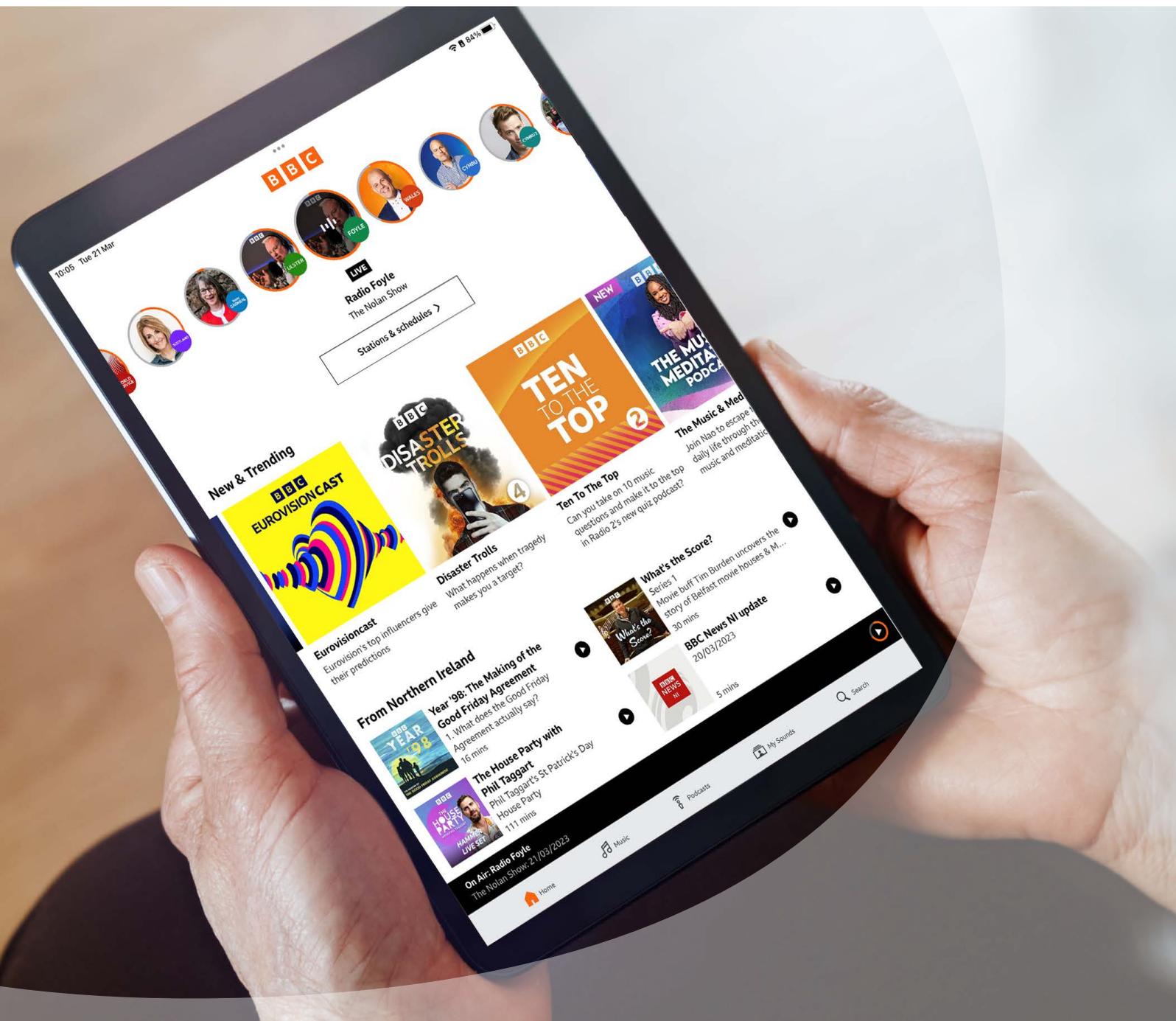


# Modernising the BBC's Operating Licence



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# 1. Overview

## The BBC must serve all UK audiences and provide a broad range of content

- 1.1 **The UK media landscape is constantly changing.** The nation's viewing and listening habits have rapidly diversified over the last decade, and online video and audio streaming services today play a central part in most people's everyday lives. International commercial players are increasingly drawing viewers and listeners away from the UK's public service broadcasters, while traditional broadcast TV as we know it has seen a long-term and substantial decline.
- 1.2 **In this increasingly fragmented environment, the BBC continues to have an important role.** For more than 100 years, the BBC has been tasked with informing, educating and entertaining the UK. With households across the country paying the BBC a combined £3.8bn in licence fees in 2022 to deliver on that role, it is critical that the BBC serves all audiences and continues to provide a broad range of high-quality UK content.
- 1.3 **For the BBC to continue delivering on its remit, it must transform and modernise.** It needs to adapt its online services to ensure that it remains relevant and appealing, while continuing to offer a wide range of content for audiences who mainly, or only, use broadcast TV and radio services. In May 2022, the BBC set out [a new strategy](#) designed to help it meet the challenges it faces, which will involve a shift to it being a 'digital-first' organisation. This would partly involve reallocating money toward content that works in an on-demand world and investing more in online services.

## Ofcom holds the BBC to account for delivering its remit on behalf of viewers and listeners

- 1.4 **To hold the BBC to account for delivering its remit, we set an Operating Licence which the BBC must comply with.** Under the [BBC Charter and Agreement](#), strategic and editorial decisions are a matter for the BBC, while the Operating Licence is designed to ensure that it effectively fulfils its Mission and promotes its Public Purposes: to provide impartial news and information; to support learning; to show creative, high-quality and distinctive output; and to reflect, represent and serve the UK's diverse communities and support the creative economy across the UK.
- 1.5 **Our regulation needs to reflect that the media landscape and audiences' habits are changing and will continue to change.** We also recognise that while the BBC has a steady income from the licence fee, rising production costs, the 2022 licence fee settlement and general inflation means it has less money at its disposal. As a result, the BBC is having to make difficult decisions about its services and content, which could include cutting hours.



## The BBC must continue to provide content and services valued by audiences as it modernises and transforms

- 1.6 **The new Operating Licence, published today, recognises the BBC's important role, as well as the changing environment in which it operates.** It reflects audiences' expectations for the BBC to deliver high-quality online content and services, while recognising that broadcast TV and radio remain very important for many viewers and listeners. It also requires the BBC to continue to deliver a broad range of UK content – including niche programming which might attract a smaller audience – and to continue to play an important role in delivering local, regional and nations content.
- 1.7 **The new Licence will benefit audiences by safeguarding important content, while giving the BBC sufficient flexibility to shape its programme output to meet audiences' changing needs.** Quotas remain a key feature; the Licence includes more than 70 of them, and we consider them critical to ensure the BBC delivers a minimum volume of certain content. Alongside quotas, we set other requirements for what the BBC should provide. They include requirements to ensure that the BBC's online services – the website, iPlayer and Sounds – are distinctive and that important content is easily discoverable on such services.

## The new Licence requires the BBC to be much more transparent with audiences about changes to its content and services

- 1.8 **Transparency, openness and clarity should be the cornerstone of the BBC's public engagement.** It is important to give audiences an opportunity to raise concerns with the BBC, which in turn can give it a better insight into what audiences want and need. Transparency also benefits the wider industry and is critical to our ability to hold the BBC to account on behalf of citizens and consumers.
- 1.9 **The BBC needs to improve how it explains its transformation plans to audiences, and whether or not they are successful.** As the BBC looks to modernise how it delivers on its remit, it needs to do much more to engage in a meaningful and transparent way with the public, other stakeholders, and with Ofcom. Too often, there is a lack of detail and clarity in the BBC's announcements about proposed changes to its services. So we are expecting a step-change from the BBC to ensure more open, detailed and proactive communication. The BBC also needs to be clear and open about whether its changes are successful. It may be that not all the BBC's plans prove effective in practice. Recognising that, and being prepared to change course, is essential to secure audiences' trust.
- 1.10 **For the first time, the Licence requires the BBC to comprehensively report on its plans and performance.** It imposes strict and detailed requirements specifying what the BBC needs to report, and when. These compel the BBC to set out extensive information, with its Annual Plan, about how it will deliver for audiences, including total broadcast hours and hours of new content, by genre. The BBC must then evaluate whether it has delivered on those plans, as part of its Annual Report. This information will be critical in allowing Ofcom to hold the BBC to account in those areas of its delivery not subject to quotas.



## We will scrutinise the BBC's plans and performance and will step in if we are concerned that the BBC is not delivering for audiences

- 1.11 **The Operating Licence is supported by comprehensive oversight throughout the year.** Ongoing engagement between Ofcom and the BBC supplements the more formal check-in points around publication of the BBC's Annual Plan and Annual Report. It allows us to ask questions and push for changes, as we have done recently in relation to the changes the BBC is making to the BBC News channel and local radio in England. We have sought further information from the BBC about these changes, and recently [wrote to the BBC](#) to set out our findings.
- 1.12 **Stakeholders will continue to play an important role in highlighting their concerns.** They provide Ofcom with views and evidence that enable us to challenge the BBC's plans. The additional information that we are requiring the BBC to publish will also better equip stakeholders to do this, as well as speak to the BBC directly.
- 1.13 **If we are concerned that the BBC is not delivering for audiences, we will take further action, and if necessary impose new requirements.** We could engage in a structured but informal way with the BBC, direct it to provide and publish further information, or even move quickly to impose new quotas.
- 1.14 **If the BBC does not comply with the Licence, we will act.** Should the BBC fail to publish the information required by the new transparency provisions in the Licence, we can direct it to take swift remedial action, or force it to disclose the information to Ofcom so that we can publish it ourselves. We can also add further transparency requirements to the Operating Licence, and we will assess this on an annual basis. In serious cases of non-compliance, we can take enforcement action.

## We will continue to develop how we assess the BBC's performance

- 1.15 **We use a rich evidence base to take an informed and independent view of the BBC's performance.** We collect a substantial amount of information about the BBC and the markets in which it operates, and we undertake extensive audience research. This looks at what content and services are available, what is being viewed and listened to, and how satisfied audiences are with the BBC. This information is important both in assessing the BBC's plans and its overall performance. We have recently published [terms of reference](#) for a review into how the BBC connects with audiences from lower socio-economic groups, and we will also undertake research to better understand audiences' experience of, and views on, the provision of local content.
- 1.16 **It is important that the way in which we measure the BBC's performance continues to evolve, specifically in capturing new ways of delivering content.** We have already undertaken substantial work as part of our work on the Operating Licence, reflected in this statement, but we will continue to develop and refine this. Later this year, we will consult on updating our performance measurement framework to reflect developments in how we assess the BBC's performance.



## How we will hold the BBC to account to ensure that it delivers important content and services for audiences: our decisions

The new Operating Licence imposes a range of requirements on the BBC to ensure that it continues to fulfil its Mission and Public Purposes. These include:

- **More than 70 quotas across the BBC's broadcast TV and radio services.** Such quotas safeguard, among others, the delivery of news and current affairs content on the BBC's main broadcast TV and radio services, the distinctiveness of the BBC's radio services (through quotas on music and sports), and the provision of original and new UK content. The quotas also ensure that the BBC commissions a minimum amount of content outside London and in Wales, Scotland and Northern Ireland.
- **A range of new requirements as to what content and services the BBC should deliver.** Critically, the new Operating Licence now comprehensively regulates the BBC's online services, fully capturing both iPlayer and Sounds. This includes requiring the BBC to make important content, including content for the nations and regions, and at-risk programming, available for online audiences, and to make that content easily discoverable. We also require the BBC to provide a wide range of content, including music, arts, religion, ethics, other specialist factual content, comedy and children's programming, as well as programmes for learning Gaelic.
- **Additional transparency requirements.** These oblige the BBC to set out extensive information alongside its Annual Plan about how it will meet its requirements, and with its Annual Report about whether it has delivered on those plans. This information includes total broadcast hours and hours of new content by genre.

The transparency requirements in turn support comprehensive and ongoing scrutiny of the BBC's plans and performance, and allow us to step in if the BBC is not delivering for audiences.

We have consulted widely on our proposals, including through a call for inputs in July 2021, a consultation in June 2022 and a further consultation in December 2022. We have also spoken to many stakeholders. In response to comments on our proposals, and concerns raised about recent BBC decisions, particularly the BBC's plans to bring its News channel in the UK and the international World News into a single TV channel, and its proposed changes to local radio in England, we have made several amendments to our proposals. These include:

- **Strengthening the transparency requirements.** We have expanded the range of information that the BBC is required to publish, added a more detailed explanation about what we expect such information to include, and will be requiring additional information to be provided to Ofcom, including spend data, where relevant.
- **Retaining the BBC's quota for 100% speech content on local radio during breakfast peak time.** We consider it important to undertake further research and get a better understanding about what audiences need and value about local content.
- **Retaining a condition in relation to BBC News.** This will ensure that the BBC News channel continues to provide high quality local, regional, national and international news.



Following a request by the BBC, and after consultation with stakeholders, we have made further changes to the Operating Licence. These include:

- **Replacing daily and weekly news and current affairs quota with an annual quota**, while requiring the BBC to provide such news regularly at frequent intervals throughout the day. This will simplify administration of the Licence but will entail no changes in the BBC's news and current affairs provision.
- **Reducing the BBC Four original productions quota to 65%**, which will allow the BBC to refocus BBC Four on archive material and live performances, while increasing arts and music spend on BBC Two.
- **Reducing the quota for news and current affairs on BBC Radio 5 Live to 70%**; this will allow the BBC to broadcast some additional sports content, which would help extend its reach among people in lower socio-economic groups and younger audiences.
- **Changing the quota for live music on BBC Radio 2 to 68 hours of genuinely live music or new specially recorded music**. This quota previously included repeats, but now focuses on what the BBC submitted is the most valuable live music content for audiences.
- **Reducing certain quotas for programming on the BBC's national and regional variations of BBC One and BBC Two, while requiring the BBC to continue to provide a wide range of this content**. This will, in part, allow the BBC to increase investment in online content and invest more in high-quality, high-impact local content to be shown on the network channels.

The overview section in this document is a simplified high-level summary only. The decisions we have taken, and our reasoning, are set out in the full document.



## 2. Background to this consultation

2.1 This section sets out the legal framework for our regulation of the BBC, the context in which we set the first Operating Licence, and how markets have evolved since then. We set out how we have approached our review of the Operating Licence and the related BBC work, particularly our review of the regulation of the BBC and the UK Government's mid-term review of the BBC Charter.

### The first Operating Licence was put in place in 2017

2.2 Ofcom became the first independent regulator of the BBC under the current BBC Charter and Agreement, which began on 1 January 2017 and ends on 31 December 2027. The Charter and Agreement set out the different roles and duties of the BBC and Ofcom, including the principal functions of the BBC Board. The BBC Board is responsible for ensuring that the BBC delivers its remit and for setting the strategic and creative direction of the organisation, such as setting budgets for BBC programmes and services.<sup>1</sup>

2.3 We are required by the Charter and Agreement to set an Operating Licence for the BBC's UK Public Services.<sup>2</sup> The Licence is an important part of how we regulate the BBC's performance and hold it to account for delivering its remit. The Charter and Agreement detail the conditions we must set and enforce in the Operating Licence. We must set appropriate regulatory conditions that require the BBC to:

- a) fulfil its Mission and promote the Public Purposes;
- b) secure the provision of distinctive output and services; and
- c) secure that audiences in England, Scotland, Wales and Northern Ireland are well served.<sup>3</sup>

2.4 The Agreement also requires us to set specific conditions in the Operating Licence for links to third-party online material, and the quantity and scheduling of news and current affairs, as well as quotas for original productions and nations and regions programming and programme-making.<sup>4</sup>

2.5 In line with these requirements, we set the first BBC Operating Licence in 2017. This Licence, which is in force until the new Licence takes effect, contains objectives that set out our expectations for how the BBC should deliver each of its Public Purposes. Schedule 1 contains enforceable regulatory conditions, largely consisting of quotas that require the BBC to provide a minimum number of hours of content across different genres on specified

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<sup>1</sup> Article 20(3)(a) and (b) of the Charter.

<sup>2</sup> UK Public Services means the services included in the list maintained and published by the BBC under Part 1 of Schedule 1 to the Agreement, as amended by the BBC from time to time.

<sup>3</sup> Article 46(3) of the Charter.

<sup>4</sup> In addition, when setting the first Operating Licence we were required to set regulatory conditions covering at-risk genres (music, arts, religion and other specialist factual content, comedy, and children's programming) and sports coverage on BBC radio services, and improving the provision of news and current affairs and children's output and education in relation to online services. These conditions were only required for the first Licence.



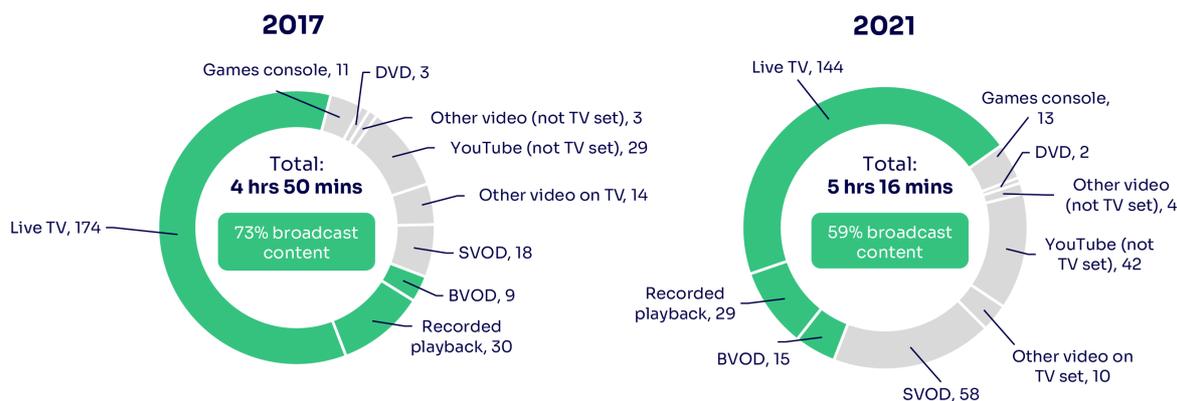
TV and radio services. We set these quotas to reflect the level and delivery method of the BBC’s output in 2017. The Licence therefore contains only limited recognition of the BBC’s online services, such as BBC iPlayer.

2.6 Further detail on the legal framework underpinning our regulation of the BBC is set out in Annex 9.

## There have been significant changes in audience behaviour and availability of content

2.7 As suggested by Figure 1 and 2, since the first Operating Licence was put in place in 2017, the way audiences watch and listen to content has changed significantly. Many people have switched some of their viewing and listening to online, driven by the significant increase in content and services available to UK audiences, as well as technological changes. Much of the increase in content has come from well-funded global providers such as Netflix, Disney+ and Spotify. These global services have broad catalogues; for example, the total hours available on subscription video-on-demand (SVoD) services has almost trebled from 70,000 hours in 2017 to 206,000 in 2022.<sup>5</sup>

Figure 1: Total daily viewing minutes: 2017 vs. 2021 (all individuals 4+, all devices)<sup>6</sup>

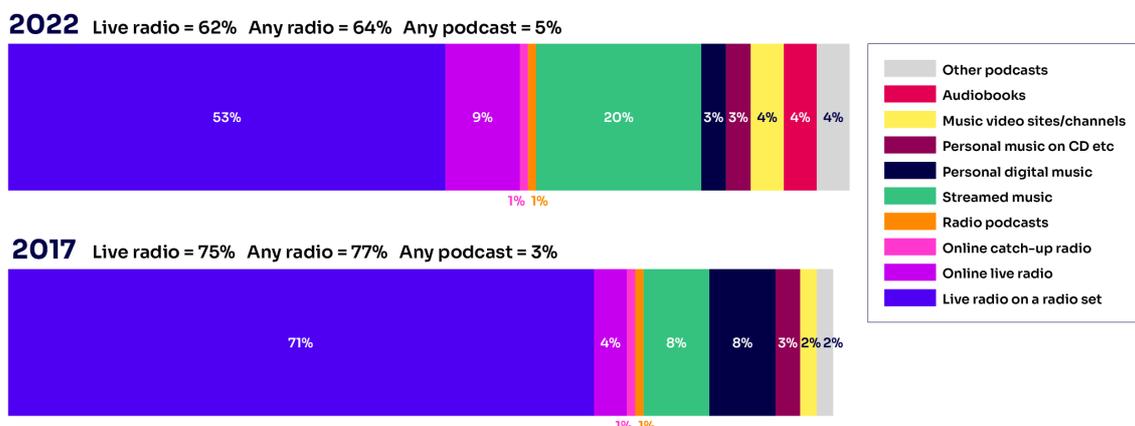


<sup>5</sup> Ampere Analysis, accessed 7 February 2023. Inclusive of hours from major SVoD platforms in the UK. SVoDs are paid-for subscription video-on-demand services such as Netflix, Amazon Prime Video and NOW. While these services offer more than just video-on-demand (e.g., streaming, broadcast pay-TV channels, as well as content to own or rent), they are categorised as SVoD for ease of reference in this consultation.

<sup>6</sup> Ofcom modelling of total audiovisual viewing using BARB, IPA TouchPoints and Comscore data. See [Media Nations appendix](#) for a summary of how the sources are used to construct a total estimated view of video watched.



Figure 2: Share of time spent per week on any audio type: 2017 vs. 2022 (adults 15+)<sup>7</sup>



2.8 Despite the long-term decline in viewing of broadcast services,<sup>8</sup> these remain vital for many audiences. For example, as shown in Figures 1 and 2, live TV accounted for 46% of video viewing time in 2021<sup>9</sup> and live radio on a radio set 53% of all listening time in 2022.<sup>10</sup> This is particularly the case for older viewers; according to our VoD survey in 2022, 59% of 55-64-year-olds and 76% of those aged 65+ said they turned to TV channels first when looking for something to watch.<sup>11</sup>

2.9 As set out in our *Small Screen: Big Debate* review of public service media, this raises challenges for the public service broadcasters (PSBs), particularly the BBC.<sup>12</sup> They all need to respond to audiences who are increasingly moving online, as well as continue to serve the significant proportion of audiences who watch and listen to broadcast services.

## The BBC must adapt to continue to deliver for all audiences

2.10 The BBC has a unique role, set out in its Mission, to serve all audiences across the UK. Audiences feel that the BBC continues to be part of the ‘fabric of the nation’; about eight in ten people aged 16+<sup>13</sup> and nearly seven in ten children (aged 3-16) continue to engage with BBC content each week.<sup>14</sup> There are some areas in which it performs particularly strongly – for example, our research has found that audiences particularly associate the BBC with big TV moments, live events of national importance, and news.<sup>15</sup>

2.11 BBC news reaches 73% of UK adults each week<sup>16</sup> and audiences have told us that they value its breadth and quality of coverage. In terms of live high-profile events of national

<sup>7</sup> IPA TouchPoints.

<sup>8</sup> BARB, all individuals (4+). Daily minutes of viewing per person, viewed within 28 days was at 158 minutes in 2022, compared to 224 in 2014.

<sup>9</sup> Ofcom estimates of total video viewing, modelled from BARB, Comscore and Touchpoints data.

<sup>10</sup> IPA TouchPoints.

<sup>11</sup> Ofcom, VoD Survey, 2022.

<sup>12</sup> [Small Screen, Big Debate: Recommendations to Government on the Future of Public Service Media.](#) (2021).

<sup>13</sup> Ofcom BBC Performance Tracker 2021/22.

<sup>14</sup> Ofcom BBC Children’s Performance Tracker 2021/22.

<sup>15</sup> Ofcom research: Exploration into audience expectations of the BBC in the current media environment, 2021, pages 22, 9.

<sup>16</sup> Ofcom 2022 Adults and Teens News Consumption Surveys.



- significance, the state funeral of HM Queen Elizabeth II was broadcast by 52 channels in the UK, with the BBC's coverage attracting nearly two-thirds of UK audience share.<sup>17</sup>
- 2.12 The BBC's online services have continued to grow; BBC iPlayer had more than 6.6 billion streams in 2021/22, an increase of 8% on the previous year.<sup>18</sup> There was also a 23% increase in audio content accessed through BBC Sounds in the same period.<sup>19</sup>
- 2.13 However, our research found that many audiences still see the BBC iPlayer as a catch-up service for content missed on traditional TV, as opposed to a destination for their viewing.<sup>20</sup> In addition, BBC radio has been less successful than commercial radio in attracting online listeners – commercial radio accounts for 59% of all live online radio listening hours, compared to 38% for the BBC.<sup>21</sup> For 15-24-year-olds, this drops further to 27% for the BBC compared to 68% for commercial radio.
- 2.14 It is important that the BBC continues to develop its services so that it can deliver for all audiences, however they watch or listen. However, it also faces funding challenges. All broadcasters are facing challenges related to the cost of production in the UK. From our conversations with broadcasters and producers, we understand that this is partly due to the success of the UK production sector, with global commissioners increasing competition for skilled workers and studio space, resulting in upward pressure on costs. For example, we estimated that the cost per hour of first-run originated content provided by PSBs was 9% higher in 2019 than in 2015.<sup>22</sup> This has been exacerbated by more general inflationary pressures and the impact of the Covid-19 pandemic.<sup>23</sup>
- 2.15 In addition, the BBC's total income fell by 5.5% in real terms<sup>24</sup> between 2017/18 and March 2022,<sup>25</sup> driven by a decrease in total licence fee revenue from £4.3bn to £3.8bn. As part of the BBC's funding settlement with the Government, the level of the licence fee was frozen for two years until 2024, after which it will rise in line with inflation for the remainder of the Charter period. As a result, the BBC has anticipated that £285m of annual savings will be required by 2027/28 to offset the loss of inflationary increases to the licence fee over the next two years.<sup>26</sup> The UK Government has committed to reviewing the funding model for the BBC before the end of the current Charter period.

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<sup>17</sup> BARB live viewing only, all individuals 4+ on the TV set only.

<sup>18</sup> BBC, [Annual Report and Accounts 2021/22](#), page 4.

<sup>19</sup> BBC, [Annual Report and Accounts 2021/22](#), page 12.

<sup>20</sup> Ofcom BBC Covid-19 research.

<sup>21</sup> RAJAR Q4 2022. The remaining 3% is attributed to non-RAJAR subscribing stations including community radio, international radio and some online-only UK stations.

<sup>22</sup> Ofcom analysis of broadcaster data. Cost-per-hour calculated in nominal terms using direct spend and third-party contributions to PSB spend on first-run UK originated hours.

<sup>23</sup> For example, Broadcast's Indie Survey 2022 found that 92% of independent production companies reported costs between 10% and 25% higher than pre-pandemic levels.

<sup>24</sup> In March 2022 terms based on ONS CPI and Ofcom analysis of BBC Annual Reports.

<sup>25</sup> Ofcom analysis of BBC Annual Report and Accounts.

<sup>26</sup> BBC, [Annual Report and Accounts 2021/22](#).



## The BBC has set out its digital-first strategy for the remainder of the Charter period

- 2.16 In response to these challenges, in May 2022 the BBC announced plans to become a digital-first public service media organisation, making it clear that it must reform to stay relevant.<sup>27</sup> The plans included cuts and changes to some of the BBC's content and services, and changes to refocus investment in areas where the BBC considers it will have the most impact for audiences. For example, the BBC is planning to shift significant expenditure into new programmes for BBC iPlayer, reallocate local resources to digital and make savings in broadcast news to enable it to reinvest in video and digital news.
- 2.17 We noted in our consultation that as the plans unfold, the BBC will need to explain in detail how it will implement these plans, measure their success and report on their effectiveness. In its recent report on the BBC's digital strategy,<sup>28</sup> the National Audit Office (NAO) found that the BBC has set out a clear vision for how it intends to use digital technology to improve the services it offers to its users. However, its recommendations included that the BBC should build on its December 2022 announcement by planning scenarios for how it could move between broadcast and internet services in the future, working with relevant stakeholders, including those at risk of being left behind.
- 2.18 Since our June Consultation, the BBC has made two major announcements of its plans, relating to the creation of a single BBC News channel, replacing BBC News in the UK and BBC World News, and changes to BBC local radio. We have considered the BBC's plans in these areas in Section 4. Further, in December 2022, the Director General gave a speech on where the BBC should be by the 2030s, setting out options for how the BBC could accelerate its move to a digital-led future.<sup>29</sup>

## Modernising the BBC's Operating Licence

- 2.19 It is important that Ofcom's regulation enables the BBC to respond to the changing audience behaviour and financial challenges, while firmly holding it to account for fulfilling the Mission and promoting the Public Purposes. Our review of the BBC's Operating Licence has considered whether it needs to be updated to remain effective, now and in the future. This work has been part of our wider review of how we regulate the BBC, which we discuss below.
- 2.20 In our July 2021 consultation, we said that we considered it appropriate to modernise the Operating Licence so that it:
- enables us to hold the BBC to account for delivery across all its services, including online;

<sup>27</sup> BBC Director-General Tim Davie's speech to staff, 26 May 2022. 'A digital-first BBC'.

<sup>28</sup> The National Audit Office, [A digital BBC](#), 14 December 2022. This assessed the BBC's capability to deliver value to its users through its strategic technology review and examined the BBC's progress in implementing its digital plans to date as well as the challenges it faces.

<sup>29</sup> BBC media centre, [Leading the UK into digital](#), 7 December 2022.



- gives the BBC more scope to determine how best to fulfil its Operating Licence obligations, introducing additional oversight while removing some quotas where appropriate; and
- requires greater transparency and more effective reporting from the BBC on its plans for delivering the Mission and Public Purposes, and how it evaluates success.

2.21 In June 2022, having considered stakeholders' responses to our initial consultation, we consulted on more detailed proposals for modernising the BBC's Operating Licence. We proposed that we would:

- Introduce new requirements for the BBC's online services, including making important content easily discoverable, and requiring the BBC to explain how it uses online services to fulfil the Mission and promote the Public Purposes.
- Retain quotas where specific safeguards are still necessary,<sup>30</sup> while making some quotas more flexible, and replacing others with requirements for the BBC to deliver content, coupled with a requirement to publish detailed information.<sup>31</sup>
- Require the BBC to publish more and better information with its Annual Plan and Annual Report. Where we proposed to remove quotas, we said that the BBC would need to provide specific information with its Annual Plan on planned hours of content for certain genres, and on which services it intends to provide first-run content. We also said that the BBC would be required to be more open about how it has delivered on its remit with its Annual Report, and we strengthened its reporting requirements on diversity, representation and portrayal. These measures would enable Ofcom to step in more quickly if we had concerns about the BBC's plans or performance.

2.22 Finally, we proposed making some specific changes to the Operating Licence that had been requested by the BBC (e.g. making news and current affairs' quotas annual rather than daily or weekly, and making changes to the original productions quota for BBC Four and the breakfast peak time speech quota for BBC local radio in England). In December 2022, we published another consultation setting out some further changes that the BBC had requested relating to requirements for news and current affairs on BBC Radio 5 Live, live music on BBC Radio 2 and programming of a national or regional interest.<sup>32</sup>

## Other related Ofcom work

### Review of BBC regulation

2.23 Under the Charter and Agreement, we are required to undertake at least two detailed reviews on the extent to which the BBC is fulfilling its Mission and promoting the Public

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<sup>30</sup> These included quotas for news and current affairs on TV and radio, original UK content on each of the BBC's TV services, the distinctiveness of the BBC's network radio services, and regional production on TV and radio.

<sup>31</sup> We proposed to change the approach to some network TV and radio genres, TV opt-out services, BBC ALBA and network TV and iPlayer first-run originations.

<sup>32</sup> Ofcom, [Proposed changes to requirements for BBC Radio 5 Live, BBC Radio 2 and programming of a national or regional interest](#), December 2022.



Purposes.<sup>33</sup> The first review must be published in sufficient time to be considered by the UK [Government's BBC Mid-Term Review](#) (MTR) (which must be completed by 2024).

- 2.24 In June 2022, we published a report on [How Ofcom regulates the BBC](#). This covered the key areas of Ofcom's duties in relation to performance, competition and editorial standards, and considered whether, given the changes in the market, regulation would continue to hold the BBC to account for viewers and listeners.
- 2.25 In addition to the proposals for changes to the Operating Licence, set out in a separate consultation, we recommended that the UK Government should consider the following changes to the Agreement as part of the MTR:
- allow Ofcom to set the quotas for programmes made outside the M25 that apply to programmes produced both for the television network and for BBC iPlayer;
  - remove the requirement for Ofcom to set regulatory conditions for non-news television programming in the nations and regions; and
  - modify the requirement for Ofcom to set original production quotas on each TV service so that we can set a service-neutral quota for original productions.
- 2.26 The Department for Culture, Media and Sport (DCMS) is considering these changes. If it ultimately decides to make any of these changes to the Agreement, we will need to consult on modifications to the Operating Licence for the change/s to fully take effect.
- 2.27 In relation to editorial standards, to ensure that the BBC First complaints process works well for audiences, we:
- required the BBC to publish its reasoning for all due impartiality and due accuracy complaints that reach the final stage of its complaints process;
  - requested that Ofcom is alerted by the BBC at an early stage about potential serious editorial breaches across its content. This will allow us to better scrutinise how the BBC's complaints process is working in practice, and if necessary, intervene early to protect audiences;
  - said that we would continue to press the BBC to improve public confidence in its approach to due impartiality, monitor implementation of the Serota Review findings and the Impartiality and Editorial Standards Action Plan, and develop closer links with the Editorial Standards and Guidelines Committee; and
  - said that we would update our research on audience perceptions of BBC First and impartiality in the next few years and conduct a further review of the BBC First system before the end of the current Charter.<sup>34</sup>
- 2.28 We also said that the BBC must urgently consider what changes are required to the BBC First process to make it simpler and clearer for audiences to navigate, and that the BBC must address concerns arising from perceptions of its due impartiality.<sup>35</sup>

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<sup>33</sup> Article 51(2) and Article 57 of the Charter.

<sup>34</sup> Ofcom, [How Ofcom regulates the BBC](#), page 4.

<sup>35</sup> Ofcom, [How Ofcom regulates the BBC](#), page 4.



2.29 We also recommended that the UK Government make changes to the Agreement to give more flexibility to Ofcom about when and how to undertake a competition assessment. In addition, in November 2022 we consulted on some changes to our guidance under the current Agreement. This included changes to ensure that our processes are efficient and encourage positive engagement between the BBC and its competitors.<sup>36</sup> We expect to publish a statement setting out our decisions on changes to the competition framework in due course.

## Other BBC work

2.30 We highlighted in Ofcom's 2021/22 annual report on the BBC that audiences in lower socio-economic groups (which account for nearly a quarter of the UK population) continue to be less satisfied with the BBC than other audience groups. As the BBC is required by its Mission to serve "all audiences", we consider it an important part of our regulation of the BBC to better understand these audiences. We have therefore published terms of reference for a thematic review<sup>37</sup> that will undertake research on the needs of these audiences, what content interests them and how the BBC interacts with them.

## Impact assessment

2.31 Our June and December Consultations constitute an impact assessment for the purposes of section 7 of the Communications Act (2003). Impact assessments provide a valuable way of assessing the options for regulation and showing why the chosen option was preferred. They form part of best practice policymaking. This means that, generally, we have to carry out impact assessments in cases where our conclusions would be likely to have a significant effect on businesses or the general public, or where there is a major change in Ofcom's activities. As a matter of policy, Ofcom is committed to carrying out impact assessments in relation to the great majority of its policy decisions. Ofcom has discretion as to the substance and form of an impact assessment, and this will depend on the particular proposals and/or decisions being made.

2.32 We have also carried out an Equality Impact Assessment (EIA), set out in Annex 8.

## About this statement

2.33 The rest of this document comprises:

2.34 **Section 3** sets out broader stakeholder views on our overarching proposals, alongside further analysis and our decisions.

2.35 **Section 4** describes recent developments relating to BBC news and local radio, alongside our analysis and next steps.

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<sup>36</sup> Ofcom, [How Ofcom regulates the BBC](#), page 3.

<sup>37</sup> Ofcom, [BBC Audiences Review: Terms of Reference](#), March 2023.



- 2.36 **Section 5** summarises stakeholder responses and our analysis and decisions in relation to Public Purpose 1 – news and current affairs.
- 2.37 **Section 6** summarises stakeholder responses and our analysis and decisions in relation to Public Purpose 2 – learning.
- 2.38 **Section 7** summarises stakeholder responses and our analysis and decisions in relation to Public Purpose 3 – distinctiveness.
- 2.39 **Section 8** summarises stakeholder responses and our analysis and decisions in relation to Public Purpose 4 – diversity, audience representation and portrayal, and nations and regions production and programming.
- 2.40 There are supporting annexes on the following areas:
- a) **Annex 1:** Glossary
  - b) **Annex 2:** The new Operating Licence
  - c) **Annex 3:** Comparison between the first and the new Operating Licence
  - d) **Annex 4:** Content and services for audiences in England
  - e) **Annex 5:** Content and services for audiences in Scotland
  - f) **Annex 6:** Content and services for audiences in Wales
  - g) **Annex 7:** Content and services for audiences in Northern Ireland
  - h) **Annex 8:** Equality Impact Assessment
  - i) **Annex 9:** Legal framework
  - j) **Annex 10:** [Ofcom's letter to the BBC regarding planned changes to the BBC's provision of local content and news](#)
  - k) **Annex 11:** [The BBC's response to Ofcom's letter about planned changes to the BBC's provision of local content and news](#)



## 3. How we hold the BBC to account for delivering its remit

### Summary of our approach to holding the BBC to account

Having considered stakeholder responses to our consultation proposals, we have taken the following decisions:

- We have retained more than 70 quotas.
- New Licence conditions set out what the BBC must provide and how it must report on plans and delivery to fulfil the Mission and promote the Public Purposes.

We have a comprehensive oversight programme:

#### Reporting

- We require the BBC to set out its plans annually for its online provision and in areas where we have removed quotas, and to set out significant changes in its provision and the reason for those changes.
- We require the BBC to report annually on delivery against its plans, including any significant changes from the plans it set out.
- We also expect the BBC to continue to set out its overall plans for delivery of TV and radio services and report against its quotas with its Annual Report.

#### Monitoring and oversight

- We will collect information and data, including for online, from our own research, the BBC, and stakeholder engagement, to inform our assessment of compliance and performance and to help identify any areas of concern.
- We will focus on areas of concern or importance. For example, over the coming year we expect to pay close attention to nations and regions provision and local radio.
- We will consult on an updated [performance measurement framework](#) later this year.

#### Stepping in and intervention

- If we identify areas of concern, we will not hesitate to step in and intervene swiftly, setting new Licence conditions if necessary.
- We have the power to impose sanctions if we find the BBC in breach of any of its Licence conditions, including the power to direct the BBC to remedy the breach and to impose a financial penalty.
- We will consider on an annual basis whether to review and amend any transparency conditions in the BBC Operating Licence.



## Introduction

- 3.1 In June we set out how we planned to update the BBC Operating Licence to hold the BBC to account. We set out three overarching principles for the new Licence: incorporating online provision; providing the BBC with greater flexibility to better deliver for audiences; and increased transparency to hold the BBC to account.<sup>38</sup> We said that the new Licence would remain structured around the BBC's four Public Purposes, each being supported by Licence objectives, enforceable conditions, and transparency requirements.
- 3.2 We explained that the Licence objectives described the key elements that the BBC should deliver in promoting each Public Purpose, and while not enforceable, they clarified the expectations we have of the BBC and would form the basis of our assessment of the BBC's performance against its Mission and Public Purposes. We also detailed our approach to monitoring and reporting and how we would step in if we identified concerns.
- 3.3 Some stakeholders raised issues that were outside Ofcom's remit or the scope of our consultation, for example in relation to Public Purpose 5,<sup>39</sup> editorial, operational or other decisions for the BBC Board.<sup>40</sup> We also received a few responses that relate to changes made to the Licence in the past. While we have considered all responses, we have not responded to every point outside the scope of the consultation.
- 3.4 We published a performance measurement framework document for the first Operating Licence, which set out how we measure BBC performance for broadcast TV and radio services.<sup>41</sup> We plan to consult on updating this document later this year so that it takes account of our new online Licence conditions. As part of this, we expect to set out how we will make use of the information the BBC is required to publish for its Annual Plan and with its Annual Report, for our assessment of the BBC's performance.
- 3.5 In this section, we discuss broader stakeholder views on our overarching proposals and set out our analysis and decisions. We cover the following areas:
- Incorporating online provision.
  - Providing the BBC with flexibility to better deliver to audiences.
  - Holding the BBC to account:
    - Improving transparency and reporting
    - Significant changes
    - Strengthening oversight and monitoring
    - Intervention
  - Competition.
  - Other comments on our general approach to the Licence.

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<sup>38</sup> Ofcom, [Modernising the BBC's Operating Licence](#), June 2022, page 15.

<sup>39</sup> [BFI response](#), page 5.

<sup>40</sup> [News Broadcasting response](#), page 3.

<sup>41</sup> Ofcom, [Holding the BBC to account for delivering for audiences](#), October 2017.



## Incorporating online provision

- 3.6 In our June Consultation we said that we wanted the BBC to be able to maximise reach and impact for audiences by enabling it to deliver content in a way that aligns with consumption habits. We noted that more people were watching and listening online, but that many still relied on traditional broadcast services. We proposed to incorporate online provision into the Licence in three ways.
- 3.7 We proposed to require the BBC to deliver its Public Purposes across both its broadcast and online services, for example, by including some new requirements specific to the BBC's online services and making some conditions service-neutral. We discuss those conditions in Sections 5, 6, 7 and 8 in relation to the Public Purposes. As part of those new conditions, we proposed to introduce discoverability conditions to ensure that audiences were able to easily discover important content on online services including BBC iPlayer and BBC Sounds. We discuss this below. We also consulted on imposing new transparency conditions to require the BBC to set out how it plans to deliver online services, and how it has delivered them. We also discuss these below.

## Discoverability

### What we said

- 3.8 In June we proposed to introduce new conditions for each Public Purpose, to ensure that certain BBC content is made easily discoverable on the BBC online services. We also proposed transparency requirements, requiring the BBC to set out, with its Annual Plan, how it will make certain types of content easily discoverable, and to report on delivery of this alongside its Annual Report. The proposed transparency requirements applied to discoverability conditions under Public Purposes 1 to 3.

### Stakeholders

- 3.9 The stakeholders who commented on these proposals expressed support,<sup>42</sup> although a few had reservations about whether our proposals would be effective.<sup>43</sup>
- 3.10 The Sandford St Martin Trust was concerned that audiences would find it harder to discover certain content if, over time, it was increasingly delivered online rather than on traditional broadcast TV.<sup>44</sup> Some stakeholders equated discoverability with prominence of content.<sup>45</sup> Virgin Media argued that discoverability should also ensure that BBC content is made available on third-party platforms like YouTube.<sup>46</sup>

<sup>42</sup> [ACNI response](#), pages 3-4; [ACW response](#), page 5; [BFI response](#), page 4; [Directors UK response](#), page 3; [MG ALBA response](#), pages 3-4; [Radiocentre response](#), page 11; [Scottish Government response](#), pages 1-2; [VLV response](#), pages 4 and 8; [Virgin Media response](#), page 3; [Welsh Government response](#), page 2.

<sup>43</sup> [ACNI response](#), pages 3-4; [SSMT response](#), page 5, 8; [Radiocentre response](#), page 11; [Virgin Media response](#), page 1; [VLV response](#), pages 4 and 8.

<sup>44</sup> [SSMT response](#), page 8.

<sup>45</sup> [ACW response](#), page 5; [SSMT response](#), page 5; [VLV response](#), page 4.

<sup>46</sup> [Virgin Media response](#), page 3.



3.11 Radiocentre and the Voice of the Listener & Viewer (VLV) raised concerns about a lack of clarity around the scope of the new discoverability requirements and questioned how we would assess the BBC's performance against them.<sup>47</sup> The VLV also suggested that we should establish a programme of work to assess how easily discoverable content is on the BBC's online services.<sup>48</sup>

### Our decision

3.12 We have incorporated our discoverability proposals into the new Operating Licence in each Public Purpose.<sup>49</sup> We have also included a new transparency requirement in Public Purpose 4,<sup>50</sup> to make it clear that the BBC should report on its approach to discoverability in relation to nations and regions content.<sup>51</sup> This condition is in addition to the transparency requirements we consulted on for Public Purposes 1-3.

3.13 We consider discoverability is about enabling audiences to discover new and important content that may interest them and which they might not otherwise come across. Traditionally, on broadcast TV and radio, the programme schedule has helped audiences deliver this. For example, a broadcaster may schedule different genres of programme next to each other to ensure that viewers are exposed to content which they may not typically search for. This ability to 'hammock' content on broadcast services is not applicable in the same way in an online world, where audiences are able to choose their content on demand. We agree with the Sandford St Martin Trust that it is important for audiences to be able to discover this important content whether they watch or listen on broadcast TV or radio, or online.

3.14 The new Licence conditions are therefore focused on ensuring that audiences can easily discover a wide breadth of content across a number of different genres and include making certain BBC content such as news and current affairs, some learning content, at-risk genres and nations and regions content easily discoverable.<sup>52</sup>

3.15 While there could be benefits to BBC content being made available on services such as YouTube, we consider this is a matter for the BBC Board and is currently outside the scope of the Operating Licence requirements.

3.16 In relation to stakeholder comments on how Ofcom will assess the BBC's performance against discoverability requirements, we note that this is a new area of regulation. The BBC is experimenting with different ways of making content discoverable online and will continue to do so. It already showcases the breadth of its online content in a variety of ways on BBC iPlayer and BBC Sounds, for example through editorially curated 'rails' such as 'new and trending', through personalised rails linked to previous viewing and listening, and

<sup>47</sup> [Radiocentre response](#), page 11; [VLV response](#), page 8.

<sup>48</sup> [VLV response](#), page 4.

<sup>49</sup> Operating Licence conditions 1.3.2, 1.3.3, 2.3, 3.2.4, 4.39, 4.45, 4.54 and 4.62.

<sup>50</sup> Operating Licence condition 4.68.7.

<sup>51</sup> We included a discoverability requirement for Public Purpose 4 in our June Consultation, but did not include an associated transparency requirement as we did for Public Purposes 1-3.

<sup>52</sup> We discuss this further in Sections 5-8 which cover the Public Purposes.



through the trailers that play at the beginning of programmes. We consider it important that the BBC demonstrates how its approach to discoverability enables audiences to discover a broad range of content that may interest them, and we will expect the BBC to explain this in its reporting. For example, when explaining how it will make its original UK content easily discoverable, we would expect it to show how it balances editorial curation and personalisation on BBC iPlayer and BBC Sounds.

- 3.17 The way in which we will assess the BBC's performance in this area will evolve. We will engage further with the BBC on its activities, including how it showcases a breadth of content to all audiences, and how audiences respond.
- 3.18 As audiences continue to shift from broadcast to online platforms, we will build on our understanding of audience attitudes to, and interaction with, BBC services. We commissioned qualitative research in autumn 2022 to aid our understanding of audience views of distinctiveness and discoverability of BBC content online. The research focused on the BBC website/apps, BBC iPlayer and BBC Sounds, and provided us with insight into how audiences engage with BBC services and how they go about discovering content that is new to them. We expect to further build our understanding in this area over the coming months. We have published this research alongside this statement today.<sup>53</sup>

## Providing the BBC with more flexibility to better deliver to audiences

### What we said

- 3.19 We set out proposals for updating the Licence in line with our principle to provide the BBC with more flexibility to better meet audience needs. We proposed to retain some service-specific quotas where we thought they were needed, for example for nations and regions programming, and news and current affairs programming. We also proposed to adapt some quotas to be service-neutral. And we proposed to replace other quotas with new conditions where we considered it would enable the BBC to better serve audiences.
- 3.20 Where we proposed new Licence conditions, we explained that the BBC would still be required to deliver key content and that this would be supported by corresponding transparency requirements. These would oblige the BBC to explain its plans for meeting the new Licence conditions, and then to report on its delivery for audiences. We said that if we had concerns about how the BBC was meeting its new Licence conditions, we would not hesitate to step in and take action, such as imposing new conditions, if necessary.

### Stakeholder comments

- 3.21 Stakeholders expressed varying degrees of support for these proposals. A large number generally agreed with our proposals,<sup>54</sup> including the Professional Publishers Association

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<sup>53</sup> Ofcom, [BBC Online Services Research](#), March 2023.

<sup>54</sup> [ACS response](#), pages 1-3; [ACW response](#), pages 2-5; [AudioUK response](#), page 5; [BBC response](#), page 3; [LTVN response](#), page 3; [NMA response](#), page 2; [PPA response](#), page 2; [Virgin Media response](#), page 6.



