

BBC Trust

Service Review of BBC Television:

BBC One, BBC Two, BBC Three & BBC Four

July 2014

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Introduction

Scope of this review

The BBC Trust is required to review each of the BBC's services against its service licence at least once every five years.¹ This report presents the findings of our second service review of the BBC's main television services, BBC One, BBC Two, BBC Three and BBC Four.

A service review considers how well each service is performing against the terms of its service licence. It also considers whether any changes should be made to the service or its service licence.²

We have reviewed the whole of each service on the basis of a range of evidence including bespoke qualitative research, public consultation and analysis of performance data.

This report focuses on the areas where we have reached conclusions and identified actions for BBC Television. The report is structured as follows.

- The Executive summary sets out the main findings and actions.
- Chapter 1 sets the context for the review.
- Chapter 2 considers how well BBC television is serving audiences overall as well as by age, socio-economic status and ethnic background.
- Chapter 3 considers how well the services are performing against the terms of their service licences, in particular their delivery of the BBC's public purposes.
- Chapter 4 considers how well-placed BBC television is to maintain its current performance and improve in some areas, given its funding.

Approach

This report is based on several sources of information:

- **Public consultation.** We received 5,000 responses from the public to a questionnaire asking for their views on the performance of each of the BBC television channels. We also received eight responses from stakeholder groups. A summary of the responses to the public consultation is published alongside this report.
- **Qualitative audience research.** MTM, a research agency, examined viewers' opinions on the BBC channels' performance against the key aspects of their service licences and general changes in viewing habits. Group discussions were held across the UK with viewers of the channels from all backgrounds. The research is published alongside this report.

¹ We last published a review of BBC One, Two and Four in November 2010 and BBC Three in June 2009. These can be found on the Trust website

² The service licences for each channel can be found on the Trust website at http://www.bbc.co.uk/bbctrust/our_work/services/television/service_licences.html

- **Performance analysis.** We reviewed trends in audience viewing and perceptions of quality and distinctiveness for the BBC television services including performance of their content online. The performance report is published alongside this report.
- **Audience Councils.** The Trust's four Audience Councils gave advice to the Trust on the performance of BBC television based on outreach work with audiences and discussions with their members. Their submissions are published on our website.
- **Interviews.** Senior BBC television executives and external stakeholders were interviewed. These were not recorded or minuted discussions, but key points from them have been taken into account in this report.

Executive summary

This summary provides the key findings from our review and the actions we have set the BBC to address the performance challenges identified here.

Television remains the most effective way for the BBC to deliver its public purposes, due to its high audience reach compared to radio or online.

Despite the increasing availability and use of online media, the vast majority of television is still watched live and on a TV set. Television viewing has, however, become more fragmented across a wider range of channels. And younger people in particular are changing their viewing habits, with greater use of online platforms and less live viewing.

In this context, we have examined the performance of BBC television, both overall and by channel. We have focused on three areas.

- **Serving all audiences.** We have examined recent trends in the BBC's ability to appeal to different audiences.
- **Quality and impact.** The BBC's television channels are required by their service licences to contribute to the delivery of the BBC's public purposes. We have examined how effectively each channel does this.
- **Maintaining performance.** BBC Television is in the middle of a major programme of cuts and efficiencies. We have examined the impact of this to date and considered how effectively performance can be maintained in the future.

Performance overview

BBC television's performance is very strong overall, on the basis of its high audience reach, very high quality, effectiveness in delivering the BBC's public purposes and its value for money. The strength of its performance is particularly impressive, given the ongoing growth in choice for viewers and the significant funding pressure facing all BBC services.

We set out the basis for our positive assessment in more detail in each of the following sections, although our actions are inevitably focussed on the areas where challenges exist.

Serving all audiences

BBC television retains very high reach amongst the UK population, with 81% of people on average watching it each week in 2013-14. Reach has been remarkably strong for much of the past ten years, but it has fallen amongst viewers of all ages in the past two years. The reach of other public service broadcasters also fell during this time period, suggesting

that the change in BBC performance is partly affected by a structural change in viewing behaviour.

Over this period, there was a negligible decrease amongst older viewers but reach fell amongst each age group under 55, with changes amongst the youngest adult viewers the most significant.

BBC television's reach amongst black, Asian and minority ethnic (BAME) viewers has dropped more than it has amongst white viewers. And BBC television's reach has fallen more amongst viewers with lower incomes than amongst those with higher incomes, although viewers with lower incomes still watch more BBC television than those with higher incomes.

The changes in BBC television's audience profile over the last few years have compounded some long-standing challenges facing the BBC in appealing to younger, BAME and lower income viewers. The challenge these trends now present has been a major driver of the BBC's evolving strategy, including proposed major changes to the BBC's output such as the closure of BBC Three as a linear channel and the creation of initiatives to improve performance amongst specific audiences, such as those who are BAME.

Action 1: BBC television should seek to improve its appeal to younger viewers and BAME viewers

We recognise that there are always likely to be variations in BBC television's ability to reach and appeal to different types of viewer. Nevertheless, the universal licence fee means that the BBC aims to serve all audiences across the range of its services.

The Trust will discuss with the Executive how best the BBC can continue to serve all audiences across TV, radio and online, as their needs diverge. Alongside the proposal we anticipate receiving later this year for the closure of BBC Three as a linear television channel, we will expect the Executive to consider how BBC television can serve younger and BAME viewers better, as well as those on lower incomes.

The Trust will monitor performance of the BBC in serving different audience groups and report publicly on this area.

Timing: The Trust will begin these discussions with the Executive immediately and report on progress in future Annual Reports.

