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Ofcom's first Annual Report on the BBC

On Thursday, Ofcom will publish its first Annual Report on the BBC, covering the year through to March 2018.

The report was prepared in accordance with the Royal Charter, which requires Ofcom to set out how we have carried out our regulatory functions and assesses the BBC's compliance with the requirements of our Operating Framework, Operating Licence and associated documents. We will also be publishing our report on the BBC's performance.

The Annual Report is informed by the significant changes that are taking place in the media landscape, in particular the growing competition that traditional broadcasters face from online providers and the changing viewing and listening habits of audiences, most notably among young people.

In the light of these trends, the BBC and other UK broadcasters need to adapt to ensure that their content continues to appeal, and that it is available where and when audiences want it. We've urged the BBC and other UK broadcasters to collaborate with each other and third parties to compete.

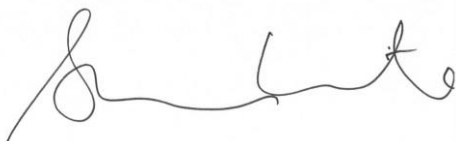
Against this backdrop, the BBC continues to play a central role across TV, radio and online platforms. We consider that the BBC is generally delivering on its remit for audiences, through the breadth and quality of the output it delivers. It provides a significant volume of news and current affairs, a wide range of learning and educational content, as well as high-quality distinctive and creative content for all audiences across its mainstream and specialist services. We have found that more than nine in ten adults access BBC content each week; and on average, we estimate that people spend around 2 hours 45 minutes with the BBC every day. Audience satisfaction with the BBC remains relatively high.

Our assessment has identified four key areas where the BBC needs to go further:

- a) **Embedding transparency into its working practices.** The BBC is not sufficiently transparent, particularly in the area of competition. It does not routinely explain planned changes in its public service activities in sufficient detail to potentially affected parties. The BBC Board should drive improvements here. The BBC's governance arrangements need to ensure sufficient separation between the BBC's public service and its commercial activities. We have raised some concerns about the governance of the BBC's commercial activities, which should be more transparent. We note that the BBC has indicated its intention to enhance transparency in this area.
- b) **Maintaining its commitment to original UK programmes.** The BBC can distinguish itself through original programmes that reflect UK lives and experiences. It should maintain its focus here and, in the light of the funding settlement for this Charter period, should be more innovative and take more risks in doing so.
- c) **Taking significant further steps to engage young people.** As the BBC recognises, it is not currently doing enough, quickly enough, to reach young people, who are critical to its future success. It needs to take significant steps to address this issue, to ensure it delivers content that appeals in ways that suit and reflect young people's viewing and listening habits.
- d) **Continuing to improve how it represents and portrays the whole of UK society.** Our Review of representation and portrayal on BBC television has found that the BBC (and TV in general) is better at representing and portraying a wider mix of people than it used to be. But it has further to go in representing and portraying different audiences authentically. Our review provides a baseline for assessing the BBC's future performance. We have set tough Licence conditions here, which came into effect this year and we will report on BBC's compliance with these conditions in our 2018/19 Annual Report.

Separately, we will review the BBC's news and current affairs output, which is central to its remit. In many respects, the BBC is performing well here. It is the most-used source of news and current affairs in the UK and audiences rate it highly for providing high-quality, trustworthy and accurate news. The growing use of online news, and questions about the trustworthiness of some online news sources, heighten the importance of the BBC's role as a trusted provider. In view of this, we are carrying out a review of the BBC's news and current affairs output, and how it is adapting to the changing news environment. It will inform the way we assess the BBC's delivery of purpose 1 over the Charter period.

I look forward to discussing the report and the forthcoming review with you.



Sharon White