(PPA) which stated that “*the decision to move away from quotas is the right one, as quantitative measures risk incentivising the BBC to pursue a greater volume rather than concentrating on creating distinctive and high-quality content.*”<sup>55</sup> The BBC also welcomed our proposals, which in its view would enable it to respond quickly to changing audience preferences and better demonstrate the quality and innovation in the content it delivers.<sup>56</sup>

- 3.22 Others agreed in principle but expressed concern about specific quotas, particularly the proposed removal of at-risk genre quotas.<sup>57</sup> We discuss these concerns in detail in Sections 5 to 8 covering Public Purposes 1 to 4.
- 3.23 The Advisory Committee for Northern Ireland (ACNI) proposed an intermediary stage between quotas and new Licence conditions to ease the transition,<sup>58</sup> and the Welsh Government suggested implementing a baseline or minimum level of delivery across genres to ensure consistent output.<sup>59</sup> A small number of stakeholders were altogether opposed to our approach, which they argued amounted to less rigorous regulation of the BBC; we discuss these specific concerns in Sections 5 to 8.<sup>60</sup>
- 3.24 Although the House of Lords Communications and Digital Committee did not submit a response to our consultation, its report to Parliament on the future of BBC funding welcomed Ofcom’s proposal to establish a more flexible regulatory framework. It also drew attention to the numerous quotas that the BBC currently has to dedicate significant resources to monitor.<sup>61</sup>

### Our decision

- 3.25 We have decided to proceed with our proposals to retain more than 70 quotas,<sup>62</sup> as we consider these are still appropriate to ensure the BBC delivers on its remit and for audiences. We have also decided that audiences will be better served in some areas by removing quotas and instead introducing new Licence conditions, accompanied by transparency requirements, to enable the BBC to better respond to changing audience preferences. We have assessed the need for quotas on a case-by-case basis and where we have evidence that new conditions are more appropriate, we have included them in the new Operating Licence. We explain our reasoning, alongside related stakeholder views, in Sections 5 to 8.
- 3.26 We will hold the BBC to account through a combination of increased reporting, comprehensive monitoring, and the ability to swiftly intervene where necessary. We

<sup>55</sup> [PPA response](#), page 2.

<sup>56</sup> [BBC response](#), page 3.

<sup>57</sup> [ACNI response](#), page 2; [BFI response](#), page 3; [CMF response](#), page 3; [Directors UK response](#), pages 6 and 8; [Global response](#), pages 5, 7; [ITV response](#), pages 6 and 18; [News Broadcasting response](#), page 2; [NUJ response](#), page 5; [Pact response](#), page 6; [Scottish Government response](#), page 3; [Screen Scotland response](#), pages 5-6; [Welsh Government response](#), pages 2-4; [WGGGB response](#), pages 1-4.

<sup>58</sup> [ACNI response](#), page 2.

<sup>59</sup> [Welsh Government response](#), page 4.

<sup>60</sup> [Radiocentre response](#), page 22; [SSMT response](#), page 8; [TAC response](#), pages 6-7; [VLV response](#), page 2.

<sup>61</sup> [Licence to Change: BBC Future Funding](#), paragraphs 11, 78 and 86. House of Lords Communications and Digital Committee, July 2022.

<sup>62</sup> Compared with the first Operating Licence, the new Licence retains more than two thirds of quotas.



consider that, taken together, these measures will effectively hold the BBC to account while allowing Ofcom to take further action in future if necessary. We explain how these elements will work together below.

3.27 We have decided that the new Licence should come into force on 1 April 2023. The only exception to this is in respect of the transparency requirements, which we have decided will come into force when we publish this statement. We will monitor performance carefully as the new regime beds in, to ensure that the BBC continues to deliver for audiences. We do not consider that introducing a baseline level of delivery, as suggested by the Welsh Government, is consistent with the principle of removing some quotas to provide the BBC with more flexibility to better deliver to audiences. The introduction of transparency requirements will alert us to any significant changes that the BBC plans to make.

## Holding the BBC to account – improving transparency and reporting

3.28 Figure 3 below outlines how we will hold the BBC to account.

**Figure 3: Holding the BBC to account**



### What we said

3.29 We consulted on introducing transparency requirements where we had proposed to remove quotas and in relation to our plans to incorporate online provision into the new Operating Licence. Our proposals included requiring the BBC to set out in open, clear and transparent terms, the steps it planned to take in these areas and then to report against those plans. We said that the BBC would be required to set out any planned significant



changes to its delivery, to report on any significant changes to those plans and the reasons for those changes with its Annual Report. We also consulted on specific transparency requirements for Public Purpose 3 and 4.<sup>63</sup> We said that we did not think it was appropriate to require the BBC to formally consult on the BBC Annual Plan and noted that it is not within Ofcom's remit to approve the Plan.

- 3.30 We explained that introducing greater transparency would benefit audiences, stakeholders and Ofcom by providing a clear view of the BBC's actions and decision-making. We said that the transparency requirements would be a key tool to build public accountability around the BBCs plans and reporting.

### Stakeholder comments

- 3.31 The great majority of consultation responses supported our proposals to introduce new transparency requirements to the Licence to improve the BBC's reporting of its plans and delivery.<sup>64</sup> Some stakeholders raised concerns about the level of detail required in the BBC's reporting.<sup>65</sup> They also argued that the Licence should introduce transparency obligations where quotas had been retained, to deliver greater transparency across all the BBC's output.<sup>66</sup>
- 3.32 Some stakeholders asked for greater transparency on forecast spend in the Annual Plan.<sup>67</sup> News Broadcasting argued that transparency requirements should extend to forecast spend, to enable a meaningful assessment of the BBC's performance. It proposed that the BBC should be required to provide information on spend and comprehensive audience data across all platforms, in addition to reporting on its plans for the coming year.<sup>68</sup> Three stakeholders argued for more transparency about how the Licence fee is spent by region,<sup>69</sup> and News Broadcasting and Pact called for the BBC to be required to explain the potential impact of its plans on the wider market and producers, not just on audiences.<sup>70</sup>
- 3.33 Several respondents commented on the timelines of the reporting process. Some expressed concern that the 18-month rolling period of the reporting cycle would provide little time to intervene if necessary.<sup>71</sup> The Advisory Committee for Scotland (ACS) and the

<sup>63</sup> We discuss these in Sections 7 and 8.

<sup>64</sup> [ACNI response](#), page 1; [ACS response](#), pages 2-4; [ACW response](#), page 5; [BBC response](#), page 17; [BFI response](#), page 5; [CMF response](#), page 2; [Directors UK response](#), page 2; [Global response](#), page 2; [ITV response](#), page 19; [LTVN response](#), page 2; [MG ALBA response](#), page 3; [News Broadcasting response](#), page 2; [NMA response](#), page 15; [NUJ response](#), pages 2-3; [Pact response](#), page 10; [PPA response](#), page 4; [Radiocentre response](#), page 8; [RNIB response](#), page 3; [SSMT response](#), page 3; [Scottish Government response](#), page 1; [Screen Scotland response](#), pages 1-2; [Virgin Media response](#), page 4; [VLV response](#), pages 2, 5; [Welsh Government response](#), page 5; [WGGB response](#), page 2.

<sup>65</sup> [ACW response](#), page 5; [CMF response](#), page 2; [Directors UK response](#), pages 2-3; [ITV response](#), page 19; [News Broadcasting response](#), page 3; [VLV response](#), pages 5-8; [Welsh Government response](#), page 5.

<sup>66</sup> [ITV response](#), page 19; [News Broadcasting response](#), page 6; [VLV response](#), page 17.

<sup>67</sup> [ITV response](#), pages 20-21; [NUJ response](#), pages 2-3; [News Broadcasting response](#), pages 2-3; [Screen Scotland response](#), page 1.

<sup>68</sup> [News Broadcasting response](#), pages 3 and 6.

<sup>69</sup> [ACNI response](#), pages 2-3; [NUJ response](#), pages 2-3; [Screen Scotland response](#), page 1. <sup>69</sup> [ACNI response](#), pages 2-3; [NUJ response](#), pages 2-3; [Screen Scotland response](#), page 1.

<sup>70</sup> [News Broadcasting response](#), pages 7-8; [Pact response](#), page 4.

<sup>71</sup> [ACNI response](#), pages 2-3; [ACS response](#), pages 3-4; [ACW response](#), page 5; [Directors UK response](#), page 2; [Global response](#), page 2; [SSMT response](#), page 3.



Advisory Committee for Wales (ACW) proposed a 3-5 year rolling plan with annual updates and the ability for Ofcom to intervene at any time.<sup>72</sup> The VLV called for the BBC to be required to submit its plans to Ofcom for approval before publishing its Annual Plan, and that Ofcom should have powers to require changes to its plans.<sup>73</sup>

- 3.34 The BBC expressed concern that a new transparency report published at the same time as its Annual Report would reduce its impact, and so asked for flexibility to publish the regulatory report up to two weeks before or after its main Annual Report.<sup>74</sup>
- 3.35 There were calls for greater stakeholder engagement in the reporting process. The News Media Association (NMA), Pact and Radiocentre emphasised the importance of the BBC engaging stakeholders early when planning changes to its services, including by consulting stakeholders on its Annual Plan.<sup>75</sup> The VLV requested that the BBC be required to consult licence-fee payers when assessing its performance and proposing changes to its services.<sup>76</sup> Some stakeholders called for a greater role for audiences when the BBC develops its plans.<sup>77</sup>
- 3.36 Several stakeholders expressed concern that new transparency requirements would enable the BBC to set its own quotas in its Annual Plan, with the VLV arguing that this allowed the BBC to 'mark its own homework.'<sup>78</sup> It argued that the availability, quality and accessibility of the BBC's programming and services should continue to be independently assessed by Ofcom.

### Our decision

- 3.37 We have decided to implement the transparency requirements that we consulted on in the new Operating Licence, with some additional amendments to improve transparency. These requirements will build on the reporting the BBC already undertakes through its Annual Plan and Annual Report publications, to provide a higher level of public accountability. To address the BBC's response, we will require the BBC to publish annually, no later than two weeks after it publishes its Annual Report, a report on whether it has taken the steps set out in its Annual Plan.
- 3.38 Ofcom has previously stated that the BBC needs to be more transparent and provide more consistent reporting across all its activities. In our recent annual reports on the BBC we have highlighted the need for it to improve its transparency such as on BBC iPlayer,<sup>79</sup> for underserved audiences<sup>80</sup> and in relation to impartiality complaints.<sup>81</sup>

<sup>72</sup> [ACS response](#), page 3; [ACW response](#), page 5.

<sup>73</sup> [VLV response](#), page 18.

<sup>74</sup> [BBC response](#), page 17.

<sup>75</sup> [NMA response](#), pages 15-16; [Pact response](#), pages 4, 10; [Radiocentre response](#), pages 11, 23.

<sup>76</sup> [VLV response](#), page 5.

<sup>77</sup> [ACNI response](#), page 8; [ACW response](#), page 5; [NUJ response](#), page 3; [VLV response](#), page 5.

<sup>78</sup> [VLV response](#), page 2; [SSMT response](#), page 3; [CMF response](#), page 3.

<sup>79</sup> [Ofcom Fourth Annual Report on the BBC 2020-21](#), page 9. [Ofcom Third Annual Report on the BBC 2019/20](#), page 13.

<sup>80</sup> [Ofcom Fifth Annual Report on the BBC 2021-22](#), page 34.

<sup>81</sup> [Ofcom Fourth Annual Report on the BBC 2020-21](#), page 9.



- 3.39 Since 2017 the BBC has made important improvements in all these areas.<sup>82</sup> We have also seen some positive instances of the BBC more actively communicating with industry on planned changes to its services. This has given potentially affected organisations the opportunity to respond with any issues or concerns before plans take effect, as demonstrated by the BBC's Across the UK strategy.<sup>83</sup>
- 3.40 However, too often, there remains a lack of detail and clarity in the BBC's announcements about proposed changes to its services. So, we are expecting a step-change from the BBC to ensure more open, detailed and proactive communication. To support that, the new Licence enshrines transparency as a core BBC obligation. For the first time, the new Licence will not just require the BBC to comprehensively report on performance across all its services, but it now also imposes requirements specifying what the BBC needs to set out about its plans, before they are implemented.
- 3.41 We consider that the additional reporting required by the transparency requirements, together with a more consistent approach to the information the BBC already publishes in its Annual Plan, should give us a comprehensive overview of the BBC's proposed activities:
- Planned output (including where quotas are retained) which will usually be in hours.
  - Further explanation of this output, setting out, where relevant:
    - i) On what platform(s) or service(s) the output will be delivered;
    - ii) the planned mix of genres, formats or types of content;
    - iii) whether the output is a first-run origination, a repeat or an acquisition; and
    - iv) if the output is targeted at specific audiences and, if so, how it will meet their needs.
- 3.42 We address stakeholder comments and discuss the new transparency requirements below, distinguishing between those that the BBC should meet alongside its Annual Plan, and those related to its Annual Report.

## BBC Annual Plan

- 3.43 In response to stakeholder comments requesting greater clarity on how transparency requirements will apply in practice, we have provided further clarification on the type of information we expect the BBC to provide in its Annual Plan, in Sections 5 to 8.
- 3.44 Where quotas are in place, the BBC has historically provided information on its broadcast TV and radio services, together with more limited information on its online provision, in its Annual Plan. Given this, and noting that the BBC is subject to quotas in these areas, we do not consider it proportionate to impose additional transparency requirements covering these activities. However, as explained above, we have set out how existing reporting can

<sup>82</sup> We take stock of these improvements in our [Ofcom Fourth Annual Report on the BBC 2020-21](#), page 9.

<sup>83</sup> [Ofcom Fourth Annual Report on the BBC 2020-21](#), page 10.



- be improved. Further, if the BBC does not provide the information we consider important, we will follow up with an information request, and where appropriate, publish it.
- 3.45 We do not think it appropriate to require the BBC to publicly report further detail on its planned spend. This is commercially sensitive information and budgets are a matter for the BBC Board. However, there may be scenarios where it is appropriate for the BBC to report planned spend data to Ofcom confidentially, including, for example, more granular detail on children's content and for the nations and regions, as appropriate.
- 3.46 In response to stakeholder comments suggesting that the BBC should provide Ofcom with its planned targets well ahead of publication of the Annual Plan, we note that it is not Ofcom's role to approve or sign off the plan or the BBC's targets. It is solely the responsibility of the BBC Board to develop and deliver against its Annual Plan, to deliver the Mission and promote the Public Purposes.
- 3.47 While we agree that early sight of the BBC's plans supports public accountability, we do not think it appropriate to require a 3 or 5-year forecast, given the fast-moving nature of the sector. We think that a clear Annual Plan, which relates activities to the BBC's overall strategy, will provide stakeholders and audiences with clarity about the BBC's plans.
- 3.48 We recognise that the BBC may wish to make significant changes to its plans after publication of its Annual Plan, and where this is the case, it will be required to report on these proposed changes as soon as reasonably practicable; we discuss significant changes below.
- 3.49 We agree with the consultation responses that emphasise the need for the BBC to take account of stakeholders' and licence fee payers' views in developing its plans. The transparency requirements we have introduced to the Licence should ensure that detailed information on these plans is published before their implementation. We also note that the BBC must assess the views and interests of the public, including licence-fee payers, and set out how it will do this in its Annual Plan.<sup>84</sup>
- 3.50 We disagree with stakeholder comments suggesting that under the Licence the BBC will 'mark its own homework'. In areas where we think quotas are no longer appropriate the BBC will need to comply with new Licence conditions that set out what it should deliver together with associated transparency requirements. We will continue to assess the BBC's performance and if we have any concerns about the BBC's plans or its delivery, we will intervene, as discussed later in this section.

## BBC Annual Report

- 3.51 We have implemented the transparency requirements that we proposed, which will ensure that the BBC reports on whether it has delivered the plans set out with its Annual Plan. In addition, the BBC must report on any significant changes between its plans and its delivery, and the reasons for those changes. We have imposed a new requirement for the BBC to

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<sup>84</sup> [BBC Annual Plan 2022/23](#), pages 76-77 as required under the Charter and Agreement.



report on the delivery of any significant changes it has announced outside its Annual Plan process, with its Annual Report. We set out further details on this below, and on transparency requirements for the BBC Annual Report in Sections 5 to 8.

- 3.52 Some information that has previously been shared with Ofcom confidentially for Ofcom's annual report on the BBC will now be published by the BBC alongside its own Annual Report; for example, the steps the BBC took to improve performance among less-satisfied audiences, as set out in Section 8 on Public Purpose 4.
- 3.53 The transparency requirements that we have included in the new Operating Licence will supplement the information and data the BBC already publishes in its Annual Report. This includes information on the programming it has made available throughout the year, the reach of its programming and services, audience perceptions of BBC content and the BBC more generally, and information on spend. The BBC has said it is planning to increase transparency and has said it will include new performance metrics for its online services, developed as part of its digital-first strategy, in its next Annual Report.<sup>85</sup> It has also committed to improving the level and consistency of its reporting in the Annual Report.
- 3.54 The first year of the reporting cycle under the new Operating Licence will establish an updated baseline for transparency, setting out for the first time the BBC's new digital-first metrics as well as the information the BBC must provide to comply with its transparency requirements in its Annual Plan and Annual Report. We will continue to engage with the BBC over the forthcoming year to help refine and improve reporting.

## Holding the BBC to account – significant changes

### What we said

- 3.55 We proposed that the BBC should report on, and give reasons for, any significant changes it plans to make from the level of provision at the time of the BBC's reporting or to its previously published plans. We explained that 'significant' changes are not minor business-as-usual changes, but are changes that meaningfully alter how the BBC delivers for audiences. We also clarified that requests for changes to the Operating Licence, or changes that may have a significant adverse impact on fair and effective competition, would continue to be covered by separate processes.<sup>86</sup> To illustrate what could count as a significant change, we gave the hypothetical example of the BBC significantly reducing its output in a certain area, either due to shifting content online or discontinuing it for cost-saving purposes. Our consultation also noted that incremental changes can be significant if, when aggregated with previous years', they represent significant reductions over time.

<sup>85</sup> [BBC Group Annual Report and Accounts 2021/22](#), page 49.

<sup>86</sup> Ofcom, [Regulating the BBC's impact on competition](#), March 2017. Ofcom, [Holding the BBC to account for delivering for audiences](#), October 2017.



## Stakeholder comments

- 3.56 Some stakeholders commented specifically on the 'significant changes' element of transparency requirements. PPA, Radiocentre and Teledwyr Annibynnol Cymru (TAC) requested greater clarity on what would amount to a 'significant change' and the type of reasons the BBC should provide when reporting them.<sup>87</sup> PPA requested that in explaining the reasons for significant changes, the BBC should do more than give a "high-level indication of its likely direction in its Annual Plan... Instead, there should be a requirement for the BBC to provide sufficient detail for Ofcom and commercial publishers to be able to meaningfully assess what the plans will mean in practice, and the resulting market impact".<sup>88</sup> Although not responding directly to the issue of reporting significant changes, ITV proposed that Ofcom set "triggers that would require public review", and gave an example of a 10% change in the BBC's content.<sup>89</sup> Some concerns around the significant changes mechanism related to the area of at-risk genres, and some respondents felt that the current proposals for significant changes would allow the BBC to facilitate a gradual downward trend in genre hours even if not reducing them 'significantly' in any given year.<sup>90</sup>
- 3.57 Additionally, some stakeholders called for the BBC to be required to consider the impact on supply/producers and the wider market, alongside impact on audiences, when reporting and explaining significant changes.<sup>91</sup>

## Our decision

- 3.58 We have updated the Operating Licence to define significant changes as changes which "could affect how the BBC meets the needs of audiences".<sup>92</sup> The definition of 'significant changes' that we have adopted is broad, to ensure we capture a broad range of changes across the BBC's activities, including where the BBC makes small incremental changes across different years which taken together are significant. We expect the BBC to assess whether any of its plans for delivery fit this definition, based on what it knows about its audiences, their preferences and their expectations. We will engage closely with the BBC on this throughout the course of the year to ensure that we maintain clear oversight of potential changes, and we will supplement this with information requests to the BBC where necessary.
- 3.59 Under the Licence, the BBC is required to report any significant changes with its Annual Plan, and if it plans significant changes during the course of the year, outside the Annual Plan process, it should report on these as soon as reasonably practicable. It should report on the delivery or progress of these changes with its Annual Report.
- 3.60 The changes that the BBC is making to its activities which we would consider significant include the plan it announced in October 2022 to introduce greater programme-sharing

<sup>87</sup> [PPA response](#), page 4; [Radiocentre response](#), page 11; [TAC response](#), pages 5-6.

<sup>88</sup> [PPA response](#), page 4.

<sup>89</sup> [ITV response](#), pages 1 and 21.

<sup>90</sup> [Audio UK response](#), page 5; [Welsh Government response](#), page 4.

<sup>91</sup> [News Broadcasting response](#), pages 7-8; [Pact response](#), page 4; [PPA response](#), page 4.

<sup>92</sup> Annex 2.



across BBC local radio, and plans announced in May 2022 to bring the BBC News and World News channels together into a single TV channel called BBC News. Both proposals affect how the BBC meets the needs of its audiences and so, under the new Licence, would require the BBC to explain its rationale and how it will continue to deliver key content to audiences.

- 3.61 The BBC should demonstrate how any planned significant change aligns with its wider strategy for the delivery of its Mission and Public Purposes. In setting out its plans, the BBC must provide clear information about, and the rationale for, the specific changes it is planning to make. It should demonstrate how it has considered potential impacts on different audience groups and how it has considered these when developing its final plans. The information the BBC sets out should also give Ofcom, audiences and stakeholders a good understanding of what will change, and the services audiences can expect to receive as a result. For example, for the local radio changes, we would have expected the BBC to provide more information in its initial announcements about the types of programming that would be shared, how key elements or features of its local provision would continue to be delivered, and early plans for station groupings.
- 3.62 In response to stakeholder views that the BBC should consider the impact on suppliers/producers and the wider market when considering and explaining significant changes, we note that, as set out in Section 2, the BBC has a general duty to consider the effects of its activities on competition.<sup>93</sup> We also expect that if the BBC is planning significant changes that may affect the producers it works with, it should engage with stakeholders early on.
- 3.63 Ofcom will scrutinise how the BBC complies with these reporting requirements, and wherever it is planning significant changes that we consider require additional reasoning, we will promptly ask the BBC for more information. This extends to significant changes that the BBC may wish to undertake outside the Annual Plan process.

## Holding the BBC to account – performance monitoring and oversight

### What we said

- 3.64 We outlined that a reporting cycle of publications, bolstered by our ongoing independent regulatory oversight and our ability to step in where necessary, would form the basis of a more flexible regime that would be effective and transparent in holding the BBC to account. We outlined that greater transparency and oversight would allow us to take swift action if we became concerned about the BBC's compliance or performance. We explained that we would continue to track audiences' attitudes to the BBC and the way it delivers its services, as well as conducting ad-hoc audience research to look in depth at specific

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<sup>93</sup> Article 11 of the Charter.



aspects of the BBC's and other broadcasters' delivery, as required. We also highlighted areas where we expected additional monitoring might be required.

### Stakeholder comments

- 3.65 Stakeholders broadly welcomed the proposal for ongoing monitoring of the BBC's performance. Directors UK commented on the importance of ongoing monitoring to enable Ofcom to raise concerns about the BBC's delivery at an early stage,<sup>94</sup> while Global emphasised that Ofcom's monitoring of the BBC's performance against the Licence conditions is crucial to effective regulation of the new Licence.<sup>95</sup>
- 3.66 Stakeholders requested clarity on the metrics that might be used to monitor the BBC's performance.<sup>96</sup> The Writer's Guild for Great Britain (WGGB) suggested that the BBC should also be assessed on household reach by income band, to ensure that it is serving all audiences, rather than focusing its efforts on households that are most likely to hold subscriptions with competing VoD players. WGGB also suggested that audience satisfaction should be assessed by demographics, and that Ofcom's performance assessment should give greater weight to progress made by the BBC in delivering for less-satisfied audiences.<sup>97</sup> Directors UK and ACS observed a lack of clear industry reporting metrics for online services, which they said presented a challenge to the ability of the proposed transparency requirements to hold the BBC to account for its digital delivery. They requested that Ofcom work with industry to help develop a set of metrics for online services which would deliver a similar level of confidence as BARB metrics do for broadcast measurement.<sup>98</sup>
- 3.67 Other comments on monitoring included suggestions for areas the BBC should monitor, including local radio provision,<sup>99</sup> workforce diversity,<sup>100</sup> access to digital-only content,<sup>101</sup> local news provision<sup>102</sup> and commissions in the nations and regions.<sup>103</sup> Virgin Media advised that proposed changes to Public Purpose 3 should be closely monitored.<sup>104</sup>

### Our decision

- 3.68 We are enhancing our monitoring and oversight programme to ensure that we can comprehensively scrutinise the BBC's performance and quickly identify any areas of potential concern throughout the year. This will allow us to intervene swiftly to address potential issues if necessary. As we compile our annual report on the BBC, we will consider whether there is a case for amending any Licence conditions in light of BBC performance

<sup>94</sup> [Directors UK response](#), page 2.

<sup>95</sup> [Global response](#), page 7.

<sup>96</sup> [ACNI response](#), page 13; [Radiocentre response](#), page 18; [VLV response](#), page 11.

<sup>97</sup> [WGGB response](#), page 1.

<sup>98</sup> [ACS response](#), page 3; [Directors UK response](#), page 2.

<sup>99</sup> [M Manning response](#), page 4; [Radiocentre response](#), page 18; [VLV response](#), pages 15-16.

<sup>100</sup> [NUJ response](#), page 6; [WGGB response](#), page 1

<sup>101</sup> [Directors UK response](#), page 8; [Virgin Media response](#), page 5.

<sup>102</sup> [VLV response](#), page 11; [Welsh Government response](#), page 3.

<sup>103</sup> [Directors UK response](#), pages 6.

<sup>104</sup> [Virgin Media response](#), page 5.



and its delivery to audiences. This will also be informed by stakeholder engagement in the weeks following publication of the BBC's Annual Report.

- 3.69 In our monitoring and oversight programme we plan to rely on several information sources. We will make use of the data and information the BBC provides in its Annual Plan and Annual Report, and we will also get information from other BBC reports such as its Commissioning Supply Report. We also collect other information from the BBC.<sup>105</sup>
- 3.70 We conduct our own market research and analysis, including the annual BBC Performance Tracker, the Public Service Media Tracker and the News Consumption Survey.<sup>106</sup> We also conduct regular surveys focused on the broader audio and video-on-demand markets. We are able to adapt and change these as required, and where necessary, we commission additional research.
- 3.71 We also use a broad set of independent data sources. For example, we make use of industry data provided by BARB and RAJAR, as well as other third-party sources such as Ampere Analysis and IPA TouchPoints. Many of these sources have historically focused on broadcast TV and radio services, but now also include information and data about online usage and the availability of on-demand content, and we expect to make greater use of online performance information over the course of the Charter period. We consider that this will help address points raised by stakeholders about online measurement more generally, and we plan to consult on the new performance measurement framework document later this year.
- 3.72 We assess how the BBC is serving audiences using socio-demographic information obtained from the BBC and our own research. We have recently launched an audience review which will consider how well the BBC is delivering to specific demographic groups.<sup>107</sup>
- 3.73 Regular stakeholder engagement will also be a critical input for monitoring. This includes regular engagement with the BBC, to ensure we capture information on any upcoming changes, as well as meetings with stakeholders who may wish to discuss and share evidence of potential concerns.
- 3.74 Our regular performance monitoring work feeds directly into Ofcom's annual report on the BBC, which also includes compliance and performance assessments of the information provided by the BBC in its Annual Report as well as information obtained through our information requests. Where appropriate, we will report on any specific concerns raised through our monitoring work. We plan to pay particular attention to where the BBC is making changes and where we are removing quotas, such as the changes to the BBC News

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<sup>105</sup> This includes the annual compliance information request we send out ahead of Ofcom's annual report on the BBC, in addition to annual data returns we collect which contribute to [official statistics](#), including oversight on programming hours and spend. Much of this is also set out in our [interactive performance report](#) we publish alongside our annual report.

<sup>106</sup> Information on the sources we use to assess the BBC's performance can be found in the [interactive performance report](#) we publish alongside our annual report on the BBC.

<sup>107</sup> [BBC Audiences Review: Terms of Reference \(ofcom.org.uk\)](#).



channel and BBC local radio, delivery of nations and regions content and at-risk genres, including children's.<sup>108</sup>

## Holding the BBC to account – stepping in and intervention

### What we said

3.75 In our consultation, we said that we would step in and intervene if we identified concerns about plans or changes which had the potential to adversely impact the BBC's delivery for audiences. We set out the ways in which we could intervene and the steps we would take, noting that we would take an agile and proportionate approach, aligning our response to the potential impact of the issue.

### Stakeholder comments

- 3.76 Most stakeholders agreed on the importance of Ofcom being able to intervene swiftly where we have concerns about the BBC's delivery for audiences.<sup>109</sup> The Welsh Government, for example, said that Ofcom's ability to intervene is "an important mechanism to help to mitigate some of the risks associated with autonomy and flexibility", and that "this will be particular importance in the short term when the impact of changes to the licence, in the context of the fast-paced nature of change in the sector, are still being assessed".<sup>110</sup> TAC proposed that Ofcom specify the level of reduction in programming that would trigger an intervention.<sup>111</sup>
- 3.77 Several stakeholders expressed concerns about the lengthy timelines involved in planning, developing, producing and then delivering this content and how this might constrain Ofcom's ability to step in swiftly.<sup>112</sup> Virgin Media noted that the timelines could be an obstacle to holding the BBC to account if Ofcom relied on the BBC's reporting cycle to identify areas of concern. It warned that Ofcom would only be able to step in after the event, by which point audiences would have already been harmed.<sup>113</sup> A few stakeholders estimated that if Ofcom were to use its Annual Report on the BBC to step in, this could be between 14 and 20 months after the BBC plans had been implemented.<sup>114</sup>
- 3.78 Some questioned in general terms Ofcom's ability to hold the BBC to account under the new Licence.<sup>115</sup> Global requested greater clarity on how and when Ofcom would be able to take enforcement action where it was necessary.<sup>116</sup>

<sup>108</sup> Workforce diversity is discussed in Section 8.

<sup>109</sup> [ACNI response](#), page 13; [ACS response](#), pages 3-4; [ACW response](#), page 5; [Directors UK response](#), pages 4-5; [Pact response](#), page 4; [Radiocentre response](#), page 23; [TAC response](#), pages 5-6; [VLV response](#), page 8; [Welsh Government response](#), page 5.

<sup>110</sup> [Welsh Government response](#), page 5.

<sup>111</sup> [TAC response](#), pages 5-6.

<sup>112</sup> [ACNI response](#), page 13; [ACS response](#), pages 3-4; [ACW response](#), page 5; [Global response](#), page 2; [Pact response](#), page 4; [SSMT response](#), page 3; [TAC response](#), pages 5-6; [Virgin Media response](#), page 4; [VLV response](#), page 8.

<sup>113</sup> [Virgin Media response](#), page 4.

<sup>114</sup> [ACNI response](#), page 13; [Directors UK response](#), page 2; [VLV response](#), page 8.

<sup>115</sup> [Global response](#), page 2; [News Broadcasting response](#), page 17; [SSMT response](#), page 3.

<sup>116</sup> [Global response](#), page 3.



## Our decision

- 3.79 We have set out earlier in this section that we consider we can step in swiftly and intervene if issues arise. We also consider we have the necessary tools that will enable us to intervene effectively if required.
- 3.80 In the first instance we would normally expect to engage informally with the BBC to request further information. If our concerns are not sufficiently addressed at this stage, we have a range of options for acting. We might undertake targeted monitoring of areas where the BBC was planning changes in its delivery or undertake a detailed review. These might include issuing a consultation to gather evidence of potential impacts on audiences. We might also consult on varying conditions in the Operating Licence.
- 3.81 If our concerns related to a potential breach of the Licence, we have well-established and robust enforcement procedures and powers. These enable us to investigate potential breaches of regulatory conditions, make breach findings and ultimately impose sanctions for any such breaches, which include giving directions to the BBC.
- 3.82 We will take a proportionate approach in using these tools. Our choice of response will be informed by the likelihood and evidence of adverse impacts on audiences, as well as the severity of our concerns. We will assess each case on its merits to determine the proportionate response. However, we note the BBC's good track record of compliance and performance in this Charter period.
- 3.83 We will also reflect on how the new Operating Licence is delivering for audiences in our annual report on the BBC. In assessing this, we expect the BBC to experiment and innovate and we note that there may therefore be times when the BBC uses its flexibility in ways which are not immediately successful, or which have unintended impacts. We will be mindful that these are not in themselves scenarios that would necessarily raise regulatory issues if the BBC, under its transparency requirements, identifies early on where decisions have not delivered as envisaged and acts to remedy this.

## Competition

### What we said

- 3.84 We explained in June that our assessment of the potential impact of our proposals had been informed by responses to our initial consultation and research. We considered that our proposals were proportionate and would ensure that Ofcom continues to discharge its functions in the interests of audiences. We also explained that we did not consider our proposals would have a significant impact on fair and effective competition.
- 3.85 In addition, we noted that the BBC has initial responsibility for considering the potential competition effects of changes to its services, and if the BBC did make substantial changes



in the future, potential competition effects would need to be considered by the BBC and, if necessary, Ofcom, under the existing processes.<sup>117</sup>

### Stakeholder responses

3.86 Some stakeholders argued that competition concerns should be addressed within the Operating Licence.<sup>118</sup> The NMA argued that it is more efficient for boundaries to be set within the Licence rather than leaving it to the competition framework.<sup>119</sup> ITV called for clearer boundaries within the Operating Licence, including setting binding caps in key areas of market risk. It also suggested enshrining the principle that the Licence requirements should be set in a way that *“keeps market impact to the minimum necessary to deliver the public value proposed”*.<sup>120</sup> News Broadcasting and Radiocentre argued that the Operating Licence must play a role in protecting against negative effects on competition from the BBC's activity.<sup>121</sup>

### Our decision

3.87 We have carefully considered stakeholders' views on competition in making our decisions on the new Operating Licence. The Operating Licence's primary focus is on performance, and on ensuring that the BBC delivers on its Mission and Public Purposes, while there is a specific, separate framework for considering competition. However, when fulfilling our functions in relation to the Operating Licence, we do have a general duty to have regard to the desirability of protecting fair and effective competition, which we have taken into account when making the decisions set out in this statement. We note in this regard that providing the BBC with greater flexibility under the new Licence does not in itself have an impact on competition; what is relevant in terms of competition is how the BBC goes on to operate under this greater flexibility. Our general duty will continue to apply to our functions in this area.

3.88 If the BBC proposes to make future changes to its services, the BBC will be required to consider potential competition effects in line with its duty.<sup>122</sup> In doing so, the BBC will be required to seek to avoid adverse impacts on competition which are not necessary to fulfil its Mission or promote the Public Purposes. If the particular change is potentially material,<sup>123</sup> it would need to be considered in accordance with the existing competition framework. Our role involves considering whether a BBC proposed change is material and, if so, determining whether it may proceed.<sup>124</sup> We consulted on changes to our framework

<sup>117</sup> Ofcom, [Regulating the BBC's impact on competition](#), March 2017.

<sup>118</sup> [ITV response](#), pages 2 and 22; [News Broadcasting response](#), pages 2 and 7-8; [NMA response](#), pages 15-16; [Pact response](#), page 4; [PPA response](#), page 4; [Radiocentre response](#), pages 7-8 and 23.

<sup>119</sup> [NMA response](#), page 3.

<sup>120</sup> [ITV response](#), pages 2 and 20-21.

<sup>121</sup> [News Broadcasting response](#), page 2; [Radiocentre response](#), page 23.

<sup>122</sup> Article 11 of the Charter.

<sup>123</sup> Under Clause 7(7) of the Agreement, a material change is defined as: (a) the carrying out of any activity as a new UK Public Service; and (b) any change to a UK Public Service which may have a significant adverse impact on fair and effective competition.

<sup>124</sup> For further information, see Ofcom, [Assessing the impact of proposed changes to the BBC's public service activities](#) [Ofcom's procedures and guidance](#), March 2017.



in November, including proposals to add guidance to require the BBC to publicise planned changes, to explain to the BBC and other stakeholders what 'reasonable and proportionate engagement' looks like, when it reviews materiality, and to expand guidance about the information the BBC should provide to stakeholders during a Public Interest Test.<sup>125</sup> We expect to publish a statement setting out our decisions on changes to the competition framework in due course.

- 3.89 We discuss stakeholders' comments on specific, potential impacts on competition further in Sections 5 and 7.

## Other comments on our general approach to the Licence

### What we said

- 3.90 We proposed that there should be one multiplatform Operating Licence, incorporating online provision. We also explained that the new Operating Licence should remain structured by the BBC's Public Purposes, with each being supported by clear objectives, conditions and transparency requirements.

### Stakeholder responses

- 3.91 News Broadcasting recommended that Ofcom should ensure that the various BBC services under the Licence are subject to an equal number of conditions, suggesting that the approach we consulted on would lead to uneven regulation across the BBC services.<sup>126</sup> Others questioned the phrasing of some of the Licence objectives we proposed, or why some programming was covered by conditions under one Public Purpose rather than another.<sup>127</sup>

### Our decision

- 3.92 We respond to specific points on the implementation of individual conditions as appropriate in Sections 5-8. It is important to note that many regulatory conditions may contribute to more than one Public Purpose. For example, many of the regulatory conditions across the Licence contribute to securing the provision of distinctive output and services. Separately, the number of Licence conditions does not reflect the importance or extent of regulation.

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<sup>125</sup> Ofcom, [How Ofcom regulates the BBC's impact on competition](#), November 2022.

<sup>126</sup> [News Broadcasting response](#), pages 14-15.

<sup>127</sup> ACS and Screen Scotland recommended that factual programming should be included in Objective 2 of Public Purpose 1 ([ACS response](#), pages 4-5, [Screen Scotland response](#), page 2); MG ALBA argued that Gaelic language content should not be exclusively covered by Public Purpose 4, arguing that for example Gaelic language learning content being better covered by Public Purpose 2 ([MG ALBA response](#), page 2).



## 4. BBC changes to news and local radio

### BBC changes to news and local radio – summary

As part of its digital-first strategy the BBC has announced changes to BBC News and local radio. In February, we wrote to the BBC<sup>128</sup> about those changes. In this section, we set out our analysis of the changes the BBC has made and, where appropriate, the impact this has had on our proposed changes to the Operating Licence.

In summary, we have decided to:

- **Retain a condition for BBC News to provide high quality local, regional, national, UK and international news to UK audiences.** We will closely monitor the BBC News channel to ensure that it meets this requirement and that audiences are not adversely affected.
- **Hold the BBC to its commitments on local radio in England in relation to news and travel, breaking news and major incidents and its contribution to local democracy.** We will monitor the impact of the changes for audiences, including levels of programme sharing, and undertake research into what audiences need and value from local content.
- **Retain the quota for 100% of content to be speech content during the breakfast peak on local radio in England.** We will also proceed with introducing a new requirement for the BBC to provide a significant amount of local news and information during the breakfast peak.
- **Monitor the impact of the changes to local radio in the nations** – if our research shows that audience needs are not being met, we will consider whether to impose additional Licence conditions.

- 4.1 As discussed in Section 2, the BBC announced its digital-first strategy in May 2022. This set out the BBC's plans to ensure that it delivers for all audiences as they continue to migrate online, while maximising value from the licence fee. As part of the plans, there are several areas where the BBC is seeking to reduce its expenditure on traditional broadcast services, so it can reinvest this into digital provision. Since then, the BBC has announced more detail on some of the changes to the BBC News and BBC World News channels, local radio in England, and some of its nations radio stations.
- 4.2 Editorial and scheduling decisions are matters for the BBC Board. We will look at changes the BBC is planning to make to its public services where: a) we think the change(s) may have a significant adverse impact on fair and effective competition; and/or b) if we think the change(s) may affect the BBC's ability to deliver its Mission and promote the Public Purposes, including meeting its obligations under the Operating Licence.
- 4.3 We did not consider that the changes to the BBC News service constituted a new service, or would be likely to have a significant adverse impact on fair and effective competition.<sup>129</sup> As discussed below, the changes the BBC is planning to make to its local and nations radio

<sup>128</sup> See Annex 10.

<sup>129</sup> See [Changes to BBC News and the applicable regulatory framework](#), 26 August 2022.



stations are at a time of lower listening and we have not had any concerns raised from the BBC's competitors to these services, we therefore consider they are also unlikely to have an impact on UK competition.

- 4.4 We have, however, been carrying out a detailed assessment of the BBC's plans to consider whether the changes will allow the BBC to continue to deliver for audiences. In considering the changes, we have taken into consideration the challenges the BBC is facing. As discussed earlier, it is necessary for the BBC to adapt and modernise its services to reflect the new ways in which audiences are consuming content. At the same time, it is coming under greater financial pressure. However, while responding to these challenges the BBC must ensure that it still delivers on its obligation to serve all audiences across the UK with distinctive, high-quality UK content. It must also continue to offer a wide range of content, including to audiences who only use live broadcast TV and radio services.
- 4.5 Below we set out more detail on our analysis, looking at some of the key changes the BBC is planning to make, and how we have taken steps to ensure that audiences will continue to be well served by the BBC. We wrote to the BBC in February outlining our findings and set out the commitments the BBC had made in conversations with Ofcom. We also asked the BBC for some further information and said we expected it to monitor the impact of its changes on audiences. The BBC responded to the letter confirming the commitments it had made on BBC News and local radio and giving its response to Ofcom's questions. We have published our letter and the BBC's response alongside this statement.<sup>130</sup>
- 4.6 As set out in Section 3, it is very important that the BBC is clear with audiences and Ofcom about the changes to services that it plans to make, and how it will continue to meet the needs of UK audiences and deliver its Mission and promote the Public Purposes. We were not satisfied with the level of detail and clarity in the BBC's announcements about these particular changes, which resulted in uncertainty for audiences who have not been able to clearly understand what the changes will mean in practice for the services they use. In particular, for local radio we have had to request a significant volume of additional information from the BBC in order to understand the changes. We have raised these issues with the BBC as we consider it needs to improve transparency when it announces similar changes in the future.

## BBC News

### BBC News channel changes

#### Overview of the BBC's plans

- 4.7 As part of its announcement of the digital-first strategy in May 2022, the BBC said it planned to create a single "24-hour TV news channel serving UK and international audiences". The intention was that this would offer greater shared content, but the BBC

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<sup>130</sup> See Annexes [10](#) and [11](#).



said it would still have the ability to “offer separate broadcasts depending on what’s happening at home and abroad”.<sup>131</sup>

- 4.8 The BBC announced further details on the new channel in July 2022.<sup>132</sup> This set out that the new service, which will launch in April 2023, will provide coverage of global breaking news, and where relevant have a UK-only stream for UK-specific news events. UK viewers will continue to see specific content at certain times of the day (e.g. BBC Breakfast). There will be new flagship programmes built around high-profile journalists and programmes commissioned for multiple platforms. The new channel will be broadcast from London during UK daytime hours, as well as Singapore and Washington DC. Sports news will be provided through the UK-only programme *Sportsday* (as now) and new global sports programmes.
- 4.9 The BBC noted that the way audiences consume news is changing, as can be seen by the tens of millions of people who follow its live coverage of significant UK and international events. Part of the reason for the change is to invest in new capacity to cover breaking news stories that will be used across all of the BBC’s news services (web pages, apps, BBC iPlayer and the BBC News channel).

### Our analysis

- 4.10 Providing high quality and trusted news and current affairs is central to the BBC’s remit. The Charter requires the BBC to “offer a range and depth of analysis and content not widely available from other United Kingdom news providers, using the highest calibre presenters and journalists, and championing freedom of expression, so that all audiences can engage fully with major local, regional, national, United Kingdom and global issues and participate in the democratic process, at all levels, as active and informed citizens.”<sup>133</sup>
- 4.11 We have been engaging with the BBC on its plans for the new BBC News channel as they evolve. In particular, we have been assessing the plans to ensure that UK viewers continue to be provided with the local, regional, national and UK stories that are likely to be of interest only in the UK;<sup>134</sup> that there is no adverse impact on any particular audience group; and that the BBC News channel available in the UK remains of high quality regardless of whether it is simulcast or a UK-only stream.
- 4.12 A significant amount of content on the current BBC News channel is simulcast with the World News channel (for example, from midnight to 6am). We understand the new BBC News service will have additional simulcast hours, particularly during the late morning and afternoon in the UK.
- 4.13 We have been concerned that any reduction in UK news stories, or the quality of the service, will affect certain audience groups more than others, particularly as the new

<sup>131</sup> BBC Media Centre, [Plan to deliver a digital-first BBC](#), 26 May 2022.

<sup>132</sup> BBC Media Centre, [BBC sets out plans for new TV news channel to launch in 2023](#), 14 July 2022.

<sup>133</sup> Article 6(1) of the Charter.

<sup>134</sup> This concern was also raised by the VLV – it was concerned that the level of local/regional news would be maintained on the new channel. [VLV response](#), pages 10-11.



simulcast hours in the afternoon are where BBC News currently attracts its highest average audience across weekdays.<sup>135</sup> This includes older audiences who continue to rely on broadcast services for news<sup>136</sup> and minority ethnic audiences for which reach of the BBC News channel is higher than White audiences.<sup>137</sup>

- 4.14 In response to Ofcom's letter, the BBC said that the new channel will be "*Proudly British, Uniquely Global*" and offer UK viewers a better service. It committed to ensuring that UK news stories will continue to be provided for UK audiences and that the BBC will be able to switch to a UK-only stream when there are important UK stories that will not resonate with international audiences. The BBC is planning to make changes and adapt the service in stages and will ensure that the quality of the service is maintained. The BBC has also committed to reviewing the performance of the new service, including research on audience reactions, to ensure that it continues to meet its requirements under the Charter, the Agreement and the Operating Licence. The BBC has also said that it will share performance and research data with Ofcom.
- 4.15 We welcome these commitments from the BBC on the quality and performance of the new BBC News channel. It will be important that the service continues to provide high-quality service for UK audiences with UK news stories alongside international news. As noted below, we have also decided to retain a requirement that BBC News provides high quality local, regional, national, UK and international news.<sup>138</sup>

### Next steps

- 4.16 We are expecting that the BBC will, as it has committed to, set out more detail on how the new BBC News channel will be run in its 2023/24 Annual Plan (due to be published by the end of March 2023). We will closely monitor the new service as it is trialled and implemented, including assessing the impact on audiences and whether it affects specific audience groups).
- 4.17 If we have any concerns about the BBC meeting its commitments, or evidence that audience needs are not being met, we will consider whether we need to introduce additional Operating Licence requirements on the BBC. We will update audiences and stakeholders on how the new service is performing in our annual reports on the BBC.

## Operating Licence: high quality local, regional, national, UK and international news

### What we said

- 4.18 In the June Consultation, we proposed removing the condition on the BBC News channel to provide more international news, and more local/regional news, than other main

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<sup>135</sup> Average audience data for BBC News over 24 hours separated by Monday to Friday, Saturday and Sunday, BARB data provided by the BBC.

<sup>136</sup> Age profile of BBC News viewers – BBC provided BARB data.

<sup>137</sup> BBC provided 2022 BARB data, all adults (16+).

<sup>138</sup> Operating Licence condition 1.8.



continuous news channels in the UK. We said that while the BBC News channel needs to continue to cover a wide range of local, regional, and international news stories, we did not think that it added much value to assess the breadth of the BBC's news coverage by comparing it to the news coverage of other channels. We said that we thought this was too narrow a view and that we would monitor its performance, as we do for other BBC services.

### Stakeholder comments

4.19 The BBC supported our proposal.<sup>139</sup> However, the VLV, the Scottish Government, News Broadcasting and a few individual respondents all opposed the removal of this condition.<sup>140</sup> The VLV strongly opposed the removal of the obligation and argued that the condition is key to ensuring that the channel remains distinctive and provides important local/regional content.<sup>141</sup> The Scottish Government suggested that the condition should be strengthened to secure increased delivery of news relevant to the nations and regions.<sup>142</sup>

### Our decision

4.20 We recognise that the condition emphasises the importance for the BBC to provide distinctive content that is relevant to audiences on the BBC News channel. In particular, it is important to ensure that the BBC continues to cover local, regional, national and UK issues on the BBC News channel, given its plan to create a single 24-hour news channel to serve both UK and international audiences. However, we remain of the view that the right way to assess this is not in comparing the volume of certain categories of news with other channels. We have therefore decided to retain the condition and amend it to remove reference to other channels. We have also decided to require that such news must be of high quality and specify that the obligation covers national and UK news alongside local, regional and international news.<sup>143</sup>

## Local radio in England

### Local radio changes

#### Overview of the BBC's plans

4.21 The BBC [announced plans to transform its local services in England](#) on 31 October 2022. The plans aim to reduce expenditure on the traditional broadcast elements of its local services, so it can invest more into online local content. In relation to local radio in England, the BBC set out that there would be greater programme sharing after 2pm on weekdays and across the weekend. Following feedback from staff and audiences, the BBC made a

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<sup>139</sup> [BBC response](#), page 8.

<sup>140</sup> [M. Manning response](#), pages 1-3; [Name withheld](#), page 1; [News Broadcasting response](#), page 10; [Scottish Government response](#), page 2; [T. Havenhand response](#), page 1; [VLV response](#), pages 3 and 10-11.

<sup>141</sup> [VLV response](#), pages 10-11.

<sup>142</sup> [Scottish Government response](#), page 2.

<sup>143</sup> Operating Licence condition 1.8.



further announcement on 18 January 2023 setting out some modifications to its original plans.

