. Both services offer a wide range of genres and reflect the issues, events, culture and interests of the people of Wales.

WE DELIVERED THE FOLLOWING SERVICES TO OUR AUDIENCES LAST YEAR. YOU CAN FIND LINKS TO THE SERVICE LICENCES FOR EACH BBC SERVICE – AS WELL AS ANY SERVICE REVIEWS CARRIED OUT BY THE BBC TRUST – AT WWW.BBC.CO.UK/BBCTRUST.



The BBC HD channel is a high definition television showcase for a range of programming from across the BBC's other television services.



BBC ALBA offers, to Gaelic speakers and learners, distinctive coverage of subjects as diverse as live contemporary and traditional music, football and children's programming and a range of originated programming that reflects and supports Gaelic culture, identity and heritage.



BBC 1Xtra plays the best in contemporary black music, with a strong emphasis on delivering high-quality live music and supporting new UK artists.



BBC 6 Music aims to engage with lovers of popular music by offering the best music from the BBC sound archive together with current releases outside the mainstream, complemented by music news and documentaries.



BBC 7 is a speech-based digital radio service offering comedy, drama and readings mainly from the BBC archive. It also broadcasts programmes for children.



BBC Asian Network aims to offer challenging debate, informed journalism, music, sport, entertainment and drama for British Asians from different generations.

FUTURE MEDIA



BBC Radio Ulster/Foyle is a speech-led service that covers a wide range of genres and reflects all aspects of contemporary life in Northern Ireland, combining coverage of local issues, interests and events with coverage of national and international developments.



BBC Online aims to provide innovative and distinctive online content that reflects and extends the range of the BBC's broadcast services.



BBC Red Button delivers interactive services to digital television viewers, including all day, up-to-the-minute content and information, including news, weather, learning, entertainment and interactive programming.

CONTACT US

CONTACTING THE BBC

If you wish to find out more about the BBC's year – including full financial statements and each service's performance against its Statement of Programme Policy, as well as other public commitments, please visit **www.bbc.co.uk/annualreport**.

The report is also available in Welsh and in audio version.

If you want information or to know more about how the BBC is run please visit **www.bbc.co.uk/aboutthebbc**.

For tickets to shows, tours and events please visit **www.bbc.co.uk/showsandtours**.

If you have a comment, appreciation or complaint about BBC programmes and services please visit **www.bbc.co.uk/feedback**.

Or write to BBC Audience Services,
PO Box 1922, Darlington, DL3 0UR

Comment line tel: 03700 100 222*

Other queries tel: 03700 100 123*

Textphone 03700 100 212*

Lines are open 24 hours a day, seven days a week.

Calls may be monitored or recorded for training purposes.

Last year the BBC had over 3.3 million contacts with the general public.

BBC TRUST

If you have any comments or questions about the work of the BBC Trust you can contact us by post, email, or telephone.

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Lines open Monday to Friday between 9.30am and 5.30pm.

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BBC AUDIENCE COUNCILS

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Email: acw@bbc.co.uk

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