4.22 In practice, the BBC's plans will mean the following for the weekly schedules on local radio in England:

- All network local radio stations in England (39 stations) will keep locally-focused output between 6am and 2pm on weekdays.
- Between 2pm and 6pm on weekdays there will then be 20 different programmes shared between stations, and between 6pm and 10pm on weekdays the schedule will vary across the week. For example, on Monday and Friday evenings there will be ten programmes shared between stations and on Thursday between 8pm and 10pm there will be 20 *BBC Introducing* programmes,<sup>144</sup> with some stations receiving their own individual programming.
- On Saturdays between 6am and 10am there will be ten programmes shared between stations, and between 10am and 2pm this will increase to 18 programmes. Between 2pm and 6pm, stations will return to local programming to cover local sports, while the evening schedule will include *BBC Upload* and *BBC Introducing* (some of which will be shared, and feature repeats from during the week).
- On Sundays between 6am and 10am there will also be ten programmes shared between stations, and between 10am and 2pm there will again be 18 programmes shared.
- A single 'all-England' programme will be launched and broadcast after 10pm on weekdays and after 2pm on Sundays.

4.23 The BBC has also said that local news bulletins will be protected on all local stations. Additionally, any live sports programming will continue to be broadcast locally across the course of the schedule, and this would take precedence over shared programming.

### Our analysis

4.24 As set out earlier, our focus has been on assessing the BBC's plans to determine whether there may be any impact on the BBC's ability to deliver the Mission and promote the Public Purposes, including meeting the Operating Licence conditions.

4.25 The relevant Licence conditions in relation to these changes are as follows:

- The first Operating Licence set a quota for original, locally-made programming (95 hours per week), with some modifications to the hours required in respect of BBC Radio Guernsey, BBC Radio Jersey and BBC Radio Somerset. The first Licence further stipulated that, for the purpose of this requirement, 'original, locally-made programming' includes programming shared with neighbouring stations broadcast between 6am and 7pm. In our June Consultation, we proposed to retain these conditions, but to calculate the quota on an annual rather than a weekly basis. We

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<sup>144</sup> The BBC *Introducing* programmes provide a platform for local musicians, while the BBC *Upload* programmes provide a platform for local spoken word artists.



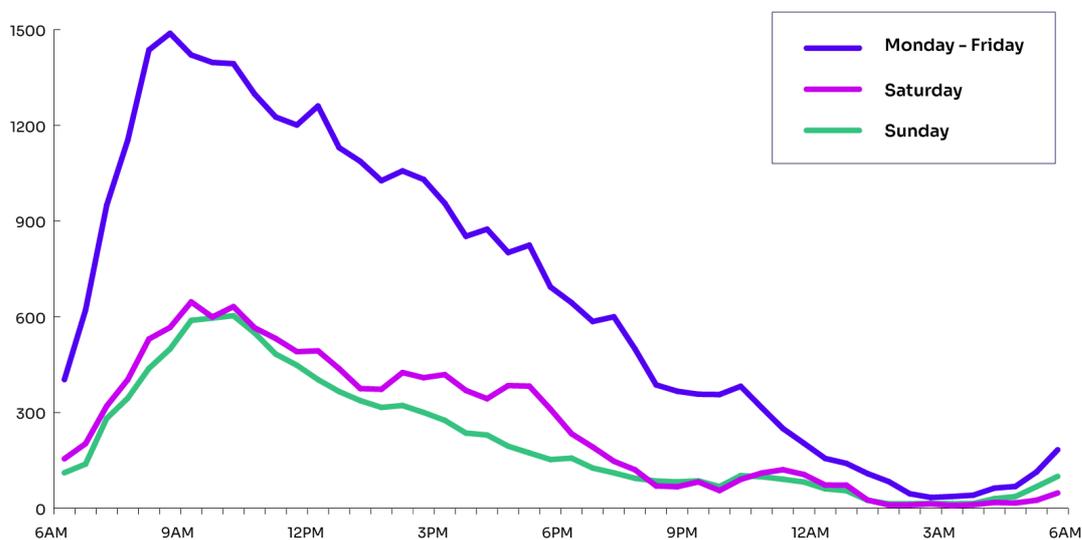
also clarified that we consider that a station which is in the same geographic area, but which does not necessarily share a geographic border, would constitute a neighbouring station.

- The first Operating Licence required each local station to ensure that it provides news and information of particular relevance to the area and communities it serves at intervals throughout the day; and provides other content of particular relevance to the area and communities it serves. We proposed no changes to these conditions.
- We discuss our proposals on calculating quotas on an annual rather than a weekly basis in Section 8. We have retained these obligations.

4.26 We have considered both what the changes might mean for audiences, as well as what they could mean for the delivery of local content.

4.27 Our assessment of listening data shows that peak listening on weekdays for BBC local radio in England is between 9:00am and 9:30am. Listening then decreases across the day with a slight evening peak at 9:30pm. Listening at the weekend is much lower, and lowest on Sundays. Our analysis also shows that 70% of the total audience to BBC local radio in England listens between 6am and 2pm Monday to Friday and 2pm and 6pm on Saturdays,<sup>145</sup> which is when the BBC plans to retain local programming. This is consistent with what the BBC set out in its plans; it is focusing its planned changes at times when listening is generally lower.

**Figure 4: BBC local radio in England, listening across the day (weekly reach 000s)<sup>146</sup>**



4.28 We have also looked at whether any audience groups may be particularly affected by the changes, given the importance of the BBC continuing to serve all audiences and not leaving any listeners behind as it seeks to modernise its services. The audience profile of local radio in England skews towards those aged 65 and over and so it is older audiences who

<sup>145</sup> Source: RAJAR Q4 2022.

<sup>146</sup> Source: RAJAR Q4 2022.



are more likely to be affected by the changes. However, the listening profile of local radio tends to be similar across the course of the day and there is no specific audience group that listens only at the times in the schedule when the changes will be focused. As such, we do not have a reason to believe that any particular audience group will be disproportionately impacted by the changes.

4.29 We have also been considering the potential impact on the delivery of local content. In our initial analysis we identified certain types of content which we consider to be particularly important to the delivery of localness. As a result, we asked the BBC how it will continue to deliver such content to audiences during shared programming. In response to our questions, the BBC has made commitments on how it will ensure that key areas of its output are maintained:

- **News and travel:** The BBC has told us that it will continue to broadcast unique news bulletins on each of the 39 stations between 6am and 6pm (with local headlines every half hour in breakfast between 6am and 9am). At the weekends provision will remain the same as now, with unique local bulletins across all stations between 6am and 1pm. Local travel updates will continue to be able to be provided within local news bulletins, and major travel incidents will be delivered as soon as needed by the presenter in both local and shared programming.
- **Breaking news and major local incidents:** The BBC has told us that it expects that major local incidents or breaking local news stories are likely to be of interest within a shared area and so would feature very prominently within shared programmes. As such, the BBC does not expect that it would need to routinely scale up its operations to deliver dedicated programming to deal with such events, but it could do so where exceptional circumstances required it. The BBC has also said that the journalistic capacity at each local base is going to be strengthened and a Local Story Team will be able to respond to major local incidents and provide cross-platform coverage, including on the relevant local radio stations.
- **Contribution to local democracy:** We asked the BBC how it plans to cover topics relevant to local democracy in shared programming. In response, the BBC has told us that it has a network of Politics Senior Reporters across England, that this staffing level is being maintained, and that these reporters will deliver content to local and shared audio services, as well as online and TV.

4.30 We have also considered how shared content will remain relevant for listeners. We note that the BBC already shares some content between local stations. We know that shared programming can still cover topics which will be relevant to listeners across a shared area (e.g. a discussion on parking fees at an airport that passengers from a wide geographical area might use). However, in general, shared programming will tend to be less local because it is catering to wider geographical areas. Despite this, we would also note that bespoke programming for each local station is not always purely local either and can still feature discussions and topics which are of regional or even national relevance.

4.31 Whether greater volumes of shared programming would still be relevant to listeners will depend on the nature of the programming and also on the groupings of the stations and



how these have been determined. The BBC told us that it is confident that new shared programmes will resonate with audiences in the same way that the regional 6:30pm TV news bulletins do (and in a number of cases its shared local radio programming will cover similar areas). It has said that station groupings aim to work within recognised regional cultures and identities.

- 4.32 Based on the information the BBC has shared with us about its plans for station groupings, we noted that on Tuesday and Wednesday evenings, when there is no local sport to be broadcast, the BBC will in some cases be sharing programming over very large areas. In these cases, we had some concerns about how the programmes would remain relevant to audiences. For example, the current plans include sharing one programme between areas as wide as Norfolk and Dorset. The BBC has told us that such shared programming will be very rare, given the large amount of sports coverage it broadcasts on local radio.
- 4.33 As set out above, we wrote to the BBC in February, and in addition to formalising its commitments (as discussed above) we asked for the reasons behind its decisions for Tuesday and Wednesday evenings, and for more information about the programming that will be shared.
- 4.34 In its response, the BBC stated that it would remain the most local radio service in England. It noted that its shared evening programming will still be more local than it was in 2017 (when it used to previously broadcast an all-England programme). It also estimates that it will provide live commentary to 3,000 football matches a year. In discussions with Ofcom, the BBC has said that this means there will be very few occasions where weekday evening programming will be shared across some of the wide areas that we identified in our analysis.

### Next steps

- 4.35 The delivery of local content to all audiences, across a range of platforms, remains crucial to the BBC's delivery of its remit. We expect the BBC to review the impact of its changes to local radio in England as they are implemented to ensure that they are meeting audience needs. We will also be monitoring the BBC's performance in this area closely, including holding it to account for the commitments it has made and monitoring the stations between which the BBC shares its programming, and the programming being shared. This includes on Tuesday and Wednesday evenings when there is no local sport to be broadcast. And while the Licence allows for sharing of content between local radio stations, we will also look at a wider set of indicators to determine whether the BBC is delivering for audiences locally. For example, we plan to commission new research to better understand what audiences need and value from local services.
- 4.36 Should the BBC seek to make any further changes to these services or depart from the commitments outlined above we would expect it to discuss these in detail with Ofcom before doing so. We would also expect it to clearly communicate any further changes and engage with audiences and stakeholders in developing such plans.



- 4.37 If we identify any concerns about the BBC's provision of local content, we will consider whether we need to introduce further requirements into the Operating Licence.

## Operating Licence: speech, local news and information during breakfast peak

### What we said

- 4.38 The Licence contains quotas that require the BBC to provide speech content on its local radio stations in England during core hours and the breakfast peak.<sup>147</sup> The BBC asked for the requirement to deliver 100% speech during the breakfast peak to be removed on its nations radio stations and its local radio stations in England. It stated that audience research indicated that the lack of music at breakfast negatively impacted listeners' perceptions of local radio in England. It also noted that the growing financial pressures it is facing is making it increasingly difficult to deliver 100% speech while maintaining quality levels across news and features. However, we also recognised that stakeholders such as Radiocentre consider the speech quotas particularly important for ensuring the distinctiveness of the BBC's local services in contrast to commercial services.<sup>148</sup>
- 4.39 We did not consider it appropriate to reduce the breakfast peak speech quota on the nations radio services because these stations primarily broadcast speech output during the morning. We also did not consider it appropriate to remove the breakfast speech quota altogether on local radio in England. However, we did think that the BBC should have some greater flexibility during its breakfast programming to better meet audience needs. We noted that listening data for England shows that weekly reach to these stations overall has been in long-term decline, including listening during the breakfast peak. As such, we proposed to reduce the breakfast speech quota to 75%. We also proposed to add a new requirement for the BBC to provide a significant amount of local news and information during the breakfast peak.

### Stakeholder comments:

- 4.40 The BBC was supportive of our proposals in this area.<sup>149</sup> However, both Global and Radiocentre had concerns about our proposal to reduce the 100% speech output quota during the breakfast peak to 75%. Overall, they felt that the change would damage the BBC's ability to offer a distinctive alternative to commercial radio.<sup>150</sup> Global, in particular, felt that the distinctiveness of the BBC's stations would decrease not only in terms of the type of output (levels of music vs speech), but also the type of music it might play, because its analysis showed that the proportion of current and recent chart hits being played on BBC local radio in England has increased over the past four years.<sup>151</sup> While neither Global or Radiocentre supported this proposed amendment to the condition, both suggested that if

<sup>147</sup> Breakfast peak on local radio in England means 7am to 8:30am Mondays to Fridays.

<sup>148</sup> [Radiocentre response to How Ofcom regulates the BBC](#), pages 36-37.

<sup>149</sup> [BBC response](#), page 16.

<sup>150</sup> [Global response](#), page 11; [Radiocentre response](#), pages 2 and 21.

<sup>151</sup> [Global response](#), page 12.



we were to proceed with it, a backstop additional requirement should be put in place to ensure that the music which is played is local and champions grass-roots talent.<sup>152</sup>

- 4.41 Global and Radiocentre also felt that the BBC's research we had cited in our consultation was outdated. They noted that Global had carried out more recent research which found speech to be the most important and valued element of BBC local radio, and that only a small proportion of listeners say they want to hear more mainstream music on these stations.<sup>153</sup>

**Our decision:**

- 4.42 We have decided not to proceed with our proposal to reduce the breakfast speech quota to 75%, but we will be proceeding with adding a new condition to require the BBC to ensure that it provides a significant amount of local news and information during the breakfast peak.<sup>154</sup> We set out our reasoning on both these conditions below.
- 4.43 Firstly, we note that we have been presented with conflicting audience research on this topic. So it is not clear whether there is an appetite from listeners for there to be more music played during the breakfast shows on BBC local radio. With this in mind, we do not consider it appropriate to proceed with the proposal to reduce the breakfast speech quota. As noted earlier, we will be commissioning new research to understand what audiences value from local services.
- 4.44 Alongside stakeholders' responses to this proposal, we have also been considering the impact of the BBC's planned changes to local radio more broadly, since these were announced after our consultation had been published. As set out above, the wider changes may reduce the overall 'localness' of the BBC's local radio stations. Given this, we believe it is important to protect local output, particularly at times of the day which have the highest levels of listening. Retaining the 100% speech condition during the breakfast peak supports this.
- 4.45 The 100% speech condition does not necessarily guarantee local output, but the BBC has previously indicated that the speech output during the breakfast slot plays an important role in helping to set the local news agenda for the day. In order to secure the provision of local news and information at this time of day, we believe it is necessary to proceed with adding a new requirement for the BBC to provide a significant amount of local news and information during the breakfast peak.
- 4.46 Overall, we believe that our final decisions will help to secure levels of localness, particularly during times in the schedule where we know a lot of the listening to local radio takes place. If the BBC wishes to resubmit its request when the wider changes it is making to local radio have had time to bed in, we will of course consider this and consult publicly about it. As set out above, we also plan to commission new research which will consider

<sup>152</sup> [Global response](#), page 13; [Radiocentre response](#), page 21.

<sup>153</sup> [Global response](#), pages 9-10; [Radiocentre response](#), page 19.

<sup>154</sup> Operating Licence condition 4.40.4.



the different types of sources people use for local news and information, to help inform future work in this area.

- 4.47 As noted above, some stakeholders suggested that we should include additional safeguards if we decided to amend the condition. Since we have decided against the proposed amendment, we consider that any such safeguards would not be appropriate or necessary.

## Nations radio

### Overview of the BBC's plans

- 4.48 The BBC has announced changes to programming on its nations radio stations. This includes changes to content on BBC Radio Ulster and BBC Radio Foyle. In November, as part of a wider announcement on closing a number of job posts in Northern Ireland, it announced that it would be cutting the breakfast programme and hourly news bulletins on BBC Radio Foyle, and the weekly *Inside Business* programme on BBC Radio Ulster.

### Our analysis

- 4.49 While decisions on specific programmes, like the *Inside Business* programme, are for the BBC to make, we have looked at the wider potential impact on the BBC's delivery for audiences in these areas.
- 4.50 For BBC Radio Ulster and BBC Radio Foyle, the conditions in the Operating Licence which are relevant to the changes it plans to make are as follows:
- The first Operating Licence set a quota for at least 35 hours to be allocated to news and current affairs (including repeats) on BBC Radio Ulster each week.
  - The first Operating Licence also set a quota for at least 20 hours to be allocated to news and current affairs (including repeats) on BBC Radio Foyle each week.
  - We proposed to retain both these conditions, but to calculate the quota on an annual rather than a weekly basis. We discuss such proposals in Section 8, where we note that we have decided to proceed with these proposals.
  - In respect of BBC Radio Ulster and BBC Radio Foyle, the first Operating Licence required the BBC to ensure that it provides content and music of particular relevance to Northern Ireland. We have retained this condition.
  - We have also now introduced two new requirements:
    - for each of BBC Radio Ulster and BBC Radio Foyle to provide content of interest and relevance to audiences in Northern Ireland, including a broad range of content which reflects Northern Ireland's culture;<sup>155</sup> and

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<sup>155</sup> Operating Licence condition 4.59. This is part of a broader obligation which also applies to each of BBC iPlayer, BBC Sounds, the BBC Website, BBC One Northern Ireland and BBC Two Northern Ireland.



- for each of BBC Radio Ulster and BBC Radio Foyle to provide news bulletins regularly at frequent intervals throughout the day.<sup>156</sup>

- 4.51 It has not been possible to analyse in detail, nor compare the listening figures, for BBC Radio Ulster with BBC Radio Foyle, since RAJAR does not publish any data for BBC Radio Foyle. As such, we have not been able to determine the size of the audiences who may be affected by these changes, or whether any specific audience groups may be particularly impacted by them. The BBC has, however, told us that BBC Radio Foyle has one of the smallest Total Survey Areas<sup>157</sup> in the UK with an adult population of c.136,000 (only the crown dependencies of Jersey and Guernsey are smaller).
- 4.52 We have been able to consider the potential impact on the local content that communities in Northern Ireland might receive. Firstly, it is important to consider how local the BBC's content on BBC Radio Foyle is, compared to the output on BBC Radio Ulster, and whether BBC Radio Ulster would continue to provide content of relevance to listeners in the Foyle area. We note that BBC Radio Foyle is a 'local opt' service from BBC Radio Ulster, so already shares a significant proportion of its schedule. The BBC plans to cancel the largest of BBC Radio Foyle's unique programmes (outside of its sports coverage); the two-hour breakfast show which it broadcasts between 7am and 9am each weekday. Through our engagement with the BBC, it has told us that currently, many of the same stories are covered on BBC Radio Ulster's breakfast show as on BBC Radio Foyle's breakfast show, and purely local stories from inside the Foyle area have only tended to account for around 2%-15% of the items broadcast on any weekday.
- 4.53 We also asked the BBC how it will continue to deliver local content to the different areas and communities of Northern Ireland following the changes. In response, it told us that following feedback, it has decided that the 30-minute weekday news programme will be broadcast at 8:30am rather than in the current lunchtime slot. It has also said that it now intends to retain the hourly news bulletins on BBC Radio Foyle until 3pm each weekday, something the BBC confirmed in its response to our February letter, and in a [wider announcement](#). In addition to this provision on radio, the BBC has said that there will be enhanced digital news coverage in Northern Ireland, including within the area served by BBC Radio Foyle.

### Next steps

- 4.54 As set out in relation to local radio in England, we expect the BBC to closely monitor the impact of these changes on audiences, and we will also keep these areas under review, including by carrying out more research into what audiences expect from local content. If the BBC plans to make further changes to its delivery in these areas, including changes to

<sup>156</sup> Operating Licence condition 4.66.3.

<sup>157</sup> RAJAR states that a Total Survey Area (TSA) is the area within which a station's audience is measured. This is defined by the station using postcode districts as building blocks. Note: Though the BBC refers to the BBC Radio Foyle RAJAR TSA, figures for this station are not published by RAJAR and so are not available for analysis.



the commitments it has made here, we expect it to engage fully with Ofcom and audiences in developing such plans.

- 4.55 If we have concerns about the BBC's provision for audiences in the nations and regions, we will look at whether it is necessary to introduce new requirements into the Operating Licence.



## 5. Decisions for Public Purpose 1

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

### Summary of our approach to Public Purpose 1

Having considered stakeholders' responses to our consultation proposals, we have taken the following decisions:

#### Retained all quotas, with some amendments

- We have retained quotas for news and current affairs for broadcast TV and radio services from the first Operating Licence at the same level, with the exception of BBC Radio 5 Live, which we have reduced from 75% to 70%.
- We have annualised radio quotas. The BBC is still required to deliver the same amount of news under the new Licence. We have also clarified that radio news must be provided regularly at frequent intervals throughout the day.

#### Set requirements as to what content and services the BBC should deliver

- We have set a new requirement which applies to BBC Online, including BBC iPlayer and BBC Sounds, to provide a broad range of in-depth, daily news and information for all audiences, including children. News and current affairs programmes must be easily discoverable on BBC iPlayer and BBC Sounds.
- We have retained a requirement for the BBC to provide adequate links on BBC Online.

#### Introduced new transparency requirements

- We have introduced new transparency requirements which require the BBC to publish, at the same time as its Annual Plan, its plans for BBC Online news and current affairs services, including any significant changes it plans to make, and to report on those plans within two weeks of the publication of its Annual Report.

## Introduction

### Background, and our consultation proposals

- 5.1 Public Purpose 1 requires the BBC to provide impartial news and information to help people understand and engage with the world around them:



“The BBC should provide duly accurate and impartial news, current affairs and factual programming to build people’s understanding of all parts of the United Kingdom and of the wider world. Its content should be provided to the highest editorial standards. It should offer a range and depth of analysis and content not widely available from other United Kingdom news providers, using the highest calibre presenters and journalists, and championing freedom of expression, so that all audiences can engage fully with major local, regional, national, United Kingdom and global issues and participate in the democratic process, at all levels, as active and informed citizens.”

*Article 6 of the BBC Charter*

- 5.2 The BBC is the most-used news provider in the UK, and audiences consistently rate its performance highly for quality.<sup>158</sup> In updating the Operating Licence, our goal has been to ensure that the BBC maintains high quality news output while being able to adapt to meet audience needs. For example, although TV remains the main way in which people access BBC news, nearly a third of all online adults in the UK say they use the BBC website/app.<sup>159</sup>
- 5.3 The first Operating Licence focused on broadcast TV and radio, with only two Licence conditions for BBC Online<sup>160</sup> (relating to children’s news online and adequate links to material provided by third parties).
- 5.4 We consider it is important that audiences are served with news and current affairs on the BBC’s online services. We also want to ensure that the BBC delivers stories from the UK’s nations and regions on its UK-wide services, and ensures that this content resonates with audiences. In our review of BBC news and current affairs, we said that the BBC is seen by some audiences as representing a white, middle class and London-centric point of view that is not relevant to their lives.
- 5.5 In our [June Consultation](#), we proposed retaining quotas to ensure that the BBC continues to provide a substantial amount of news and current affairs across its broadcast TV and radio services. In addition, we proposed to introduce new requirements for the BBC to make news and current affairs available and easily discoverable on BBC iPlayer and BBC Sounds, and to provide a broad range of in-depth news on the BBC website and apps. We also proposed to replace daily and weekly news and current affairs quotas, which apply to some BBC radio services, with annual quotas, and to introduce transparency requirements for the BBC to set out its plans to provide news and current affairs on its online services, and to report on the outcome of those plans.

<sup>158</sup> [Ofcom PSM Tracker 2021](#).

<sup>159</sup> Ofcom News Consumption Survey 2021 - Online sample only. Question: Thinking specifically about <platform>, which of the following do you use for news nowadays? Base: All online adults 16+ 2021=3327. See Ofcom, [Modernising the BBC's Operating Licence](#), pages 29-30.

<sup>160</sup> In the Agreement, BBC Online is described as “a comprehensive online content service, with content serving the whole range of the BBC’s Public Purposes and including the BBC’s news and sports websites, BBC iPlayer and BBC Three for younger adult audiences”. Since the date of the Agreement, the BBC has launched other online content services, including BBC Sounds. Terms used in the Licence have the same meaning as in the Charter and the Agreement. In this statement, where we use “BBC Online” or “the BBC’s online services”, we refer to all of the BBC’s online services, including the BBC Website, BBC apps, BBC iPlayer and BBC Sounds, unless otherwise stated.



## Stakeholder responses and our decisions

- 5.6 In the rest of this section we discuss stakeholders' views on our proposals, and we set out the decisions that we have reached. We cover the following areas:
- online services;
  - television news; and
  - radio news.
- 5.7 We then set out how we expect the performance measurement processes to work for Public Purpose 1.

### Online services

- 5.8 Audiences are increasingly accessing news and current affairs online and the BBC already provides such content on BBC iPlayer, BBC Sounds and on its website and apps. In June, we proposed to introduce conditions to recognise the BBC's existing provision and to formalise changing audience behaviours in our regulation.

### BBC Online: daily news and information

#### What we said

- 5.9 We proposed to introduce a condition for BBC Online requiring the BBC to provide daily news and information for all audiences, covering a broad range of subjects in depth. We also proposed to retain a specific requirement on the BBC to provide daily news and information for children on its online services.
- 5.10 We proposed to introduce new transparency requirements for the BBC to set out its plans to provide news and current affairs on its online services, and to report on the outcome of those plans.

#### Stakeholder comments

- 5.11 Most stakeholders were in favour of our proposed new conditions.<sup>161</sup> The National Union of Journalists (NUJ) and the Scottish Government both highlighted the importance of news and current affairs content for audiences and therefore the value of securing this provision across the BBC's online services through the proposed conditions.<sup>162</sup>
- 5.12 Reflecting on the needs of younger audiences in particular, the Welsh Government said that our proposal would help *"mitigate concerns around younger audiences accessing news through unchecked, unregulated media outlets which can, to some degree, be tackled through the BBC's provision of current affairs content through online means."*<sup>163</sup>

<sup>161</sup> [ACNI response](#), pages 3-4; [ACS response](#), page 4; [BBC response](#), page 9; [NUJ response](#), page 3; [Scottish Government response](#), page 2; [Virgin Media O2 response](#), page 5; [VLV response](#), page 10; [Welsh Government response](#), page 2.

<sup>162</sup> [NUJ response](#), page 3; [Scottish Government response](#), page 2.

<sup>163</sup> [Welsh Government response](#), page 4.



- 5.13 We proposed that daily news on BBC Online should cover a broad range of subjects, and the NMA and PPA expressed concern that our approach could be seen to endorse the ‘soft news’ content currently provided on the BBC News website and encourage the BBC to increase delivery in this area.<sup>164</sup> They called on Ofcom to place ‘guardrails’ within the Operating Licence to restrict this type of content. While PPA acknowledged that placing specific restrictions on the content the BBC can deliver is beyond Ofcom’s remit, it argued that Ofcom should set clearer expectations for the BBC’s online news content to focus on ‘hard news’ stories by indicating the types of content that would and would not contribute to Public Purpose 1.<sup>165</sup>
- 5.14 The NMA argued that the BBC should not be able to use the licence fee to encroach on the already crowded marketplace and divert audiences (and advertising revenue) away from commercial providers, noting that this would further entrench the BBC’s dominance in the sector.<sup>166</sup> It also suggested that the provision of commentary and analysis by the BBC on its online news output “sits uncomfortably” with the requirement that the BBC must achieve due impartiality.<sup>167</sup>
- 5.15 National World argued that the BBC should not only withdraw its proposals on online local news but that the Operating Licence should require it to reduce its online news market share to below 25% and end the BBC News daily email.<sup>168</sup>
- 5.16 In addition to general support for our proposal to introduce transparency requirements into the Licence, some stakeholders<sup>169</sup> commented specifically on the value of the transparency requirements proposed for online services under Public Purpose 1, although the NMA expressed concern that our proposals did not go far enough.<sup>170</sup>

### Our decision

- 5.17 We have decided to proceed with our overall proposed approach, so that BBC Online must provide daily news and information for all audiences, which covers a broad range of subjects and must include in-depth news and analysis.<sup>171</sup> We have also retained the condition requiring BBC Online to provide daily news and information for children.<sup>172</sup>
- 5.18 In response to stakeholder concerns that our changes could permit an expansion into ‘soft news’ by the BBC, we expect it to cover a broad range of high quality local, regional, national, UK and international news through its online services. As audiences increasingly turn to online services, we consider that it is appropriate to set obligations to secure that the BBC promotes Public Purpose 1 for these online audiences. Within this, we consider

<sup>164</sup> [NMA response](#), page 3; [PPA response](#), page 2.

<sup>165</sup> [PPA response](#), pages 2-3.

<sup>166</sup> [NMA response](#), page 11.

<sup>167</sup> [NMA response](#), page 12.

<sup>168</sup> [National World Response](#), page 1.

<sup>169</sup> [BBC response](#), page 9; [Directors UK response](#), page 5; [NMA response](#), page 3; [VLV response](#), page 10; [WGGB response](#), page 3.

<sup>170</sup> [NMA response](#), page 15.

<sup>171</sup> Operating Licence condition 1.2.1.

<sup>172</sup> Operating Licence condition 1.2.2.



that it can be appropriate for the BBC's online news to contain some human interest and features content, but we would be concerned if it were to play too large a part in the BBC's overall content mix. Our qualitative BBC online services research<sup>173</sup> suggested that some audiences felt that the BBC News website was dominated by serious news coverage which could discourage some participants from spending time browsing the BBC website.

- 5.19 Regarding the suggestions that we should place 'guardrails' on what news content BBC Online can provide, or that we should encourage the BBC to focus on 'hard news' by outlining the content that would contribute to Public Purpose 1, we consider that this would interfere with the BBC's editorial decisions and would therefore be inappropriate. However, the BBC's services are required to be distinctive, and against this background, it should consider, among other things, how it delivers both breadth and depth of news.
- 5.20 We disagree with the NMA's comment about due impartiality. Depending on the facts of each case, and consistent with the right to freedom of expression, we recognise that the BBC has the editorial freedom to include commentary and analysis as a way of preserving due impartiality in its online news output.<sup>174</sup> Such commentary and analysis is one editorial tool among many that increases audience engagement and understanding.
- 5.21 In relation to National World's suggestion that the Licence should ensure that the BBC reduces its online share of local news, we do not consider the Operating Licence is the place to address competition concerns. We note our recent decision on BBC local news.<sup>175</sup> We will keep under review whether this is a sector we need to consider in further detail.
- 5.22 We have decided to implement the proposed transparency requirements to require the BBC to set out its plans and any significant changes, and then to report on delivery with its Annual Report. We have also imposed a new requirement for the BBC to report on the delivery of any significant changes it has announced outside its Annual Plan process, with its Annual Report. This should provide greater clarity on the BBC's delivery of news and current affairs content on BBC Online.<sup>176</sup>

## BBC Online: adequate links

### What we said

- 5.23 We proposed to retain the Licence condition requiring the BBC to provide adequate links from BBC Online to third-party online material. We are required by the Agreement to

<sup>173</sup> Ofcom, [BBC Online Services Research](#), March 2023.

<sup>174</sup> Unlike BBC TV, radio and on-demand content, which has to comply with the Broadcasting Code, Ofcom has no enforcement powers in relation to BBC Online material. Under an [Arrangement](#) between the BBC and Ofcom, Ofcom must consider and give an opinion, including such recommendations as it considers appropriate, on whether the BBC has observed the relevant BBC Editorial Guidelines on the content of online material in the UK Public Services. "Online material" means content on the BBC website and apps. This includes written text, images, video and sound content. It does not extend to social media, Bitesize, BBC material on third party websites and World Service content, among other things.

<sup>175</sup> Ofcom, [Review of the BBC's materiality assessment of proposed changes to the provision of local online news in England](#), December 2022.

<sup>176</sup> Operating Licence conditions 1.17-1.19.



include such a requirement.<sup>177</sup> We consider that audiences can benefit significantly from being able to access a range of news stories from different sources in addition to the BBC's content.

- 5.24 We also proposed to introduce transparency requirements that will require the BBC to report on the steps it plans to take to comply with the above condition, and whether it has delivered on those plans.

### Stakeholder comments

- 5.25 Several stakeholders agreed that we should retain the condition on adequate links but suggested changes to improve clarity and transparency.<sup>178</sup> News Broadcasting said that the adequate links condition should apply to BBC iPlayer and BBC Sounds, not just to BBC Online.<sup>179</sup>
- 5.26 PPA and the NMA<sup>180</sup> said the term 'adequate' is unclear and suggested defining this as at least one third-party link<sup>181</sup> and one link to a UK news publisher, respectively.<sup>182</sup>
- 5.27 Some stakeholders were concerned that the BBC does not provide sufficient attribution to third-party sources<sup>183</sup> and said that it should do more to encourage and direct audiences to original stories for the benefit of media literacy and plurality.<sup>184</sup> The NMA and the Local TV Network (LTVN) said that the BBC should work in partnership and cooperation with the commercial sector and others in delivering local news and information, including strengthening schemes like the Local News Partnership.<sup>185</sup>
- 5.28 The NMA and PPA highlighted a lack of transparency over the BBC's external links provision and suggested requiring greater reporting from the BBC, including the number and proportion of articles with third-party links.<sup>186</sup> The NMA also noted concerns about Ofcom's ability to hold the BBC to account on its adequate links provision.<sup>187</sup>

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<sup>177</sup> Paragraph 3, Schedule 2 to the Agreement: "Ofcom must impose on the BBC the requirements they consider appropriate for ensuring adequate links to material provided by third parties from BBC Online".

<sup>178</sup> These additional areas were: further clarity through setting quantitative requirements; better attribution; directing to additional content; strengthening partnerships; transparency; holding the BBC to account; and online services. [News Broadcasting response](#), pages 11-12; [NMA response](#), pages 13-15; [NUJ response](#), page 5; [PPA response](#), pages 3-4.

<sup>179</sup> [News Broadcasting response](#), page 11.

<sup>180</sup> [PPA response](#), page 3; [NMA response](#), page 15.

<sup>181</sup> [PPA response](#), page 4.

<sup>182</sup> [NMA response](#), page 15.

<sup>183</sup> [NUJ response](#), page 5. [NMA response](#), pages 13-15.

<sup>184</sup> [NMA response](#), pages 13-15; [PPA response](#), pages 3-4. The NMA added that the BBC should be using its perceived dominant position to refer audiences towards third-party local news in particular. It provided anonymous data from its members, for instance 'Publisher' C reported that only 0.06% of their total traffic had come from BBC URLs over a five-year period. See [NMA response](#), pages 9-10 and 15.

<sup>185</sup> [NMA response](#), page 9. [LTVN response](#), page 1.

<sup>186</sup> [NMA response](#), page 15; The PPA proposed that the BBC should report on: the number of third-party links in each BBC News online vertical and sub-vertical, and the proportion of articles which contained a third-party link in these categories; the proportion of links attributable to a particular media sector; and a qualitative statement on how the BBC has fulfilled the Licence conditions, or otherwise: [PPA response](#), page 4.

<sup>187</sup> [NMA response](#), pages 13-14.



## Our decision

- 5.29 We agree that the provision of adequate links can both help audiences go beyond original stories and provide benefits for media plurality by supporting the wider news industry. We have therefore decided to implement our proposals to retain the adequate links condition and introduce a transparency requirement.<sup>188</sup> We will monitor this within the new performance monitoring programme, as set out in Section 3.
- 5.30 We note stakeholder concerns that the term ‘adequate’ lacks clarity. We expect links to be adequate for providing related, relevant information to audiences and supporting other providers within the industry, including through attributing original sources of stories where relevant. We understand that the BBC is in conversation with providers about the way in which it includes links on its website. We consider those conversations are important to ensure links are genuinely useful to audiences and can help them access content from other providers.
- 5.31 We do not believe that it would be appropriate to set quantitative requirements on the number links or proportion of stories containing links. We consider that not all stories will be attributable, and that it is for the BBC to make editorial decisions as to how many additional sources it provides links to. We note that the BBC provides the number of links and proportion of stories with links confidentially to Ofcom as part of its annual audit, and we will consider this alongside other information reported by the BBC, as part of our monitoring process.
- 5.32 The BBC has developed some constructive partnerships with other media organisations<sup>189</sup> and we encourage it to continue such cooperation where appropriate, as we consider there are clear benefits to audiences. It would be useful for the BBC to report on any plans it might have to establish or strengthen these partnerships. We discuss partnerships with a particular reference to learning in Section 6. We are also considering issues of news media plurality online more generally through our media plurality and online news project.<sup>190</sup>
- 5.33 Under our new transparency requirements, the BBC will be required to set out the steps it plans to take to ensure that it provides adequate links to third-party content, and to report on the delivery of these steps at the same time as its Annual Plan.<sup>191</sup> For greater transparency, the BBC should set out how it will use different types of third-party links to provide users with a wider breadth of information. The BBC should also explain how it will

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<sup>188</sup> Operating Licence conditions 1.2.3 and 1.17.

<sup>189</sup> For example, the BBC has renewed the Local News Partnership, which enables data- and content-sharing between the BBC and local news providers. As of July 2022, 180 media organisations from across the UK were part of the partnership, supporting more than 1000 news titles and stories. This renewal signals the BBC's commitment to cooperate with commercial news providers.

<sup>190</sup> In November 2022 we published a discussion document setting out our understanding of how online intermediaries operate within the UK news ecosystem. We are currently building on the questions posed in this document as we intend to develop formal recommendations for consideration by the UK Government. For more information and updates on this work see Ofcom, [Media plurality and online news](#), November 2022.

<sup>191</sup> Operating Licence conditions 1.17 and 1.19.



ensure that links can easily be seen by audiences.<sup>192</sup> We will continue to discuss with stakeholders how the BBC might support this.

- 5.34 On holding the BBC to account, since Ofcom's Review of BBC News and Current Affairs in 2019, the BBC has improved its reporting of link provision, and each year since then has provided Ofcom with the results of an annual audit of its third-party links provision. We will use the BBC's audit and other information to develop a holistic view of the links the BBC provides, including a quantitative breakdown of the destinations of external links.<sup>193</sup>
- 5.35 On News Broadcasting's suggestion that the adequate links requirement should also apply to BBC iPlayer and BBC Sounds, our condition applies to all parts of BBC Online (BBC iPlayer, BBC Sounds, the BBC website and apps). The requirement gives the BBC scope to put links where it sees fit and does not require it to put links on all services. We expect the BBC to demonstrate that it is including adequate links on its website, as it does now, and if it sees audience benefits in more broadly promoting third-party content on other parts of BBC Online we would welcome this.

## BBC iPlayer and BBC Sounds

### Our proposals

- 5.36 For BBC iPlayer and BBC Sounds we proposed to introduce a new condition requiring the BBC to update news programmes regularly and to ensure that news and current affairs programmes are easily discoverable. We also proposed placing transparency requirements on the BBC to provide details, with its Annual Plan, on how it intended to make this type of content easily discoverable, any significant changes it planned, and to report on delivery with its Annual Report.

### Stakeholder comments

- 5.37 Most stakeholder responses were in favour of our proposed new conditions.<sup>194</sup> The Welsh Government emphasised the importance of these services as a source for news and current affairs, particularly for younger audiences and agreed that the BBC needs to ensure that this content is more discoverable.<sup>195</sup>
- 5.38 MG ALBA argued that the discoverability requirement for news and current affairs under Public Purpose 1 should extend to the Gaelic language news output of BBC ALBA.<sup>196</sup>

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<sup>192</sup> For example, we would want the BBC to describe the kinds of sources it considers appropriate to link to and how it decides whether to link to a third-party source or a BBC source. We would also want to understand the BBC's approach to ensuring the links are visible and can easily be seen by audiences.

<sup>193</sup> This could include the different types of media organisations that the BBC provides links to, for instance whether they are local, national or specialist.

<sup>194</sup> [BBC response](#), page 9; [NUJ response](#), page 3; [Scottish Government response](#), page 2; [Virgin Media O2 response](#), page 5; [VLV response](#), page 10; [Welsh Government response](#), page 2.

<sup>195</sup> [Welsh Government response](#), page 2.

<sup>196</sup> [MG ALBA response](#), pages 1-2.



## Our decision

- 5.39 We have decided to adopt the condition which will require the BBC to ensure that news and current affairs programmes are easily discoverable on BBC iPlayer and BBC Sounds.<sup>197</sup>
- 5.40 As set out in Section 3, we consider that discoverability is about enabling online audiences to discover new and important content that may interest them and which they might not otherwise come across. The discoverability requirements apply to all news and current affairs programmes on BBC iPlayer, including news for the nations simulcast through BBC iPlayer (such as BBC ALBA news). We note that when determining its approach to discoverability, the BBC should consider how best to serve audiences; for example, we would not expect regional news for one area to be made easily discoverable for audiences in a different region.
- 5.41 In setting out its plans for ensuring that the most recent news programmes are easily discoverable, we would expect the BBC to explain how it is making news programmes discoverable for audiences who are less likely to engage with them. We note that regarding BBC iPlayer, the BBC said in its 2022/23 Annual Plan: *“We will increasingly organise around stories and issues, to help audiences to discover relevant content, and maximise opportunities to direct news audiences from across BBC News to BBC iPlayer.”*<sup>198</sup> This is useful information; we would expect the BBC to develop this further, and also to set out its plans for BBC Sounds.

## Television news

### What we said

- 5.42 The BBC provides a broad range of high-quality and in-depth news and current affairs on its broadcast TV services. We proposed to retain most of the Licence conditions which required the BBC to provide news and current affairs on specified TV services, but we proposed to:
- remove the condition on the BBC News channel, as discussed in Section 4; and
  - modify the existing condition to exempt the BBC from showing news each day during the Christmas period on CBBC (the first Licence required the BBC to show news on CBBC each day).

### Stakeholder comments

- 5.43 Six stakeholders, including the BBC, agreed with our plans to retain quotas for news and current affairs content on network TV.<sup>199</sup>

<sup>197</sup> Operating Licence conditions 1.3.2 and 1.3.3.

<sup>198</sup> [BBC Annual Plan 2022/23](#), page 51.

<sup>199</sup> [BBC response](#), page 8; [ACNI response](#), page 10; [NUJ response](#), page 3; [Scottish Government response](#), page 2; [Welsh Government response](#), page 3; [VLV response](#), page 10.



5.44 On CBBC, ACNI disagreed with our decision to allow the BBC to suspend *Newsround* on broadcast television over the two-week Christmas period. It argued that news for children and young people is just as important as news for adults and therefore some level of broadcast provision should continue to be offered, even if at a reduced duration. It noted that offering *Newsround* on the BBC website would also be particularly important for engaging with young people as they are more likely to acquire new devices as presents at this time.<sup>200</sup>

### Our decision

5.45 We have decided to retain all of the conditions from the first Licence which require the BBC to provide news and current affairs on specified TV services, with some amendments as detailed below.<sup>201</sup>

5.46 As discussed in Section 4, we have decided to retain a condition in relation to the BBC News channel.<sup>202</sup>

5.47 We have reviewed the ACNI's concerns around CBBC. The proposal we made was to formalise the current approach that the BBC takes, which reflects its understanding of changes in audience habits over the Christmas period. We have previously accepted the BBC's request to suspend *Newsround* over the Christmas period, given these shifts in audience viewing behaviour. This approach is also in line with other news conditions. We have therefore decided to amend the condition from the first Licence to exempt the BBC from showing news on CBBC each day during the Christmas period, which will allow the BBC to make changes to its CBBC news schedule without having to come to us first.<sup>203</sup> We expect the BBC to continue to deliver news content for children on its website.

5.48 Regarding transparency and reporting, we note that in previous years the BBC has included useful information about its plans for its broadcast TV (and radio services) in its Annual Plan, and as discussed in Section 3, we believe it is helpful for it to continue doing so. It has also typically set out useful information on the type of formats it will use to deliver news and current affairs, as well as its plans by services and platform, with information on the planned hours of output across its services.

## Radio news

### Annualisation of radio news quotas

#### What we said

5.49 We proposed to amend the quotas in Public Purpose 1 which require the BBC to deliver a specific amount of news and current affairs each day or week, so that they apply across the

<sup>200</sup> [ACNI response](#), page 4.

<sup>201</sup> Operating Licence conditions 1.4-1.8.

<sup>202</sup> Operating Licence condition 1.8.

<sup>203</sup> Operating Licence condition 1.7.1.



year instead.<sup>204</sup> We proposed to take the same approach for the weekly nations and regions radio news quotas in Public Purpose 4.<sup>205</sup> For consistency, we also proposed to change the other, non-news weekly quotas in the Licence to apply across the year. This would affect the original, locally-made programming quotas for BBC local radio in Public Purpose 4 and the weekly specialist music quota for BBC Radio 1 in Public Purpose 3, which we discuss in separate sections.

- 5.50 We recognised that there was a potential risk that by moving to annual quotas the BBC might provide news less frequently. To mitigate this risk, we proposed to introduce conditions for each relevant service to provide news bulletins at intervals throughout the day. The BBC has told us that it has no plans to change its news output on the affected network radio stations and we expect it to continue with its current provision.
- 5.51 We therefore proposed to introduce annual quota levels which reflect the amount of content the BBC is currently required to deliver across the course of a year. We set out our calculations for annual quotas in detail in our consultation.

### Stakeholder comments

- 5.52 The BBC welcomed our proposals to annualise the radio news quota, saying that it represented a purely administrative change that would help to reduce the resourcing and cost burden on the BBC.<sup>206</sup>
- 5.53 Other stakeholders expressed concern that annualising the previously daily and weekly quotas for news on BBC radio services could lead to a reduction in the frequency of bulletins.<sup>207</sup> News Broadcasting, the VLV and the NUJ warned that annualised quotas could be met by disproportionate coverage of 'big news moments' throughout a year, while Radiocentre argued that an unintended consequence of annualisation could be to reduce the overall level of news and information served to audiences.<sup>208</sup> ACNI underlined the importance of proposed Licence conditions, requiring bulletins at intervals throughout the day, in mitigating this risk.<sup>209</sup>
- 5.54 Global and Radiocentre argued that annualising news quotas would effectively hold commercial radio providers to stricter rules than the BBC, which they said would be disproportionate.<sup>210</sup> Local commercial radio broadcasters are currently required to deliver news content on an hourly or regular basis under the localness guidelines. Global said that if related rules for commercial radio were not amended to reflect the proposed rules on the BBC, this would leave Ofcom open to legal challenge.

<sup>204</sup> This meant changing the quotas for BBC Radio 1, BBC Radio 1Xtra, BBC Radio 2, BBC 6 Music and BBC Asian Network.

<sup>205</sup> This would affect the conditions for BBC Radio Scotland, BBC Radio Wales, BBC Radio Cymru, BBC Radio Ulster and BBC Radio Foyle.

<sup>206</sup> [BBC response](#), page 8.

<sup>207</sup> [Global response](#), pages 4-5; [News Broadcasting response](#), page 10; [Radiocentre response](#), pages 10-11; [NUJ response](#), page 4.

<sup>208</sup> [Radiocentre response](#), page 11.

<sup>209</sup> [ACNI response](#), page 4.

<sup>210</sup> [Radiocentre response](#), page 11; [Global response](#), page 5.



5.55 These same stakeholders argued that Ofcom's proposal to require the BBC to provide news "at regular intervals throughout the day" was not sufficient to mitigate the risk of a reduction in the frequency of news bulletins. For example, Global said this proposed Licence condition could be met "*by merely providing two long news bulletins a day (for example one late at night and one early in the morning) this new, watered-down obligation would be met.*"<sup>211</sup>

### Our decision

5.56 We have decided to annualise BBC radio quotas.<sup>212</sup>

5.57 As we set out in our June Consultation, the BBC has told us that having to monitor and report against daily and weekly conditions is inefficient and burdensome. The BBC is currently able to request in writing that weekly/daily conditions be suspended for a specific period, in circumstances where it may be appropriate to do so, typically submitting a request each year to suspend conditions around the Christmas period. Annual quotas will mean that the BBC will no longer need to make these requests and Ofcom will not have to process them.

5.58 We have made a change to the new Operating Licence: in respect of the conditions in the proposed Operating Licence,<sup>213</sup> we will replace "it provides news bulletins at intervals throughout the day" with "it provides news bulletins regularly at frequent intervals throughout the day". This change clarifies that the BBC will be required to continue to provide news bulletins regularly and frequently on relevant UK public radio services. We expect it to continue to provide bulletins as it does now. This amendment also means that the BBC cannot comply with its regulatory requirements by relying on 'big news moments' as it will be required to provide news regularly at frequent intervals throughout each day throughout the year.

5.59 In our view the amended Licence condition is a proportionate measure to protect the delivery of regular news content to radio audiences. We will review the BBC's compliance against this requirement, and if the BBC's approach to frequent and regular news bulletins were to change, we would not hesitate to step in to consult on reintroducing daily/weekly quotas.

5.60 We note that some stakeholders stated that if Ofcom proceeds to annualise BBC radio quotas, we should make corresponding changes to the news requirements for commercial radio. This is beyond the scope of this review.<sup>214</sup>

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<sup>211</sup> [Global response](#), page 4.

<sup>212</sup> Operating Licence conditions 1.9-1.16.

<sup>213</sup> Licence conditions 1.8.3, 1.9.3, 1.10.2, 1.11, 1.14.2 and 1.15.2 in the proposed Operating Licence.

<sup>214</sup> News provision on local commercial radio is regulated under a separate framework set out in the Broadcasting Act 1990 and the Communications Act 2003.



## News and current affairs quota for BBC Radio 5 Live

### What we said

- 5.61 In its response to our June Consultation, the BBC requested a reduction in the amount of news and current affairs content it has to provide on BBC Radio 5 Live. It stated that enhanced sports output would allow it to be responsive to audience preferences and help it reach younger men and those with lower socio-economic backgrounds, who are generally less well served by the BBC. It also said it could be more ambitious in its commitment to covering a broader range of sports.
- 5.62 In our [December Consultation](#) we proposed to reduce the level of BBC Radio 5 Live's news and current affairs quota from 75% to 70%.

### Stakeholder comments

- 5.63 The BBC welcomed the proposal<sup>215</sup> and the VLV agreed with Ofcom's provisional assessment, considering the change could be beneficial for underserved audiences.<sup>216</sup>
- 5.64 The NUJ recognised the value of increasing sports content but argued it should not be at the expense of news.<sup>217</sup> News Broadcasting argued that reducing news and current affairs coverage on BBC Radio 5 Live would impact delivery for under-served audiences. It suggested that the BBC could appeal to these audiences in different ways, such as opening BBC Sounds to third-party organisations which have a good existing relationship with them.<sup>218</sup>
- 5.65 Radiocentre and News Broadcasting both argued that the change could be more significant than we described in our December Consultation, as a 5% change in the quota represents a 20% increase in permitted sports hours.<sup>219</sup> News Broadcasting also noted that the lack of detail in the BBC's proposals, including about where these schedule changes would occur and the reasoning behind them, made it difficult to fully anticipate the impact.<sup>220</sup>
- 5.66 Both Radiocentre and News Broadcasting argued that rather than using this additional sports output to cover under-represented sports, it was most likely that the BBC would increase coverage of the most high-profile sports that appeal to younger audiences and those from lower socio-economic backgrounds such as football and boxing.<sup>221</sup> News Broadcasting said that the BBC already offered the content that it said it needed a change to the quota for, namely to cover a wider range of sports, more wraparound coverage of live fixtures, key sporting events and sports podcasts. It argued that the change would not increase the distinctiveness of BBC Radio 5 Live.<sup>222</sup> Radiocentre encouraged Ofcom to

<sup>215</sup> [BBC response](#), pages 2-3.

<sup>216</sup> [VLV response](#), page 3.

<sup>217</sup> [NUJ response](#), page 1.

<sup>218</sup> [News Broadcasting response](#), page 3.

<sup>219</sup> [Radiocentre response](#), pages 1-2; [News Broadcasting response](#), pages 2-3.

<sup>220</sup> [News Broadcasting response](#), page 4.

<sup>221</sup> [Radiocentre response](#), page 1; [News Broadcasting response](#), pages 2-3.

<sup>222</sup> [News Broadcasting response](#), pages 7-9.



review how the BBC uses this flexibility to ensure distinctiveness and promote less mainstream sports coverage.<sup>223</sup>

- 5.67 News Broadcasting also suggested that, given the low levels of listening especially among younger audiences, the BBC's proposed changes are likely to pull listeners away from talkSPORT rather than attracting new audiences to sports radio, which could result in lost income.<sup>224</sup>
- 5.68 In addition, News Broadcasting argued that the increased competition could inflate costs for key commercial sports rights, which could crowd out commercial operators, and called for restrictions on the BBC's ability to seek exclusive rights based on the public value and market impact they represent.<sup>225</sup> News Broadcasting also presented analysis to argue that the BBC already had sufficient flexibility to provide sports content, and modelling to demonstrate the potential competition impacts of the proposal.

### Our decision

- 5.69 In our most recent [annual report on the BBC](#) we said it must do more for underserved audiences because this is part of the BBC's remit, and because securing relationships with all audiences is critical for future sustainability of the BBC. We have decided to reduce the news and current affairs quota on BBC Radio 5 Live as we believe this will help the BBC to reach underserved audiences while having a limited impact on commercial providers for the reasons explained below.<sup>226</sup>
- 5.70 We recognise that the BBC may choose to use its additional flexibility to cover high-profile sports. However, we do not believe that it would be appropriate to limit how the BBC can use this flexibility, as this could limit its ability to reach and serve underserved audiences, which is the primary reason why the BBC requested a change to the quota.
- 5.71 In relation to the impact on competition, we note that the scope for change which the reduction in the quota allows for is relatively limited. It amounts to an 8 hour increase in sports content each week at most, limiting the likelihood that the BBC pulls significant numbers of listeners from other radio stations. Also, the BBC has confirmed that it does not plan to increase audio sports rights budgets or pursue additional high-value rights because of this change.<sup>227</sup> We have also reviewed the modelling provided by News Broadcasting. Overall, we do not consider that our changes are likely to lead to a significant impact on competition. We recognise that any actual impact on competition will depend on what exactly the BBC decides to do, both in terms of changes to the coverage of sports content on BBC Radio 5 Live and any changes to the acquisition of sports rights. We will monitor the BBC's approach, in particular any changes to the acquisition of sports rights,

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<sup>223</sup> [Radiocentre response](#), page 2.

<sup>224</sup> [News Broadcasting response](#), pages 2 and 5-6.

<sup>225</sup> [News Broadcasting response](#), pages 2 and 10.

<sup>226</sup> Operating Licence condition 1.14.1.

<sup>227</sup> [BBC response](#), page 22.



going forward. As explained in Section 3, if the BBC proposes to make material changes, this will need to be considered under the existing competition framework.

- 5.72 Regarding the distinctiveness of BBC Radio 5 Live, we believe that even with an output of 70% news and 30% sports the service will remain substantially different to other radio sports stations. We expect the BBC to continue to deliver a broad range of sports coverage, including sports that are less mainstream. Reaching younger men and those from lower socio-economic groups will also increase the range of audiences served by BBC Radio 5 Live, contributing to its distinctiveness as defined by Schedule 2 to the Agreement.<sup>228</sup> In line with our new transparency requirements and stakeholder concerns, we plan to monitor the range and volume of sports for which the BBC provides live commentary. We also receive information about the types of content offered and the size and composition of the station's audience.

## Performance measurement

- 5.73 We currently use a number of measures to assess the BBC's performance against Public Purpose 1. This includes talking to audiences across the UK to understand their views on BBC news and current affairs output and asking them a range of questions, including on accuracy, trust and impartiality. We also look at the availability of news and current affairs, and how and which audiences watch and listen to this content. Where relevant we draw on other information sources; for example, we recently launched an audience review on the BBC which will include news provision<sup>229</sup> and we will be commissioning research into local news and information provision.
- 5.74 We note that both Radiocentre and the VLV questioned how we would measure the BBC's performance in relation to the discoverability of news and current affairs.<sup>230</sup> As noted in Section 3, discoverability is a new area of our regulation of the BBC; we are developing our approach to measurement and will draw on engagement with audiences, the BBC and other broadcasters. We will also make use of the information the BBC provides with its Annual Plan and its Annual Report.

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<sup>228</sup> Schedule 2, paragraph 1(2)(e) of the Agreement.

<sup>229</sup> [BBC Audiences Review: Terms of Reference \(ofcom.org.uk\)](#).

<sup>230</sup> [Radiocentre response](#) page 11; [VLV response](#), page 10.



## 6. Decisions for Public Purpose 2

### To support learning for people of all ages

#### Summary of our approach to Public Purpose 2

Having considered stakeholder responses to our consultation proposals, we have taken the following decisions:

#### Set requirements as to what content and services the BBC should deliver

- We have introduced requirements for the BBC to provide content that facilitates and encourages informal learning for adults and children of all ages, and to make it easily discoverable. These apply to TV, radio and BBC Online (including BBC iPlayer and BBC Sounds).
- We have retained requirements related to the delivery of content which supports children in their formal learning, covering CBeebies and BBC Online.

#### Introduced new transparency requirements

- We have introduced new transparency requirements which require the BBC to publish, at the same time as its Annual Plan, its plans for providing informal and formal learning content, including any significant changes it plans to make, and to report on those plans within two weeks of the publication of its Annual Report.

## Introduction

### Background and our consultation proposals

6.1 Public Purpose 2 requires the BBC to support learning for people of all ages:

“The BBC should help everyone learn about different subjects in ways they will find accessible, engaging, inspiring and challenging. The BBC should provide specialist educational content to help support learning for children and teenagers across the United Kingdom. It should encourage people to explore new subjects and participate in new activities through partnerships with educational, sporting and cultural institutions.”  
*Article 6 of the BBC Charter*

6.2 The first Operating Licence included high-level objectives for the BBC to provide a broad range of learning content that helps adults and children develop skills and learn, including through partnerships with educational, cultural and sporting organisations.<sup>231</sup>

<sup>231</sup> We split learning content into two categories – ‘formal learning’ which is predominantly provided for children and can be related to the school curriculum, and ‘informal learning.’ The latter refers to knowledge and skills acquired outside an educational context and includes creating opportunities and encouraging audiences to learn about new and different subjects such as art, music, religion, science and nature.



6.3 In our [June Consultation](#), we said that overall, the conditions in our first Operating Licence were delivering good outcomes in respect of learning. Our research, for example, found that both parents and children trust the educational content provided by the BBC.<sup>232</sup> We wanted the BBC to continue to deliver good outcomes, yet we also considered that some aspects of the first Licence could be strengthened, including transparency about how the BBC supports learning for all audiences, and how it uses its online services to facilitate learning. We wanted the BBC to ensure that its learning output can play a key part in supporting audiences in their education across the UK.

6.4 In our June Consultation, we set out proposals to:

- retain requirements related to the delivery of content which supports children in their learning;
- introduce new requirements for the BBC to provide informal learning content for adults and children of all ages across its services and make this content easily discoverable; and
- introduce transparency requirements for the BBC to set out its plans to support learning, and report on the outcome of those plans.

## Stakeholder responses and our decisions

6.5 In the rest of this section, we set out stakeholders' views on our proposals in detail and respond to the points made with our decisions. We cover the following areas:

- informal and formal learning; and
- partnerships.

## Informal and formal learning

### What we said

6.6 We said that overall, the conditions in the first Licence have delivered good outcomes in respect of learning, and so we proposed to retain the requirements related to the delivery of content which supports children's formal learning.<sup>233</sup> We noted, however, that the BBC could do more to report on the provision and impact of its informal learning content for adults.<sup>234</sup>

6.7 We therefore proposed new conditions for the BBC to provide informal learning content for children and adults of all ages across its services, and to make its online learning

<sup>232</sup> Ofcom research: [Exploration into audience expectations of the BBC in the current media environment](#), 2021, page 24.

<sup>233</sup> The retained requirements to support children's formal learning are: in respect of BBC Online, the BBC must deliver content which supports children and teenagers in their formal learning in all parts of the UK; and, in respect of CBeebies, the BBC must ensure that in each financial year it delivers a range of content which supports pre-school children in their learning.

<sup>234</sup> In our [2020/21 report](#) on the BBC (pages 37-38) we noted that the BBC could do more in its reporting of informal learning content for adults. In [our most recent annual report](#) (pages 24-26), we noted some improvement from the BBC in reporting in this area, and we reiterated the importance of the BBC's role as a trusted provider of informal learning content.



content easy to discover. We proposed to introduce transparency requirements for the BBC to set out its plans to fulfil these conditions.

- 6.8 These new conditions underpinned the new objectives we proposed for the BBC to provide a wide breadth of learning content, and to ensure that this content is easy to discover.
- 6.9 We also proposed to move the requirements in respect of genres, documentaries, and BBC Radio 3 music content from Public Purpose 2 into Public Purpose 3. This is because we considered these conditions to be important elements of distinctiveness (and they would still contribute to the BBC's provision of learning content for audiences).

### Stakeholder comments

- 6.10 Both the BBC and the Scottish Government supported our proposal to retain the requirements for children's formal learning content.<sup>235</sup> Several stakeholders also agreed with the new conditions we proposed for the delivery of informal learning for audiences of all ages.<sup>236</sup> The Welsh Government cautioned against allowing the focus on scrutiny and reporting to be taken away from content for children and younger adults.<sup>237</sup> ITV said that the proposed objectives for Public Purpose 2 offer insufficient guidance as to what 'good' looks like.<sup>238</sup>
- 6.11 Radiocentre recognised that radio services are covered by a general requirement to support learning for all ages but questioned why the proposed new Licence does not contain specific conditions on radio to support this, particularly in relation to BBC Radio 1 and BBC Radio 2, which previously had quotas on the number of documentaries, arts programming and religious output.<sup>239</sup>
- 6.12 Five stakeholders expressed support for the new transparency requirements, including for the BBC to set out its plans for delivery and how it will make this content easily discoverable.<sup>240</sup>
- 6.13 WGGB expressed support for our proposal to move genre monitoring from Public Purpose 2 to Public Purpose 3, provided that it will not result in any reduction in the level of scrutiny of the BBC's delivery.<sup>241</sup>

### Our decision

- 6.14 We have decided to proceed with the new condition that we proposed in June on informal learning for audiences of all ages.<sup>242</sup>

<sup>235</sup> [BBC response](#), page 10; [Scottish Government response](#), page 2.

<sup>236</sup> [BBC response](#), page 10; [BFI response](#), page 2; [WGGB response](#), page 2; [VLV response](#), page 11; [Scottish Government response](#), page 2; [Welsh Government response](#), page 4.

<sup>237</sup> [Welsh Government response](#), page 4.

<sup>238</sup> [ITV response](#) page 4.

<sup>239</sup> [Radiocentre response](#), page 13.

<sup>240</sup> [BBC response](#), page 10; [VLV response](#), page 11; [WGGB response](#), page 2; [Scottish Government response](#), page 2; [Welsh Government response](#), page 4.

<sup>241</sup> [WGGB response](#), page 2.

<sup>242</sup> Operating Licence condition 2.2.



- 6.15 We have retained the condition requiring the BBC to deliver, in respect of BBC Online, content which supports children and teenagers in their formal learning in all parts of the UK, and the condition to provide, in respect of CBeebies, a broad range of content which supports pre-school children in their learning.<sup>243</sup> We consider that these conditions, accompanied by transparency requirements,<sup>244</sup> will provide clarity and allow scrutiny of the BBC's provision of children's learning content. We have also implemented the condition for the BBC to make its online informal learning content easy to discover.<sup>245</sup> We have discussed our expectations around discoverability in Section 3.
- 6.16 We have introduced transparency obligations requiring the BBC to set out its plans to fulfil each of these Licence conditions and to report against them, noting stakeholders' support. The Operating Licence requires the BBC to report with its Annual Plan, its plans for services including BBC iPlayer and BBC Sounds, and any planned significant changes to how it meets its Licence conditions across its services.<sup>246</sup> The BBC is then required to report against them with its Annual Report.<sup>247</sup> In addition, the BBC will be required to publish details of any significant changes it plans to make in the period after the publication of the Annual Plan for that year and before the publication of the Annual Plan for the following year.<sup>248</sup>
- 6.17 In line with the condition requiring the BBC to ensure that it provides informal learning content that helps people of all ages learn across its services, we expect the BBC to explain the breadth of genres that will be used to support informal learning and to explain how the content on its website and apps, and on BBC Sounds, supports learning. The BBC may also wish to draw on how, for example, its provision of news, programming from the nations and regions, and indigenous language programming support learning.
- 6.18 To supplement the reporting required under the transparency requirements, we expect the BBC to continue to set out its plans for existing broadcast TV and radio services in its Annual Plan, as it does now, with reference to the improvements we discussed in Section 3. For example, the BBC has typically set out the volume of learning output that it plans to make available, including changes to output.<sup>249</sup> The BBC has also previously set out how its wider programming will deliver informal learning; for example, it noted that *"We will broadcast at least 675 hrs of Factual on CBBC to help children explore new subjects and participate in new activities. CBBC this year will provide new seasons of our most successful factual titles in the form of Operation Ouch, My Life, Horrible Histories, and Blue Peter, as*

<sup>243</sup> Operating Licence conditions 2.4-2.5.

<sup>244</sup> Operating Licence conditions 2.6-2.8.

<sup>245</sup> Operating Licence condition 2.3.

<sup>246</sup> Operating Licence condition 2.6. As with the other Public Purposes, the Operating Licence requires the BBC to report with its Annual Plan, its plans for services including BBC iPlayer and BBC Sounds, and any planned significant changes to how it meets its Licence conditions across its services.

<sup>247</sup> Operating Licence condition 2.8. For its Annual Report, alongside its reporting on the transparency requirements, we expect the BBC to continue to set out the usage of its educational and learning offer by different audiences, including children as appropriate. For example, in its most recent Annual Report, the BBC provided consumption data for 0-6s and 7-12s of BBC Children's and Education content, and for BBC Bitesize. It also reported on audience perceptions of learning content. [BBC Annual Report and Accounts 2021/22](#), pages 170-171.

<sup>248</sup> Operating Licence condition 2.7.

<sup>249</sup> [BBC Annual Plan 2022/23](#), pages 54-59.



*well as daily Newsround bulletins and two Newsround Specials. CBBC will also launch new original factual titles Deadly Predators and Football Academy.”<sup>250</sup>*

- 6.19 We have moved the current requirements in respect of genres, documentaries, and BBC Radio 3 music content from Public Purpose 2 into Public Purpose 3.<sup>251</sup> We continue to expect that content in a range of genres and subjects should support informal learning. Further information about the conditions and transparency requirements that we are implementing under Public Purpose 3 can be found in Section 7.

## Partnerships

### What we said

- 6.20 Engaging in partnerships with educational, sporting and cultural organisations is an important part of Public Purpose 2 and was highlighted in the objectives of the first Licence. We noted stakeholder concerns that partnering with the BBC can be difficult and that there was a lack of transparency. We proposed monitoring how the BBC was engaging in partnerships to further its learning offering, given that the BBC did not report on its partnership strategy or effectiveness.

### Stakeholder comments

- 6.21 We did not receive many stakeholder comments about the BBC's partnerships in relation to Public Purpose 2. The Scottish Government highlighted the importance of the BBC's requirement to support the regional and minority languages of the UK through partnerships with other organisations, saying that it *“makes a valuable contribution to the lives and wellbeing of Gaelic speakers across Scotland, the UK, and beyond.”*<sup>252</sup>
- 6.22 A number of stakeholders considered that the BBC should be encouraged or required to partner with other organisations that were not necessarily related to supporting learning. This included commercial broadcasters and local commercial news providers.<sup>253</sup>

### Our decision

- 6.23 The BBC has successfully partnered with a number of organisations on learning across the UK, including, for example the BBC's Bitesize Regenerators campaign and a partnership between BBC History and the Science Museum Group.<sup>254</sup> However, it is important that the

<sup>250</sup> [BBC Annual Plan 2022/23](#), page 54.

<sup>251</sup> Operating Licence conditions 3.4.3, 3.8.3, 3.11, and 3.14.4-3.14.6.

<sup>252</sup> [Scottish Government response](#), page 4.

<sup>253</sup> [News Broadcasting response](#), page 12; [NMA response](#), page 9.

<sup>254</sup> The Science Museum Group is a major museum partner of the BBC and a collaboration between BBC History and the Science Museum commenced a year of public engagement in 2022 by showcasing 1,000 items of programme-related objects and items of technology from the BBC collection; ahead of the COP26 climate change conference, held in Glasgow in November 2021, the BBC launched its BBC Bitesize Regenerators campaign, which aimed to raise awareness of environmental sustainability and inspire children and young people to consider their impact on the planet. In order to create content for the Regenerators campaign, the BBC partnered with a wide range of partners including the Open University, the Royal Society for the Protection of Birds, the European Marine Energy Centre and the Royal Horticultural Society, among others.



BBC measures the impact of these partnerships and publicly reports on their impact. We are therefore proceeding with our proposal to monitor how the BBC is engaging in partnerships to further its learning offering. Where necessary, we will seek additional information from the BBC to support our monitoring.

- 6.24 In terms of partnerships in other areas, we note that the BBC is subject to a general duty to *“work collaboratively and seek to enter into partnerships with other organisations, particularly in the creative economy, where to do so would be in the public interest.”*<sup>255</sup> The BBC participates in a wide range of partnerships across the whole of the UK (c. 500 different organisations), including in arts, sports, children’s, news, research and development, radio and music, as well as in skills development.<sup>256</sup>
- 6.25 We have previously said that the BBC should consider a more ambitious and open approach to genuine, strategic partnerships.<sup>257</sup> We recommended in our review of BBC regulation that, as part of the next Charter renewal, the UK Government may wish to consider whether strategic partnerships between the BBC and other UK organisations could benefit the future sustainability of the UK broadcasting sector.<sup>258</sup>

## Performance measurement

- 6.26 We currently use a number of measures to assess the BBC's performance against Public Purpose 2. This includes audience research to measure perceptions of how the BBC is supporting adults and children in their learning and education. We also consider the availability of formal and informal learning content, consumption habits and the use of BBC educational content such as BBC Bitesize.
- 6.27 We note that in its response to our consultation, the VLV questioned how we will assess the BBC’s performance in ensuring that learning content is easy to discover on the BBC’s online services.<sup>259</sup> We have outlined our approach to measuring the delivery of discoverability in Section 3 and, as we note, online measurement is an evolving area.

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<sup>255</sup> Article 13 of the Charter.

<sup>256</sup> [Ofcom annual report on the BBC 2021-22](#), November 2022, page 26.

<sup>257</sup> [Ofcom annual report on the BBC 2020-21](#), November 2021, page 2.

<sup>258</sup> [How Ofcom regulates the BBC](#), June 2022, pages 17-18.

<sup>259</sup> [VLV response](#), page 11.



## 7. Decisions for Public Purpose 3

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

#### Summary of our approach to Public Purpose 3

Having considered stakeholder responses to our consultation proposals, we have taken the following decisions:

#### Retained a large number of quotas, with some amendments:

- We have retained the existing quotas for UK original productions, with the exception of BBC Four where we have lowered the quota from 75% to 65%.
- We have retained a quota for first-run UK originations, with additional flexibility for the BBC to determine which services will show such content. This is accompanied by new transparency requirements, including a requirement for the BBC to set out the hours of first-run content it plans to deliver for each service.
- We have retained important quotas for safeguarding distinctiveness of the BBC's radio services, such as those relating to UK acts and new music on BBC Radio 1 and Radio 2, and live or specially recorded music for BBC Radio 3. We have set the BBC Radio 2 live music quota at 68 hours per year.

#### Set requirements as to what content and services the BBC should deliver:

- For network TV, we have replaced service-specific quotas with a condition that the BBC must provide arts and music, religious programmes, content for children and comedy across services. The BBC will have to set out the number of hours it will provide in each of those genres with its Annual Plan, including the hours of first run and acquired programming. For children's content, we have expanded this to capture information on key sub-genres.
- For network radio, we have replaced quotas for arts and religious programmes, documentaries, social action campaigns, live or specially recorded performances and new musical works with a condition to provide a broad range of output, accompanied by transparency requirements. This includes a requirement for the BBC to set out planned hours with its Annual Plan.

#### Introduced other new transparency requirements:

- For the BBC to set out its plans for ensuring that each of its services is distinctive, including BBC iPlayer and BBC Sounds.
- For the BBC to explain its approach to acquisitions. Following stakeholder comments, we have extended this to include how the BBC's approach promotes engagement with audiences as well as supporting distinctiveness.
- For the BBC to report with its Annual Report on how it has delivered on the plans set out with its Annual Plan.



## Introduction

### Background and meaning of distinctiveness

- 7.1 Public Purpose 3 requires the BBC to show the most creative, highest-quality and distinctive output and services:

“The BBC should provide high-quality output in many different genres and across a range of services and platforms which sets the standard in the United Kingdom and internationally. Its services should be distinctive from those provided elsewhere and should take creative risks, even if not all succeed, in order to develop fresh approaches and innovative content.”

*Article 6 of the BBC Charter*

- 7.2 The Agreement requires us to have particular regard to distinctiveness when we are setting Operating Licence conditions. The Agreement<sup>260</sup> defines distinctiveness as “outputs and services, taken as a whole, that are substantially different to other comparable providers across each and every UK Public Service both in peak time and overall, and on television, radio and online, in terms of:
- the mix of different genres and output;
  - the quality of output;
  - the amount of original output produced in the UK;
  - the level of risk-taking, innovation, challenge and creative ambition; and
  - the range of audiences it serves.”
- 7.3 The first Operating Licence included objectives for the BBC to provide a distinctive mix of genres and output across its services, and for these to be high-quality, risk-taking and innovative, catering to the diverse audiences of the UK. It also set out that a substantial proportion of TV programming should be original UK productions, including new original UK productions which have not previously been shown in the UK (‘first-run UK originations’).
- 7.4 The Licence conditions for TV included quotas on the volume of original UK content, first-run UK originations, and comedy on TV services. For network radio, they included quotas for new music, music by UK acts, live music, recorded sessions, specialist music, breadth of music compared with comparable providers, social action and sports commentary.
- 7.5 In our [June Consultation](#), we set out proposals for how the new Operating Licence would ensure continued delivery of distinctiveness. Broadly, we proposed to introduce four objectives underpinned with some existing quotas, supplemented with new conditions and additional transparency requirements. We proposed to:

<sup>260</sup> [The Agreement](#), Schedule 2 paragraph 1(2).



- Retain quotas for UK original productions. For first-run UK originations, we proposed retaining quotas while also giving the BBC the scope to decide where and when to show its first-run content.<sup>261</sup>
- Require the BBC to set out its detailed plans for how it decides to deliver for audiences, including setting out plans for genres, first-run UK originations and acquisitions on its TV services and BBC iPlayer, with its Annual Plan; seeking greater transparency on how the BBC is innovating and ensuring high quality; and expecting it to report on how it is taking risks.
- Require the BBC to explain how BBC Sounds and BBC iPlayer are distinctive services.
- Require the BBC to set out with its Annual Report how it has delivered against the plans set out in its Annual Plan.

## Stakeholder responses and our decisions

7.6 In the rest of this section, we set out stakeholders' views on our proposals and respond to the points made with our decisions. We cover the following areas:

- Original productions;
- First-run UK originations;
- Provision of a broad range of audiovisual content;
- Content for children;
- Provision of a broad range of audio content and radio distinctiveness; and
- Transparency.

## Original productions

### What we said

7.7 We set out our view that original production quotas continue to play an important role in supporting the distinctiveness of BBC services. We proposed to retain the quotas for original productions on the BBC's UK Public Television Services at their current levels, except for BBC Four where we proposed to lower the quota.<sup>262</sup>

7.8 We also said that there may come a point in the future as the broadcasting sector evolves, when it may be preferable for Ofcom to be able to give the BBC greater ability to meet audience needs, by structuring its original programming across its broadcast TV and BBC iPlayer services differently. We recommended in our [review of BBC regulation](#) that the UK Government should consider an amendment to the Agreement, so that Ofcom would no longer be required to set original production quotas on each TV service.<sup>263</sup>

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<sup>261</sup> We suggested allowing the BBC to determine how to shape its genres and output mix on its services, supplemented with transparency requirements.

<sup>262</sup> Proposed Licence condition 3.7.

<sup>263</sup> We suggested that Ofcom would be required to set original production quotas that give the BBC flexibility to decide on which TV and online services they would meet the quotas.



## Stakeholder comments

- 7.9 Most stakeholders who commented on our proposals for quotas for UK original productions agreed with our approach to retain them at current levels,<sup>264</sup> but some called for increases.<sup>265</sup> ITV was critical of our proposals to retain the current quotas, which it argued were set too low to ensure distinctiveness relative to other market players.<sup>266</sup> On BBC Three specifically, ITV said that there was a risk the BBC could meet the quota with repeats. It also said that the lack of obligations on quality (such as around budget or scheduling) could allow the BBC to *“spend most of its budget...on US acquired content for prime-time broadcast.”*<sup>267</sup>
- 7.10 WGGB expressed concern that in the future, service-neutral quotas for original productions might negatively impact audiences and the writing community, as ‘digital-first’ productions have traditionally had lower budgets, meaning that service-neutral quotas could lead to reduced production budgets for at-risk<sup>268</sup> and minority interest content.<sup>269</sup>

## Our decision

- 7.11 We consider that the quotas continue to play an important role in supporting the distinctiveness of BBC services, so have retained original productions quotas in each of the UK Public Television Services at current levels, except for BBC Four, as discussed below.<sup>270</sup>
- 7.12 We consider that the current levels are appropriate to ensure the BBC’s services are distinctive, and to give the BBC sufficient scope to consider how best to meet audience needs with a mix of content.
- 7.13 As ITV highlighted, the original productions quotas can include repeats. The definition for original productions is set out in the [Broadcasting \(Original Productions\) Order 2004](#) and applies to all the PSBs’ original productions quotas. We are able to see how much of the programming qualifying for original production quotas is first-run, which protects against too many repeats, in line with our first-run UK originations requirements. As set out elsewhere in this section, we have other measures in place to protect new content, including first-run originations quotas and measures on acquisitions. We have not introduced requirements on factors such as budgets or scheduling in relation to BBC Three or other services, as we consider these to be editorial matters for the BBC.

<sup>264</sup> [ACNI response](#), page 5; [BBC response](#), page 11; [BFI response](#), pages 3-4; [Directors UK response](#), pages 6-7; [LTVN response](#), page 4; [Pact response](#), page 5; [Scottish Government response](#), page 3; [VLV response](#), page 13; [Welsh Government response](#), page 3; [WGGB response](#), page 3.

<sup>265</sup> [Name withheld response](#), page 1. [ITV response](#), pages 5-6.

<sup>266</sup> [ITV response](#), pages 5-6.

<sup>267</sup> [ITV response](#), page 14.

<sup>268</sup> The Agreement lists genres that provide a particular contribution to the Mission and Public Purposes and are underprovided or in decline across PSBs. We refer to these genres as ‘at-risk.’

<sup>269</sup> [WGGB response](#), page 3.

<sup>270</sup> Operating Licence Condition 3.7.



## Original productions quota for BBC Four

### What we said

- 7.14 The first Operating Licence included conditions requiring the BBC to allocate at least 175 hours each year on BBC Four to new arts and music programmes (including acquisitions); and requiring 75% of programming across 'all hours' and 60% across peak hours on BBC Four to be original productions.<sup>271</sup>
- 7.15 In successive Annual Plans,<sup>272</sup> the BBC set out its intent to double its arts and music spend on BBC Two and to make BBC Four primarily an archive channel. In a proposal to Ofcom,<sup>273</sup> the BBC said it would require changes to the Operating Licence to implement this strategy. It therefore requested that the original productions quota for BBC Four be reduced to 60%.
- 7.16 In response to the BBC's proposal, we consulted on our initial view that:
- a reduction to the 'all-hours' original productions quota for BBC Four appeared to be reasonable. We thought this approach would accommodate appropriate use of acquired arts and music performances, and help the BBC maintain BBC Four as a distinctive multi-genre channel.
  - a 60% 'all-hours' original productions quota would be low compared with other BBC TV services.<sup>274</sup> As a result, we proposed to set a single 'all-hours' original productions quota for BBC Four at 65%, rather than the BBC's request of 60%.

### Stakeholder comments

- 7.17 Most stakeholders expressed general support for our proposals on BBC Four's UK original productions quota,<sup>275</sup> except one individual respondent who said the all-hours quota should be set at 70%.<sup>276</sup> Although we proposed setting a higher quota than the BBC had requested, the BBC stated that our proposals would enable it to maintain BBC Four as a distinctive multi-genre channel, and explained that any increases in acquisitions on the service would be "*carefully curated to ensure they add to the distinctive content mix of BBC Four*".<sup>277</sup>
- 7.18 Stakeholders commented on the impact that our proposals could have on audiences. While supporting elements of our proposals, TAC raised a concern that new content on BBC Two might not service the more niche tastes as well as BBC Four commissions,<sup>278</sup> and

<sup>271</sup> First Operating Licence condition 2.21 set the 175 hours requirement and condition 2.32 set the 75% and 60% requirements for original productions.

<sup>272</sup> These were the Annual Plans for [2020/21](#), [2021/22](#) and [2022/23](#).

<sup>273</sup> The BBC's proposal is set out at [Annex 10](#) of our June Consultation.

<sup>274</sup> In our consultation we noted concerns from stakeholders about the impact on audiences if acquisitions were to play a larger role than original productions in peak time on BBC Four as a result of the combined effects of a removal of a peak quota and reduction in the 'all hours' quota.

<sup>275</sup> [ACNI response](#), page 5; [ACS response](#), page 7; [BBC response](#), page 11; [Directors UK response](#), page 6; [Screen Scotland response](#), page 4; [TAC response](#), page 2; [VLV response](#), page 15; [WGGB response](#), page 4.

<sup>276</sup> [T. Havenhand response](#), page 1.

<sup>277</sup> [BBC response](#), page 11.

<sup>278</sup> [TAC response](#), pages 2-3.



Screen Scotland questioned whether the total additional hours of new content on BBC Two could compensate for the loss on BBC Four due to scheduling pressures.<sup>279</sup>

- 7.19 Pact welcomed the BBC's commitments to doubling arts and music spend on BBC Two, while stating that it would be concerned if extra BBC Two arts and music spend were to go on acquisitions rather than first-run originations.<sup>280</sup> It said that the BBC should make clear how total arts and music spend would be split between first-run originations and acquisitions, and that Ofcom should make clear what level of acquisitions in the BBC's overall content mix would be concerning. ITV noted that Ofcom had "*reached a very specific view on why the BBC's use of acquired content in relation to BBC Four might be acceptable*" but that it had not assessed the use of acquisitions across other BBC services to this extent.<sup>281</sup>
- 7.20 Several stakeholders commented on the potential impact of changes to BBC Four on the production sector.<sup>282</sup> Some also commented on the impact that the removal of quotas and a service-neutral first-run UK originations quota could have on the sector.<sup>283</sup> We consider these comments on the production sector together here. Some stakeholders specifically highlighted risks to the BBC's investment in productions in at-risk genres,<sup>284</sup> including 'niche' subjects on BBC Four and children's programming.<sup>285</sup> Directors UK, Pact and WGGA said that the BBC played an important role in the development of new talent across at-risk genres.<sup>286</sup> Further, while supporting the rationale for moving to service-neutral quotas, Directors UK and Pact raised concerns about potential impacts on producer revenues, because online-only commissions do not have tariff ranges specified in the Terms of Trade.<sup>287</sup> Pact also said that it had expected Ofcom to publish an impact assessment on allowing the BBC greater flexibility.<sup>288</sup>

### Our decision

- 7.21 Having carefully considered stakeholders' concerns about the importance of arts and music, we have decided to implement our proposals for BBC Four<sup>289</sup> alongside enhanced monitoring and oversight.
- 7.22 We have introduced new reporting requirements to increase transparency on how the BBC is providing a range of genres and content types, including how much arts and music content the BBC is planning to provide.<sup>290</sup> The conditions will also require the BBC to

<sup>279</sup> [Screen Scotland response](#), page 4.

<sup>280</sup> [Pact response](#), page 11.

<sup>281</sup> [ITV response](#), page 20.

<sup>282</sup> [Pact response](#), page 11; [TAC response](#), page 3.

<sup>283</sup> [Pact response](#), pages 5-6; [Directors UK response](#), page 4.

<sup>284</sup> [Pact response](#), page 3.

<sup>285</sup> [Pact response](#), page 11; [TAC response](#), page 2; [Directors UK response](#), page 4.

<sup>286</sup> [Directors UK response](#), pages 4 and 5; [WGGB response](#), pages 3-4. [Pact response](#), pages 3 and 8.

<sup>287</sup> [Pact response](#), pages 7 and 14, [Directors UK response](#), page 6.

<sup>288</sup> [Pact response](#), page 13.

<sup>289</sup> Operating Licence condition 3.7.

<sup>290</sup> Operating Licence condition 3.14.4.



explain any significant changes it makes, or plans to make, in relation to this type of content.<sup>291</sup>

- 7.23 In relation to acquisitions, we have added more detailed requirements to the new Licence, requiring the BBC to set out its approach to acquisitions, as set out below in this section.<sup>292</sup>
- 7.24 Regarding genres and acquisitions, the BBC also provides us with confidential data enabling us to monitor the hours of and spend on arts or music content by TV channel.<sup>293</sup>
- 7.25 It is important that the BBC has committed to the continued provision of arts and music content, including showcasing new performances alongside distinctive content from its archive on BBC Four. We believe that carefully chosen acquisitions can contribute to the distinctiveness of BBC Four. For example, acquisitions of live performances through partnerships with UK arts and music institutions reflect UK cultural content as well as supporting the UK creative economy and production sector.
- 7.26 We recognise that the BBC's strategy may lead to a reduction in hours of new arts and music content overall as it increases spending on these genres on BBC Two. However, the BBC's strategy is designed to help it deliver this type of content to a broader audience.<sup>294</sup> Our research has consistently shown that the BBC struggles to meet the needs of some audiences, including those in lower socio-economic groups, and this is a priority area for improvement.<sup>295</sup>
- 7.27 We note stakeholder concerns about the impact of potential reductions in output on the production sector, particularly in at-risk genres, including on BBC Four. The changes we have made will give the BBC the scope to change its strategy to respond to and best deliver for audiences as their habits continue to change. The BBC's strategy for arts and music across BBC Four and BBC Two is an example of this. Decisions on how the BBC allocates its budgets and negotiates with producers are overseen by the BBC Board. As such, we consider that any decisions to update the Terms of Trade to reflect online-only commissions is primarily a commercial issue for Pact and the BBC.<sup>296</sup>
- 7.28 However, the first-run UK originations quota that we are introducing will secure new UK content for audiences and at the same time provide opportunities for the UK creative economy.<sup>297</sup> We also have specific quotas to protect production in the nations and regions.

<sup>291</sup> Operating Licence conditions 3.13 and 3.15.

<sup>292</sup> Operating Licence condition 3.14.2.

<sup>293</sup> This data is collected using formal information requests and we use it to assess performance and produce official statistics.

<sup>294</sup> In its [proposal](#), the BBC stated that "BBC Two reaches a broader audience than BBC Four for age, ethnicity and social class, for example, in 2021, on average BBC Two reached 13.9% of 16-34s each week, while BBC Four reached only 1.7% of 16-34s."

<sup>295</sup> As set out in Section 2, in March 2023, we published [Terms of reference](#) for our BBC Audiences Review, after [we announced](#) this in November 2022.

<sup>296</sup> The Agreement requires the BBC to draw up a Commissioning Code of Practice and to take account of [our guidance](#) in doing so, but only in relation to the UK Public Television Services. As such, the Terms of Trade and any changes to them are outside the scope of the BBC Operating Licence, as they are stipulated by a duty that is directly imposed on the BBC by the UK Government.

<sup>297</sup> Operating Licence conditions 3.5-3.6.



Further, we are introducing new reporting requirements,<sup>298</sup> which, coupled with the information we collect as part of our performance measurement and the BBC's commissioning supply reports, will help us hold the BBC to account for its delivery to audiences and support to the creative economy.

## First-run UK originations

### What we said

7.29 In our June Consultation we proposed a single combined quota at the level of the total of the first-run UK originations quotas in the first Licence for BBC One, BBC Two, CBBC/BBC iPlayer and CBeebies/BBC iPlayer: 6,650 hours.<sup>299</sup> In doing so, we proposed to give the BBC more scope to deliver these hours more broadly, including through BBC iPlayer. To hold the BBC to account, we also proposed to introduce new transparency requirements in relation to broadcast and online services, including for specified genres.<sup>300</sup>

### Stakeholder comments

- 7.30 The BBC supported our proposal to consolidate the first-run originations quotas and to further integrate the BBC's online services into the Operating Licence, explaining that this would enable it to adapt to changing audience demands.<sup>301</sup> Several other stakeholders supported our overall proposal while also expressing concerns about potential unintended consequences, particularly that audiences without access to online services and those interested in specialist content may be disadvantaged by the service-neutral approach.<sup>302</sup>
- 7.31 A few stakeholders expressed concern that service neutrality and the BBC's wider digital-first strategy could benefit online audiences at the expense of broadcast-only audiences. Specifically, they noted the potential impact on older and vulnerable audiences as well as those living in digital poverty or in rural areas.<sup>303</sup> This was a particularly important issue for stakeholders in the nations. The ACS noted that take-up of superfast broadband in Scotland is only at 68%<sup>304</sup> and the Welsh Government highlighted that in 2021, Welsh audiences spent an additional 3 hours watching broadcast TV compared to the UK average.<sup>305</sup>
- 7.32 Some stakeholders expressed concerns that 'less profitable' genres and specialist content, as well as content specific to the nations and regions, could be pushed online.<sup>306</sup> The VLV and the NUJ both argued that this could reduce the reach and impact of key programming

<sup>298</sup> Operating Licence conditions 3.13, 3.14.3, 3.14.4 and 3.14.5.

<sup>299</sup> Proposed Licence conditions 3.5-3.6.

<sup>300</sup> Proposed Licence conditions 3.14.3 and 3.14.4.

<sup>301</sup> [BBC response](#), page 11.

<sup>302</sup> [ACS response](#), page 4; [NUJ response](#), page 1; [VLV response](#), page 6; [Welsh Government response](#), pages 1-2; [WGGB response](#), page 1.

<sup>303</sup> [ACS response](#), page 4; [Directors UK response](#), page 2; [SSMT response](#), page 4; [VLV response](#), pages 3 and 5-7; [Welsh Government response](#), page 2.

<sup>304</sup> [ACS response](#), page 4.

<sup>305</sup> [Welsh Government response](#), page 2.

<sup>306</sup> [SSMT response](#), page 5; [VLV response](#), pages 6-7; [WGGB response](#), page 3.



and suggested that programming delivered online should not be counted in the same way as programming shown on broadcast TV at peak times.<sup>307</sup> While the Royal National Institute of Blind People (RNIB) said that service-neutral quotas seemed sensible, it argued that only such content that is accessible and can be navigated to should count towards the quotas.<sup>308</sup>

- 7.33 Directors UK and Pact supported the rationale for moving to service-neutral quotas but raised concerns that this could affect producer revenues because online-only commissions do not have tariff ranges specified in the Terms of Trade.<sup>309</sup>
- 7.34 Directors UK questioned the quality of online data for measuring consumption and argued that improving this was important for measuring BBC performance effectively.<sup>310</sup>

### Our decision

- 7.35 We consider that for first-run UK originations, service-neutral quotas allow the BBC to respond to changing audience habits and help ensure that audiences continue to receive high-quality content regardless of the BBC services they use. Therefore, we have set a quota for first-run UK originations on broadcast TV and BBC iPlayer with a combined annual total of at least 6,650 hours.<sup>311</sup>
- 7.36 We have been clear that we expect the BBC to ensure that all audiences have access to the wide range of high-quality content, including those relying on broadcast TV.<sup>312</sup> We also note that currently the BBC commissions very little online-only content for BBC iPlayer.<sup>313</sup> To hold the BBC to account, we have introduced a number of transparency requirements covering genres and services.<sup>314</sup> These will enable us to identify any areas where the BBC may need to do more to continue to provide first-run UK content for all audiences, including those who do not use online services.
- 7.37 It is essential that all audiences can access BBC content, and the Agreement enables Ofcom to apply accessibility guidance in relation to programming included in the BBC's UK Public Services. The BBC is already required to observe Ofcom's Code on Television Access Services regarding provision of access services on its television channels. We plan to consult on new guidance on the accessibility of BBC iPlayer at the same time as consulting on guidance on the accessibility of other regulated on-demand programme services, once the UK Government introduces new regulations in this area.<sup>315</sup> This will allow us to ensure

<sup>307</sup> [VLV response](#), page 8; [NUJ response](#), page 3.

<sup>308</sup> [RNIB response](#), page 2.

<sup>309</sup> [Pact response](#), pages 7 and 14, [Directors UK response](#), page 6. We respond to production sector related comments at paragraphs 7.27-7.28.

<sup>310</sup> [Directors UK response](#), page 4.

<sup>311</sup> This is in respect of BBC One, BBC Two, BBC Three, BBC Four, CBBC, CBeebies and BBC iPlayer taken together. Operating Licence conditions 3.5-3.6.

<sup>312</sup> To underline this, our new Objective P3(4) states that "In ensuring all audiences in the UK can easily discover original UK content, the BBC should continue to explore how it can innovate the ways in which it engages and reaches audiences".

<sup>313</sup> Confidential data provided to Ofcom by the BBC.

<sup>314</sup> Operating Licence conditions 3.14.3-3.14.5.

<sup>315</sup> For more information see page 7 of Ofcom's [review of guidance on BBC accessibility](#) and [2018](#) and [2021](#) recommendations to UK Government on drafting regulations on the accessibility of on-demand programme services.



that we have an effective approach in relation to accessibility guidance for both the BBC and the wider industry.

- 7.38 In terms of consumption data, we note the developments in industry measurement such as BARB, which now includes consumption for BBC iPlayer and other VoD services, although there is not yet an industry equivalent for online audio. We are continuing to engage with the BBC to ensure transparency around its performance and the outcomes that it is achieving in terms of consumption and impact.

## Provision of a broad range of audiovisual content

### What we said

- 7.39 We proposed to replace the TV genre quotas in Public Purpose 2 and 3 which covered arts and music, comedy, religious programming and children's programming (including drama and factual programming) with new obligations.<sup>316</sup> These obligations would require the BBC to provide a breadth of output covering a range of genres and content types<sup>317</sup> on its services (including BBC iPlayer).<sup>318</sup> We proposed to supplement this with transparency requirements to ensure that the BBC sets out publicly its plans for delivering a wide breadth of output across services, and reports against this. This included a requirement for the BBC to set out the planned hours, including first-run UK originations and acquisition hours, for each 'at-risk' genre.<sup>319</sup> As with other Public Purposes, we said the BBC would also be required to justify and explain any significant changes to its provision.

### Stakeholder comments

- 7.40 The BBC welcomed our proposals to replace the TV genre quotas and agreed that our new approach would help to ensure the delivery of public value.<sup>320</sup>
- 7.41 A number of stakeholders expressed concerns that the removal of quotas for specified genres would lead to a reduction in at-risk genre provision on TV. They argued that the proposed transparency requirements offered insufficient protections to mitigate the impact on audiences and the creative sector.<sup>321</sup> Directors UK and the Sandford St Martin Trust highlighted the removal of obligations on ITV and Channel 4 in 2003 and the subsequent decline in the volume of output of religious programming<sup>322</sup> and children's

<sup>316</sup> The Agreement considers those genres that are underprovided or in decline across PSB to include: music, arts, religion and other specialist factual content; comedy; and children's programming. Agreement, Schedule 2, paragraph 2(2)(a). These are referred to as 'at-risk genres.'

<sup>317</sup> 'Content types' refers to programming that may not fit into one genre, for example animation or documentaries, but that contribute to a breadth of output.

<sup>318</sup> Proposed Licence conditions 3.2.3 and 3.4.3.

<sup>319</sup> 'At-risk genres' are arts, music, religion, specialist factual, comedy and children's programming. Proposed Licence condition 3.14.4.

<sup>320</sup> [BBC response](#), page 11.

<sup>321</sup> [Directors UK response](#), page 1; [T. Havenhand response](#), page 1; [ITV response](#), page 17; [News broadcasting response](#), page 14; [Screen Scotland response](#), page 3; [VLV response](#), page 3; [Welsh Government response](#), page 4; [SSMT response](#), page 6.

<sup>322</sup> [SSMT response](#), page 3.



content.<sup>323</sup> The VLV said we should continue to set minimum volumes for factual content and require the BBC to maintain or increase levels of spend for genres.<sup>324</sup>

- 7.42 Several stakeholders were concerned that the removal of quotas in at-risk genres would lead to reduced output and impact the production sector, including opportunities for emerging directing and writing talent.<sup>325</sup>

### Our decision

- 7.43 We remain of the view that genre quotas, whether on volume or spend, which are tied to specific TV channels, are less effective than the new requirements we proposed. They do not give the BBC flexibility to adjust its content offering in the face of changing audience habits and a challenging financial climate. To allow the BBC to best meet audience needs, we think it is important that our regulation enables the BBC to deliver genres where and how audiences want to watch it. Accordingly, the new Licence will require the BBC to deliver a range of output covering different genres and content types on its TV services and BBC iPlayer.<sup>326</sup>
- 7.44 We note stakeholder concerns that the removal of quotas would lead to a reduction in output, in particular in 'at-risk' genres. The removal of genre quotas on the BBC is not an implicit encouragement that it should reduce output in those areas. We are implementing a suite of supporting Licence conditions to hold the BBC to account in the place of quotas. We have also adopted transparency requirements to monitor the BBC's plans with respect to at-risk genres whose provision is already considered underserved and underprovided across PSBs.<sup>327</sup> These require the BBC to set out the planned hours in each at-risk genre for TV services taken together and separately for BBC iPlayer with its Annual Plan. We have modified this transparency requirement from our proposals in the June Consultation to allow the BBC to report hours for the arts and music at-risk genres as one genre. This is because the BBC has historically reported on these genres in this way. However, our performance assessments of the BBC will continue to consider arts and music as separate genres. The BBC will also need to report on delivery against these plans with its Annual Report.<sup>328</sup> This will provide public visibility of the volume and mix of at-risk genres that the BBC is providing and help us hold it to account.
- 7.45 If the BBC plans to make significant changes to the provision of specified genres, it will have to clearly explain and justify this.<sup>329</sup> As set out in Section 3, the information the BBC sets out should give Ofcom, audiences and stakeholders a clear understanding of exactly

<sup>323</sup> [Directors UK response](#), page 1.

<sup>324</sup> [VLV response](#), page 3.

<sup>325</sup> [Pact response](#), page 8; [Directors UK response](#), page 5; [WGGGB response](#), pages 3-4. We respond to production sector related comments at paragraphs 7.27-7.28.

<sup>326</sup> Operating Licence conditions 3.2.3 and 3.4.3. We have decided to modify the wording in these conditions to replace 'wide breadth' with 'broad range' – this is for consistency purposes only and does not intent to change its meaning. Within this statement, we use these terms interchangeably.

<sup>327</sup> Operating Licence conditions 3.14.4 and 3.14.5.

<sup>328</sup> Operating Licence condition 3.16.1.

<sup>329</sup> Operating Licence conditions 3.13 and 3.15.



what will be changing and what audiences can expect to receive as a result. The BBC should demonstrate how a planned significant change aligns with its wider strategy for the delivery of its Mission and Public Purposes.

- 7.46 Distinctiveness will be one of the key areas the BBC must address when it explains its reasoning for a significant change to its provision of specified genres. It must take into account the need to provide output and services that are distinct in terms of the genre mix, quality of output, original UK output, level of risk taking and innovation, and the range of audience it serves. In addition, the Operating Licence requires the BBC to set out its plans for ensuring that each UK Public Service is distinctive.<sup>330</sup> Our approach to measuring distinctiveness is set out at the end of this section. Where we have concerns, we will be able to step in to address them.

## Acquisitions

### What we said

- 7.47 Carefully chosen acquisitions can play an important role in the make-up of BBC services. However, we have said before that we would be concerned if acquisitions were to play too large a part in the BBC's overall content mix. In our June Consultation, we noted concerns that stakeholders had raised about the impact of acquisitions on the BBC's distinctiveness.
- 7.48 To supplement the original productions quotas, which cap the volume of acquisitions the BBC can broadcast on its network TV channels, we proposed to introduce a new transparency requirement that would require the BBC to explain the role that acquisitions would play in its plans to deliver distinctive output and services, including for its online services.<sup>331</sup> We also proposed to specific transparency requirements on the hours of acquisitions the BBC plans to deliver in each at-risk genre (alongside first-run UK originations hours).<sup>332</sup>

### Stakeholder comments

- 7.49 Some stakeholders said that they would be concerned if the BBC increased its output of acquisitions.<sup>333</sup> Two stakeholders argued that this was because the BBC was acquiring content that does not support its mission to be distinctive.<sup>334</sup> ITV expressed particular concern around mainstream US content. It said that this did not promote creative risk-taking for the BBC as it does not face the same production risks as original UK content, and US viewing figures can indicate chances of success in the UK market.<sup>335</sup> ITV proposed that Ofcom should therefore require the BBC to ensure that every acquisition is distinctive.<sup>336</sup>

<sup>330</sup> Operating Licence condition 3.14.1.

<sup>331</sup> Proposed Licence condition 3.14.2.

<sup>332</sup> Proposed Licence condition 3.14.4.

<sup>333</sup> [Directors UK response](#), page 8; [ITV response](#), pages 7-8; [VLV response](#), page 13.

<sup>334</sup> [Directors UK response](#), page 8; [ITV response](#), page 7.

<sup>335</sup> [ITV response](#), page 7.

<sup>336</sup> [ITV response](#), page 20.



- 7.50 Some stakeholders told us that acquisitions should not play too large a role in the BBC's overall content mix<sup>337</sup> and should not be given equal weighting as originations.<sup>338</sup> Pact suggested that Ofcom should set out the level of acquisitions within this mix that we would find concerning.<sup>339</sup> ITV also expressed a desire for Ofcom to hold the BBC to account on acquisitions through imposing stricter controls. It recommended that Ofcom places caps on the total volume of acquisitions the BBC can acquire, and on the amount that the BBC can spend on acquired content.<sup>340</sup>
- 7.51 Directors UK and ITV also noted that an increase in acquisitions could harm the creative economy by drawing money away from the UK production market.<sup>341</sup> ITV said that the BBC competing against other broadcasters for acquisitions causes price inflation in the marketplace.<sup>342</sup>
- 7.52 ITV also expressed concern that there is insufficient information on the BBC's acquisitions strategy in the public domain, which makes it difficult to understand the scale of its activities in this area.<sup>343</sup> Pact also noted the current lack of transparency and welcomed the proposal for an additional reporting requirement.<sup>344</sup>

### Our decision

- 7.53 The original productions quotas, in effect, limit how much of the output broadcast on network TV channels can be acquisitions. As set out in the most recent Ofcom [annual report on the BBC](#), less than 2% of total broadcast TV hours in 2021 were acquired hours, and BBC iPlayer acquisitions represented a small proportion of hours (6.4% in 2021/22).<sup>345</sup> We note stakeholder concerns about the impact of increased BBC acquisitions on the creative economy and competition. However, based on current observed volumes we do not think that acquisitions play too large a role in the BBC's offering. We will continue to closely monitor this. We will also track the hours of acquisitions on broadcast TV services, alongside spend, using the annual data the BBC submits to Ofcom.
- 7.54 In line with our June proposals, we have introduced new reporting requirements which require the BBC to report the acquired hours it will deliver in each 'at-risk' genre, namely arts and music, religion and other specialist factual content, comedy and children's programming,<sup>346</sup> and we will track this. Given the BBC's commitment in its BBC iPlayer Public Interest Test Submission (2022) to keep acquisitions on BBC iPlayer to a small proportion of content, we expect it to publish the proportion of hours that were

<sup>337</sup> [Directors UK response](#), page 8; [VLV response](#), page 13; [Pact response](#), page 11.

<sup>338</sup> [Screen Scotland response](#), page 3.

<sup>339</sup> [Pact response](#), page 11.

<sup>340</sup> [ITV response](#), pages 17 and 20.

<sup>341</sup> [Directors UK response](#), page 8; [ITV response](#) page 2. We respond to production sector related comments at paragraphs 7.27-7.28.

<sup>342</sup> [ITV response](#), page 8.

<sup>343</sup> [ITV response](#), page 10.

<sup>344</sup> [Pact response](#), page 10.

<sup>345</sup> Broadcast TV data from Ofcom/BBC. BBC iPlayer data from BBC, October 2022. [BBC Public Interest test Submission](#), Section 4.3.3.

<sup>346</sup> Operating Licence conditions 3.14.4 and 3.14.5.



acquisitions on BBC iPlayer and BBC Sounds with its Annual Reports. If necessary, we will look to gather this information for BBC iPlayer and BBC Sounds using supplementary information requests. If the BBC were to plan significant changes to the level of acquisitions it plans to use, it will need to provide an explanation, as required by the new Operating Licence.<sup>347</sup>

- 7.55 We do not agree with stakeholders that the BBC should be required to ensure that every one of its acquisitions is distinctive – we do not look at distinctiveness on a programme-by-programme basis. A range of acquisitions may play an important role in supporting the BBC's efforts to appeal to different audiences, as well as drawing in and engaging new viewers across the range of its distinctive offering.
- 7.56 However, aside from monitoring output, we agree with stakeholders that there needs to be greater transparency from the BBC on its overall approach to acquisitions. We have decided to modify the transparency requirement that we proposed in our June Consultation and will now require the BBC to explain with its Annual Plan how its approach to acquisitions supports distinctiveness and promotes engagement with audiences, including for online services.<sup>348</sup>
- 7.57 We therefore expect the BBC to set out its plans for how it seeks to use acquisitions to engage different audiences and encourage them to explore its wider offering, and to report on whether it has delivered on these plans with its Annual Report. We will engage with the BBC about the performance of its strategy. The BBC should also articulate how its planned acquisitions strategy overall will support distinctiveness and contribute towards the delivery of its Mission and Public Purposes. This explanation should cover BBC iPlayer and BBC Sounds.

## Content for children

### Children's content

#### What we said

- 7.58 We proposed to replace quotas in respect of drama and factual content on CBBC (alongside other service-specific quotas, as outlined above) with a condition for the BBC to provide a wide breadth of output covering a range of genres and content types on its services. We proposed to supplement this with a transparency requirement for the BBC to set out its plans to deliver this breadth, including hours in each at-risk genre (of which children's is one), as well as hours of first-run UK originations and acquisitions.<sup>349</sup>
- 7.59 We also proposed to amalgamate first-run UK originations quotas, including those on CBeebies/BBC iPlayer and CBBC/BBC iPlayer, into one service-neutral quota requiring the BBC to deliver 6,650 hours of first-run UK originations across all network non-news TV

<sup>347</sup> Operating Licence conditions 3.13 and 3.15.

<sup>348</sup> Operating Licence condition 3.14.2.

<sup>349</sup> Proposed Licence conditions 3.2.3 and 3.4.3; and 3.14.4 respectively.



services and BBC iPlayer. This was underpinned with a transparency requirement for the BBC to set out how it will distribute the quota across services and allow all audiences to benefit from a range of new, high quality UK content.<sup>350</sup> We said we would expect the BBC to also explain how it will serve children's audiences with a range of first-run UK originations.

### Stakeholder comments

- 7.60 The key concerns raised by stakeholders in respect of children's content were that the removal of quotas would lead to a reduction in the breadth and volume of new original UK children's programming.<sup>351</sup> Much of this mirrored the wider points stakeholders made about the removal of quotas, but there were specific arguments around children's content.
- 7.61 The Children's Media Foundation (CMF) said that children's programming is not a genre but a service; and that it should not be classified as and grouped together with other 'at-risk' genres.<sup>352</sup> Stakeholders argued that the elimination of quotas removes protections for children's audiences.<sup>353</sup> Pact and Directors UK also raised concerns about the impact of the removal of quotas on children's content producers.<sup>354</sup>
- 7.62 The VLV and CMF said that they were concerned about the increased prevalence of animations in the BBC's children's programming, which they argued reduces the 'Britishness' of content and the availability of a mix of content that is culturally specific and relevant to children's lives.<sup>355</sup> They felt that the removal of children's quotas would exacerbate this concern. The CMF added concerns about the commercialisation of children's content and the shift to online, leaving some children behind.<sup>356</sup>

### Our decision

- 7.63 The Agreement lists children's programming as one of six genres that provide a particular contribution to the Mission and Public Purposes and are underprovided or in decline across PSBs.<sup>357</sup> We refer to these genres as 'at-risk' and consider that children's programming continues to fit within this category, given the fluctuations in the overall PSB provision of original UK children's programming in recent years.<sup>358</sup>

<sup>350</sup> Proposed Licence conditions 3.5-3.6; and 3.14.3 respectively.

<sup>351</sup> [Directors UK response](#), pages 4-5; [CMF response](#), page 2; [Pact response](#), pages 8-10; [TAC response](#), page 2; [VLV response](#), pages 9, 11-12.

<sup>352</sup> [CMF response](#), pages 1 and 3.

<sup>353</sup> [CMF response](#), page 2; [Pact response](#), pages 9-10.

<sup>354</sup> [Pact response](#), page 3, 8; [Directors UK response](#), page 4. We respond to production sector related comments at paragraphs 7.27-7.28.

<sup>355</sup> [VLV response](#), pages 11-12; [CMF response](#), page 4.

<sup>356</sup> [CMF response](#), pages 3-4.

<sup>357</sup> The Agreement Schedule 2, paragraph 2(2).

<sup>358</sup> First-run UK originations in the children's genre stood at 525 hours in 2021 – a decline on previous years. While an element of this was driven by the effects of Covid-19 on production, children's originations in recent years have not exceeded levels seen in 2016, when there were 673 hours. See Ofcom's [Communications Market Report 2022](#) – interactive data, page 10.



- 7.64 The BBC principally delivers children's TV programming via the CBBC and CBeebies broadcast TV channels, as well as on BBC iPlayer. The distinctiveness of the BBC's offering for children is in part safeguarded by original productions quotas, which we are maintaining in the new Operating Licence (as noted above). These quotas stipulate how much of all output on CBBC and CBeebies must be content commissioned by and for the BBC, and they cap the volume of acquisitions. We consider that these quotas remain a key building block of distinctiveness.
- 7.65 With respect to first-run UK originations and the breadth of content for children's audiences, we have decided:
- To proceed to implement a service-neutral first-run UK originations quota across all network non-news TV services and BBC iPlayer, rather than set a separate quota for children's content.<sup>359</sup> A service-neutral quota can help the BBC adapt at pace to the changing media habits of children, for whom reach has reduced dramatically on broadcast TV.
  - To adopt our proposal to replace existing quotas for drama and factual content on CBBC with an obligation on the BBC to deliver a range of output across services. We are modifying the associated transparency requirements to specifically require the BBC to set out plans for key sub-genres within the children's genre.<sup>360</sup>

### Volume and investment in first-run UK-originated children's programming

- 7.66 CBBC now reaches just 11% of children aged 6-12 on broadcast TV each week, compared to 27% in 2015. The time children spent watching CBBC on average per day is down 29% between 2021 and 2022, while CBeebies daily viewing for children aged 4-6 increased slightly over the same period.<sup>361</sup> At the same time, more children are accessing the internet ([our research](#) found that nearly all children went online in 2021) with YouTube and TikTok being the most widely used online platforms. [Our research](#) also found children are more likely to watch paid-for on-demand streaming services such as Netflix and Amazon Prime Video (78%) than watch live TV (47%). Within this context, public service media plays an important role in the provision of trusted, quality UK content for children and the BBC has consistently delivered the vast majority [of all first-run UK originated children's hours across PSBs](#). However, the BBC can only deliver its public service value if this output reaches children.
- 7.67 We agree with stakeholders that it is imperative the BBC continues to deliver and invest in first-run UK originations for children. We do not believe, however, that quotas stipulating a minimum amount of first-run UK originated programming hours for the children's channels is the right approach to ensuring that the BBC best serves children's audiences. The declining trend in reach, for CBBC in particular, suggests that the status quo is no longer delivering for children in the way it used to. The BBC has to find a way to deliver to this audience group. Our regulation must not restrict the BBC from modernising and adapting

<sup>359</sup> Operating Licence conditions 3.5 and 3.6.

<sup>360</sup> Operating Licence conditions 3.2.3, 3.4.3 and 3.14.5.

<sup>361</sup> BARB 28-day consolidated 3+min average weekly reach within the channel's broadcast hours.



its delivery for children, and we believe that a service-neutral first-run UK originations quota is the best mechanism to enable this.

- 7.68 We do not agree with stakeholders that service neutrality would, in itself, lead to a lower quality children's offering. The BBC has a fundamental incentive to invest in and engage with children across its services as they are key to its future sustainability and the delivery of its Mission and Public Purposes. We expect the BBC will work hard to find innovative approaches to deliver for children's audiences, given their changing media habits.
- 7.69 We also note stakeholder concerns about service neutrality and a shift towards online leaving some children behind. However, despite the BBC having the scope to deliver more of its first-run UK originated children's content on BBC iPlayer under the first Operating Licence, there is currently very little first-run online-only children's content available on BBC iPlayer.<sup>362</sup> As such, we do not think specific safeguards on broadcast TV services are required now, but we will monitor this.
- 7.70 We will safeguard children's provision by monitoring the BBC's delivery on an ongoing basis. We will do this in the following ways:
- The BBC will have to set out with its Annual Plan the hours of first-run UK originations it will deliver on its network TV services, including CBBC and CBeebies.<sup>363</sup>
  - The BBC will have to set out with its Annual Plan the hours it will deliver in the children's genre, including hours of acquisitions. It will be required to set out planned hours and hours of first-run UK originations in the key sub-genres of children's content, namely drama, factual, entertainment and education (see 'Breadth of children's content' below).<sup>364</sup>
  - We will monitor forecast spend on children's first-run UK originations, in conjunction with planned hours, for any changes in the BBC's commitment towards children's content. For confidentiality, we will use information requests to gather forecast spend information from the BBC. We will also consider the BBC's provision of children's content in the wider PSB context and monitor the impact on children through research such as Ofcom's annual BBC Children's Performance Tracker.
  - If the BBC plans significant changes that will impact children's output, it will have to explain and justify how it will still appropriately serve children's audiences.<sup>365</sup>
  - Should we become concerned about any changes the BBC is planning, or observe trends in the provision to children's audiences that concern us, we will use our powers to step in and intervene. Where appropriate, we may consider setting new Licence conditions.

### Breadth of children's content

- 7.71 We agree with stakeholders that children's programming is different to other genres, as it is defined by its target audience rather than the subject of its content. As a result, it

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<sup>362</sup> Confidential data provided to Ofcom by the BBC.

<sup>363</sup> Operating Licence condition 3.14.3.

<sup>364</sup> Operating Licence condition 3.14.5.

<sup>365</sup> Operating Licence conditions 3.13 and 3.15.



encompasses a wide range of content and genres. On CBeebies, the range of content delivered is specifically geared towards pre-school education<sup>366</sup> – this is in line with requirements in the first Operating Licence, which we are retaining.<sup>367</sup> On CBBC, the BBC has consistently delivered a range of children's programming that is much wider than the first Operating Licence sets quotas for: drama and factual content. In 2021, CBBC delivered first-run UK originated children's programming across drama, entertainment, animation, factual, news, and school-age education.<sup>368</sup>

- 7.72 For that reason, we consider that our proposal, to replace existing quotas for drama and factual on CBBC with an obligation to deliver a range of output across services, is unlikely to reduce the range of children's output. However, with respect to transparency, we think that using 'children's programming' as a genre for the BBC to report against would be ineffective, as it does not provide visibility of the range of content delivered to children. Given this, we have decided to add a transparency requirement to specifically require the BBC to set out planned hours and hours of first-run UK originations in each key sub-genre of children's programming: drama, factual, entertainment, and education.<sup>369</sup> The BBC will also be required to set out overall planned hours of acquisitions in the children's genre.
- 7.73 We note specific stakeholder concerns about an increase in animations in BBC children's programming. They argue that animations reduce the 'Britishness'<sup>370</sup> and relevance of content to children's lives. As we set out in [our decision](#) on changes to the CBBC original productions quota in May 2022, specific commissioning and acquisitions choices are editorial and strategic decisions for the BBC to make. Provided the BBC continues to deliver a wide range of original UK output on CBBC, which we will monitor, an increase in animation itself is unlikely to negatively impact the quality and distinctiveness of CBBC and may also appeal to younger audiences. We consider that high-quality UK animation can support the distinctiveness of the BBC's children's offering. Animation can be used to deliver a range of genres, and it can capture and represent the UK's diversity and stories, including through UK languages and dialects. There are notable examples of high-quality children's animations that are distinctive and from the UK, including *Wallace & Gromit*, *Hey Duggee* and *Danger Mouse*.

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<sup>366</sup> Ofcom analysis of BBC data for 2021.

<sup>367</sup> Operating Licence condition 2.5.

<sup>368</sup> Ofcom analysis of BBC data for 2021.

<sup>369</sup> Operating Licence condition 3.14.5.

<sup>370</sup> It is the BBC's duty to ensure it reflects the diverse communities of the whole of the United Kingdom in the content of its output.



## Provision of a broad range of audio content and radio distinctiveness

### Overall approach

#### What we said

- 7.74 We proposed to replace network radio quotas for arts and religious programmes, documentaries, social action campaigns, live or specially recorded performances and new musical works with a condition requiring the BBC to provide a wide breadth of output.<sup>371</sup> We also proposed transparency requirements to oblige the BBC to set out planned hours for such programming with its Annual Plan.<sup>372</sup> As with the approach to TV genre quotas, this places emphasis on the BBC needing to deliver a wide range of output, particularly in the genres referred to in the Licence, rather than specifying minimum volumes of output to determine whether the BBC is delivering for audiences.
- 7.75 We proposed to retain existing quotas for music on BBC Radio 1 and BBC Radio 2, for live or specially recorded music on BBC Radio 3 and for sports coverage on BBC Radio 5 Live.<sup>373</sup> This was supported with transparency requirements for the BBC to set out, with its Annual Report, the number of sports it covered on BBC Radio 5 Live (including hours of each sport), and the contribution that specialist music made to the distinctiveness of BBC Radio 1 and BBC Radio 2.<sup>374</sup> We also proposed to introduce a transparency requirement for the BBC to set out its plans for ensuring that each of its services is distinctive, including BBC Sounds.<sup>375</sup>
- 7.76 As part of our proposal to annualise BBC radio quotas to reduce unnecessary administrative burden on the BBC and Ofcom, we also proposed to annualise the current weekly specialist music quota for BBC Radio 1.

#### Stakeholder comments

- 7.77 The BBC supported our proposals to replace the network radio quotas described above with a condition requiring the BBC to provide a wide breadth of output. It also supported our proposal to retain the music quotas on BBC Radio 1, BBC Radio 2 and BBC Radio 3 as well as the sports quota on BBC Radio 5 Live.<sup>376</sup>

<sup>371</sup> The quotas in question concern the volume of documentaries on BBC Radio 1, BBC 1Xtra, BBC Radio 2, BBC Radio 3, BBC Radio 4 and BBC 6 Music, religious programming on BBC Radio 2 and BBC Radio 4, social action campaigns on BBC Radio 1, arts programming on BBC Radio 2, live or specially recorded performances and new music works on BBC Radio 3.

<sup>372</sup> Proposed Licence conditions 3.14.5.1-3.14.5.7.

<sup>373</sup> Proposed Licence conditions 3.9-3.12.

<sup>374</sup> Proposed Licence conditions 3.15.2-3.15.3.

<sup>375</sup> Proposed Licence condition 3.14.1.

<sup>376</sup> [BBC response](#), page 12.



- 7.78 A range of stakeholders<sup>377</sup> expressed concerns that our proposals to replace genre and output quotas on a number of the BBC's network radio services with general conditions and transparency requirements would result in a decline in 'at-risk' content. News Broadcasting argued that replacing quotas with transparency requirements would not enable stakeholders to effectively assess the BBC's performance.<sup>378</sup> The NUJ said that quotas should be retained for both BBC Radio 3 and documentaries, at least until the new structure has bedded in and the BBC has demonstrated its commitment to providing content.<sup>379</sup>
- 7.79 Some stakeholders said that the proposals to replace quotas represented a relaxing of regulation. Global argued that the transparency requirement for the BBC to explain any significant changes to current provision does not appear to allow for any challenge by Ofcom or stakeholders. It argued that the proposals would result in less rigorous regulation for the BBC than for commercial radio stations (which must seek Ofcom approval to change their formats) and that failure to provide a corresponding relaxation of regulations for the commercial sector would be a breach of Ofcom's principal duty and regulatory principles.<sup>380</sup> Radiocentre noted similar concerns and suggested instead that the BBC is required to seek approval from Ofcom to vary its output of at-risk content, along with an explanation of how any changes would deliver its Mission and Public Purposes, and a consultation with stakeholders.<sup>381</sup>
- 7.80 Both Radiocentre and AudioUK referenced the removal of the BBC Trust's quotas for drama on BBC Radio 3, and drama and comedy on BBC Radio 4, when Ofcom developed the first Operating Licence, and the subsequent declines in provision. For example, BBC Radio 4 was required to broadcast at least 600 hours of original drama and readings and at least 180 hours of original comedy each year under the BBC Trust. The stakeholders argued that despite the BBC reporting to Ofcom in 2017 that it did not intend to reduce drama or comedy content, the 2022-23 Annual Plan committed to only 300 hours of drama and 150 hours of comedy on BBC Radio 4.<sup>382</sup>

The NUJ and the Sandford St Martin Trust said that there are few non-BBC sources of radio documentaries and religious programming, making them key for the distinctiveness of BBC radio.<sup>383</sup> Radiocentre was also concerned that these changes would reduce the distinctiveness of the BBC's radio services. It referred to modelling from its September 2019 response<sup>384</sup> to our consultation *How Ofcom Regulates the BBC* to suggest that fewer

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<sup>377</sup> [AudioUK response](#), pages 2-7; [Global response](#), pages 7-8; [T. Havenhand response](#), page 1; [News Broadcasting response](#), pages 13-14; [NUJ response](#), pages 5-6; [Radiocentre response](#), pages 13-17; [SSMT response](#), pages 6-7; [VLV response](#), pages 13-14.

<sup>378</sup> [News Broadcasting response](#), page 6.

<sup>379</sup> [NUJ response](#), pages 5-6.

<sup>380</sup> [Global response](#), page 5.

<sup>381</sup> [Radiocentre response](#), page 15.

<sup>382</sup> [Radiocentre response](#), page 16; [AudioUK response](#), page 2.

<sup>383</sup> [NUJ response](#), page 6; [SSMT response](#), page 6.

<sup>384</sup> [Radiocentre response to Ofcom consultation How Ofcom Regulates the BBC](#), page 19.



restrictions on BBC content would harm commercial radio and fair and effective competition.<sup>385</sup>

- 7.81 With respect to live commentary of sports on BBC Radio 5 Live, News Broadcasting argued that the transparency requirement we proposed would be unlikely to enable meaningful assessment of the BBC's plans. It noted that our proposals did not include a specific requirement for the BBC to publish its planned output for sports coverage, instead only requiring the BBC to report retrospectively on its delivery. It also highlighted that the requirement was not limited exclusively to live coverage, meaning that it could be interpreted to include other content such as chat shows. It recommended altering the transparency requirement for the BBC to set out its planned output across individual services to also include a requirement to report on its minority sports coverage on BBC Radio 5 Live.<sup>386</sup>
- 7.82 News Broadcasting also noted concern about annualising BBC Radio 1's specialist music quota. It argued that this would effectively reduce the requirement on the BBC and risk BBC Radio 1 becoming a more generic music service that duplicates commercial stations' playlists.<sup>387</sup>

### Our decision

- 7.83 As discussed with respect to TV genre quotas, we remain of the view that single-service genre quotas are not effective as they do not take account of the BBC's online services and do not reflect how audiences interact with the breadth of the BBC's services. Additionally, we consider there ought to be more focus on the quality and distinctiveness of what the BBC delivers to audiences, rather than the volume alone. To allow the BBC to best meet audience needs, we think it is important that our regulation enables the BBC to deliver audio programming where and how audiences want it.
- 7.84 Global and Radiocentre suggested that our proposals would allow the BBC to make changes to its radio station output without the scrutiny and challenge of Ofcom or other stakeholders. We do not agree with these assertions, as our approach is underpinned by a robust framework to hold the BBC to account for delivery to audiences:
- a) Firstly, we are introducing transparency requirements which require the BBC to set out its plans to deliver a wide breadth of output.<sup>388</sup> The BBC will also be required to report on any significant changes it plans to its provision.<sup>389</sup> These requirements will ensure public transparency over the BBC's plans, allowing both Ofcom and stakeholders to scrutinise them.

<sup>385</sup> [Radiocentre response](#), page 14.

<sup>386</sup> [News Broadcasting response](#), pages 5-6 and 14-15.

<sup>387</sup> [News Broadcasting response](#), page 10.

<sup>388</sup> Operating Licence condition 3.14.6.

<sup>389</sup> Operating Licence conditions 3.13 and 3.15.



- b) Secondly, alongside greater transparency by the BBC, we will continue to monitor the BBC's performance drawing on a variety of data sources to build an independent view. Our monitoring programme includes consideration of views from stakeholders.
- c) Thirdly, where we have concerns around a particular change to the BBC's delivery to audiences, we can step in to investigate and address our concerns. This process is set out in more detail in Section 3.
- 7.85 We note the concern raised by Radiocentre and AudioUK about changes in the provision of radio drama and comedy since Ofcom published the BBC's first Operating Licence in 2017, and specifically the example of BBC Radio 4. As regards this example, we would highlight that the BBC Trust quota included 'readings'<sup>390</sup> – a separate category of content in addition to drama – whereas the commitment in the 2022/23 Annual Plan focuses only on drama. In the first Licence we decided not to retain the BBC Trust's quotas for drama productions on BBC Radio 3 as well as original drama, readings and original comedy quotas on BBC Radio 4. This was because we considered these services already provided a highly distinctive offering to audiences and we wanted to give the BBC the scope to further innovate these services without prescriptive quota requirements.
- 7.86 The example raised by Radiocentre and AudioUK, however, highlights the need for greater transparency. As set out above, our transparency requirements in the new Operating Licence will require the BBC to set out its plans to deliver a wide breadth of output.<sup>391</sup> It will also be required to report on any significant changes that it plans to its provision.<sup>392</sup> Alongside the BBC's own reporting, we will continue to monitor its performance.
- 7.87 As noted in our June Consultation, the BBC's video and audio offerings are not directly comparable and we therefore believe a different approach is needed. We said that the nature of music radio, where music tracks are not original BBC productions, meant there was a greater need to safeguard distinctiveness in this area. We did not consider the genre radio quotas to be comparable to music radio conditions, as they concern outputs that are original productions and not widely offered by other providers.
- 7.88 Accordingly, we are retaining several quotas in respect of music tracks.<sup>393</sup> This includes specialist music on BBC Radio 1 and BBC Radio 2, where, as well as quotas, we are confirming our proposal to introduce a transparency requirement for the BBC to report with its Annual Report on the contribution that specialist music made to the distinctiveness of BBC Radio 1 and BBC Radio 2 during the year.<sup>394</sup>
- 7.89 We are also retaining conditions with respect to live commentary on sports on BBC Radio 5 Live.<sup>395</sup> We note the feedback News Broadcasting provided on the supporting transparency requirement we proposed, and have decided to amend this.<sup>396</sup> Instead of requiring

<sup>390</sup> 'Readings' constitute narrated programming, as opposed to dramatisations.

<sup>391</sup> Operating Licence condition 3.14.6.

<sup>392</sup> Operating Licence conditions 3.13 and 3.15.

<sup>393</sup> Operating Licence conditions 3.9.1-3.9.4, 3.10.1-3.10.4 and 3.11.1.

<sup>394</sup> Operating Licence condition 3.16.3.

<sup>395</sup> Operating Licence condition 3.12.

<sup>396</sup> Proposed Licence condition 3.15.2.



reporting on the total (live or non-live) coverage of sports, we are requiring the BBC to report on the number of sports and total hours per sport, in the live commentary on BBC Radio 5 Live.<sup>397</sup> We consider that this better reflects the obligation.<sup>398</sup> We are not making changes to require reporting on the BBC's plans for sports for the year ahead, as we consider our approach better reflects the uncertainty associated with sports rights bidding. We are also not expanding transparency requirements to seek reporting on the coverage of minority sports on BBC Radio 5 Live. We do not consider this would reflect the intent of our condition.

- 7.90 We disagree with News Broadcasting's point that our decision to annualise BBC Radio 1's weekly specialist music quota will undermine its distinctiveness. The amount of specialist music content the BBC is required to deliver on BBC Radio 1 remains unchanged, and the shift to annual quotas does not represent a change in our expectations of the service's distinctiveness. We expect the annual quota to broadly continue being distributed proportionately per week. We will consider the provision of specialist music content on BBC Radio 1, alongside other aspects of distinctiveness – such as live music or UK acts – in our assessment of the BBC's performance. We also discuss annualisation of radio quotas in Section 5.

## BBC Sounds

### What we said

- 7.91 An important objective of the new Operating Licence was to bring the BBC's online services, including BBC Sounds, more fully within the scope of the Licence. BBC Sounds and the other parts of BBC Online have become increasingly important for reaching audiences. Our proposals sought to ensure that we hold the BBC to account for its online delivery to audiences, as well as give it greater recognition for its contribution to the BBC's Mission and Public Purposes.
- 7.92 We proposed transparency requirements for BBC Sounds across all the Public Purposes. With regard to Public Purpose 3 we set out requirements for the BBC to provide a broad range of original UK content, to support new UK talent and creative innovation, to provide a wide breadth of output, and to make its original UK content easily discoverable.<sup>399</sup> We also set out specific requirements for the BBC to explain its plans for ensuring that each UK Public Service is distinctive, including plans for BBC Sounds, and the role acquisitions will play in these plans.<sup>400</sup>

<sup>397</sup> Operating Licence condition 3.16.2.

<sup>398</sup> Operating Licence condition 3.12.

<sup>399</sup> Proposed Licence condition 3.2.

<sup>400</sup> Proposed Licence conditions 3.14.1 and 3.14.2.



## Stakeholder comments

- 7.93 The BBC supported the inclusion of BBC Sounds in the Licence along with the introduction of new transparency requirements.<sup>401</sup> Global, Radiocentre and News Broadcasting also welcomed the inclusion of BBC Sounds but had concerns that the conditions were too vague, and noted the absence of the word 'distinctive' in the conditions.<sup>402</sup> Global and Radiocentre suggested improvements to our proposed condition 3.2.1 to instead read *"provide a broad range of distinctive original UK content"* and requirement 3.2.3 to ensure that BBC Sounds provides *"a wide breadth of distinctive output covering a range of specialist genres and content types that are not well served by the commercial sector."*<sup>403</sup>
- 7.94 News Broadcasting was concerned that Ofcom had not demonstrated how it would measure distinctiveness. It particularly pointed to a lack of quantitative measures.<sup>404</sup> Radiocentre noted that it believed Ofcom lacked oversight of the performance of BBC Sounds in part due to a historical lack of regulation of this service.<sup>405</sup> News Broadcasting provided us with a set of specific recommendations for the transparency requirements, which included requiring information on spend and listening data.<sup>406</sup>
- 7.95 On potential competition impacts, Global and Radiocentre both argued that the BBC had dominance in the UK audio sector and given this, and the difference in how the TV and audio sectors have developed, the BBC's online audio activities should be subject to greater regulation than its online TV services.<sup>407</sup>

## Our decision

- 7.96 After carefully reviewing stakeholder comments on the proposed requirements and how we measure the distinctiveness of BBC Sounds, we have decided to implement the conditions we proposed in the June Consultation.<sup>408</sup>
- 7.97 We consider that distinctiveness covers a number of areas, including breadth of content, the quality of the output, the proportion of UK original content, the level of risk-taking and creative innovation, and the range of audiences the BBC serves. These are all elements that would contribute to a distinctive BBC Sounds. The conditions we have imposed for BBC Sounds capture these key elements of distinctiveness and should ensure that the BBC is transparent in its approach.
- 7.98 Stakeholder comments suggested that for BBC to be distinctive, it should predominantly include specialist genres or content that are underserved by the commercial sector. We do not agree that to be distinctive, BBC Sounds must focus only on such genres, and consider that a broad range of high-quality, distinctive content is important (as set out in the

<sup>401</sup> [BBC response](#), page 9.

<sup>402</sup> [Global response](#), page 8 ; [Radiocentre response](#), page 2; [News Broadcasting response](#), page 2.

<sup>403</sup> [Global response](#), page 8; [Radiocentre response](#), page 17.

<sup>404</sup> [News Broadcasting response](#), page 12.

<sup>405</sup> [Radiocentre response](#), page 7.

<sup>406</sup> [News Broadcasting response](#), pages 2-3.

<sup>407</sup> [Global response](#), page 11; [Radiocentre response](#), page 1.

<sup>408</sup> Operating Licence conditions 3.2 and 3.3.



Licence objectives). As noted previously, we also consider distinctiveness at a service level and not on a programme-by-programme basis.

- 7.99 We will hold the BBC to account to ensure that it delivers a distinctive BBC Sounds service for audiences. The measures we will use to assess the distinctiveness of BBC Sounds are broadly similar to those we use to assess distinctiveness across other BBC services, the elements of which are set out above and at the end of this section. The metrics used to assess the elements of distinctiveness will differ depending on the service in question, but for BBC Sounds many will reflect those used in radio in addition to those appropriate for the provision of online audio services.
- 7.100 Given that BBC Sounds is a new area being covered in the Operating Licence, we currently have limited information available about, for example, the genres of programming on the service. We are therefore engaging with the BBC over the coming months to develop our understanding of BBC Sounds and how we measure performance. In explaining how the BBC will deliver on the condition to provide a wide range of output on BBC Sounds,<sup>409</sup> we expect it to detail the planned mix of genres and output for BBC Sounds. We also expect to request further information as appropriate to increase our understanding of performance. This might include, for example, requesting a ‘snapshot’ of all the content available on BBC Sounds to help us assess distinctiveness.
- 7.101 News Broadcasting called for spend data for BBC Sounds to be published. We consider that where this could be a helpful indicator of performance, we may request it confidentially from the BBC. Where appropriate we would expect to discuss this in our performance assessment as part of our annual report on the BBC, but we do not consider it necessary for the BBC to be required to publish additional spend information for BBC Sounds.
- 7.102 In relation to the issues concerning competition raised by Global and Radiocentre, Ofcom decided in our November 2021 statement on the Market Position of BBC Sounds that we did not have reasonable grounds to believe it was having a significant adverse impact on fair and effective competition.<sup>410</sup> More recently, we set out our view of the BBC's current position within the audio sector, to give the BBC and other stakeholders more clarity about how we are likely to approach consideration of BBC competition impacts.<sup>411</sup> As described in the competition discussion in Section 3, we have a broad set of regulatory tools in place to monitor the BBC's impact on competition and to allow us to take action where necessary.

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<sup>409</sup> Operating Licence conditions 3.2.3 and 3.13.

<sup>410</sup> Ofcom, [Market position of BBC Sounds](#), 25 November 2021.

<sup>411</sup> Ofcom, [How Ofcom regulates the BBC's impact on competition: proposals for changes to guidance and requirements](#), November 2022.



## BBC Radio 2 live music quota

### What we said

- 7.103 In our June Consultation, we proposed to retain the quota for live music on BBC Radio 2 at the level set in the 2017 Licence.<sup>412</sup> We said that live music is an important contribution to BBC Radio 2's distinctiveness and that it should be protected.
- 7.104 As part of its additional request for changes to the BBC Operating Licence, the BBC asked that we take a similar approach for BBC Radio 2's live music quota as we had proposed for other genre radio quotas in our June Consultation. Specifically, it asked for the live music quota to be replaced with a condition and supporting transparency requirements.
- 7.105 Rather than remove the live music quota as requested by the BBC, in our [December Consultation](#) we proposed to amend it to exclude repeated content that is less highly valued by audiences. The proposal was that the quota would only capture genuinely live or new specially recorded live music and that it would be set at 68 hours for each financial year, in line with delivery in 2022.

### Stakeholder comments

- 7.106 The VLV agreed with Ofcom's assessment and our proposal to set the quota at 68 hours of new live music excluding repeats.<sup>413</sup> Radiocentre also supported our proposal but noted its concern with the trend in lowering quota levels across different genres of radio content.<sup>414</sup>
- 7.107 The BBC argued that 2022 was an atypical year, with 55 hours of new live music from programmes and events, and 14 from ad-hoc live recordings, which are hard to guarantee. It asked for the quota to be set at 55 hours instead and stated that next year it plans to deliver 62 hours. It argued that the money saved by reducing the hours of repeats delivered would not be sufficient to fund a higher volume of new live music.<sup>415</sup>

### Our decision

- 7.108 We consider the live music quota to be a key contributory factor to the distinctiveness of BBC Radio 2. We have therefore decided to set the financial year quota at 68 hours excluding repeats.<sup>416</sup>
- 7.109 The BBC initially stated that the money saved from expensive repeats of live music could be used to deliver more new live music, and as such we did not see a reason to set the quota below the BBC's current level of new live music. We acknowledge that the BBC is facing greater financial pressures. However, live music is a fundamental feature of the BBC's output on BBC Radio 2, is key to distinctiveness and is highly valued by audiences. We think that it is important that we set the BBC an appropriate quota in this space to

<sup>412</sup> Proposed Licence condition 3.10.3.

<sup>413</sup> [VLV response](#), page 3.

<sup>414</sup> [Radiocentre response](#), pages 2-3.

<sup>415</sup> [BBC response](#), pages 5-7.

<sup>416</sup> Operating Licence condition 3.10.3.



ensure audiences are not negatively affected, and hence have decided to adopt our proposal of 68 hours.

## Performance measurement

- 7.110 We have said before that distinctiveness is a broad concept influenced by a number of factors and can be perceived differently by different audiences. We consider the BBC's distinctiveness across services rather than on a programme-by-programme basis, and we typically use a basket of measures to look at the BBC's delivery of distinctiveness.
- 7.111 Specifically, we weigh availability, consumption, and the impact on audiences against the five pillars of distinctiveness: 1) the range of genres and output, 2) the quality of content, 3) UK originality, 4) risk-taking and innovation and 5) the range of audiences reached. This approach is informed by [research we commissioned](#) in 2017 to explore the public's views of the BBC, with a focus on distinctiveness. To supplement our approach, we have been developing a set of key metrics to give insights into how the BBC is distinctive and to track this over time. An initial illustrated version of this was set out in the most recent Ofcom [annual report on the BBC](#).<sup>417</sup>
- 7.112 In response to our consultation, some stakeholders were unclear about how Ofcom would measure the distinctiveness, in particular, of online services.<sup>418</sup> ITV argued that there is no vision for what makes a distinctive set of services, and recommended tracking key performance metrics over time and in comparison with competitor services.<sup>419</sup> News Broadcasting suggested that we require the BBC to publish disaggregated commissioning spend, technical roadmaps and audience research on the development of online services.<sup>420</sup>
- 7.113 The Licence places obligations on the BBC to help secure the distinctiveness of online services. This includes requirements on the BBC to ensure that BBC iPlayer and BBC Sounds provide a broad range of original UK content, support new UK talent and creative innovation, provide a broad range of output across genres, and that original UK content is easily discoverable.<sup>421</sup> The Licence also requires the BBC to take steps with respect to BBC Online to reach, serve and engage with all audiences, including experimenting with innovative forms of delivery where appropriate.<sup>422</sup> We are confirming a new transparency requirement for the BBC to report on its plans to ensure that each UK Public Service is distinctive, including each of BBC iPlayer, the BBC Website and BBC Sounds.<sup>423</sup>
- 7.114 Alongside these requirements we will measure the BBC's performance in respect of distinctiveness. We consider that the approach we take to measuring the distinctiveness of

<sup>417</sup> [Ofcom's annual report on the BBC 2021-22](#), page 27.

<sup>418</sup> [Directors UK response](#), pages 5-6; [ITV response](#), pages 2 and 15; [News Broadcasting response](#), page 15; [Radiocentre response](#), page 16;

<sup>419</sup> [ITV response](#), pages 2 and 15.

<sup>420</sup> [News Broadcasting](#), page 15.

<sup>421</sup> Operating Licence condition 3.2.

<sup>422</sup> Operating Licence condition 3.3.

<sup>423</sup> Operating Licence condition 3.14.1, 3.14.2.



broadcast services also applies to the BBC's online services, namely BBC iPlayer, BBC Sounds and the website and its apps – ranging from BBC News, BBC Sport and Bitesize to BBC Food.

- 7.115 However, there are elements that are unique to online services. Online services can host exclusive content, but the volume of online-only content has been fairly limited for BBC iPlayer, for example.<sup>424</sup> The digital nature of online services offers unique opportunities to deliver and engage audiences in new ways such as trailers and interactive games such as those on BBC [Bitesize](#). In addition, the audience experience of online services is different, given its on-demand nature, and there is an important role for the BBC to make the breadth of its content discoverable. We consider this to be a key element of making online services distinctive. At the same time, having a varied catalogue available on demand gives the BBC scope to better deliver to audiences interested in niche content and to deliver such content to a wider range of audiences.
- 7.116 We will therefore build and expand on our existing approach to capture these elements. We will use the five pillars of distinctiveness to guide considerations, while also looking further, at aspects such as discoverability. We will for example, consider how discoverability, and the use of editorial curation alongside algorithmic personalisation, feeds into the distinctiveness of the service.<sup>425</sup> We will also engage with the BBC to interrogate wider plans and roadmaps for delivering online distinctiveness, and make use of the information the BBC provides with its Annual Plan and its Annual Report. We expect the BBC to continue to set out its plans for its existing broadcast TV and radio services.
- 7.117 The measurement of discoverability and online performance will require new data to be made available, and this is likely to evolve over time. We will continue to engage with audiences through research and draw on this to inform our measurement of the BBC's distinctiveness, including online. Where necessary, we will conduct ad-hoc research to inform specific aspects of our assessment of the BBC's performance. As with broadcast services, it will be useful to make comparisons between the BBC's performance on its online services with that of other providers.

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<sup>424</sup> Confidential data provided to Ofcom by the BBC.

<sup>425</sup> Section 3 outlines our approach to measuring the BBC's performance on delivering discoverability.



## 8. Decisions for Public Purpose 4

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

### Summary of our approach to Public Purpose 4

Having considered stakeholder responses to our consultation proposals, we have taken the following decisions:

#### **Retained a large number of quotas, with some amendments. We have retained:**

- All the quotas which ensure that a proportion of hours of, and spend on, television network programmes are made in the UK (outside the M25) and in England (outside the M25), Scotland, Wales and Northern Ireland.
- The quotas which ensure a proportion of spend on programme production for network radio is incurred outside the M25 and updated them to allow content produced for BBC Sounds to contribute.
- The quota to ensure that 95% of all programming across the BBC One and BBC Two regional variations (or 'opt-out services') is made in the relevant area, and that 90% of first-run programming on BBC Scotland is made in Scotland.
- Separate quotas for news and current affairs content for each of the BBC One opt-out services in Scotland, Wales and Northern Ireland.
- Overall quotas for news, non-news and total content of national or regional interest across all the BBC One and BBC Two opt-out services taken together. However, we have reduced the level of these quotas.<sup>426</sup>
- The quota to ensure that BBC Parliament covers the devolved administrations.
- All quotas to ensure that the BBC provides speech content on radio services for the nations and regions, including 100% speech during breakfast peak time in England, and the quotas which require local radio stations in England to allocate time to original, locally made programming.
- The quota in relation to the BBC's provision of Irish and Ulster Scots programming on radio.

#### **Set requirements as to what content and services the BBC should deliver. We have replaced:**

- Quotas with a condition to provide content (other than news and current affairs) for Scotland, Wales and Northern Ireland, including some first-run originations. The condition is accompanied by transparency requirements.
- The quota for BBC ALBA to provide content aimed at people learning Gaelic with a requirement to provide this content, supported by transparency requirements.
- We have introduced requirements for the BBC to provide a broad range of content which reflects each nation's culture on its online services, and to make this content easily discoverable.

#### **Introduced other new transparency requirements**



- We have introduced a requirement for the BBC to set out plans and to report with its annual report on how it provides relevant content for audiences in the nations and regions.
- We have enhanced the diversity transparency requirements to enable us to bring about a better understanding of how the BBC is serving and representing the diverse communities of the UK.

## Introduction

### Background and our consultation proposals

- 8.1 Public Purpose 4 requires the BBC to reflect, represent and serve the diverse communities of all the United Kingdom's nations and regions, and in doing so, to support the creative economy across the United Kingdom:

“The BBC should reflect the diversity of the United Kingdom both in its output and services. In doing so, the BBC should accurately and authentically represent and portray the lives of the people of the United Kingdom today, and raise awareness of the different cultures and alternative viewpoints that make up its society. It should ensure that it provides output and services that meet the needs of the United Kingdom's nations, regions and communities. The BBC should bring people together for shared experiences and help contribute to the social cohesion and wellbeing of the United Kingdom. In commissioning and delivering output the BBC should invest in the creative economies of each of the nations and contribute to their development.”

*Article 6 of the BBC Charter*

- 8.2 The BBC has a unique role set out in its Mission, to serve all audiences. It must be able to connect with and remain relevant to a range of different audience groups, who rightly expect the BBC to reflect their own lives, along with the diversity of the UK. Public Purpose 4 requires the BBC to reflect, represent and serve the diverse communities of all the UK's nations and regions and, in doing so, support the creative economy across the UK.
- 8.3 To help improve the BBC's diversity reporting, in our [June Consultation](#) we proposed new transparency requirements for the BBC to report on its representation and portrayal obligations publicly and to strengthen the requirements around the BBC's Diversity Commissioning Code of Practice.
- 8.4 The first Licence contained quotas for the BBC to produce and invest in a set percentage of its network content from the nations and regions, although these did not capture the BBC's investment in content for its online services. We therefore proposed to allow content made for BBC Sounds to count towards delivery of the network radio production spend quotas for the nations and regions. We recommended that the UK Government consider

<sup>426</sup> For all news content we have reduced the level from 4,300 hours to 3,900 hours (all hours) and from 2,100 to 1,700 (peak hours); for current affairs we have reduced the level from 557 to 200 (peak hours) and from 179 to 150 (hours adjacent to peak); and for opt-out content we have reduced the level from 5,909 to 5,000 hours.



an amendment to the Agreement that would allow programmes produced for BBC iPlayer to contribute to the BBC's quotas for TV programmes made in the UK outside the M25.

- 8.5 The first Licence also contained a range of quotas to ensure that the BBC provides content that meets the needs of each of the UK's nations, regions and communities on its regional and nations variations of BBC One and BBC Two, also referred to as 'opt-out services'. We proposed to retain the majority of those quotas, including all quotas which target news and current affairs content. In relation to content other than news and current affairs, we proposed to retain the overall quota which applies to all nations and regional opt-out services taken together.<sup>427</sup> However, to give the BBC more scope to decide how best to serve audiences across its services, we proposed to replace the BBC's quotas for content other than news and current affairs for each of Scotland, Wales and Northern Ireland with requirements for the BBC to provide this content, supported by transparency requirements. In addition, we proposed transparency requirements that would require the BBC to set out plans to deliver content of interest and relevance to audiences in the nations and regions, as well as indigenous language programming.
- 8.6 We proposed to retain all speech quotas on the BBC's radio services for the nations. For local radio in England, we proposed to reduce the breakfast peak speech quotas to give the BBC greater flexibility to serve listeners, and in support of this change we introduced a requirement for the BBC to provide a significant amount of local news and information during the breakfast peak.<sup>428</sup> Full details of all proposals are provided in our consultation document.<sup>429</sup>
- 8.7 In our [December Consultation](#), in response to a BBC request to change the Licence, we proposed to reduce the level of the quotas for all news content taken together, across all opt-out services, as well as the quotas for non-news content on all opt-out services. We also proposed to introduce new transparency requirements with respect to non-news content that the BBC plans to broadcast on its opt-out services, including the range of genres. Further details are set out in our consultation document.<sup>430</sup>

## Stakeholder responses and our decisions

- 8.8 In this section we set out stakeholders' views on our proposals in more detail and respond to the points made with our decisions. We cover the following areas:
- diversity, audience representation and portrayal;
  - production in the nations and regions;
  - programming for the nations and regions; and
  - performance measurement.

<sup>427</sup> The quota includes both current affairs and other non-news content.

<sup>428</sup> Our analysis of the proposed amendment to the speech condition for BBC local radio in England can be found in Section 4 alongside our consideration of the BBC's other planned changes to local radio.

<sup>429</sup> Ofcom, [Modernising the BBC's Operating Licence](#), June 2022, chapter 9.

<sup>430</sup> Ofcom, [Consultation on the BBC's request to change the Operating Licence](#), December 2022, chapter 5.



## Diversity, audience representation and portrayal

### Representation and portrayal

#### What we said

8.9 In our June Consultation, we proposed to require the BBC to report on its representation and portrayal obligations publicly, rather than just to Ofcom, both to clearly explain its approach to delivery and to ensure greater accountability for its performance.<sup>431</sup> We also proposed to amend the relevant conditions so that the BBC should measure and report on those audience groups which are less satisfied, rather than dissatisfied.

#### Stakeholder comments

8.10 A range of stakeholders supported our proposals on representation and portrayal, particularly the new requirement for the BBC to report publicly on its obligations.<sup>432</sup>

#### Our decision

8.11 We have decided to implement our proposal to require the BBC to report publicly on its representation and portrayal obligations.<sup>433</sup> Audiences' perceptions of representation and portrayal remain low relative to other aspects of BBC performance, particularly among those in lower socio-economic groups, and disabled audiences.<sup>434</sup> To increase accountability for its performance, we expect the BBC to set out more clearly in its public reporting how it is: developing its overall strategy for improving perceptions among specific groups, including how it is drawing on audience research; and evaluating the delivery and impact of its strategy.

8.12 Regarding audience satisfaction, the BBC already voluntarily measures and reports on audience groups which are less satisfied, rather than dissatisfied, for its submission of audience satisfaction data to Ofcom. We have decided to amend the condition to report on 'less satisfied' audiences to formalise this approach.<sup>435</sup>

### Workforce diversity

#### What we said

8.13 We proposed to update the BBC's Licence requirements for workforce diversity reporting to give us the flexibility to modify the categories of data we collect on job roles and levels.<sup>436</sup> We also proposed to update the terminology used in the requirements relating to

<sup>431</sup> Proposed Licence conditions 4.2-4.6.

<sup>432</sup> [ACS response](#), page 6; [BBC response](#), pages 13-14; [BFI response](#), pages 4-5; [Directors UK response](#), page 7; [NUJ response](#), page 6; [SSMT response](#), page 8; [Screen Scotland response](#), page 5; [VLV response](#), page 15; [Welsh Government response](#), page 5.

<sup>433</sup> Operating Licence conditions 4.2-4.6.

<sup>434</sup> Ofcom, 2022. [Ofcom's annual report on the BBC 2021-22](#), page 6.

<sup>435</sup> Operating Licence condition 4.5.

<sup>436</sup> Proposed Licence condition 4.12.



'gender reassignment'. This was to ensure that the BBC's reporting continues to be consistent with the wider broadcasting industry's reporting to Ofcom on the diversity of their TV and radio workforces. This should enable us to reflect best practice in the data we collect from the BBC and avoid unnecessary administrative complexity for the BBC and Ofcom.

### Stakeholder comments

- 8.14 The BBC expressed concern about our proposal to amend the workforce diversity reporting requirements. It noted the benefit of having stable category definitions over time, to ensure that future data is comparable. It also highlighted the potential cost to the BBC of having to change categories in its system for capturing the data, should Ofcom decide to use its flexibility.<sup>437</sup>
- 8.15 Directors UK also called for workforce diversity reporting to include measurement of the freelance production workforce who work for the BBC. It said that the BBC should measure and report on the longer-term outcomes of its actions on workforce diversity.<sup>438</sup> The NUJ highlighted the importance of monitoring the retention and career progression of journalists from under-represented groups within the BBC.<sup>439</sup>

### Our decision

- 8.16 We have decided to update the BBC's Licence requirements for workforce diversity to give us flexibility to modify the categories of data we collect on job roles and levels.<sup>440</sup> We note the BBC's concern around giving us the flexibility to modify the categories for workforce diversity reporting. We also appreciate the value of comparable time series data, and would only expect to update the reporting categories when necessary to allow us to take account of future developments in diversity reporting. We will engage with the BBC if we plan to make any modifications and take account of their comments in the specific modifications we may be intending to make.
- 8.17 The NUJ's comments on career progression align with Ofcom's own equity, diversity and inclusion (EDI) Guidance.<sup>441</sup> We continue to impress upon all broadcasters the need to focus greater efforts on improving the retention and progression of under-represented groups throughout their organisations and the critical role data can play in identifying and addressing gaps in their workforces.<sup>442</sup>
- 8.18 We have considered Directors UK's concern about the freelance production workforce. The BBC reports to Ofcom on the diversity of the freelancers that it directly contracts, as part of its annual diversity workforce submissions for our [EDI in Broadcasting Reports for TV and Radio](#). The BBC is also part of a cross-industry monitoring programme called Project

<sup>437</sup> [BBC response](#), page 13.

<sup>438</sup> [Directors UK response](#), page 7.

<sup>439</sup> [NUJ response](#), page 6.

<sup>440</sup> Operating Licence condition 4.12.

<sup>441</sup> [Ofcom Equity, diversity and inclusion. Guidance for broadcasters](#) 2022, page 5 and pages 8-9.

<sup>442</sup> Ofcom, November 2022. [Ofcom BBC Annual Report 2021-22](#), page 49.



Diamond, with ITV, Channel 4, Paramount, UKTV and Sky, which collects the diversity data of UK TV production workforces. The BBC reports on this data in its Annual Report and the Diversity Commissioning Code of Practice ('DCCoP'). We do not therefore consider that there is a need for an additional requirement.

- 8.19 We have consistently encouraged the BBC, along with other broadcasters, to measure the long-term outcomes of their actions to improve workforce diversity. The BBC already provides some evidence of this; for example, reporting in its most recent [DCCoP progress report](#) that more than 30 disabled journalists have been given permanent contracts with the BBC through its Extend programme. We encourage the BBC to continue to develop its reporting in this area.

## Diversity Commissioning Code of Practice

### What we said

- 8.20 Under the first Operating Licence we required the BBC to create a DCCoP setting out the steps it will take when commissioning content regarding on-screen portrayal and casting, the workforce diversity of commissioned production teams, and the production and commissioning decision process.
- 8.21 The BBC has used the DCCoP to set out its expectations of commissioned production teams and how it will monitor compliance by such teams with these expectations. We welcomed these elements of the DCCoP and in our June Consultation proposed to expand the relevant Licence requirements to include these aspects of the Code.<sup>443</sup>
- 8.22 We also have previously raised concerns that the BBC's reporting on its compliance with the DCCoP has not been clearly linked back to the commitments within the Code and has lacked detail on how the BBC holds itself and its suppliers to account for meeting the DCCoP commitments. Therefore, we proposed to clarify that as part of reporting annually on its compliance with the DCCoP, the BBC must report on the steps it has taken in respect of any commissioned production team that did not meet the expectations in the Code.<sup>444</sup>
- 8.23 Finally, we proposed to specify that the BBC must report on the number of commissions where production teams did not meet the Code's expectations, detailing whether these were internal or external commissions.

### Stakeholder comments

- 8.24 We received representation on this area from two stakeholders. Pact said that the proposals for the DCCoP must not place additional burden on producers, especially smaller producers with limited resource.<sup>445</sup> The BBC restated its commitment to following the DCCoP.<sup>446</sup>

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<sup>443</sup> Proposed Licence condition 4.8.

<sup>444</sup> Proposed Licence condition 4.10.

<sup>445</sup> [Pact response](#), page 3.

<sup>446</sup> [BBC response](#), page 14.



## Our decision

8.25 We have decided to implement the changes we consulted on.<sup>447</sup> We note Pact's concern that Ofcom should ensure that the amendments to the requirements around the DCCoP do not place additional burdens on producers. We are not requiring any expansion to the existing expectations of producers as set out in the DCCoP. However, we do expect to see improved tracking by the BBC of the compliance by producers under the existing DCCoP commitments. The BBC has now introduced new measurement tools to track compliance, including the Company Leadership Questionnaire to verify the diversity of its suppliers, and the End of Production Report process, as we set out in our most recent annual report on the BBC.<sup>448</sup>

## Production in the nations and regions

### TV production

#### What we said

8.26 The first Licence includes quotas for the expenditure on, and volume of, network programming that the BBC must produce outside the M25 area, and in Scotland, Wales, Northern Ireland, and outside the M25 area in England, for its television services.<sup>449</sup> We proposed to retain these quotas at the levels set in the first Licence<sup>450</sup> and to support this, we proposed a new objective for the BBC to ensure that it supports the UK's creative industries across the UK through its commissioning processes and delivery of output.

#### BBC iPlayer content

8.27 The programme-making quotas in the first Licence are focused on the BBC's TV services and do not capture investment in content for BBC iPlayer, nor do they incentivise the BBC to deliver content made in the nations and regions for online services. We considered that these online services would become increasingly important in how the BBC delivers for audiences across its services, and that they offered opportunities for the BBC to reflect the diversity of the nations and regions across the whole of the UK. We noted that we would therefore like to expand the quotas to include content produced for BBC iPlayer, although this would require changes to the Agreement. Discussion of the UK Government's MTR and potential changes to the Agreement are set out in Section 2.

#### Co-commissions between network and opt-out services<sup>451</sup>

<sup>447</sup> Operating Licence conditions 4.8 and 4.10.

<sup>448</sup> [Ofcom annual report on the BBC 2021-22](#), page 47.

<sup>449</sup> First Licence conditions 2.53, 2.54, 2.56, 2.58 and 2.60. The Agreement requires Ofcom to set quotas for programme making in the nations and regions to ensure that a suitable proportion of all BBC network television programmes in the UK are made outside the M25. The Communications Act 2003 also requires Ofcom to set quotas for television programme making outside of the M25 for the commercial PSBs.

<sup>450</sup> Proposed Licence conditions 4.15, 4.16, 4.18, 4.20, and 4.22.

<sup>451</sup> An opt-out service is the national or regional variation of a BBC channel (for example, BBC One Wales).



- 8.28 We noted that the BBC showed nations and network co-commissions on network services first, to ensure that this programming counted towards the production quotas. However, the BBC has told us that it could be in audiences' interests to make these programmes available on its opt-out services first, and the network channels thereafter. We noted that these programmes are an increasingly significant part of the BBC's commissioning strategy to drive national and regional portrayal.
- 8.29 We recognised the value of such co-commissions to audiences, and therefore proposed to update the Licence to clarify that co-commissions can count towards the production quotas for the nations and regions when shown on an opt-out service first.<sup>452</sup>

### Stakeholder comments

- 8.30 Several stakeholders expressed support for our proposals to retain production quotas for nations and regions productions.<sup>453</sup> Directors UK explained that these quotas on hours and expenditure ensure *"there is work being created that engages talent from across the country and that reflects audiences across the UK"*,<sup>454</sup> while the Scottish Government said that *"strengthening investment and ensuring network productions are devised and produced in Scotland will ultimately lead to content which audiences recognise as more authentic and representative"*.<sup>455</sup> Pact welcomed our proposal for a new objective for the BBC to support the UK's creative industries. It provided the example of Cardiff's creative sector growing by 54% since 2012, when the BBC opened Roath Lock studio centre in Cardiff Bay, to illustrate the substantial benefits that BBC expenditure in the nations and regions can bring to a local area.<sup>456</sup>
- 8.31 The BBC noted the new targets that it set in its Across the UK strategy<sup>457</sup> of at least 60% of network TV expenditure to be spent outside the M25 area by the end of 2027, secured by an amendment to the Agreement in May 2022.<sup>458</sup> The ACS requested that the quota for expenditure in Scotland be gradually increased to reflect this new commitment.<sup>459</sup>
- 8.32 Stakeholders generally supported our recommendation that the UK Government's MTR should enable Ofcom to set nations and regions productions quotas that can be met by BBC iPlayer content.<sup>460</sup> Some raised concerns about the BBC shifting a significant proportion of its nations and regions productions to BBC iPlayer, which they believed would reduce budgets and quality.<sup>461</sup> Directors UK argued that it is essential that the BBC

<sup>452</sup> Proposed Licence condition 4.26.

<sup>453</sup> [ACNI response](#), page 9; [ACS response](#), pages 7-8; [ACW response](#), pages 7-8; [BBC response](#), page 14-15; [BFI response](#), page 5; [Directors UK response](#), page 8; [NUJ response](#), pages 6-7; [Pact response](#), page 12; [SSMT response](#), page 7; [VLV response](#), page 16; [Welsh Government response](#), pages 3-4.

<sup>454</sup> [Directors UK response](#), page 8.

<sup>455</sup> [Scottish Government response](#), page 4.

<sup>456</sup> [Pact response](#), page 13.

<sup>457</sup> The BBC's Across the UK Strategy aims to help it "get closer to audiences across the UK" and increase redistribute decision-making away from London towards the Nations and regions. [BBC Across the UK Strategy](#), 2021.

<sup>458</sup> [BBC response](#), page 14-15.

<sup>459</sup> [ACS response](#), pages 7-8.

<sup>460</sup> [BFI response](#), page 5; [Directors UK response](#), page 8; [Pact response](#), page 12; [SSMT response](#), page 7; [TAC response](#), page 3; [WGGB response](#), page 4.

<sup>461</sup> [WGGB response](#), page 4; [Screen Scotland response](#), page 5.



continues to compensate rights-holders fairly for use of their work commissioned for on-demand services.<sup>462</sup> Pact expressed similar concerns as it had around original productions, about the impact on producer financing due to online-only commissions not being included in the Terms of Trade.<sup>463</sup>

- 8.33 Stakeholders were broadly supportive of our proposal to clarify that co-commissions can count towards the production quotas when shown on an opt-out service first.<sup>464</sup> However, they expressed some reservations for Ofcom to consider. The ACNI cautioned that this change could lead to a dilution of the culturally-specific elements of content produced in the nations and regions in favour of broader network appeal.<sup>465</sup> Directors UK warned that changes to co-commissioning rules should be carefully monitored to ensure that these productions are *“truly benefiting and supporting the workforce in the nation or region.”*<sup>466</sup> WGGB expressed concern that co-commissioning can skew the diversity of the production workforce on a project, which it said it had already observed happening in Wales in ways that undermine the benefits to the local economy and creative sectors.<sup>467</sup>

### Our decision

- 8.34 We have decided that the new Licence should retain the nations and regions production quotas for the BBC's network television services at their levels set in the first Licence.<sup>468</sup> We note that the new requirements, added to the Agreement for the BBC to increase spend in the nations and regions by the end of 2027, have been agreed between the Secretary of State for the Department for Culture, Media and Sport (DCMS) and the BBC. We will track the BBC's performance towards these, but we have no regulatory oversight of them. These requirements apply in addition to the quotas set by us in the Licence, and in contrast to these quotas, which are annual, must be met by the end of the Charter period. For all these reasons, we do not consider that it would be appropriate to amend the Licence's quotas.
- 8.35 The UK Government is considering the changes we recommended to the Agreement alongside its MTR, which is expected to be published later in 2023. Therefore, at this time we cannot expand the scope of the quotas to include BBC iPlayer content. We acknowledge concerns that the change could entail the BBC moving towards meeting its obligations with the majority of content being commissioned for BBC iPlayer, and the potential financial impact this might have on contributors. We note that currently the BBC commissions very little online-only content, but we will continue to monitor this.<sup>469</sup> The BBC has a duty to serve all audiences, including those who do not use BBC iPlayer, and it must consider this in its commissioning process. As discussed in Section 7, any decisions to

<sup>462</sup> [Directors UK response](#), page 8.

<sup>463</sup> [Pact response](#), page 12.

<sup>464</sup> [ACNI response](#), page 10; [Directors UK response](#), page 10; [VLV response](#), pages 15-16; [WGGB response](#), pages 3-4.

<sup>465</sup> [ACNI response](#), page 10.

<sup>466</sup> [Directors UK response](#), page 8.

<sup>467</sup> [WGGB response](#), page 4.

<sup>468</sup> Operating Licence conditions 4.15, 4.16, 4.18, 4.20, and 4.22.

<sup>469</sup> Confidential data provided to Ofcom by the BBC.



update the Terms of Trade is primarily a commercial issue for Pact and the BBC, and is outside the scope of the BBC Operating Licence.

- 8.36 We have also decided to update the Licence to clarify that co-commissions can count towards the production quotas for the nations and regions when shown on an opt-out service first.<sup>470</sup> We recognise ACNI's concern, and we agree with Directors UK and the WGGB that having a diverse production workforce has benefits for the creative economy. This is therefore an area which we plan to carefully monitor. Through the BBC's annual Commissioning Supply Report we receive a breadth of information about the producers the BBC commissions from, including nations and regions producers. In commissioning and delivering output, the BBC should continue to invest in the creative economies of each of the nations and contribute to their development, as set out in Public Purpose 4.

## Radio production

### What we said

- 8.37 The first Licence included quotas for the expenditure on radio programming which the BBC must produce outside the M25 area, including a requirement for 30% of expenditure on radio services designed for audiences across the UK to be incurred outside the M25. We proposed to retain these quotas at the levels set in the first Licence.<sup>471</sup>
- 8.38 However, the conditions in the first Licence do not capture the BBC's investment in BBC Sounds. As discussed above, we consider that the BBC's online services will become increasingly important in how the BBC delivers for audiences. Therefore, we proposed to expand the scope of these quotas to allow content produced for BBC Sounds to count towards the delivery of the radio production quotas.<sup>472</sup>

### Stakeholder comments

- 8.39 The BBC, Radiocentre and ACS all welcomed our proposal to retain the quotas for production outside the M25 area relating to the BBC's radio content.<sup>473</sup> ACS also highlighted that the Agreement between the BBC and DCMS was amended in May 2022 to increase the target to 50% for radio content by the end of 2027. It noted that it would expect the BBC's delivery in this area to increase accordingly, including content made in Scotland.<sup>474</sup>
- 8.40 AudioUK also called for greater transparency from the BBC, specifically that it should be required to demonstrate the extent to which it invests in a range of companies in the creative sector across the UK. AudioUK suggested that this should include details of the

<sup>470</sup> Operating Licence condition 4.26.

<sup>471</sup> Proposed Licence condition 4.28.

<sup>472</sup> In contrast to the TV production quotas, the Agreement does not limit our ability to make this change.

<sup>473</sup> [BBC response](#), pages 14-15; [Radiocentre response](#), page 17; [ACS response](#), page 7.

<sup>474</sup> [ACS response](#), page 7.



BBC's overall spend in the radio and audio indie sectors, and the proportion of spend in each region and nation.<sup>475</sup>

- 8.41 The BBC supported the change to enable content made in the nations and regions for BBC Sounds to count towards these quotas.<sup>476</sup> While Radiocentre accepted the rationale for the proposal, it called for further clarity on how we would monitor the BBC's delivery, particularly around the proportion of the quotas, and asked for further detail on what the acceptable threshold would be.<sup>477</sup> News Broadcasting also argued that the expansion of the quota to include content made for BBC Sounds represents a relaxation of our regulation of the BBC's audio services.<sup>478</sup>

### Our decision

- 8.42 We have decided to retain quotas for expenditure on radio production in the nations and regions at the levels set in the first Licence and update them to allow content produced for BBC Sounds to count towards them.<sup>479</sup>
- 8.43 The BBC has committed to increase spend in the nations and regions on TV and radio by the end of 2027. As discussed in the preceding section on TV production, this commitment is reflected by an amendment to the Agreement in May 2022 between the Secretary of State for DCMS and the BBC. We will track the BBC's performance towards the targets, but we have no regulatory oversight of them.
- 8.44 We expect the BBC to continue to provide information annually to demonstrate how it has met its quotas, including publishing this information broken down by network and local content for each nation. The BBC also currently goes beyond the requirement by reporting its spend on network and local content for each nation in its Annual Report.<sup>480</sup>
- 8.45 The objective of including BBC Sounds content in the radio production quotas is to enable the BBC to decide how best to deliver content to meet audience needs and to take advantage of the opportunities that online services offer to reflect the diversity of the nations and regions to the whole of the UK. We do not consider that including content made for BBC Sounds in the production quotas represents a relaxation of our regulation on the BBC's audio services. We believe that it is currently likely that the large majority of the BBC's content will be made available on radio, in order for the BBC to be able to fill its airtime schedule. We consider that setting a threshold for the proportion of the quotas which should be met through the BBC's radio services or BBC Sounds, rather than taken together, would not be consistent with meeting audience needs. Where necessary we will request information from the BBC on this as part of our assessment of performance.

<sup>475</sup> [AudioUK response](#), page 11.

<sup>476</sup> [BBC response](#), page 14.

<sup>477</sup> [Radiocentre response](#), page 18.

<sup>478</sup> [News Broadcasting response](#), page 16.

<sup>479</sup> Operating Licence condition 4.28.

<sup>480</sup> In its 2021/22 Annual Report for example, the BBC set out its network content spend for TV, Radio and Online separately, and its local content spend for each relevant opt-out service separately, for each nation.



## Programming for the nations and regions

### News programming on TV

- 8.46 Provision of news of national or regional interest on the BBC One opt-out services<sup>481</sup> is safeguarded under the first Licence by two similar but distinct sets of quotas. First, there are quotas for news and current affairs content which apply separately to each of the opt-out services in Scotland, Wales and Northern Ireland.<sup>482</sup> We refer to these quotas as 'Separate Quotas' in this section.
- 8.47 Second, there are overall quotas for a minimum number of hours of news content, both overall and at peak viewing time, which apply to all the nations and regions opt-out services taken together;<sup>483</sup> Ofcom is required by the Agreement to set these at an appropriate level.<sup>484, 485</sup> We refer to these quotas as 'Overall Quotas' in this section.

#### What we said

- 8.48 In our June Consultation, and in line with our approach set out for Public Purpose 1, we proposed to retain the Separate Quotas for the nations and regions.<sup>486</sup> We noted that there is not a Separate Quota for the BBC to provide news and current affairs for its TV opt-out services in England, but that such content is protected by the Overall Quotas. To deliver greater transparency, we proposed a transparency requirement that would see the BBC set out planned and delivered hours of news and current affairs programming on its opt-out services in England.<sup>487</sup>
- 8.49 In its response to our June Consultation, the BBC requested a reduction of the Overall Quotas: from 4,300 to 3,900 (overall) and from 2,100 to 1,700 (at peak viewing time).<sup>488</sup> This was due to its decision to close the Oxford and Cambridge local news opt-out services and to make several scheduling changes<sup>489</sup> to its local news output. It planned to merge the Oxford and Cambridge news opt-out services with *South Today* and *Look East* respectively, freeing up money to invest in local online news. The BBC reported that this change occurred on 16 December 2022.
- 8.50 We consulted on reducing the level of the Overall Quotas in our December Consultation. We considered that the BBC's investment in an enhanced local news offering was important in justifying the closure of its Oxford and Cambridge news opt-out services. Therefore, we set out our expectation that the BBC should publish plans and reporting

<sup>481</sup> An opt-out service is the national or regional variation of a BBC channel (for example, BBC One Wales).

<sup>482</sup> First Licence conditions 2.78.1, 2.85.1 and 2.91.1. Ofcom was not required by the Agreement to set these.

<sup>483</sup> Across BBC One Scotland, BBC One Wales and BBC One Northern Ireland.

<sup>484</sup> First Licence condition 2.68.

<sup>485</sup> There is a further quota in first Licence condition 2.67.2 (Operating Licence condition 4.31.1) which captures both news and non-news programming of national or regional interest. The changes to the news and non-news quotas discussed in this section and the next will also impact the level of this total quota, reducing it from 5,909 hours to 5,000 hours.

<sup>486</sup> Proposed Licence conditions 4.46.1, 4.55.1 and 4.63.1.

<sup>487</sup> Proposed Licence condition 4.68.2.

<sup>488</sup> [BBC response](#), page 36.

<sup>489</sup> The detail of these scheduling changes is set out in paragraph 5.6 of the [December Consultation](#).



around this enhanced local news offering for the nations and regions, in compliance with the transparency requirements proposed in the June Consultation.<sup>490</sup> We were content that the scheduling changes it made were in response to changes in audience needs. We also stated that we expected the BBC to track whether its strategy for delivering news to all audiences, whether they wish to use traditional broadcast or online services, had been successful.

### Stakeholder comments

- 8.51 The BBC welcomed our proposal to reduce the Overall Quotas.<sup>491</sup> The VLV agreed with our proposals and stated that it did not consider the changes to represent a significant reduction to the BBC's delivery of news of national or regional interest on BBC One.<sup>492</sup>
- 8.52 The NUJ accepted the proposals for scheduling changes but opposed the merging of the Oxford and Cambridge local news opt-outs with services covering a larger area and asked that audience satisfaction is closely monitored.<sup>493</sup>
- 8.53 The Scottish Government stated that the Overall Quotas were important to ensure that coverage of news relevant to the nations and regions is protected and strengthened, and that any flexibility would need to be closely monitored and transparently reported."<sup>494</sup>
- 8.54 The VLV welcomed the new requirement for the BBC to set out the total hours of news and current affairs programming it plans to provide on its TV opt-out services in England. It said this would increase transparency and accountability to audiences.<sup>495</sup>

### Our decision

- 8.55 The new Licence retains the Separate Quotas which target news on the opt-out services<sup>496</sup> and reduces the Overall Quotas to the levels we consulted on in the December Consultation.<sup>497</sup>
- 8.56 In relation to the merging of the Oxford and Cambridge local news opt-outs with services covering a larger area, it is for the BBC Board to decide the number of regional news opt-out services the BBC will provide and the size of the geographic areas that are covered. We acknowledge that the closure of the Oxford and Cambridge opt-out services means that audiences in those regions now receive news from a larger geographic area than they did previously. The BBC has said that this will not reduce the amount of news that audiences in Oxford and Cambridge receive.<sup>498</sup>

<sup>490</sup> Proposed Licence conditions 4.68.1 and 4.69.

<sup>491</sup> [BBC response](#), pages 8-9.

<sup>492</sup> [VLV response](#), page 4.

<sup>493</sup> [NUJ response](#), page 2.

<sup>494</sup> [Scottish Government response](#), pages 1-2.

<sup>495</sup> [VLV response](#), page 16.

<sup>496</sup> Operating Licence conditions 4.46.1, 4.55.1 and 4.63.1.

<sup>497</sup> Operating Licence condition 4.32, which also reflects a reduction in the level of condition 4.31.1.

<sup>498</sup> [BBC response](#), page 32.



8.57 As we set out in our December Consultation, we expect the BBC to publish plans for and reporting on its enhanced online news offering for the nations and regions, in compliance with its new transparency requirements.<sup>499</sup> As part of its reporting, the BBC must consider whether its strategy for delivering news to all audiences is successful, including for audiences in Oxford and Cambridge and those who rely on traditional broadcast services. As discussed in the preceding sections, we will monitor audience views about the delivery of news and are planning to conduct research into local news and information provision.

## Non-news programming on TV

8.58 Provision of non-news content of national or regional interest for the BBC One and BBC Two opt-out services<sup>500</sup> is safeguarded under the first Licence by two similar but distinct sets of quotas. First, there are quotas for content other than news and current affairs which apply separately to each of the opt-out services in Scotland, Wales and Northern Ireland.<sup>501</sup> We refer to these quotas as 'Separate Quotas' in this section.

8.59 Second, there are quotas for a minimum number of hours of content other than news which apply to all the nations and regions opt-out services taken together. There are two such quotas: for content other than news at peak viewing time<sup>502</sup> and for content other than news at times adjacent to peak viewing time.<sup>503</sup> Ofcom is required by the Agreement to set these at an appropriate level.<sup>504</sup> We refer to these quotas as 'Overall Quotas' in this section.

### What we said

#### Separate Quotas

8.60 In our June Consultation, we proposed to replace the Separate Quotas on each of the BBC's opt-out services in Scotland, Wales and Northern Ireland with requirements for the BBC to provide this programming, including first-run programming, accompanied by new transparency requirements.<sup>505</sup>

8.61 We considered that this approach would serve audiences better by giving the BBC more flexibility to adapt its provision to meet their needs, for example by providing more or less hours of programming on a particular service or delivering content on BBC iPlayer. While there is no existing non-news and non-current affairs quota for the BBC Scotland TV channel, we proposed to add the same requirements for this service, for consistency.<sup>506</sup>

<sup>499</sup> Operating Licence conditions 4.68.1 and 4.70.

<sup>500</sup> Across BBC One Scotland, BBC One Wales, BBC Two Wales, BBC One Northern Ireland and BBC Two Northern Ireland.

<sup>501</sup> First Licence conditions 2.78.2, 2.85.2, 2.87, 2.91.2 and 2.93. These conditions are not required by the Agreement.

<sup>502</sup> Peak Viewing Time is defined in the Licence as: (a) 18:00 to 22:30 in relation to all UK Public Television Services except for BBC Four; (b) 19:00 to 24:00 in relation to BBC Four.

<sup>503</sup> There is a further quota in first Licence condition 2.67.2 (Operating Licence condition 4.31.1) which captures both news and non-news programming of national or regional interest. The changes to the news and non-news quotas discussed in this section and the previous will also impact the level of this total quota, reducing it from 5,909 hours to 5,000 hours.

<sup>504</sup> First Licence conditions 2.67.6 and 2.67.8.

<sup>505</sup> Proposed Licence conditions 4.46.2, 4.55.2, 4.56, 4.63.2, 4.64 and 4.68.3.

<sup>506</sup> Proposed Licence conditions 4.47.3 and 4.68.3.



8.62 Under the new transparency requirements, the BBC would need to set out planned hours of programmes other than news and current affairs for each of the opt-out services, as well as BBC Scotland and BBC iPlayer.<sup>507</sup>

### Overall Quotas

8.63 As noted, Ofcom is required by the Agreement to set Overall Quotas. In the June Consultation, we set out our recommendation that the UK Government should, as part of its MTR, consider offering Ofcom the flexibility to replace these Overall Quotas with conditions requiring the BBC to deliver non-news content of national or regional interest, accompanied by transparency requirements. In the meantime, our proposed Licence, published in June 2022, proposed to retain these quotas at the existing levels.<sup>508</sup>

8.64 In its response to the June Consultation, the BBC requested a reduction in the levels of these Overall Quotas; from 557 hours to 200 hours in peak viewing time and from 179 hours to 150 hours at times adjacent to peak viewing time.<sup>509</sup> It set out three types of changes it planned to make which would affect its delivery of non-news content:

- **Increased investment in more high-impact content.** The BBC planned to reduce programming on the opt-out services to fund 'high impact' programmes. The BBC told us that its 'high impact strategy' is to commission a smaller volume of bigger, more ambitious shows with a strong sense of locality but with greater appeal beyond the nation or region within which they were commissioned. This content would be commissioned in the nations or co-commissioned with the network and would represent an increase in investment in local production sectors.
- **Enhanced investigative current affairs journalism in England.** The BBC said it planned to end its English current affairs programme *We Are England* and replace it with a network of investigative journalists, who would produce content for online, TV and radio.
- **Changes to programme scheduling.** The BBC wanted the flexibility to offer programmes at times when they deliver the most audience value, whether that was during or outside peak time.

8.65 As set out in our December Consultation on the BBC's proposed changes, we recognise the range of potential benefits offered by the BBC's proposals but also the potential risks. We consulted on the BBC's proposals together with new transparency requirements to hold it to account.<sup>510</sup> We explained that the new requirements would complement those we proposed in the June Consultation<sup>511</sup> and would ensure that we can track how the BBC is delivering for audiences, on its opt-out services, through its high-impact programming and

<sup>507</sup> Proposed Licence condition 4.68.3.

<sup>508</sup> Proposed Licence conditions 4.31.4 and 4.31.5.

<sup>509</sup> [BBC response](#), page 36.

<sup>510</sup> Amendments to proposed Licence condition 4.68.3 and newly proposed Licence condition 4.68.4 as set out in the [December Consultation](#).

<sup>511</sup> In particular proposed Licence conditions 4.67, 4.68.1 and 4.69.



online. We also set out our expectation that the BBC would provide us with granular information about its planned spend in the nations and regions on a confidential basis.

### Stakeholder comments

- 8.66 We first discuss stakeholder comments on our proposals to remove the Separate Quotas as set out in the June Consultation, and then cover stakeholder views on the proposal to reduce the level of the Overall Quotas as set out in the December Consultation. Finally, we set out stakeholder views on our proposed transparency requirements.
- 8.67 In response to the changes to the Separate Quotas set out in the June Consultation, stakeholders' concerns echoed those we received in other areas where we proposed to replace quotas with requirements to deliver content, accompanied by transparency requirements. Stakeholders said that, without Separate Quotas for Scotland, Wales and Northern Ireland, the breadth and volume of content other than news and current affairs on the opt-out services could decline, negatively affecting audiences and local production sectors.<sup>512</sup>
- 8.68 **Removal of Separate Quotas – impact on audiences.** ACNI stated that audiences in Northern Ireland would be less well served if the volume of programming broadcast declined, as audiences place uniquely high value on local content.<sup>513</sup> ACS highlighted a tension between Ofcom's decision to remove these quotas and the BBC's recent commitments to enhance its position in the nations and regions, including increasing investment. It noted that content for the nations and regions can be niche and not commercially attractive, making it an area the BBC may look to reduce as budgets become more stretched.<sup>514</sup> ACS and WGGB noted that audiences in Scotland currently have lower than average satisfaction with the BBC, and Screen Scotland was concerned that a reduction in the provision of local content would create more distance between the BBC and its audiences.<sup>515</sup>
- 8.69 **Removal of Separate Quotas – impact on industry.** ACS and TAC suggested that a decline in content other than news and current affairs for the nations and regions would impact new and smaller indies which rely on the smaller-scale commissions that this offers.<sup>516</sup> Directors UK noted that small commissions are important for new directors.<sup>517</sup> Screen Scotland was concerned that a reduction in this programming could "*undermine delivery of Public Purpose 4 by weakening the Scottish creative economy*".<sup>518</sup> ACW on the other hand said that the existing hours quotas risk diluting the available production budget, given the

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<sup>512</sup> [ACNI response](#), pages 6-7; [ACS response](#), pages 6-9; [Directors UK response](#), page 7-8; [TAC response](#), pages 3-6; [VLV response](#), pages 15-17; [WGGB response](#), pages 3-4.

<sup>513</sup> [ACNI response](#), page 6.

<sup>514</sup> [ACS response](#), pages 7-8.

<sup>515</sup> [ACS response](#), page 6; [Screen Scotland response](#), page 6; [WGGB response](#), pages 3-4.

<sup>516</sup> [ACS response](#), page 8; [TAC response](#), page 6.

<sup>517</sup> [Directors UK response](#), pages 2-3.

<sup>518</sup> [Screen Scotland response](#), page 5.



current freeze on licence-fee income, but suggested that a spend requirement could be put in place to safeguard investment.<sup>519</sup>

- 8.70 Stakeholders expressed many similar concerns to those set out above regarding audiences and industry in response to the December Consultation's proposals to reduce the Overall Quotas. These proposals represented an actual reduction in the BBC's output, in contrast to our proposals for the Separate Quotas which offered the BBC increased flexibility to make changes to its output.<sup>520</sup>
- 8.71 **Reduction in Overall Quotas – impact of high-impact strategy on audiences.** Several stakeholders were concerned that the significant reduction in hours would not allow for a range of genres in opt-out programming, and that the local focus of high-impact programmes might be diluted if the BBC was attempting to appeal to network audiences.<sup>521</sup> The VLV was concerned that the majority of the BBC's high-impact programmes would be drama, and highlighted the importance of factual programming.<sup>522</sup> The NUJ accepted the logic of the BBC's plans but argued that news and current affairs should be protected.<sup>523</sup> ACNI noted that the BBC's Irish and Ulster-Scots programming receives funding through indigenous language broadcast funds and expressed concern that with fewer hours overall this will mean that fewer other original Northern Irish productions are made.<sup>524</sup>
- 8.72 **Reduction in Overall Quotas – impact of high-impact strategy on industry.** Some stakeholders expressed concerns that the reduction in hours and shift away from smaller commissions presented further risks to local production communities.<sup>525</sup> Directors UK and TAC argued that bigger-budget high-impact opportunities would encourage larger London-centric producers to compete for commissions in the nations and regions.<sup>526</sup> ACS and ACNI noted that increased co-commissioning could be seen as local budgets topping up network budgets without decisions being made in the nations and regions.<sup>527</sup>
- 8.73 **Reduction in Overall Quotas – English current affairs.** The NUJ was concerned that the BBC's new network of investigative journalists would not get sufficient peak audience time on BBC One. It also argued that while increasing online investigative journalism is positive, this should not be at the expense of peak-time traditional broadcast programming on TV or local radio.<sup>528</sup> The VLV expressed concern about the loss of a regional current affairs programme for England and argued that the differences between the regions should be reflected in the BBC's current affairs output. It also stressed that broadcast and online

<sup>519</sup> [ACW response](#), page 3.

<sup>520</sup> [ACS response](#), pages 2-9; [ACNI response](#), pages 2-5; [Directors UK response](#), pages 1-4; [Scottish Government response](#) (December), pages 1-2; [TAC response](#), pages 2-3; [VLV response](#), pages 4-6.

<sup>521</sup> [ACS response](#), pages 4-9; [ACNI response](#), page 3; [Directors UK response](#), pages 3-4; [Scottish Government response](#), pages 1-2; [TAC response](#), page 3; [VLV response](#), pages 5-6.

<sup>522</sup> [VLV response](#), page 6.

<sup>523</sup> [NUJ response](#), page 3.

<sup>524</sup> [ACNI response](#), page 3.

<sup>525</sup> [ACNI response](#), page 4; [ACS response](#), page 7; [Directors UK response](#), page 3; [Scottish Government response](#), page 1; [TAC response](#), page 2.

<sup>526</sup> [Directors UK response](#), page 3; [TAC response](#), page 2.

<sup>527</sup> [ACNI response](#), page 4; [ACS response](#), page 7.

<sup>528</sup> [NUJ response](#), page 3.



audiences were not interchangeable, and neither were news and current affairs audiences.<sup>529</sup>

- 8.74 **Transparency.** Stakeholders, in response to both the June and December Consultations, highlighted the importance of enhanced transparency and monitoring if the proposals were to go ahead.<sup>530</sup> ACNI argued that the current level of transparency offered by the BBC is not enough to fully understand its investment in the nations.<sup>531</sup> Directors UK stated that Ofcom would need to act quickly if it detected a reduction in output of less popular genres.<sup>532</sup> ACS stated that moving away from quotas places the onus on Ofcom to deliver a monitoring system which allows it to pick up issues before they are too far along to change.<sup>533</sup> TAC asked Ofcom to be clear about what would make us step in and suggested that we track long-term trends so that gradual declines are not missed. It also suggested that we measure spend on indies in each nation.<sup>534</sup>

### Our decision

- 8.75 **Decision on Separate Quotas** - We remain of the view that the Separate Quotas for content other than news and current affairs, which apply separately to each of the opt-out services in Scotland, Wales and Northern Ireland, do little to hold the BBC to account for delivering for audiences or enhance transparency.<sup>535</sup> These quotas include repeated content and the BBC has historically overdelivered against them by a wide margin.<sup>536</sup> The new regulatory approach we are taking towards quotas such as these, which is set out in more detail in Section 3, replaces them with obligations specifying what must be delivered, accompanied by enhanced transparency requirements and monitoring.<sup>537</sup> The BBC will be better able to innovate and adapt to audience needs but will also be required to explain how significant changes to its provision will better serve audiences.<sup>538</sup>
- 8.76 **Decision on Overall Quotas** - The BBC's request to reduce the level of the Overall Quotas to attempt both its high-impact strategy and its new approach to English current affairs represents an effort by the BBC to adapt in the interest of audiences. Given changing viewing and listening habits and the BBC's financial challenges, we think that it should be able to innovate and our regulation should enable this. As such, we have reduced the quotas to the levels we consulted on in the December Consultation.<sup>539</sup> New transparency

<sup>529</sup> [VLV response](#), page 7.

<sup>530</sup> [ACNI response](#), page 3; [ACNI response](#), pages 7-8; [ACS response](#), pages 8-9; [ACS response](#), pages 2-3, 5; [ACW response](#), page 2; [ACW response](#), page 5; [Directors UK response](#), page 4; [Directors UK response](#), page 2; [NUJ response](#), page 3; [TAC response](#), page 3; [TAC response](#), page 3.

<sup>531</sup> [ACNI response](#), page 3.

<sup>532</sup> [Directors UK response](#), page 4.

<sup>533</sup> [ACS response](#), pages 8-9.

<sup>534</sup> [TAC response](#), page 3.

<sup>535</sup> First Licence conditions 2.78.2, 2.85.2, 2.87, 2.91.2 and 2.93.

<sup>536</sup> In 2021/22 the BBC overdelivered against these quotas by 160% across services in Wales, 235% in Northern Ireland and 165% in Scotland ([BBC Annual Report and Accounts 2021/22](#), page 142). This over-delivery is in line with previous years, with the exception of non-news on BBC Two Wales in 2019/20 and 2020/21, which were not met due to the impact of Covid-19 (Ofcom analysis of BBC data).

<sup>537</sup> Operating Licence conditions 4.46.2, 4.55.2, 4.56, 4.63.2, 4.64 and 4.68.3.

<sup>538</sup> Operating Licence conditions 4.67 to 4.70.

<sup>539</sup> Operating Licence conditions 4.31.4 and 4.31.5, which also reflects a reduction in the level of condition 4.31.1.



requirements<sup>540</sup> and our own monitoring regime will inform our view of whether the BBC appropriately delivers for audiences following these changes, and we will step in and consider amending the Operating Licence if we have concerns.

- 8.77 Below we respond to the more specific concerns stakeholders raised in response to the Separate Quotas and Overall Quotas proposals. We first discuss the potential impact on audiences and then cover the potential impact on industry. Given the overlap of issues, we discuss both sets of quotas together in these sections. We then go on to cover English current affairs and the transparency requirements.
- 8.78 **Impact on audiences.** We agree that non-news programmes on the opt-out services have a key role in delivering value and building relationships with local audiences. We also think that content of national or regional focus, commissioned for the BBC's network services in line with its high-impact strategy, has a role in this too. Seeing more local places, talent and stories, presented in higher-budget programming and made widely available on network services and BBC iPlayer, resonates with local audiences.<sup>541</sup> In the [Operating Licence Reform](#) document which the BBC compiled for us to publish alongside our December Consultation, the BBC shows that existing high-impact network programmes (which it calls portrayal programmes) gain a greater share of viewing from the nation or region in which they originate than across the UK as a whole.
- 8.79 The BBC has told us that it will maintain its current affairs, local sports, indigenous language and education content on opt-out services.<sup>542</sup> It has also committed to setting out the planned hours, including total and first-run, of opt-out content and example titles to show the breadth of genres offered.<sup>543</sup> We have set transparency requirements which require the BBC to set out the planned and actual range of genres broadcast on the opt-out services, the total and first-run hours of content other than news and current affairs, and the total and first-run hours of current affairs programming.<sup>544</sup> This will inform our view of the BBC's performance while allowing it to innovate. These measures will enable us to identify any reduction in the range of genres of content offered on opt-out services.
- 8.80 The BBC has committed to clearly listing its planned high-impact portrayal programmes and explaining how these represent, portray and serve the diverse audiences of the UK, including audiences in the nations and regions.<sup>545</sup> We have also adopted a transparency requirement for it to set out planned hours of network programmes specifically aimed at audiences in the nations and regions.<sup>546</sup> We expect its analysis of audience share of network portrayal programmes in the local nation or region, compared to the full UK network, to form part of its ongoing reporting with its Annual Report. This information, in addition to the transparency requirements we set out in the June and December

<sup>540</sup> Operating Licence conditions 4.67 to 4.70.

<sup>541</sup> A similar observation was made in our [Small Screen: Big Debate – a five-year review of Public Service Broadcasting](#) document, pages 23-24.

<sup>542</sup> [BBC response](#), page 36.

<sup>543</sup> BBC, 2022. [Operating Licence Reform](#), page 5.

<sup>544</sup> Operating Licence conditions 4.68.3 and 4.70.

<sup>545</sup> BBC, 2022. [Operating Licence Reform](#), page 5.

<sup>546</sup> Operating Licence condition 4.68.4.



Consultations,<sup>547</sup> will ensure that we have a robust view of how the BBC serves audiences in the nations and regions with both its opt-out content and its high-impact portrayal content. We consider that the BBC's commitments and our transparency requirements will allow us to identify any potential dilution of the national or regional focus of high-impact network portrayal content. This information will feed into our performance assessment for our annual report on the BBC.

- 8.81 The BBC says that it will deliver high-impact network portrayal programming in the drama, comedy and factual genres.<sup>548</sup> We expect it to discuss the range of genres of its high-impact network portrayal content in its reporting.<sup>549</sup> This, along with the information it will provide in relation to content broadcast on the opt-out services, will enable us to monitor the spread of genres across the content broadcast by the BBC for audiences in the nations and regions.
- 8.82 We consider that audiences in Northern Ireland should be served by an appropriate range of Irish, Ulster-Scots and English language productions. While separate indigenous language funding is available for Irish and Ulster-Scots content, we do not consider that such content alone on its opt-out services could deliver the BBC's requirement to provide content of interest and relevance to audiences in Northern Ireland.<sup>550</sup>
- 8.83 **Impact on industry.** As we set out above in our discussion on TV production, we have specific regulations in place to support production in the nations and regions. These include the requirement for 50% of BBC network programmes, in terms of both hours and spend, to be made outside the M25, and further requirements for a proportion of these programmes to be made in each nation relative to its population.<sup>551</sup>
- 8.84 We have previously noted the BBC's commitment to increasing the proportion of spend on network TV programmes outside the M25 to 60% by the end of the Charter period.<sup>552</sup> Also discussed above, the BBC publishes an annual Commissioning Supply Report which provides granular detail on the independent producers it has worked with, including new, and nations and regions producers, as well as the talent schemes, funds and partnerships it invests in.<sup>553</sup> We receive further information on the production companies the BBC uses through its reporting on its Made Outside London requirements.<sup>554</sup>
- 8.85 We think that this regulation will go some way to addressing stakeholder concerns about the potential impact of the proposals on the UK's creative industries.
- 8.86 Reducing the Overall Quotas to allow the BBC to implement its high-impact approach is likely to increase the overall level of its investment in the nations and regions.<sup>555</sup> There is a

<sup>547</sup> Operating Licence conditions 4.67 to 4.70.

<sup>548</sup> BBC, 2022. [Operating Licence Reform](#), page 2.

<sup>549</sup> In compliance with Operating Licence condition 4.67.

<sup>550</sup> Operating Licence condition 4.59.

<sup>551</sup> Operating Licence conditions 4.15, 4.16, 4.18, 4.20, and 4.22.

<sup>552</sup> BBC, March 2021. [The BBC Across the UK: The BBC 2022-2027](#). DCMS, 2022. [Updates to Framework Agreement: 26 May 2022](#).

<sup>553</sup> BBC, 2022. [BBC Commissioning Supply Report 2021/22](#).

<sup>554</sup> [Regional TV production and programming](#).

<sup>555</sup> [BBC response](#), page 34.



risk that the number of smaller commissions will decline, as suggested by some stakeholders, but at the same time some producers will benefit from the new strategy. Overall, we consider this increase in investment is likely to make a positive contribution to the sustainability of the nations production sectors.

- 8.87 The BBC has said that many of its high-impact network programmes of national or regional focus are likely to be co-commissions between its network and nations commissioning teams. The BBC's *Across the UK* plans also indicate a move towards greater decision-making outside London.<sup>556</sup> Increased co-commissions would improve the representation of nations commissioners in decisions about network programming, and we therefore consider that this will help address stakeholders' concerns about co-commissions resulting in less decision-making in the nations. We also believe that the involvement of local commissioners will help ensure that genuinely local producers are commissioned. We will continue to engage with local producers and commissioners to monitor the impact of the BBC's new strategy.
- 8.88 Stakeholders raised the possibility of putting in place spend quotas instead of hours quotas in order to safeguard investment. We do not believe that it would be appropriate or practical to set a spend quota here, but as we noted in the December Consultation, we do think spend is an important indicator of performance under the BBC's high-impact strategy. We set out our expectation that the BBC should provide us with granular information about its planned spend in the nations and regions, and on high-impact programming, in confidence. It will be important for the BBC to be clear about the expenditure that has shifted from the opt-out services to the high-impact portrayal programmes on network services. We will combine this information with other confidential data provided by the BBC to ensure that we have a comprehensive picture of spend in the nations and regions. This further data includes qualifying spend on network programming allocated to the nations and regions (i.e. Made Outside London),<sup>557</sup> spend allocated to indie producers and spend on programming made for the opt-out services. We will track this and intervene if we have concerns.
- 8.89 **English current affairs.** Local current affairs programming is particularly important to audiences, offering detailed explanation, analysis and investigation of current events and key issues within their own nation or region. Current affairs on broadcast TV, and that delivered online, may also appeal to different audiences, and the BBC has a duty to serve them all.
- 8.90 In the December Consultation, we set out the annual output of the new network of investigative journalists, as indicated by the BBC, which would replace the 55 hours of *We Are England*:
- About six stories a month to appear online and on local TV and local radio services;
  - 80 to 100 hours of English current affairs content to embed in existing programmes;
  - 10-12 hours of half-hour standalone programmes for broadcast TV and iPlayer; and

<sup>556</sup> BBC, March 2021. [The BBC Across the UK: The BBC 2022-2027](#), page 5.

<sup>557</sup> [Regional TV production and programming](#).



- an increase in investment in local investigative current affairs in England of more than 20% above the budget of *We Are England*.
- 8.91 We consider that these plans are in line with audience trends towards increasing online consumption, while securing a core broadcast TV current affairs offering. We remain of the view that our regulation must give the BBC space to innovate and try new approaches such as this. It will be important for the BBC to publish plans and reporting against the commitments it has made above, in compliance with its new transparency requirements.<sup>558</sup> These transparency requirements will, in particular, require the BBC to set out the planned and actual hours of total and first-run current affairs programmes on its opt-out services and BBC iPlayer. It will be particularly important for the BBC to explain how content is being embedded in other programmes, and how it is serving both broadcast and online audiences. We note that the BBC is required to ensure that all online content of interest and relevance to audiences in the English regions must be easily discoverable.<sup>559</sup> We believe this goes some way towards addressing concerns that the changes might reduce the audience reach of current affairs in England, including at peak time.
- 8.92 **Transparency and monitoring.** Many of the concerns raised by stakeholders regarding the BBC's transparency and our monitoring regime generally are addressed in Section 3.
- 8.93 We are implementing the transparency requirements proposed in the December Consultation.<sup>560</sup> For its opt-out services, the BBC will be required to set out the range of genres it plans to broadcast and the planned total and first-run hours of non-news content. It will also be required to publish planned hours of high-impact non-news programmes with a national or regional focus, broadcast on network TV services. It is required to set out these plans with its Annual Plan and then report on them with its Annual Report.
- 8.94 We are also implementing the transparency requirements proposed in the June Consultation.<sup>561</sup> In compliance with these, we expect the BBC to set out how it plans to serve audiences in the nations and regions with its high-impact strategy and how this will deliver benefits to local production sectors through increased investment. It must report on these plans, including how its high-impact content is performing with audiences in the nations and regions and across the UK.
- 8.95 The BBC must set out plans and report on its delivery of online news of national or regional interest and the contribution of its new investigative journalists to English current affairs, as set out above.<sup>562</sup>

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<sup>558</sup> Operating Licence conditions 4.67-4.70.

<sup>559</sup> Operating Licence conditions 4.39, 4.45, 4.54, 4.62 and 4.68.7.

<sup>560</sup> Operating Licence conditions 4.68.3.2, 4.68.3.4, 4.68.3.5, 4.68.4.

<sup>561</sup> Operating Licence conditions 4.67, 4.68 and 4.70.

<sup>562</sup> Operating Licence conditions 4.67-4.70.



## A suitable range of programmes made in the relevant area

### What we said

8.96 We proposed to maintain the requirements to ensure that 95% of programming on the BBC's opt-out services, taken together, is made in the relevant area and that 90% of first-run programming on BBC Scotland is made in Scotland.<sup>563</sup>

### Stakeholder comments

8.97 We did not receive specific comments on this proposal, but the NUJ and the Sandford St Martin Trust expressed support for our approach to all our proposals for production in the nations and regions.<sup>564</sup>

### Our decision

8.98 We have decided to retain these quotas for programming on the BBC's opt-out services to ensure that the BBC continues to support local producers with its programming for these channels.<sup>565</sup>

## Indigenous languages

### What we said

8.99 In our June Consultation we proposed to retain existing conditions for the BBC to provide Irish and Ulster-Scots programming on TV and radio.<sup>566</sup> We also proposed to extend the condition on BBC Two Northern Ireland to include BBC One Northern Ireland, and to introduce transparency requirements for the BBC to set out its plans for delivering Irish and Ulster-Scots programming on these services and on BBC iPlayer, including planned hours and first-run hours.<sup>567</sup>

8.100 The first Licence requires BBC ALBA to deliver in each week at least 5 hours of originated programming aimed at those learning the Gaelic language.<sup>568</sup> We proposed to replace this quota with a requirement for the BBC to provide this output on BBC ALBA and BBC iPlayer, accompanied by transparency requirements.<sup>569</sup> These would require the BBC to set out plans and to report on its delivery of programming aimed at those learning the Gaelic language, for BBC ALBA and BBC iPlayer, including its first-run and total hours of relevant programming. We also proposed to introduce similar transparency requirements regarding the BBC's delivery of Gaelic content more broadly.<sup>570</sup>

<sup>563</sup> Proposed Licence conditions 4.31.3 and 4.47.1.

<sup>564</sup> [NUJ response](#), page 6; [SSMT response](#), page 7.

<sup>565</sup> Operating Licence conditions 4.31.3 and 4.47.1.

<sup>566</sup> Proposed Licence conditions 4.65 and 4.66.4.

<sup>567</sup> Proposed Licence condition 4.68.5.

<sup>568</sup> First Licence condition 2.24.

<sup>569</sup> Proposed Licence conditions 4.48.2 and 4.68.4.

<sup>570</sup> Proposed Licence condition 4.68.5.



8.101 We proposed to include BBC ALBA in the list of services through which the BBC is required to provide content of interest and relevance to audiences in Scotland, including a broad range of content which reflects Scotland's culture. This is discussed in the section on range of content and online discoverability below.<sup>571</sup>

**Stakeholder comment:**

8.102 In response to our June Consultation the Scottish Government emphasised the need for greater safeguarding and transparency around Gaelic programming, which it suggested could be achieved through additional quotas and commitments from the BBC as well as more detailed planning and reporting. Specifically, it argued that quotas and requirements should be extended beyond news and Gaelic language learning to other forms of Gaelic content. The Scottish Government also suggested that this could be supported by a commitment from the BBC to set out how it will work with MG ALBA to enable it to fulfil its remit for a "*wide and diverse range of programmes in Gaelic*".<sup>572</sup>

8.103 MG ALBA called for stronger safeguards around Gaelic language provision and expressed concern about Gaelic drama, comedy and children's content. It welcomed our proposals for additional transparency requirements but suggested we expand them to include detail on how BBC ALBA's output successfully reaches and satisfies its intended audiences.<sup>573</sup> MG ALBA also called for the transparency requirements relating to BBC ALBA to be separated from those relating to other indigenous language content to reflect its position as a multi-genre Public Service Broadcaster.<sup>574</sup>

8.104 In its responses to both our June<sup>575</sup> and December<sup>576</sup> Consultations, MG ALBA argued that the conditions relating to different forms of Gaelic language content should appear throughout the Operating Licence rather than being discussed only under Public Purpose 4 alongside other indigenous language conditions.<sup>577</sup> It also argued that "*Gaelic language learning is a matter for the BBC generally, one to which many different BBC services should contribute, both audio and audio-visual*".<sup>578</sup>

8.105 MG ALBA noted the importance of ensuring that Gaelic content is easily discoverable and accessible to all audiences. It noted that this is particularly crucial on BBC iPlayer, where it claimed the high volume of content in English can dilute users' ability to engage with indigenous language content.<sup>579</sup>

8.106 The VLV understood the reasoning for replacing the quota for Gaelic language learning content on BBC ALBA with a condition to provide this content, supported by transparency

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<sup>571</sup> Proposed Licence condition 4.42.

<sup>572</sup> [Scottish Government response](#), pages 4-5.

<sup>573</sup> [MG ALBA response](#), page 3-4.

<sup>574</sup> [MG ALBA response](#), page 2.

<sup>575</sup> [MG ALBA response](#), pages 3-4.

<sup>576</sup> [MG ALBA response](#), 1-2.

<sup>577</sup> [MG ALBA response](#), page 3.

<sup>578</sup> [MG ALBA response](#), page 3.

<sup>579</sup> [MG ALBA response](#), pages 3-4.



requirements. However, it recommended that Ofcom does not allow the volume of this content to be reduced.<sup>580</sup>

- 8.107 The VLV also welcomed the retention of conditions for the BBC to provide Irish and Ulster-Scots programming on TV and radio, and supported the expansion of the TV condition to include BBC One Northern Ireland. It recommended that Ofcom tracks the discoverability of indigenous language content on the BBC's online services.<sup>581</sup> ACNI highlighted the importance of indigenous language programming.<sup>582</sup>

### Our decision

- 8.108 The BBC makes an important contribution to broadcasting in the UK's indigenous languages, in line with the Agreement.<sup>583</sup> We have decided to put in place requirements to ensure that the BBC delivers Irish and Ulster-Scots programming on TV and radio<sup>584</sup> and programming aimed at audiences learning Gaelic,<sup>585</sup> along with the transparency requirements that accompany them,<sup>586</sup> to ensure that the BBC's indigenous language content is secured and audiences continue to be served.
- 8.109 We consider that our expansion of the BBC's requirement to provide content of interest and relevance to audiences in Scotland, including a broad range of content which reflects Scotland's culture, so that it includes BBC ALBA and BBC Radio nan Gàidheal, will ensure a broad range of Gaelic language content.<sup>587</sup> The requirement for BBC Online to deliver content in Gaelic further supports this delivery.<sup>588</sup> The transparency requirements we have decided to adopt will also provide us and stakeholders with a more detailed view of the BBC's provision of Gaelic content. If we have concerns, we will intervene to address them.
- 8.110 We are content to have separate references to the provision of Gaelic language and of Irish and Ulster-Scots language programming in our transparency requirements.<sup>589</sup> However, we remain of the view that the conditions relating specifically to BBC ALBA should remain under Public Purpose 4 with the other requirements on indigenous language content, for the sake of consistency and practicality. The conditions under the other Public Purposes which apply to UK Public Television Services, apply to BBC ALBA.<sup>590</sup> It is important to note that neither the ordering of the Public Purposes nor the location of particular conditions in the Licence represent any difference in importance, and that many conditions contribute to the promotion of more than one Public Purpose.

<sup>580</sup> [VLV response](#), page 17.

<sup>581</sup> [VLV response](#), page 16

<sup>582</sup> [ACNI response](#), page 1.

<sup>583</sup> Clauses 38, 40(1) and 41 of the Agreement.

<sup>584</sup> Operating Licence conditions 4.65 and 4.66.4.

<sup>585</sup> Operating Licence conditions 4.48.2 and 4.68.4.

<sup>586</sup> Operating Licence conditions 4.68.5 and 4.68.6.

<sup>587</sup> Operating Licence condition 4.42.

<sup>588</sup> Operating Licence condition 4.44.3.

<sup>589</sup> Operating Licence conditions 4.68.5 and 4.68.6.

<sup>590</sup> BBC Alba is one of the UK Public Television Services under the Agreement.



- 8.111 We acknowledge that content aimed at those learning the Gaelic language is a matter for the BBC generally, rather than BBC ALBA exclusively. We understand that the BBC's current approach is for BBC ALBA (and by extension BBC iPlayer) to be the service by which it provides Gaelic language learning content. As such, we will maintain the Licence requirement to deliver this programming on BBC ALBA,<sup>591</sup> but note that this does not prevent the BBC from putting content aimed at those learning the Gaelic language on other services should it choose to do so. If the BBC's approach changes and it requires greater flexibility to distribute Gaelic learning content in different ways in the future, we are open to reviewing and consulting on such a proposal. We have included BBC iPlayer in the new transparency requirements for the BBC to set out plans and reporting around Gaelic learning programming, giving us and stakeholders a broader view of the BBC's provision.<sup>592</sup>
- 8.112 In response to stakeholder concerns around discoverability we proposed additional requirements on the BBC which we discuss in more detail later in this section. We consider that the discoverability of Gaelic language content is sufficiently covered under these requirements.

## Nations and local radio programming

- 8.113 We discuss a number of issues relating to local radio in England, including our proposal to amend the 100% speech requirement during breakfast peak, above in Section 4. We discuss our proposals to annualise radio news quotas in Section 5, and BBC Radio 1's specialist music quota in Section 7. We address our proposals to annualise the quotas for locally made programming on BBC local radio in the following section.

### What we said

- 8.114 We proposed to annualise quotas for the BBC's radio services, including the original, locally made programming quotas for BBC local radio in Public Purpose 4.<sup>593</sup>
- 8.115 We proposed these changes because we believe that annual conditions are sufficient to ensure the delivery of the relevant Public Purposes and because the costs involved in administering daily and weekly conditions are disproportionate. Amending the quotas so that they apply on an annual basis will reduce the resourcing and cost burdens for both the BBC and Ofcom. The BBC has told us that having to monitor and report against these daily and weekly conditions is inefficient and burdensome. It will also simplify the Licence.

### Stakeholder comment:

- 8.116 We received no stakeholder comments on our proposal to annualise radio quotas for locally made programming. For a summary of broader stakeholder concerns relating to our proposal to annualise radio quotas for news, please see Section 5.

<sup>591</sup> Operating Licence condition 4.48.2.

<sup>592</sup> Operating Licence condition 4.68.5.

<sup>593</sup> Proposed Licence conditions 4.40.6 and 4.41.



## Our decision

8.117 We have decided to annualise quotas for original, locally made programming that apply to BBC local radio stations.<sup>594</sup> As explained in Section 5, this will reduce an unnecessary administrative burden on the BBC and Ofcom and will simplify the Licence.

## Range of content and online discoverability

### What we said

- 8.118 The first Licence contained a number of conditions relating to the range of content that is relevant to a given nation on the nations opt-out services and BBC Scotland,<sup>595</sup> each nation's radio stations<sup>596</sup> and each BBC local radio station.<sup>597</sup> In line with our principle to incorporate the BBC's online delivery, we proposed to combine and expand these conditions to incorporate BBC iPlayer, BBC Sounds, the BBC website and BBC ALBA.<sup>598</sup> We also proposed to introduce a transparency requirement for the BBC to set out its plans for providing relevant content on its online services with its Annual Plan, and report on whether it has delivered these plans with its Annual Report.<sup>599</sup>
- 8.119 We proposed to retain the obligations for the BBC to provide news and information, indigenous language content and sports content for Scotland, Wales, Northern Ireland and the English regions on BBC Online.<sup>600</sup>
- 8.120 We proposed a series of conditions requiring the BBC to make its online content of interest and relevance to audiences in the nations and regions easily discoverable.<sup>601</sup> These include:
- a) news and information, and sport coverage in the English regions;
  - b) music, news and information, sport and content in Gaelic for Scotland;
  - c) music, news and information, sport coverage and content in Welsh for Wales; and
  - d) music, news and information, sport coverage and content in Irish and Ulster-Scots for Northern Ireland.

### Stakeholder comments

- 8.121 The BBC and the VLV expressed support for our proposal to incorporate the BBC's online services into the conditions to provide a range of content that is relevant to audiences in the nations and regions.<sup>602</sup>

<sup>594</sup> Operating Licence conditions 4.40.6 and 4.41.

<sup>595</sup> First Licence conditions 2.79, 2.80.1, 2.80.2, 2.86 and 2.92.

<sup>596</sup> First Licence conditions 2.82.3, 2.83.2, 2.88.2, 2.89.2, 2.95.3.

<sup>597</sup> First Licence condition 2.74.2.

<sup>598</sup> Proposed Licence conditions 4.37, 4.40.5, 4.42, 4.43, 4.51, 4.52, 4.59 and 4.60.

<sup>599</sup> Proposed Licence condition 4.68.1.

<sup>600</sup> Proposed Licence conditions 4.38, 4.44, 4.53 and 4.61.

<sup>601</sup> Proposed Licence conditions 4.39, 4.45, 4.54 and 4.62.

<sup>602</sup> [BBC response](#), page 16; [VLV response](#), page 17.



- 8.122 The VLV also expressed support for our proposal to retain the obligations for the BBC to provide news and information, indigenous language content and sports content for the nations and regions.<sup>603</sup> ACW called for the requirements to be more comprehensive to allow for an expanded online offering from BBC Cymru Wales; it suggested that music, the arts, education and other factual content should be included in the conditions.<sup>604</sup>
- 8.123 We note that most of the concerns raised by stakeholders were in relation to the degree of discoverability of news content of interest to audiences in the nations and regions on the BBC's online services. For instance, ACNI highlighted that the BBC News website and the BBC News app offer different user experiences in terms of discoverability on each platform. It also expected Ofcom to make a clearer statement on what it expects from the BBC in terms of making nations and regions' news content easily discoverable on the BBC's online services.<sup>605</sup>
- 8.124 ACNI also stated in its response that the live feed on BBC iPlayer does not currently receive BBC News for Northern Ireland. It suggested that there should be clear conditions set by Ofcom to ensure that viewers in each nation and region can watch their own programming on all digital platforms (both live and catch-up).<sup>606</sup>
- 8.125 The ACW agreed with our overall approach to discoverability. However, it highlighted that BBC Cymru Wales' content is relatively difficult to find within the BBC iPlayer environment. It therefore proposed allowing greater customisation of the user interface to tailor it to the needs of each nation.<sup>607</sup>

### Our decision

- 8.126 We have decided to combine and expand the conditions relating to the range of content that is relevant to a given nation on the nations opt-out services and BBC Scotland, each nation's radio stations and each BBC local radio station.<sup>608</sup> This includes for each nation a new requirement to provide a broad range of content that reflects the relevant nation on BBC iPlayer, BBC Sounds and its website and apps.<sup>609</sup> For Scotland, the condition now also includes BBC ALBA as well as BBC Scotland. This will be accompanied by the new transparency requirements for the BBC to set out its plans for providing relevant content on its online services with its Annual Plan, and report on whether it has delivered these plans with its Annual Report.<sup>610</sup>
- 8.127 We have also decided to retain the obligations for the BBC to provide news and information, indigenous language content and sports content for the nations and regions on BBC Online.<sup>611</sup> We recognise ACW's concern that these conditions do not sufficiently

<sup>603</sup> [VLV response](#), page 17.

<sup>604</sup> [ACW response](#), page 7.

<sup>605</sup> [ACNI response](#), pages 3-4.

<sup>606</sup> [ACNI response](#), page 4.

<sup>607</sup> [ACW response](#), page 5.

<sup>608</sup> Operating Licence conditions 4.37, 4.40.5, 4.42, 4.43, 4.51, 4.52, 4.59 and 4.60.

<sup>609</sup> Operating Licence conditions 4.37, 4.42, 4.51 and 4.59.

<sup>610</sup> Operating Licence conditions 4.67, 4.68.1, 4.69 and 4.70.

<sup>611</sup> Operating Licence conditions 4.38, 4.44, 4.53 and 4.61.



promote BBC Cymru Wales to provide innovative, online creative content including genres such as music, arts and factual content. However, we consider that these conditions, alongside the expanded condition to provide a broad range of content discussed above, will sufficiently support the BBC in its objective to serve and create content for the whole of the UK, including in Wales. We consider that it is appropriate for the BBC to determine what types of content best serve its audiences in the nations and regions, rather than mandating additional genres to those currently set out.

- 8.128 We have decided to adopt the conditions requiring the BBC to make its online content for the nations and regions easily discoverable.<sup>612</sup> As set out in Section 3, we have also introduced a new transparency requirement for the BBC to report on the steps it plans to take to comply with these conditions.<sup>613</sup> We recognise stakeholders' concerns that the BBC's online services may offer different levels of discoverability for audiences and users in each of the nations and regions. When reporting against its discoverability conditions, we would expect the BBC to explain how it ensures that audiences in the nations and regions are served content, including news, that is relevant to where they live.
- 8.129 We have considered ACW's suggestion for greater customisation of the user interface to allow for greater discoverability for each nation. As we set out in Section 5 of this statement, it is for the BBC to ensure that news and information for audiences in the nations and regions is made easily discoverable, and we will assess the steps it has taken to comply with these conditions in our annual report on the BBC.

## Performance measurement

- 8.130 We currently use a number of measures to assess the BBC's performance against Public Purpose 4. This includes using industry measurement data and audience research on satisfaction among different audiences, including in the nations and regions. It also includes information we collect to assess the BBC's performance in respect to regional programming and production. We also review publications such as the BBC's annual progress report on its implementation of the DCCoP and other publications to measure performance.
- 8.131 We plan to further incorporate assessing the performance of the BBC's online services into our performance assessment and where necessary we will draw on new evidence and sources. For example, we will engage with the BBC on discoverability to understand how it is ensuring that content from the nations and regions, as well as indigenous language content, is being made discoverable to relevant audiences online. We plan to continue measuring consumption of BBC Online for audience demographics, and to track audience perceptions of online services across different audience groups. Because the levels of the non-news Overall Quotas are being reduced, we also plan to pay particular attention to

<sup>612</sup> Operating Licence conditions 4.39, 4.45, 4.54 and 4.62.

<sup>613</sup> Operating Licence condition 4.68.7.



monitoring audience satisfaction with the BBC in the nations and regions, the range of genres made available, and spend on high-impact content for opt-outs in each nation.

## A1. Glossary

**Acquisitions:** programmes not commissioned by or for the BBC, but which are broadcast or made available on a BBC service.

**At-risk genres:** genres that provide a particular contribution to the Mission and Public Purposes and are underprovided or in decline across public service broadcasting, including music, arts, religion and other specialist factual content, comedy, and children's programming.

**BBC Online (or the BBC's online services):** The Agreement describes this as a comprehensive online content service, with content serving the whole range of the BBC's Public Purposes and including the BBC's news and sports websites, BBC iPlayer and BBC Three for younger adult audiences". Since the date of the Agreement, the BBC has launched other online content services, including BBC Sounds. In this statement, where we use "BBC Online" or "the BBC's online services", we refer to all of the BBC's online services, including the BBC Website, BBC apps, BBC iPlayer and BBC Sounds, unless otherwise stated.

**Broadcast TV:** also known as linear TV – television programmes shown on a TV channel.

**Co-commissioning:** process by which the BBC's Network and Nations commissioning teams work together to commission content which offers both regional portrayal for local audiences, and more widespread appeal to audiences across the UK.

**First-run UK originations:** programmes commissioned by or for a BBC television service which have not been shown on television or made available online in the UK previously.

**Mid-Term Review of the BBC Charter:** the Charter states that the Secretary of State may undertake a mid-term review focusing on the governance and regulatory arrangements for the BBC. The Review must not be undertaken before 2022 and must be completed by 2024.<sup>614</sup>

**On-demand content:** this is content available for people to access at a time of their own choosing, selected from a catalogue of programmes offered by a service provider (e.g., BBC iPlayer).

**Opt-out service:** the national or regional variation of a BBC channel (for example, BBC Two Wales).

**Original productions:** programmes commissioned by or for a BBC television service, including repeats.

**Performance measurement framework:** the measures which Ofcom use to assess the BBC's performance in fulfilling the Mission and promoting the Public Purposes, as required by the BBC Charter. The framework consists of four key performance measures: availability, consumption, impact and contextual factors.

**Performance monitoring programme:** a comprehensive oversight programme to enable Ofcom to effectively hold the BBC to account for its delivery to audiences. The programme is informed by a number of different information sources, and aligns with the approach set out in the performance measurement framework.

**Public service broadcasters (PSBs):** the BBC, the Channel 3 licensees (ITV and STV), Channel 4, Channel 5 and S4C.

**Service neutral:** the delivery of content via broadcast TV or radio, or online.

**Significant changes:** changes which could affect how the BBC meets the needs of audiences. The BBC is required to report on any such changes with its Annual Plan.

**Video-on-demand (VoD) services:** A service or technology that enables viewers to watch programmes or films, whenever they choose, rather than being restricted to a linear schedule. In this document, we mostly refer to broadcaster VoDs which are free VoD services from the major broadcasters including BBC iPlayer, ITV Hub, All4 and My5. These services offer more than just video-on-demand but are referred to as VoD for ease of reference.

## A2. The new Operating Licence

A2.1 This is published as a [separate document](#).

## A3. Comparison between the first and the new Operating Licences

### The purpose of this section

- A3.1 The new Operating Licence retains some conditions from the first Operating Licence,<sup>615</sup> amends and removes others, and adds some new ones. Below is a reference table which sets out for each condition from the first Operating Licence whether it has been carried over to the new Licence and where it can be found.
- A3.2 Each Licence condition has been assigned one of the following statuses:
- a. Retained: the condition has been carried over into the new Licence. This can include small drafting changes (for example to clarify meaning) which do not impact the substance of the condition.
  - b. Amended: the condition has been carried over into the new Licence with some substantive changes. This can include altering the time period a condition applies to, changing the level of a quota or varying the language of a condition significantly enough to change its impact.
  - c. Replaced: the condition has been replaced by a new requirement of a different sort. This can include a quota being replaced by a more general descriptive condition, a transparency requirement or a combination of different conditions.
  - d. Removed: the condition has been removed from the new Licence without a replacement requirement.
  - e. New: the condition is new to the new Licence.
- A3.3 The new Licence has been compared with the Consolidated version of the [Operating Licence as of 19 May 2022](#).
- A1.1 This comparison table is provided for ease of reference only and has no legal effect. You are advised to consult the relevant parts of the Statement and the new Licence for an explanation of the changes that have been made.

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<sup>615</sup> We issued the first Operating Licence in October 2017 and it has been subsequently amended a few times between 2017 and 2022.

## Licence comparison table

Current Licence	New Licence	Status
<b>Public Purpose 1</b>		
2.4	1.4	Retained
2.4.1	1.4.1	Retained
2.4.2	1.4.2	Retained
2.4.3	1.4.3	Retained
2.5	1.5	Retained
2.5A	1.6	Retained
2.6	1.7	Retained
2.6.1	1.7.1	Amended
2.6.2	1.7.2	Retained
2.7	1.8	Amended
2.7.1	1.8	Amended
2.7.2	1.8	Amended
2.8	1.9	Retained
2.8.1	1.9.1, 1.9.2	Amended
2.8.2	1.9.3	Amended
2.9	1.10	Retained
2.9.1	1.10.1, 1.10.2	Amended
2.9.2	1.10.3	Amended
2.10	1.11	Retained
2.10.1	1.11.1	Amended
2.10.2	1.11.2	Amended
2.11	1.12	Retained
2.12	1.13	Retained
2.12.1	1.13.1	Retained
2.12.2	1.13.2	Retained
2.13	1.14	Retained
2.13.1	1.14.1	Amended

Modernising the BBC's Operating Licence

Current Licence	New Licence	Status
2.13.2	1.14.2	Retained
2.14	1.15, 1.15.1, 1.15.2	Amended
2.15	1.16	Amended
2.16	-	Removed
2.17	1.2	Retained
2.17.1	1.2.3	Retained
2.17.2	1.2.2	Retained
-	1.1	New
-	1.2.1	New
-	1.3	New
-	1.3.1	New
-	1.3.2	New
-	1.3.3	New
-	1.17	New
-	1.18	New
-	1.19	New
<b>Public Purpose 2</b>		
2.18	2.2, 3.4.3, 3.14.4	Replaced
2.19	2.2, 3.4.3, 3.14.4	Replaced
2.20	2.2, 3.4.3, 3.14.4	Replaced
2.21	2.2, 3.4.3, 3.14.4	Replaced
2.22	2.5	Retained
2.23	2.2, 3.4.3, 3.14.5	Replaced
2.23.1	3.4.3, 3.14.4, 3.14.5	Replaced
2.23.2	2.2, 3.4.3, 3.14.4, 3.14.5	Replaced
2.24	2.2, 4.48.2, 4.68.4, 4.68.5.1, 4.68.5.2, 4.68.5.3, 4.68.5.4	Replaced
2.25	3.8.3, 3.14.6.1	Replaced
2.26	3.8.3, 3.14.6.1	Replaced

Modernising the BBC's Operating Licence

Current Licence	New Licence	Status
<b>2.27</b>	3.8, 3.14.6	Replaced
<b>2.27.1</b>	3.8.3, 3.14.6.2	Replaced
<b>2.27.2</b>	3.8.3, 3.14.6.1	Replaced
<b>2.27.3</b>	3.8.3, 3.14.6.4	Replaced
<b>2.28</b>	3.11	Retained
<b>2.28.1</b>	3.11.1	Retained
<b>2.28.2</b>	3.8.3, 3.11.1, 3.14.6.5	Replaced
<b>2.28.3</b>	3.11.2, 3.14.6.6	Replaced
<b>2.28.4</b>	2.2, 3.8.3, 3.14.6.3	Replaced
<b>2.29</b>	2.2, 3.8.3, 3.14.6	Replaced
<b>2.29.1</b>	2.2, 3.8.3, 3.14.6.1	Replaced
<b>2.29.2</b>	2.2, 3.8.3, 3.14.6.4	Replaced
<b>2.30</b>	2.2, 3.8.3, 3.14.6.1	Replaced
<b>2.31</b>	2.4	Retained
-	2.1	New
-	2.2	New
-	2.3	New
-	2.6	New
-	2.7	New
-	2.8	New
<b>Public Purpose 3</b>		
<b>2.32</b>	3.7	Retained (amended for BBC Four)
<b>2.32.1</b>	3.7.1	Retained
<b>2.32.2</b>	3.7.2	Retained
<b>2.32A</b>	3.7	Retained
<b>2.32A.1</b>	3.7	Retained
<b>2.32A.2</b>	3.7	Retained
<b>2.33</b>	3.5, 3.14.3	Replaced

Modernising the BBC's Operating Licence

<b>Current Licence</b>	<b>New Licence</b>	<b>Status</b>
<b>2.34</b>	3.5, 3.14.3	Replaced
<b>2.34A</b>	3.5, 3.14.3	Replaced
<b>2.35</b>	3.5, 3.14.3, 3.14.5	Replaced
<b>2.35A</b>	3.5, 3.14.3, 3.14.5	Replaced
<b>2.36</b>	3.5, 3.14.3, 3.14.5	Replaced
<b>2.36A</b>	3.5, 3.14.3, 3.14.5	Replaced
<b>2.37</b>	3.6, 5.1	Retained
<b>2.37.1</b>	5.1	Retained
<b>2.37.2</b>	3.6.1	Retained
<b>2.37A</b>	3.6, 5.1	Retained
<b>2.37A.1</b>	5.1	Retained
<b>2.37A.2</b>	3.6, 3.6.1, 3.6.2	Retained
<b>2.38</b>	3.4.3, 3.14.4	Replaced
<b>2.39</b>	3.9	Retained
<b>2.39.1</b>	3.9.1	Retained
<b>2.39.2</b>	3.9.2	Retained
<b>2.39.3</b>	3.9.3, 3.16.3	Amended
<b>2.39.4</b>	3.9.4	Retained
<b>2.39.5</b>	3.9.5	Retained
<b>2.39.6</b>	3.9.6, 3.14.6.7	Replaced
<b>2.40</b>	3.10	Retained
<b>2.40.1</b>	3.10.1	Retained
<b>2.40.2</b>	3.10.2	Retained
<b>2.40.3</b>	3.10.3	Amended
<b>2.40.4</b>	3.10.4, 3.16.3	Retained
<b>2.40.5</b>	3.10.5	Retained
<b>2.41</b>	3.12, 3.16.2	Retained

Modernising the BBC's Operating Licence

Current Licence	New Licence	Status
-	3.1	New
-	3.2	New
-	3.2.1	New
-	3.2.2	New
-	3.2.3	New
-	3.2.4	New
-	3.3	New
-	3.4	New
-	3.4.1	New
-	3.4.2	New
-	3.4.4	New
-	3.8	New
-	3.8.1	New
-	3.8.2	New
-	3.8.4	New
-	3.13	New
-	3.14	New
-	3.14.1	New
-	3.14.2	New
-	3.15	New
-	3.16	New
<b>Public Purpose 4</b>		
<b>2.42</b>	4.2	Amended
<b>2.42.1</b>	4.2.1	Amended
<b>2.42.2</b>	4.2.2	Amended
<b>2.42.3</b>	4.2.3	Amended
<b>2.42.4</b>	4.2.4	Amended
<b>2.42.5</b>	4.2.5	Amended
<b>2.43</b>	4.3	Amended

<b>Current Licence</b>	<b>New Licence</b>	<b>Status</b>
<b>2.44</b>	4.4	Amended
<b>2.44.1</b>	4.4.1	Amended
<b>2.44.2</b>	4.4.2	Amended
<b>2.44.3</b>	4.4.3	Amended
<b>2.45</b>	4.5, 4.6	Amended
<b>2.45.1</b>	4.5	Amended
<b>2.45.2</b>	4.6	Amended
<b>2.46</b>	4.7	Retained
<b>2.47</b>	4.8	Retained
<b>2.47.1</b>	4.8.1	Retained
<b>2.47.2</b>	4.8.2	Retained
<b>2.47.3</b>	4.8.3	Retained
<b>2.48</b>	4.9	Retained
<b>2.49</b>	4.11	Retained
<b>2.49.1</b>	4.11.1	Retained
<b>2.49.2</b>	4.11.2	Retained
<b>2.50</b>	4.12	Retained
<b>2.50.1</b>	4.12.1	Retained
<b>2.50.2</b>	4.12.2	Amended
<b>2.50.3</b>	4.12.3	Amended
<b>2.50.4</b>	4.12.4	Retained
<b>2.51</b>	4.13	Retained
<b>2.52</b>	4.14	Amended
<b>2.52A</b>	4.25	Retained
<b>2.53</b>	4.15	Retained
<b>2.53.1</b>	4.15.1	Retained
<b>2.53.1 (numbering error, should be 2.53.2)</b>	4.15.2	Retained
<b>2.53.2 (numbering error, should be 2.53.3)</b>	4.15.3	Retained

Modernising the BBC's Operating Licence

<b>Current Licence</b>	<b>New Licence</b>	<b>Status</b>
2.54	4.16	Retained
2.54.1	4.16.1	Retained
2.54.2	-	Removed
2.54.3	4.16.2	Retained
2.55	4.17	Retained
2.56	4.18	Retained
2.56.1	4.18.1	Retained
2.56.2	4.18.2	Retained
2.57	4.19	Retained
2.58	4.20	Retained
2.58.1	-	Removed
2.58.2	4.20.1	Retained
2.58.3	4.20.2	Retained
2.59	4.21	Retained
2.60	4.22	Retained
2.60.1	-	Removed
2.60.2	4.22.1	Retained
2.60.3	4.22.2	Retained
2.61	4.23	Retained
2.62	4.24	Retained
2.63	4.27	Retained
2.64	4.28	Amended
2.65	4.29	Retained
2.65.1	4.29.1	Retained
2.65.2	4.29.2	Retained
2.65.3	4.29.3	Retained
2.65.4	4.29.4	Retained
2.65.5	4.29.5	Retained
2.66	4.30	Retained

Modernising the BBC's Operating Licence

<b>Current Licence</b>	<b>New Licence</b>	<b>Status</b>
<b>2.67</b>	4.31	Retained
<b>2.67.1</b>	-	Removed
<b>2.67.2</b>	4.31.1	Amended
<b>2.67.3</b>	4.31.2	Retained
<b>2.67.4</b>	4.31.3	Retained
<b>2.67.5</b>	-	Removed
<b>2.67.6</b>	4.31.4	Amended
<b>2.67.7</b>	-	Removed
<b>2.67.8</b>	4.31.5	Amended
<b>2.68</b>	4.32	Amended
<b>2.69</b>	4.33	Retained
<b>2.70</b>	4.34	Retained
<b>2.71</b>	4.35	Retained
<b>2.71.1</b>	4.35.1	Retained
<b>2.71.2</b>	4.35.2	Retained
<b>2.72</b>	4.36	Retained
<b>2.72.1</b>	4.40.1 (core hours); 4.40.2 (breakfast peak)	Retained core hours condition; amended breakfast peak condition
<b>2.72.2</b>	4.36.1	Retained
<b>2.72.3</b>	4.36.2	Retained
<b>2.72.4</b>	4.36.3	Retained
<b>2.72.5</b>	4.36.4	Retained
<b>2.72.6</b>	4.36.5, 4.36.6	Retained
<b>2.73</b>	5.1	Retained
<b>2.74</b>	4.40	Retained
<b>2.74.1</b>	4.40.3	Retained
<b>2.74.2</b>	4.40.5	Retained
<b>2.75</b>	4.40.6	Amended
<b>2.76</b>	4.41	Amended

Modernising the BBC's Operating Licence

<b>Current Licence</b>	<b>New Licence</b>	<b>Status</b>
<b>2.77</b>	4.38	Retained
<b>2.77.1</b>	4.38.1	Retained
<b>2.77.2</b>	4.38.2	Retained
<b>2.78</b>	4.46	Retained
<b>2.78.1</b>	4.46.1	Retained
<b>2.78.2</b>	4.46.2, 4.68.3.1, 4.68.3.2	Replaced
<b>2.79</b>	4.42	Retained
<b>2.80</b>	4.47	Retained
<b>2.80.1</b>	4.42	Retained
<b>2.80.2</b>	4.42	Retained
<b>2.80.3</b>	4.47.1	Retained
<b>2.80.4</b>	-	Removed
<b>2.80.5</b>	4.47.2	Retained
<b>2.81</b>	4.48, 4.48.1	Retained
<b>2.82</b>	4.49	Retained
<b>2.82.1</b>	4.49.1, 4.49.2	Amended
<b>2.82.2</b>	4.49.3	Retained
<b>2.82.3</b>	4.42, 4.43	Retained
<b>2.83</b>	4.50, 4.42, 4.43	Retained
<b>2.83.1</b>	4.50	Retained
<b>2.83.2</b>	4.42, 4.43	Retained
<b>2.84</b>	4.44	Retained
<b>2.84.1</b>	4.44.1	Retained
<b>2.84.2</b>	4.44.3	Retained
<b>2.84.3</b>	4.44.2	Retained
<b>2.85</b>	4.55	Retained
<b>2.85.1</b>	4.55.1	Retained
<b>2.85.2</b>	4.55.2, 4.68.3.1, 4.68.3.2	Replaced
<b>2.86</b>	4.51	Retained

Modernising the BBC's Operating Licence

<b>Current Licence</b>	<b>New Licence</b>	<b>Status</b>
<b>2.87</b>	4.56, 4.68.3.1, 4.68.3.2	Replaced
<b>2.88</b>	4.57	Retained
<b>2.88.1</b>	4.57.1, 4.57.2	Amended
<b>2.88.2</b>	4.51, 4.52	Retained
<b>2.89</b>	4.58	Retained
<b>2.89.1</b>	4.58.1, 4.58.2	Amended
<b>2.89.2</b>	4.51, 4.52	Amended
<b>2.90</b>	4.53	Retained
<b>2.90.1</b>	4.53.1	Retained
<b>2.90.2</b>	4.53.3	Retained
<b>2.90.3</b>	4.53.2	Retained
<b>2.91</b>	4.63	Retained
<b>2.91.1</b>	4.63.1	Retained
<b>2.91.2</b>	4.63.2, 4.68.3.1, 4.68.3.2	Replaced
<b>2.92</b>	4.59	Retained
<b>2.93</b>	4.64, 4.68.3.1, 4.68.3.2	Replaced
<b>2.94</b>	4.65, 4.68.6	Amended
<b>2.95</b>	4.66	Retained
<b>2.95.1</b>	4.66.1, 4.66.3	Amended
<b>2.95.2</b>	4.66.2, 4.66.3	Amended
<b>2.95.3</b>	4.59, 4.60	Retained
<b>2.95.4</b>	4.66.4	Retained
<b>2.96</b>	4.61	Retained
<b>2.96.1</b>	4.61.1	Retained
<b>2.96.2</b>	4.61.3	Retained
<b>2.96.3</b>	4.61.2	Retained
<b>2.97</b>	-	Removed
-	4.1	New
-	4.8.4	New

Modernising the BBC's Operating Licence

Current Licence	New Licence	Status
-	4.8.5	New
-	4.10	New
-	4.37	New
-	4.39	New
-	4.40.4	New
-	4.42	New
-	4.43	New
-	4.45	New
-	4.47.3	New
-	4.51	New
-	4.52	New
-	4.54	New
-	4.59	New
-	4.60	New
-	4.62	New
-	4.67	New
-	4.68	New
-	4.68.1	New
-	4.68.2	New
-	4.68.3	New
-	4.68.3.1	New
-	4.68.3.2	New
-	4.68.4	New
-	4.68.5	New
-	4.68.5.1	New
-	4.68.5.2	New
-	4.68.6	New
-	4.68.6.1	New
-	4.68.6.2	New

Modernising the BBC's Operating Licence

<b>Current Licence</b>	<b>New Licence</b>	<b>Status</b>
-	4.68.3	New
-	4.69	New
-	4.70	New
<b>Definitions and interpretation</b>		
<b>3.1</b>	5.1	Amended
<b>3.2</b>	5.4	Retained
<b>3.3</b>	-	Removed
<b>3.4</b>	5.5	Retained
<b>3.5</b>	5.6	Retained
<b>3.6</b>	5.7	Retained
<b>3.7</b>	4.26, 4.26.1	Amended
<b>3.8</b>	4.26, 4.26.2	Amended
-	5.2	New
-	5.3	New

## A4. Content and services for audiences in England

- A4.1 The Operating Licence sets the conditions which Ofcom considers appropriate for requiring the BBC to fulfil its Mission and promote the Public Purposes; to secure the provision of distinctive output and services; and to secure that all BBC audiences in England, Scotland, Wales, and Northern Ireland are well served. While many of the conditions we set in the Operating Licence apply to the BBC's services and activities across the UK, including England, there are also some requirements which are specific to the BBC's activities in England, and the services it offers to audiences in England.
- A4.2 This document summarises the Operating Licence requirements which apply specifically to the BBC in England. It does not focus on the requirements which apply to the BBC's services and activities across the UK. In particular, it does not specifically set out the conditions that are grouped under Public Purposes 1, 2 and 3 in the Licence. However, the Operating Licence requirements which we have set to ensure the BBC delivers these Public Purposes also benefit audiences in England. Indeed, the BBC has to meet the needs of audiences across the UK, including in England, by providing them with news and information to help them understand and engage with the world around them, by helping them learn (including providing educational content which helps children and teenagers in their formal learning) and by showing creative, high-quality and distinctive output and services.
- A4.3 This annex has been prepared for ease of reference only; it does not therefore restate all relevant Licence conditions and has no legal effect. In relation to each specific condition, readers should consult the relevant part of the Operating Licence issued on 23 March 2023.

### Diversity, audience representation and portrayal

- A4.4 Under Public Purpose 4, the BBC should reflect the diversity of the United Kingdom both in its output and services. In order to ensure that this Public Purpose is promoted, the Licence sets transparency requirements for the BBC to explain how it represents and portrays the whole of the UK, to measure and report on audience groups who are less satisfied with the BBC's representation and portrayal, and the steps it will take to improve their satisfaction. The BBC must also report each year on progress towards its on-screen and on-air representation and portrayal targets, as well as its workforce diversity. In addition, the BBC must report annually on its compliance with its Diversity Commissioning Code of Practice. Where relevant, the BBC provides data on a nation-by-nation basis.

## Programme making in England

### Broadcast TV

- A4.5 The Licence sets requirements for TV programme making in England (outside the M25 Area). To summarise, the BBC must ensure that in each Calendar Year:
- a) at least 30% of the hours of Network Programmes<sup>616</sup> made in the UK are made in England (outside the M25 Area); and
  - a) at least 30% of the expenditure of the BBC on Network Programmes made in the UK is referable to programme production at different production centres in England (outside of the M25 Area).
- A4.6 In addition, the Licence sets requirements for TV programme making outside the M25 Area in the UK. Network Programmes made in England (outside the M25 Area) would count towards these conditions. To summarise, the conditions state that the BBC must ensure that in each Calendar Year:
- a) at least 50% of the hours of Network Programmes made in the UK are made outside the M25;
  - b) such programmes constitute a suitable range of programmes; and
  - b) at least 50%<sup>617</sup> of the expenditure of the BBC on Network Programmes made in the UK is referable to programme production at different production centres outside the M25.

### Broadcast Radio and BBC Sounds

- A4.7 The Licence sets requirements for radio programme making outside the M25 Area. In brief, the Licence requires the BBC to do the following:
- a) in respect of the UK Public Radio Services which are designed for audiences across the UK<sup>618</sup> and BBC Sounds taken together, the BBC must ensure that in each Financial Year at least 30%<sup>619</sup> of relevant spend is incurred outside the M25 Area.
  - c) the BBC must ensure that some of the relevant spend is incurred in respect of each of BBC Radio 1, BBC Radio 2, BBC Radio 3, BBC Radio 4 and BBC Radio 5 Live.

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<sup>616</sup> "Network Programmes" are defined in the Operating Licence as programmes made for viewing on any of the UK Public Television Services, other than programmes made for viewing only on a variation of such a service that relates to one of the following: (a) Northern Ireland; (b) Scotland; (c) Wales; (d) any region of England.

<sup>617</sup> Note that under the Agreement, as amended in 2022, The BBC must deliver plans to ensure that, by 31 December 2027, 60% of its expenditure on relevant TV programmes made in the United Kingdom is referable to programme production at different production centres outside the M25 area.

<sup>618</sup> BBC Radio 1; BBC 1Xtra; BBC Radio 2; BBC Radio 3; BBC Radio 4; BBC 4 Extra; BBC Radio 5 Live; BBC Radio 5 Live Sports Extra; BBC 6 Music; BBC Asian Network.

<sup>619</sup> Note that under the Agreement, as amended in 2022, the BBC must deliver plans to ensure that, by 31 December 2027, 50% of its relevant expenditure on network radio programmes and music (taken together) is referable to different centres outside the M25 area.

- b) in respect of BBC Radio 3, the BBC must ensure that in each Financial Year at least 28% of relevant spend is incurred outside the M25 Area.

## Programming for audiences in England

### TV and online

- A4.8 The Licence requires the BBC, in relation to each of BBC iPlayer, BBC Sounds, the BBC Website, and all the variations of BBC One for the English regions, to provide content of interest and relevance to audiences in the English regions.

### Broadcast TV

#### All programming of a National or Regional Interest<sup>620</sup> on BBC One and BBC Two

- A4.9 The Licence includes certain obligations for the BBC to show programming of National or Regional interest. Some of those requirements apply to all programming of National or Regional Interest taken together, across all BBC One and BBC Two opt-out services. Programmes broadcast on the variations of BBC One for the English regions would count towards this quota.
- A4.10 Specifically, the BBC must ensure that:
  - a) at least 5,000 hours are allocated to programmes which are of National or Regional Interest;
  - d) those programmes must include a suitable range of programmes (including regional news programmes);
  - b) at least 95% of those programmes consist of programmes made in the nation or region in relation to which those programmes are to be of National or Regional Interest;
  - e) at least 200 hours of those programmes consist of non-news programming in Peak Viewing Time;
  - c) at least 150 hours of those programmes consist of non-news programming at times immediately preceding or following Peak Viewing Time; and
  - f) at least 3,900 hours of news of National or Regional Interest to be broadcast at intervals throughout the day on BBC One, of which at least 1,700 hours must be in Peak Viewing Time.

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<sup>620</sup> A programme is of "National or Regional Interest" if: (a) it is of particular interest to persons living in any one of the following nations or regions – (i) Northern Ireland; (ii) Scotland; (iii) Wales; (iv) any region of England in relation to which there is a regional variation of the television service concerned; and (b) it is included in the variation of the service that relates to that nation or region.

## Broadcast radio

- A4.11 The Licence includes specific provisions to safeguard certain content on BBC Local Radio stations in England. On each BBC Local Radio station, the BBC must ensure that:
- a) in each Financial Year on average at least 60% of the content during Core Hours is speech content;
  - g) in each Financial Year 100% of the content during Breakfast Peak is speech content;
  - b) it provides news bulletins and information of particular relevance to the area and communities it serves regularly at frequent intervals throughout the day;
  - h) it provides a significant amount of news and information of particular relevance to the area and communities it serves during the Breakfast Peak;
  - c) it provides other content of particular relevance to the area and communities it serves; and
  - i) in each Financial Year at least 4,954 hours are allocated on each BBC Local Radio station to original, locally-made programming,<sup>621</sup> except in respect of BBC Radio Guernsey and BBC Radio Jersey which are each required to provide at least 4,171 hours, and BBC Radio Somerset which is required to provide 3,650 hours.

## Online

- A4.12 The Licence includes some provisions which apply specifically to the BBC's online services. In respect of BBC Online, the BBC must provide:
- a) news and information for the English regions; and
  - j) dedicated coverage of sport for the English regions.
- A4.13 The BBC's online content for audiences in England must also be easily discoverable.

## Transparency

- A4.14 The Licence requires the BBC to publish a range of information relating to its provision of content of interest and relevance to audiences in the regions of England with its Annual Plan. This includes:
- a) Its plans in relation to each of BBC iPlayer, BBC Sounds and the BBC Website to provide content of interest and relevance to audiences in the nations and regions.
  - k) For all the variations of BBC One for the English regions taken together, the hours of news it plans to provide.

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<sup>621</sup> "Original, locally-made programming" includes programming shared with neighbouring stations broadcast between 06:00 and 19:00.

- b) For all the variations of BBC One for the English regions taken together, and separately for BBC iPlayer, its plans to provide a range of non-news programming, including:
    - i) planned hours of programmes other than news and current affairs;
    - i) planned hours of current affairs programming;
    - ii) planned hours of First-Run UK Originations of programmes other than news and current affairs;
    - ii) planned hours of First-Run UK Originations of current affairs programming; and
    - iii) a list of the specific genres it plans to provide.
  - c) Planned hours of Network Programmes specifically aimed at audiences in the nations and regions.
- A4.15 Where, in the year ahead the BBC plans to make significant changes from its current provision, the BBC needs to set that out in its Annual Plan, and also explain the reasons for those changes. It also needs to publish significant changes if these are planned after the Annual Plan for that year has been published, but such changes are proposed to be implemented before the Annual Plan for the following year is published.
- A4.16 The Licence also requires the BBC to report in its Annual Report on whether it has taken the steps it set out in its Annual Plan.

## A5. Content and services for audiences in Scotland

- A5.1 The Operating Licence sets the conditions which Ofcom considers appropriate for requiring the BBC to fulfil its Mission and promote the Public Purposes; to secure the provision of distinctive output and services; and to secure that all BBC audiences in England, Scotland, Wales, and Northern Ireland are well served. While many of the conditions we set in the Operating Licence apply to the BBC's services and activities across the UK, including Scotland, there are also some requirements which are specific to the BBC's activities in Scotland, and the services it offers to audiences in Scotland.
- A5.2 This document summarises the Operating Licence requirements which apply specifically to the BBC in Scotland. It does not focus on the requirements which apply to the BBC's services and activities across the UK. In particular, it does not specifically set out the conditions that are grouped under Public Purposes 1, 2 and 3 in the Licence. However, the Operating Licence requirements which we have set to ensure the BBC delivers these Public Purposes also benefit audiences in Scotland. Indeed, the BBC has to meet the needs of audiences across the UK, including in Scotland, by providing them with news and information to help them understand and engage with the world around them, by helping them learn (including providing educational content which helps children and teenagers in their formal learning) and by showing creative, high-quality and distinctive output and services.
- A5.3 This annex has been prepared for ease of reference only; it does not therefore restate all relevant Licence conditions and has no legal effect. In relation to each specific condition, readers should consult the relevant part of the Operating Licence issued on 23 March 2023.

### Diversity, audience representation and portrayal

- A5.4 Under Public Purpose 4, the BBC should reflect the diversity of the United Kingdom both in its output and services. In order to ensure delivery of this Public Purpose, the Licence sets transparency requirements for the BBC to explain how it represents and portrays the whole of the UK, to measure and report on audience groups who are less satisfied with the BBC's representation and portrayal, and the steps it will take to improve their satisfaction. The BBC must also report each year on progress towards its on-screen and on-air representation and portrayal targets, as well as its workforce diversity. In addition, the BBC must report annually on its compliance with its Diversity Commissioning Code of Practice. Where relevant, the BBC provides data on a nation-by-nation basis.

## Programme production in Scotland

### Broadcast TV

- A5.5 The Licence sets requirements for TV programme making in Scotland. To summarise, the BBC must ensure that in each Calendar Year:
- a) at least 8% of the hours of Network Programmes<sup>622</sup> made in the UK are made in Scotland; and
  - b) at least 8% of the expenditure of the BBC on Network Programmes made in the UK is referable to programme production at different production centres in Scotland.
- A5.6 In addition, the Licence sets requirements for TV programme making outside the M25 Area in the UK. Network Programmes made in Scotland would count towards this quota. To summarise, the conditions state that the BBC must ensure that in each Calendar Year:
- a) At least 50% of the hours of Network Programmes made in the UK are made outside the M25.
  - b) Such programmes constitute a suitable range of programmes.
  - c) At least 50%<sup>623</sup> of the expenditure of the BBC on Network Programmes made in the UK is referable to programme production at different production centres outside the M25.

### Broadcast radio and BBC Sounds

- A5.7 The Licence sets requirements for radio programme making outside the M25 Area. Radio programmes made in Scotland would count towards these conditions. In brief, the Licence requires the BBC to do the following:
- a) In respect of the UK Public Radio Services which are designed for audiences across the UK<sup>624</sup> and BBC Sounds taken together, the BBC must ensure that in each Financial Year at least 30%<sup>625</sup> of relevant spend is incurred outside the M25 Area.
  - b) The BBC must ensure that some of the relevant spend is incurred in respect of each of BBC Radio 1, BBC Radio 2, BBC Radio 3, BBC Radio 4 and BBC Radio 5 Live.
  - c) In respect of BBC Radio 3, the BBC must ensure that in each Financial Year at least 28% of relevant spend is incurred outside the M25 Area.

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<sup>622</sup> "Network Programmes" are defined in the Operating Licence as programmes made for viewing on any of the UK Public Television Services, other than programmes made for viewing only on a variation of such a service that relates to one of the following: (a) Northern Ireland; (b) Scotland; (c) Wales; (d) any region of England.

<sup>623</sup> Note that under the Agreement, as amended in 2022, the BBC must deliver plans to ensure that, by 31 December 2027, 60% of its expenditure on relevant TV programmes made in the United Kingdom is referable to programme production at different production centres outside the M25 area.

<sup>624</sup> BBC Radio 1; BBC 1Xtra; BBC Radio 2; BBC Radio 3; BBC Radio 4; BBC 4 Extra; BBC Radio 5 Live; BBC Radio 5 Live Sports Extra; BBC 6 Music; BBC Asian Network.

<sup>625</sup> Note that under the Agreement, as amended in 2022, the BBC must deliver plans to ensure that, by 31 December 2027, 50% of its relevant expenditure on network radio programmes and music (taken together) is referable to different centres outside the M25 area.

## Programming for audiences in Scotland

### TV, radio and online

- A5.8 The Licence requires the BBC, across each of BBC iPlayer, BBC Sounds, the BBC Website, BBC One Scotland, BBC Scotland, BBC ALBA, BBC Radio Scotland and BBC Radio nan Gàidheal, to provide content of interest and relevance to audiences in Scotland, including a broad range of content which reflects Scotland's culture.
- A5.9 In relation to each of BBC Sounds, BBC Radio Scotland and BBC Radio nan Gàidheal, the BBC must provide music of particular relevance to audiences in Scotland.

### Broadcast TV

#### All programming of a National or Regional Interest<sup>626</sup> on BBC One and BBC Two

- A5.10 The Licence includes certain obligations for the BBC to show programming of National or Regional Interest. Some of those requirements apply to all programming of National or Regional Interest taken together, across all BBC One and BBC Two opt-out services. Programmes broadcast on BBC One Scotland (but not BBC Scotland) would count towards this quota.
- A5.11 Specifically, the BBC must ensure that:
- a) at least 5,000 hours are allocated to programmes which are of National or Regional Interest;
  - b) those programmes must include a suitable range of programmes (including regional news programmes);
  - c) at least 95% of those programmes consist of programmes made in the nation or region in relation to which those programmes are to be of National or Regional Interest;
  - d) at least 200 hours of those programmes consist of non-news programming in Peak Viewing Time;
  - e) at least 150 hours of those programmes consist of non-news programming at times immediately preceding or following Peak Viewing Time; and
  - f) at least 3,900 hours of news of National or Regional Interest to be broadcast at intervals throughout the day on BBC One, of which at least 1,700 hours must be in Peak Viewing Time.

#### Programming on BBC One Scotland, BBC Scotland and BBC ALBA

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<sup>626</sup> A programme is of "National or Regional Interest" if: (a) it is of particular interest to persons living in any one of the following nations or regions – (i) Northern Ireland; (ii) Scotland; (iii) Wales; (iv) any region of England in relation to which there is a regional variation of the television service concerned; and (b) it is included in the variation of the service that relates to that nation or region.

- A5.12 There are additional requirements to show programming on BBC One Scotland, BBC Scotland and BBC ALBA. These are that:
- a) In respect of BBC One Scotland, the BBC must allocate at least 290 hours to news and current affairs programmes; and provide programmes other than news and current affairs including some First-Run UK Originations.
  - b) In respect of BBC Scotland, the BBC must allocate at least 250 hours to news programmes in Peak Viewing Time; and provide programmes other than news and current affairs including some First-Run UK Originations.
  - c) In respect of BBC ALBA, the BBC must ensure that the service includes live news programmes each weekday evening, including during Peak Viewing Time, and a longer news review at the weekends; and that it provides programming aimed at those learning the Gaelic language.
- A5.13 The BBC must also ensure that, in respect of BBC Scotland, in each Calendar Year, at least 90% of First-Run UK Originations are made in Scotland.

#### Programming on BBC Parliament

- A5.14 The Licence makes specific provision for the broadcasting of certain parliamentary proceedings. The BBC must ensure that in each Financial Year at least 300 hours of programming on BBC Parliament are allocated to proceedings of the Scottish Parliament, Northern Ireland Assembly and Senedd Cymru.

#### Broadcast radio

- A5.15 The Licence includes specific provisions to safeguard certain content on BBC Radio Scotland and BBC Radio nan Gàidheal. The BBC must ensure that:
- a) In respect of BBC Radio Scotland:
    - i) in Core Hours, on average at least 60% of content is speech content, and during the Breakfast Peak 100% of content is speech content;
    - iii) in each Financial Year at least 2,607 hours are allocated to news and current affairs programmes (including repeats);
    - ii) the BBC provides news bulletins regularly at frequent intervals throughout the day; and
    - iv) it provides several regional opt-outs each weekday, offering news, sport and information, and some regional opt-out community programming in the evenings;
  - b) In respect of BBC Radio nan Gàidheal:
    - i) in Core Hours, on average at least 40% of content is speech content, and during the Breakfast Peak 100% of content is speech content;

- v) the BBC provides news bulletins regularly at frequent intervals throughout the day, particularly between 07:30 to 08:30 and 16:00 to 19:00 on Mondays to Fridays and 09:00 to 11:00 on Saturdays and Sundays.

## Online

A5.16 The Licence includes some provisions which apply specifically to the BBC's online services. In respect of BBC Online, the BBC must provide:

- a) news and information for Scotland;
- b) dedicated coverage of sport for Scotland; and
- c) content in Gaelic.

A5.17 The BBC's online content for audiences in Scotland must also be easily discoverable.

## Transparency

A5.18 The Licence requires the BBC to publish a range of information relating to its provision of content of interest and relevance to audiences in Scotland with its Annual Plan. This includes:

- a) Its plans for BBC iPlayer, BBC Sounds and the BBC Website to provide content of interest and relevance to audiences in the nations and regions.
- b) For each of BBC Scotland, BBC One Scotland and BBC iPlayer, its plans to provide a range of non-news programming, including:
  - i) planned hours of programmes other than news and current affairs;
  - ii) planned hours of current affairs programming;
  - iii) planned hours of First-Run UK Originations of programmes other than news and current affairs;
  - iv) planned hours of First-Run UK Originations of current affairs programming; and
  - v) a list of the specific genres it plans to provide.
- c) Planned hours of Network Programmes specifically aimed at audiences in the nations and regions.
- d) For each of BBC ALBA and BBC iPlayer, its plans to provide Gaelic programming and programming aimed at those learning the Gaelic language. As part of this explanation, the BBC must set out:
  - i) planned hours of programming aimed at those learning the Gaelic language;
  - ii) planned hours of First-Run UK Originations programming aimed at those learning the Gaelic language;
  - iii) planned hours of Gaelic programming; and
  - vi) planned hours of First-Run UK Originations of Gaelic Programming.

## Modernising the BBC's Operating Licence

- A5.19 Where, in the year ahead the BBC plans to make significant changes from its current provision, the BBC needs to set that out in its Annual Plan, and also explain the reasons for those changes. It also needs to publish significant changes if these are planned after the Annual Plan for that year has been published, but such changes are proposed to be implemented before the Annual Plan for the following year is published.
- A5.20 The Licence also requires the BBC to report in its Annual Report on whether it has taken the steps it set out in its Annual Plan.

## A6. Content and services for audiences in Wales

- A6.1 The Operating Licence sets the conditions which Ofcom considers appropriate for requiring the BBC to fulfil its Mission and promote the Public Purposes; to secure the provision of distinctive output and services; and to secure that all BBC audiences in England, Scotland, Wales, and Northern Ireland are well served. While many of the conditions we set in the Operating Licence apply to the BBC's services and activities across the UK, including Wales, there are also some requirements which are specific to the BBC's activities in Wales, and the services it offers to audiences in Wales.
- A6.2 This document summarises the Operating Licence requirements which apply specifically to the BBC in Wales. It does not focus on the requirements which apply to the BBC's services and activities across the UK. In particular, it does not specifically set out the conditions that are grouped under Public Purposes 1, 2 and 3 in the Licence. However, the Operating Licence requirements which we have set to ensure the BBC delivers these Public Purposes also benefit audiences in Wales. Indeed, the BBC has to meet the needs of audiences across the UK, including in Wales, by providing them with news and information to help them understand and engage with the world around them, by helping them learn (including providing educational content which helps children and teenagers in their formal learning) and by showing creative, high-quality and distinctive output and services.
- A6.3 This annex has been prepared for ease of reference only; it does not therefore restate all relevant Licence conditions and has no legal effect. In relation to each specific condition, readers should consult the relevant part of the Operating Licence issued on 23 March 2023.

### Diversity, audience representation and portrayal

- A6.4 Under Public Purpose 4, the BBC should reflect the diversity of the United Kingdom both in its output and services. In order to ensure that this Public Purpose is promoted, the Licence sets transparency requirements for the BBC to explain how it represents and portrays the whole of the UK, to measure and report on audience groups who are less satisfied with the BBC's representation and portrayal, and the steps it will take to improve their satisfaction. The BBC must also report each year on progress towards its on-screen and on-air representation and portrayal targets, as well as its workforce diversity. In addition, the BBC must report annually on its compliance with its Diversity Commissioning Code of Practice. Where relevant, the BBC provides data on a nation-by-nation basis.

## Programme production in Wales

### Broadcast TV

A6.5 The Licence sets requirements for TV programme making in Wales. To summarise, the BBC must ensure that in each Calendar Year:

- a) at least 5% of the hours of Network Programmes<sup>627</sup> made in the UK are made in Wales; and
- b) at least 5% of the expenditure of the BBC on network programmes made in the UK is referable to programme production at different production centres in Wales.

A6.6 In addition, the Licence sets requirements for TV programme making outside the M25 Area in the UK. Network Programmes made in Wales would count towards this quota. To summarise, the conditions state that the BBC must ensure that in each Calendar Year:

- a) At least 50% of the hours of network programmes made in the UK are made outside the M25.
- b) Such programmes constitute a suitable range of programmes.
- c) At least 50%<sup>628</sup> of the expenditure of the BBC on network programmes made in the UK is referable to programme production at different production centres outside the M25.

### Broadcast radio and BBC Sounds

A6.7 The Licence sets requirements for radio programme making outside the M25 Area. Radio programmes made in Wales would count towards this quota. In brief, the Licence requires the BBC to do the following:

- a) in respect of the UK Public Radio Services which are designed for audiences across the UK<sup>629</sup> and BBC Sounds taken together, the BBC must ensure that in each Financial Year at least 30%<sup>630</sup> of relevant spend is incurred outside the M25 Area.
- b) the BBC must ensure that some of the relevant spend is incurred in respect of each of BBC Radio 1, BBC Radio 2, BBC Radio 3, BBC Radio 4 and BBC Radio 5 Live.
- c) in respect of BBC Radio 3, the BBC must ensure that in each Financial Year at least 28% of relevant spend is incurred outside the M25 Area.

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<sup>627</sup> "Network Programmes" are defined in the Operating Licence as programmes made for viewing on any of the UK Public Television Services, other than programmes made for viewing only on a variation of such a service that relates to one of the following: (a) Northern Ireland; (b) Scotland; (c) Wales; (d) any region of England.

<sup>628</sup> Note that under the Agreement, as amended in 2022, The BBC must deliver plans to ensure that, by 31 December 2027, 60% of its expenditure on relevant TV programmes made in the United Kingdom is referable to programme production at different production centres outside the M25 area.

<sup>629</sup> BBC Radio 1; BBC 1Xtra; BBC Radio 2; BBC Radio 3; BBC Radio 4; BBC 4 Extra; BBC Radio 5 Live; BBC Radio 5 Live Sports Extra; BBC 6 Music; BBC Asian Network.

<sup>630</sup> Note that under the Agreement, as amended in 2022, the BBC must deliver plans to ensure that, by 31 December 2027, 50% of its relevant expenditure on network radio programmes and music (taken together) is referable to different centres outside the M25 area.

## Programming for audiences in Wales

### TV, radio and online

- A6.8 The Licence requires the BBC, in relation to each of BBC iPlayer, BBC Sounds, the BBC Website, BBC One Wales, BBC Two Wales, BBC Radio Wales and BBC Radio Cymru, to provide content of interest and relevance to audiences in Wales, including a broad range of content which reflects Wales' culture.
- A6.9 In relation to each of BBC Sounds, BBC Radio Wales and BBC Radio Cymru, the BBC must provide music of particular relevance to audiences in Wales.

### Broadcast TV

#### All programming of a National or Regional Interest<sup>631</sup> on BBC One and BBC Two

- A6.10 The Licence includes certain obligations for the BBC to show programming of National or Regional Interest. Some of those requirements apply to all programming of National or Regional Interest taken together, across all BBC One and BBC Two opt-out services. Programmes broadcast on BBC One Wales and BBC Two Wales would count towards this quota.
- A6.11 Specifically, the BBC must ensure that:
- a) at least 5,000 hours are allocated to programmes which are of National or Regional Interest;
  - b) those programmes must include a suitable range of programmes (including regional news programmes);
  - c) at least 95% of those programmes consist of programmes made in the nation or region in relation to which those programmes are to be of National or Regional Interest;
  - d) at least 200 hours of those programmes consist of non-news programming in Peak Viewing Time;
  - e) at least 150 hours of those programmes consist of non-news programming at times immediately preceding or following Peak Viewing Time; and
  - f) at least 3,900 hours of news of National or Regional Interest to be broadcast at intervals throughout the day on BBC One, of which at least 1,700 hours must be in Peak Viewing Time.

#### Programming on BBC One Wales and BBC Two Wales

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<sup>631</sup> A programme is of "National or Regional Interest" if: (a) it is of particular interest to persons living in any one of the following nations or regions – (i) Northern Ireland; (ii) Scotland; (iii) Wales; (iv) any region of England in relation to which there is a regional variation of the television service concerned; and (b) it is included in the variation of the service that relates to that nation or region.

A6.12 There are additional requirements to show programming on BBC One Wales and BBC Two Wales. These are that:

- a) In respect of BBC One Wales, the BBC must allocate at least 275 hours to news and current affairs programmes; and provide programmes other than news and current affairs including some First-Run UK Originations.
- b) In respect of BBC Two Wales, the BBC must ensure that it provides programmes other than news and current affairs including some First-Run UK Originations.

### Programming on BBC Parliament

A6.13 The Licence makes specific provision for the broadcasting of certain parliamentary proceedings. The BBC must ensure that in each Financial Year at least 300 hours of programming on BBC Parliament are allocated to proceedings of the Scottish Parliament, Northern Ireland Assembly and Senedd Cymru.

### Broadcast radio

A6.14 The Licence includes specific provisions to safeguard certain content on BBC Radio Wales and BBC Radio Cymru. The BBC must ensure that:

- a) On BBC Radio Wales:
  - i) in Core Hours, on average at least 60% of content is speech content, and during the Breakfast Peak 100% of content is speech content;
  - ii) in each Financial Year at least 1,669 hours are allocated to news and current affairs programmes (including repeats); and
  - iii) it provides news bulletins regularly at frequent intervals throughout the day.
- b) On BBC Radio Cymru:
  - i) in Core Hours, on average at least 60% of content is speech content, and during the Breakfast Peak 100% of content is speech content;
  - ii) in each Financial Year at least 1,199 hours are allocated to news and current affairs programmes (including repeats); and
  - iii) it provides news bulletins regularly at frequent intervals throughout the day.

### Online

A6.15 The Licence includes some provisions which apply specifically to the BBC's online services. In respect of BBC Online, the BBC must provide:

- a) news and information for Wales;
- b) dedicated coverage of sport for Wales; and
- c) content in Welsh.

A6.16 The BBC's online content for audiences in Wales must also be easily discoverable.

## Transparency

- A6.17 The Licence requires the BBC to publish a range of information relating to its provision of content of interest and relevance to audiences in Wales with its Annual Plan. This includes:
- a) Its plans for BBC iPlayer, BBC Sounds and the BBC Website to provide content of interest and relevance to audiences in the nations and regions.
  - b) For each of BBC One Wales, BBC Two Wales and BBC iPlayer, its plans to provide a range of non-news programming, including:
    - i) planned hours of programmes other than news and current affairs;
    - ii) planned hours of current affairs programming;
    - iii) planned hours of First-Run UK Originations of programmes other than news and current affairs;
    - iv) planned hours of First-Run UK Originations of current affairs programming; and
    - v) a list of the specific genres it plans to provide.
  - c) Planned hours of Network Programmes specifically aimed at audiences in the nations and regions.
- A6.18 Where, in the year ahead the BBC plans to make significant changes from its current provision, the BBC needs to set that out in its Annual Plan, and also explain the reasons for those changes. It also needs to publish significant changes if these are planned after the Annual Plan for that year has been published, but such changes are proposed to be implemented before the Annual Plan for the following year is published.
- A6.19 The Licence also requires the BBC to report in its Annual Report on whether it has taken the steps it set out in its Annual Plan.

## A7. Content and services for audiences in Northern Ireland

- A7.1 The Operating Licence sets the conditions which Ofcom considers appropriate for requiring the BBC to fulfil its Mission and promote the Public Purposes; to secure the provision of distinctive output and services; and to secure that all BBC audiences in England, Scotland, Wales, and Northern Ireland are well served. While many of the conditions we set in the Operating Licence apply to the BBC's services and activities across the UK, including Northern Ireland, there are also some requirements which are specific to the BBC's activities in Northern Ireland, and the services it offers to audiences in Northern Ireland.
- A7.2 This document summarises the Operating Licence requirements which apply specifically to the BBC in Northern Ireland. It does not focus on the requirements which apply to the BBC's services and activities across the UK. In particular, it does not specifically set out the conditions that are grouped under Public Purposes 1, 2 and 3 in the Licence. However, the Operating Licence requirements which we have set to ensure the BBC delivers these Public Purposes also benefit audiences in Northern Ireland. Indeed, the BBC has to meet the needs of audiences across the UK, including in Northern Ireland, by providing them with news and information to help them understand and engage with the world around them, by helping them learn (including providing educational content which helps children and teenagers in their formal learning) and by showing creative, high-quality and distinctive output and services.
- A7.3 This annex has been prepared for ease of reference only; it does not therefore restate all relevant Licence conditions and has no legal effect. In relation to each specific condition, readers should consult the relevant part of the Operating Licence issued on 23 March 2023.

### Diversity, audience representation and portrayal

- A7.4 Under Public Purpose 4, the BBC should reflect the diversity of the United Kingdom both in its output and services. In order to ensure that this Public Purpose is promoted, the Licence sets transparency requirements for the BBC to explain how it represents and portrays the whole of the UK, to measure and report on audience groups who are less satisfied with the BBC's representation and portrayal, and the steps it will take to improve their satisfaction. The BBC must also report each year on progress towards its on-screen and on-air representation and portrayal targets, as well as its workforce diversity. In addition, the BBC must report annually on its compliance with its Diversity Commissioning Code of Practice. Where relevant, the BBC provides data on a nation-by-nation basis.

## Programme production in Northern Ireland

### Broadcast TV

- A7.5 The Licence sets requirements for TV programme making in Northern Ireland. To summarise, the BBC must ensure that in each Calendar Year:
- a) at least 3% of the hours of Network Programmes<sup>632</sup> made in the UK are made in Northern Ireland; and
  - b) at least 3% of the expenditure of the BBC on Network Programmes made in the UK is referable to programme production at different production centres in Northern Ireland.
- A7.6 In addition, the Licence sets requirements for TV programme making outside the M25 Area in the UK. Network Programmes made in Northern Ireland would count towards these conditions. To summarise, the conditions state that the BBC must ensure that in each Calendar Year:
- a) At least 50% of the hours of Network Programmes made in the UK are made outside the M25.
  - b) Such programmes constitute a suitable range of programmes.
  - c) At least 50%<sup>633</sup> of the expenditure of the BBC on Network Programmes made in the UK is referable to programme production at different production centres outside the M25.

### Broadcast radio and BBC Sounds

- A7.7 The Licence also requires that some programmes for the UK public radio services are made outside the M25. Any programmes made in Northern Ireland would count towards this quota:
- a) In respect of the UK Public Radio Services which are designed for audiences across the UK<sup>634</sup> and BBC Sounds taken together, the BBC must ensure that in each Financial Year at least 30%<sup>635</sup> of relevant spend is incurred outside the M25 Area.
  - b) The BBC must ensure that some of the relevant spend is incurred in respect of each of BBC Radio 1, BBC Radio 2, BBC Radio 3, BBC Radio 4 and BBC Radio 5 Live.

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<sup>632</sup> "Network Programmes" are defined in the Operating Licence as programmes made for viewing on any of the UK Public Television Services, other than programmes made for viewing only on a variation of such a service that relates to one of the following: (a) Northern Ireland; (b) Scotland; (c) Wales; (d) any region of England.

<sup>633</sup> Note that under the Agreement, as amended in 2022, The BBC must deliver plans to ensure that, by 31 December 2027, 60% of its expenditure on relevant TV programmes made in the United Kingdom is referable to programme production at different production centres outside the M25 area.

<sup>634</sup> BBC Radio 1; BBC 1Xtra; BBC Radio 2; BBC Radio 3; BBC Radio 4; BBC 4 Extra; BBC Radio 5 Live; BBC Radio 5 Live Sports Extra; BBC 6 Music; BBC Asian Network.

<sup>635</sup> Note that under the Agreement, as amended in 2022, the BBC must deliver plans to ensure that, by 31 December 2027, 50% of its relevant expenditure on network radio programmes and music (taken together) is referable to different centres outside the M25 area.

- c) In respect of BBC Radio 3, the BBC must ensure that in each Financial Year at least 28% of relevant spend is incurred outside the M25 Area.

## Programming for audiences in Northern Ireland

### TV, radio and online

- A7.8 The Licence requires the BBC, in relation to each of BBC iPlayer, BBC Sounds, the BBC Website, BBC One Northern Ireland, BBC Two Northern Ireland, BBC Radio Ulster and BBC Radio Foyle, to provide content of interest and relevance to audiences in Northern Ireland, including a broad range of content which reflects Northern Ireland's culture.
- A7.9 In relation to each of BBC Sounds, BBC Radio Ulster and BBC Radio Foyle, the BBC must provide music of particular relevance to audiences in Northern Ireland.

### Broadcast TV

#### All programming of a National or Regional Interest<sup>636</sup> on BBC One and BBC Two

- A7.10 The Licence includes certain obligations for the BBC to show programming of National or Regional Interest. Some of those requirements apply to all programming of National or Regional Interest taken together, across all BBC One and BBC Two opt-out services. Programmes broadcast on BBC One Northern Ireland and BBC Two Northern Ireland would count towards this quota.
- A7.11 Specifically, the BBC must ensure that:
- a) at least 5,000 hours are allocated to programmes which are of National or Regional Interest;
  - b) those programmes must include a suitable range of programmes (including regional news programmes);
  - c) at least 95% of those programmes consist of programmes made in the nation or region in relation to which those programmes are to be of National or Regional Interest;
  - d) at least 200 hours of those programmes consist of non-news programming in Peak Viewing Time;
  - e) at least 150 hours of those programmes consist of non-news programming at times immediately preceding or following Peak Viewing Time; and
  - f) at least 3,900 hours of news of National or Regional Interest to be broadcast at intervals throughout the day on BBC One, of which at least 1,700 hours must be in Peak Viewing Time.

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<sup>636</sup> A programme is of "National or Regional Interest" if: (a) it is of particular interest to persons living in any one of the following nations or regions – (i) Northern Ireland; (ii) Scotland; (iii) Wales; (iv) any region of England in relation to which there is a regional variation of the television service concerned; and (b) it is included in the variation of the service that relates to that nation or region.

### Programming on BBC One Northern Ireland and BBC Two Northern Ireland

- A7.12 There are additional requirements to show programming on BBC One Northern Ireland and BBC Two Northern Ireland. These are that:
- a) In respect of BBC One Northern Ireland, the BBC must allocate at least 310 hours to news and current affairs programmes; and provide programmes other than news and current affairs including some First-Run UK Originations.
  - b) In respect of BBC Two Northern Ireland, the BBC must ensure that it provides programmes other than news and current affairs including some First-Run UK Originations.
- A7.13 The BBC must also provide Irish language programming and Ulster-Scots programming on one or both of BBC One Northern Ireland and BBC Two Northern Ireland.

### Programming on BBC Parliament

- A7.14 The Licence makes specific provision for the broadcasting of certain parliamentary proceedings. The BBC must ensure that in each Financial Year at least 300 hours of programming on BBC Parliament are allocated to proceedings of the Scottish Parliament, Northern Ireland Assembly and Senedd Cymru.

### Broadcast radio

- A7.15 The Licence includes specific provisions to safeguard certain content on BBC Radio Ulster and BBC Radio Foyle. The BBC must ensure that:
- a) in Core Hours, on average at least 60% of content is speech content, and during the Breakfast Peak 100% of content is speech content.
  - b) in each Financial Year at least 1,825 hours are allocated to news and current affairs programmes (including repeats) on Radio Ulster;
  - c) in each Financial Year at least 1,043 hours are allocated to news and current affairs programmes (including repeats) on Radio Foyle;
  - d) it provides news bulletins regularly at frequent intervals throughout the day on each of BBC Radio Ulster and BBC Radio Foyle; and
  - e) in each Financial Year at least 240 hours are allocated to indigenous minority language programming, including Irish and Ulster-Scots output (including repeats and acquisitions).

### Online

- A7.16 The Licence includes some provisions which apply specifically to the BBC's online services. In respect of BBC Online, the BBC must provide:
- a) news and information for Northern Ireland;
  - b) dedicated coverage of sport for Northern Ireland; and

c) content in Irish and Ulster-Scots.

A7.17 The BBC's online content for audiences in Northern Ireland must also be easily discoverable.

## Transparency

A7.18 The Licence requires the BBC to publish a range of information relating to its provision of content of interest and relevance to audiences in Northern Ireland with its Annual Plan. This includes:

- a) Its plans for BBC iPlayer, BBC Sounds and the BBC Website to provide content of interest and relevance to audiences in the nations and regions.
- b) For each of BBC One Northern Ireland, BBC Two Northern Ireland and BBC iPlayer, its plans to provide a range of non-news programming, including:
  - i) planned hours of programmes other than news and current affairs;
  - ii) planned hours of current affairs programming;
  - iii) planned hours of First-Run UK Originations of programmes other than news and current affairs;
  - iv) planned hours of First-Run UK Originations of current affairs programming; and
  - v) a list of the specific genres it plans to provide.
- c) Planned hours of Network Programmes specifically aimed at audiences in the nations and regions.
- d) For each of BBC One Northern Ireland, BBC Two Northern Ireland and BBC iPlayer, its plans to provide Irish and Ulster-Scots programming. As part of this explanation, the BBC must set out:
  - i) planned hours of Irish, and of Ulster-Scots programming; and
  - ii) planned hours of First-Run UK Originations of Irish and of Ulster-Scots programming.

A7.19 Where, in the year ahead, the BBC plans to make significant changes from its current provision, the BBC needs to set that out in its Annual Plan, and also explain the reasons for those changes. It also needs to publish significant changes if these are planned after the Annual Plan for that year has been published, but such changes are proposed to be implemented before the Annual Plan for the following year is published.

A7.20 The Licence also requires the BBC to report in its Annual Report on whether it has taken the steps it set out in its Annual Plan.

## A8. Equality Impact Assessment

### Introduction

- A8.1 Ofcom is required by statute to assess the potential impact of all our functions, policies, projects and practices on the following equality groups: age, disability, gender, gender reassignment, pregnancy and maternity, race, religion or belief and sexual orientation.<sup>637</sup> We refer to groups of people with these protected characteristics as 'equality groups'.
- A8.2 We fulfil these obligations by carrying out an Equality Impact Assessment (EIA), which examines the potential impact our proposed policy is likely to have on people, depending on their personal circumstances. EIAs also assist us in making sure that we are meeting our principal duty of furthering the interests of citizens and consumers, regardless of their background and identity.
- A8.3 Ofcom has separate but complementary duties under Northern Ireland's equality legislation. This requires Ofcom to screen policies for their impact on equality of opportunity and/or good relations in each of the nine equality categories identified for Northern Ireland.

### The aims of our Statement

- A8.4 The Statement sets out our approach for holding the BBC to account for the delivery of its Mission and Public Purposes. We consider that securing delivery of the BBC's Mission and Public Purposes via this licensing regime will bring benefits to consumers of BBC output in general, and specifically to equality groups.

### Equality impact assessment

- A8.5 We conducted separate EIAs for our consultations in June and December. We have also conducted an EIA taking into account the responses received in relation to our June and December consultations, and set out a summary of our assessment below.
- A8.6 The requirement for the BBC to 'serve all audiences' remains a key consideration in setting this Operating Licence.<sup>638</sup> We therefore consider that the Licence conditions could have relevance to the equality groups and could particularly have a positive impact on the following equality groups:
- a) Younger audiences;
  - b) Women;
  - c) People with disabilities;

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<sup>637</sup> As defined in the Equality Act 2010.

<sup>638</sup> The BBC's Mission, as defined in the Charter, requires it "to act in the public interest, **servicing all audiences** through the provision of impartial, high-quality and distinctive output and services which inform, educate, and entertain."

- d) Black, Asian, and ethnic minority communities;
  - e) People who identify with a particular religion; and
  - f) People who identify as lesbian, gay or bisexual.
- A8.7 We also consider that the Licence conditions could benefit people living in the nations and regions, those from lower socio-economic groups, and those who rely on broadcast TV and radio.
- A8.8 Below, we summarise the proposals for the new Operating Licence by Public Purpose, and highlight the conditions we think would be particularly relevant to these equality groups.

## Public Purpose 1 – news and current affairs

- A8.9 Providing high quality, trusted and accurate news is central to the BBC's remit. For this reason, we are retaining the existing quotas to ensure such output is readily available. We recognise that audiences are consuming more news online, so we are introducing new requirements for the BBC to make news and current affairs programmes available each day on both BBC iPlayer and BBC Sounds.
- A8.10 We believe that new requirements to make news and current affairs available each day online should benefit younger audiences, who are more likely to access content online (conditions 1.2 and 1.3). However, the BBC will still be required to deliver news and current affairs on its broadcast services to ensure all audiences are well served (conditions 1.4-1.16) and to report on its plans for meeting these requirements (conditions 1.17-1.19), which could particularly benefit older people who may prefer using traditional broadcast services, or people from lower socio-economic groups who may not have access to the internet at home.<sup>639</sup> We also note that audiences across the UK nations and regions will continue to benefit from local news and current affairs (see Public Purpose 4 below). Finally, we consider that retaining the radio news quotas for BBC Radio 1Xtra (condition 1.10) and BBC Asian Network (condition 1.16) will continue to help reach and serve minority ethnic and Asian audiences with news output.
- A8.11 In addition, we have enabled the BBC to have additional flexibility for its provision of news and current affairs content on BBC Radio 5 Live. We consider this will allow the BBC to be responsive to audience preferences and help it reach underserved audiences; particularly younger men and those from lower-socio economic backgrounds.

## Public Purpose 2 – learning

- A8.12 The BBC is an important provider of learning content for audiences of all ages, and it has performed strongly to date in delivering this content. Our changes to the first Licence therefore focus on strengthening the information the BBC publishes about how it is delivering Public Purpose 2, as well as allowing the BBC more scope to determine how best

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<sup>639</sup> 20% of those aged 65 and over, and 14% of those in lower socio-economic groups, do not have access to the internet at home (Ofcom Adults' Media Literacy Tracker 2021: CATI omnibus survey).

to deliver learning content for audiences of all ages across its broadcast and online services.

- A8.13 We consider that requiring the BBC to provide learning content for adults and children of all ages across its broadcast and online services, and to report on its delivery in respect of these requirements, will ensure the BBC facilitates and encourages learning for different age groups (conditions 2.2-2.8). We recognise that there is a risk that audiences without access to the internet at home could lose out, for example children and teenagers from lower socio-economic backgrounds may not be able to access the BBC's formal learning content online. However, the BBC will still be required to provide learning content for different age groups on its broadcast services (conditions 2.2, 2.4 and 2.5).

### Public Purpose 3 – distinctiveness

- A8.14 Distinctiveness is core to the BBC – it must offer output and services, taken as a whole, that are substantially different to other comparable providers across each and every UK Public Service both in peak time and overall, and on television, radio and online, in terms of: the mix of different genres and output; the quality of output; the amount of original output produced in the UK; the level of risk-taking, innovation, challenge and creative ambition; and the range of audiences it serves. Original UK content is the foundation of distinctiveness, and we are therefore retaining quotas for original productions and first-run UK originations, while allowing the BBC flexibility to deliver some first-run output on BBC iPlayer. For genres, documentaries and some music programming, we are replacing quotas with obligations that require transparency from the BBC on its plans and performance. For the remaining radio conditions, we are retaining quotas that we consider play a particularly important role in ensuring the BBC is distinctive.
- A8.15 We have replaced quotas with transparency requirements, where we consider this flexibility will benefit and ensure audiences are better served. However, we recognise that these changes pose a risk of reduction of the delivery of at-risk genres, particularly in relation to children's content. While we do not consider that replacing these quotas would be likely to reduce the range of children's output, in order to mitigate this risk, we have expanded the transparency requirements that require the BBC to set out planned hours for each at-risk genre (condition 3.14.4) to specifically ask for the planned hours in each key sub-genre of children's programming. In addition, if we have concerns that the BBC is not ensuring the delivery of these genres, we will exercise our powers to step in.
- A8.16 We consider that allowing the BBC to deliver some original UK content on both broadcast and online services will benefit some audience groups, including younger people (condition 3.5). We recognise however that there is a potential risk to allowing the BBC greater flexibility in how it delivers at-risk genres (conditions 3.2, 3.4 and 3.8). For example, people with different religions or beliefs could be negatively impacted if the BBC significantly reduced its religious programming. However, as noted above, the BBC will still be required to deliver a breadth of content including at-risk genres and in addition, to set out its plans for delivery and provide reasoning for any significant changes. Where appropriate, we will

assess the changes the BBC plans to make and consider the possible impact on audiences including equality groups, and exercise our powers to step in if necessary.

- A8.17 In addition, we consider that an expansion to first-run UK originations quotas to become service neutral will allow the BBC to offer its services to reflect audience needs and consumption habits. However, we also consider that our transparency requirements will enable us to identify any areas where the BBC may need to do more to provide for audiences who do not use its online services, and take action where necessary, thus protecting the interests such audiences.

## Public Purpose 4 – nations and regions, diversity

- A8.18 The BBC must reflect, represent, and serve the diverse communities of all the UK's nations and regions, and in doing so, support the creative economy across the UK. For this reason, we have retained quotas for national and regional news and current affairs, as well as for production in the nations and regions. We have also strengthened the transparency requirements that seek to hold the BBC to account for how it represents the diverse communities of the UK, both on- and off-screen. We are also replacing the BBC's non-news and non-current affairs programming quotas on the national and regional versions of BBC One and BBC Two with obligations that require transparency from the BBC on its plans and performance. We consider the removal of these quotas will allow the BBC to better innovate and serve audience needs, while the transparency requirements will allow us to determine whether the BBC has appropriately delivered for audiences in the nations and regions.
- A8.19 The diversity focus of Public Purpose 4 makes the new Licence conditions in this area particularly pertinent to the equality groups. For example, condition 4.2 is designed to ensure that the BBC demonstrates how its services have reflected, represented, and served the diverse communities of the whole of the UK in the previous year. In addition, conditions 4.3-4.6 provide additional reporting requirements to ensure the BBC makes progress towards meeting its representation and portrayal targets. We have amended these conditions to require the BBC to publish such information publicly, rather than reporting directly to Ofcom, to increase transparency and accountability. The BBC is an industry leader in the amount of diversity information it collects and publishes, and we will work with all broadcasters – including the BBC – over the coming years to encourage them to collect and share a richer set of data on the diversity of their workforces. We consider this should deliver a range of positive impacts for the equality groups listed above.
- A8.20 In addition, we believe the new Licence conditions will benefit speakers and learners of indigenous languages. For example, conditions 4.44.3, 4.53.3 and 4.61.3 are designed to ensure the BBC provides content in Gaelic, Welsh, and Irish and Ulster-Scots respectively on BBC Online. We also consider that replacing the quota on BBC ALBA with a Licence condition (condition 4.48.2) and transparency requirements (condition 4.68.5), may improve the provision of Gaelic learning content.

## Northern Ireland

A8.21 The first Operating Licence required the BBC to produce a range of programmes for viewers and listeners in Northern Ireland, and to produce programmes in Northern Ireland that will be broadcast across the UK. We have retained these requirements with some amendments to reflect changes in the media landscape and in audience habits.<sup>640</sup> We do not believe these changes will have an adverse impact on any of the Northern Ireland equality categories,<sup>641</sup> and we accordingly have not undertaken a more detailed Equality Impact Assessment in relation to Northern Ireland.

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<sup>640</sup> Operating Licence conditions 4.59-4.61, 4.63-4.66.

<sup>641</sup> Section 75, Northern Ireland Act 1998.

## A9. Legal Framework

- A9.1 Ofcom's power to regulate the BBC is derived from the Communications Act 2003 (the Act),<sup>642</sup> which sets out that for the purposes of the carrying out of regulation of the BBC, we will have such powers and duties as may be conferred on us by or under the Royal Charter for the continuance of the British Broadcasting Corporation (the Charter)<sup>643</sup> and the Agreement between the Secretary of State for Culture, Media and Sport, and the BBC (the Agreement).<sup>644</sup>
- A9.2 Ofcom's general duties under section 3 of the Act also apply to the exercise of our functions in relation to the BBC.<sup>645</sup> These include our principal duty to further the interests of citizens in relation to communications matters, and to further the interests of consumers in relevant markets, where appropriate by promoting competition. In performing our duties, we must have regard to the principles under which regulatory principles must be proportionate, consistent and targeted only at cases in which action is needed. The Act also requires us to have regard, as appropriate, to certain other principles we consider relevant. We consider the following principles in the Act to be relevant to this Statement:
- a) The desirability of promoting the fulfilment of the purposes of public service television broadcasting in the UK;
  - b) The needs of persons with disabilities, of the elderly, and those on low incomes;
  - c) The opinions of consumers in relevant markets and of members of the public generally; and
  - d) The different interests of persons in the different parts of the UK, of the different ethnic communities within the UK and of persons living in rural and urban areas.<sup>646</sup>
- A9.3 Under the Charter, Ofcom is required to have regard, in carrying out its functions in relation to the BBC, to such of the following as appear to us to be relevant in the circumstances:<sup>647</sup>
- a) The object of the BBC to fulfil its Mission<sup>648</sup> and promote the Public Purposes;
  - b) The desirability of protecting fair and effective competition in the UK; and
  - c) The requirement for the BBC to comply with its general duties.<sup>649</sup>

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<sup>642</sup> Section 198 of the Act.

<sup>643</sup> [The Charter](#).

<sup>644</sup> [The Agreement](#).

<sup>645</sup> Article 45(1) of the Charter.

<sup>646</sup> Section 3(4) of the Act.

<sup>647</sup> Article 45(2) of the Charter.

<sup>648</sup> The BBC's mission is to act in the public interest, serving all audiences through the provision of impartial, high-quality and distinctive output and services which inform, educate and entertain (Article 5 of the Charter).

<sup>649</sup> The BBC's general duties are set out at Articles 9 to 18 of the Charter and include, amongst others, the duty to promote technological innovation, including by focusing on technological innovation to support the delivery of the UK Public

- A9.4 Out of the five Public Purposes,<sup>650</sup> the following are relevant to this Statement:<sup>651</sup>
- a) Public Purpose 1: To provide impartial news and information to help people understand and engage with the world around them;
  - b) Public Purpose 2: To support learning for people of all ages;
  - c) Public Purpose 3: To show the most creative, highest quality and distinctive output and services; and
  - d) Public Purpose 4: To reflect, represent and serve the diverse communities of all of the United Kingdom's nations and regions and, in doing so, support the creative economy across the United Kingdom.
- A9.5 We note that, by virtue of Article 20(3)(d) of the Charter, the BBC is required to set performance measures (and targets for those measures where appropriate) and to collect such information as is necessary to assess the performance of the UK Public Services<sup>652</sup> in fulfilling the mission and promoting the public services.<sup>653</sup>
- A9.6 Separately, by virtue of Article 46(4) of the Charter, Ofcom may set performance measures (further to those set by the BBC), and may collect such information as is necessary, to assess the performance of the UK Public Services in fulfilling the mission and promoting the public purposes.<sup>654</sup> In addition, Ofcom may require the BBC to collect such information as we consider necessary for the performance measures.<sup>655</sup>
- A9.7 In addition to setting performance measures, we are required to set an Operating Licence (the Operating Licence) containing a set of regulatory conditions with which the BBC must comply.<sup>656</sup> The Charter states that the Operating Licence must contain regulatory conditions Ofcom considers appropriate for requiring the BBC to:
- a) Fulfil its Mission and promote the Public Purposes;
  - b) Secure the provision of distinctive output and services; and
  - c) Secure that audiences in Scotland, Wales, Northern Ireland, and England are well served.<sup>657</sup>

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Services. The Agreement also imposes certain general obligations on the BBC. These include, at Clause 61, a requirement for the BBC to do all that is reasonably practicable to ensure that viewers, listeners and other users (as the case may be) are able to access the UK Public Services that are intended for them, or elements of their content, in a range of convenient and cost effective ways which are available or might become available in the future. These could include (for example) broadcasting, streaming or making content available on demand, whether by terrestrial, satellite, cable or broadband networks (fixed or wireless) or via the internet.

<sup>650</sup> Article 6 of the Charter.

<sup>651</sup> The BBC's delivery of its fifth Public Purpose, reflecting the UK to the world, will be achieved primarily through the BBC World Service and BBC Worldwide. The second Operating Licence does not cover the BBC World Service; responsibility for setting a Licence for the BBC World Service lies with the BBC (clause 34 of the Agreement).

<sup>652</sup> The UK Public Services are set out in a list maintained and published by the BBC: [List of the UK Public Services](#).

<sup>653</sup> Clause 14(1) of the Agreement.

<sup>654</sup> Clause 14(2) of the Agreement.

<sup>655</sup> Clause 14(4) of the Agreement.

<sup>656</sup> Under the Charter and the Agreement, Ofcom is required to set an Operating Licence for the BBC's UK Public Services.

<sup>657</sup> Article 46(3) of the Charter.

- A9.8 Schedule 2 of the Agreement contains some further rules regarding the regulatory conditions that Ofcom must impose through the Operating Licence. Amongst other things, it provides that:
- a) Ofcom should have particular regard, in imposing the regulatory conditions, to the need for the BBC to secure the provision of distinctive output and services;
  - b) In respect of news and current affairs, we must impose requirements, in the Operating Licence, that we consider appropriate for securing:
    - i. The programmes included in the UK Public Television Services<sup>658</sup> include news programmes and current affairs programmes at an appropriate level (as determined by Ofcom); and
    - ii. The news programmes so included are broadcast for viewing at intervals throughout the period for which the UK Public Television Services are provided.<sup>659</sup>
- A9.9 We are also required to set original productions requirements for each of the UK Public Television Services.<sup>660</sup> The proportion determined by Ofcom for the purposes of the original productions requirement must, in the case of each service, be such proportion as Ofcom consider appropriate for ensuring the service is consistently of a high quality.<sup>661</sup>
- A9.10 We may amend the Operating Licence following consultation with the BBC and any person we consider appropriate. We issued the first Operating Licence in October 2017<sup>662</sup> and it has been subsequently amended a few times since 2017.<sup>663</sup> The annex to this Statement contains the second Operating Licence for the BBC, and is a new Operating Licence.
- A9.11 In addition to setting an Operating Licence, we are also required to publish an operating framework.<sup>664</sup> The operating framework is a series of documents that cover the full range of our regulatory duties in the three areas of content standards, competition, and performance. The operating framework for BBC regulation includes the 'Procedures for setting and amending the Operating Licence' (the 'Procedures')<sup>665</sup> which explain how we set and administer the Operating Licence regime and the procedures to be followed.
- A9.12 The Procedures set out considerations to which Ofcom will have regard when setting or amending the Operating Licence, including the relevant legal framework, enforceable nature of Operating Licence conditions and the desirability of ensuring that regulatory conditions are clear and capable of enforcement in the event of non-compliance.<sup>666</sup>

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<sup>658</sup> Clause 75 and part 1 of Schedule 1 to the Agreement taken together define 'UK Public Television Services'. CBeebies and CBBC are included in the [list of UK Public Television Services](#) published by the BBC.

<sup>659</sup> Paragraph 4(1) of Schedule 2 to the Agreement.

<sup>660</sup> Paragraph 5(1) of Schedule 2 to the Agreement.

<sup>661</sup> Paragraph 5(2) of Schedule 2 to the Agreement.

<sup>662</sup> Ofcom, [Operating licence for the BBC's UK Public Services \(ofcom.org.uk\)](#), 2017 (updated February 2022).

<sup>663</sup> For changes to the Operating Licence, see the [Operating Framework webpage](#).

<sup>664</sup> Article 46(2) of the Charter and Clause 5(1) of the Agreement.

<sup>665</sup> Ofcom, [Holding the BBC to account for delivering for audiences: Procedures for setting and amending the operating licence](#), 2017.

<sup>666</sup> [The Procedures](#), paragraphs 1.11 to 1.20.