Quality and impact

BBC television channels are required by their service licences to make effective contributions to the delivery of the BBC's public purposes amongst their audiences.

We found that all of the channels make strong contributions to the public purposes. Their contributions to education and learning, bringing the world to the UK and to most aspects of the purpose addressing nations, regions and communities are very effective, and these strengths are appreciated by viewers.

All BBC channels are expected to make a significant contribution to the public purpose of stimulating creativity and cultural excellence. The channels' contribution to this purpose is strong overall: the range and quality of BBC television is very high and performance has become stronger in the past few years; BBC One and Two offer some of the best British drama, which is central to this purpose; BBC television brings the UK together very effectively for major sporting and other national events; and arts coverage across BBC One, Two and Four works well for most viewers.

As part of this public purpose, the BBC is also required to offer fresh approaches, set trends and take creative risks. These commitments were set because the BBC is the only publicly funded broadcaster in the UK and so carries a responsibility to be distinctive from commercial broadcasters.

The "fresh and new" scores for the BBC's channels, and BBC One in particular, have risen since our last review. These scores demonstrate rising appreciation of BBC programming in this respect amongst its viewers and our research showed that each channel offers a range of programming which is seen as original by its viewers.

However, we also found that some BBC One viewers find the channel over-reliant on familiar programmes and believe that it has a tendency to "play safe" in programming and scheduling. Our analysis of BBC One's peak time schedule shows why some viewers might think this: nearly two-thirds of the pre-watershed weekday schedule is composed of a small number of long-established programmes, shown year-round.

At 9pm, the channel offers viewers more range and new programmes, with many new dramas and factual programmes. At this peak viewing time, many of these programmes perform well in terms of quality and perceived originality, and we have noted progress in terms of the quality and range of new drama on offer. However, we think there is room for further improvement across all genres, including factual and entertainment programming in order to meet viewers' very high expectations of the BBC.

Action 2: BBC Television should further increase the distinctiveness of its offer

BBC television has made progress over the past few years in terms of the greater perceived originality of programming on all channels.

However, some viewers do not find BBC One sufficiently distinctive in some important ways and we believe it is possible to continue to serve loyal audiences well while taking more creative risks in programming and scheduling choices.

We are asking for a report from BBC Television, explaining the strategy it will pursue to increase the distinctiveness of its services in order to meet its public purpose obligations fully and address audience concerns in this area. The strategy should give a broad account of how greater creative risks can be taken with programming and/or scheduling with a focus on BBC One.

Timing: we wish to receive this report within six months of this review concluding. After 12 months, we will use a mix of quantitative and qualitative audience data and other evidence to assess the BBC's success in addressing audience concerns in this area and we will publish our assessment in the BBC's Annual Report.

Maintaining performance

As part of the BBC's savings plans in the current licence fee period, BBC Television is due to deliver savings of £250 million by 2016-17. The BBC Executive and Trust agreed a plan in 2012 which aimed to minimise the impact of savings on audiences by concentrating investment on BBC One and Two in peak time and making the largest budget cuts to BBC Three and Four and to off-peak content on BBC One and Two.

Budget cuts are now apparent in the channels' spending on each type of programming. So far, these appear to have had limited impact on the BBC's performance with audiences, although we think there is some evidence of reduced opportunities for new programme development and experimentation, which may have a longer-term impact.

The Executive has identified some new spending priorities in line with a new strategic plan and the closure of BBC Three as a television channel has been identified as an initiative to support these. We will assess this proposal using a public value test later in 2014.

Notwithstanding our consideration of this proposal, our assessment of the likely future impact of the current cuts and efficiencies plan on BBC Television leads us to agree that the impact of television's financial plans needs to be monitored closely.

Given funding pressures and the other challenges for BBC Television set out above, we believe the television channels need to work effectively together and with other parts of the BBC in order to maximise the value of their spending on content. The renewed aim for BBC Two and BBC Four to collaborate on programming is a good example of this. We

believe that complementary parts of the BBC, including the BBC's children's services and television in the nations and regions, sport and online could work more closely together to meet audience needs.

Action 3: the BBC should work more collaboratively to meet audience needs efficiently

The BBC faces a growing challenge in serving all viewers when their needs are diverging and when its budgets are flat or shrinking. Given the pressure on budgets and the need to maximise the value of all BBC spending, we believe this will be improved by greater collaboration between BBC television channels and other content areas.

While the management structures and other arrangements which would facilitate improved collaboration are a matter for the Executive, we are asking the Executive to consider how greater collaboration across the BBC can be encouraged, building on existing good work, for the benefit of all audiences.

Timing: The Trust and BBC Executive will discuss how assurance can be given on improved collaboration later in 2014.

1: The context for this review

Television remains the most effective way for the BBC to deliver its mission and public purposes

- 1 The BBC offers a wide range of services across television, radio and online and, together, BBC services are used by 96% of individuals in the UK each week. While radio is still very important and the consumption of BBC content online is growing fast, television remains the BBC's most widely used medium: 81% of people watched BBC television³ each week in 2013-14, compared to 66% who listened to BBC radio and 49% who used the BBC online.⁴

The vast majority of television is still watched live and on a TV set

- 2 The UK still watches a lot of television. And it watches the vast majority of it live and on a television set:
 - in 2013, 94% of the UK population watched some television each week;⁵
 - in 2013, the average viewer watched for 3 hours 52 minutes per day;
 - 89% of television was watched live in 2013. This proportion is decreasing very gradually – it was 90% in 2012; even in homes with personal video recorders such as Sky+, live viewing accounts for 84% of the total;
 - Use of online catch-up services, such as iPlayer is growing – see below.

People are watching a wider range of channels

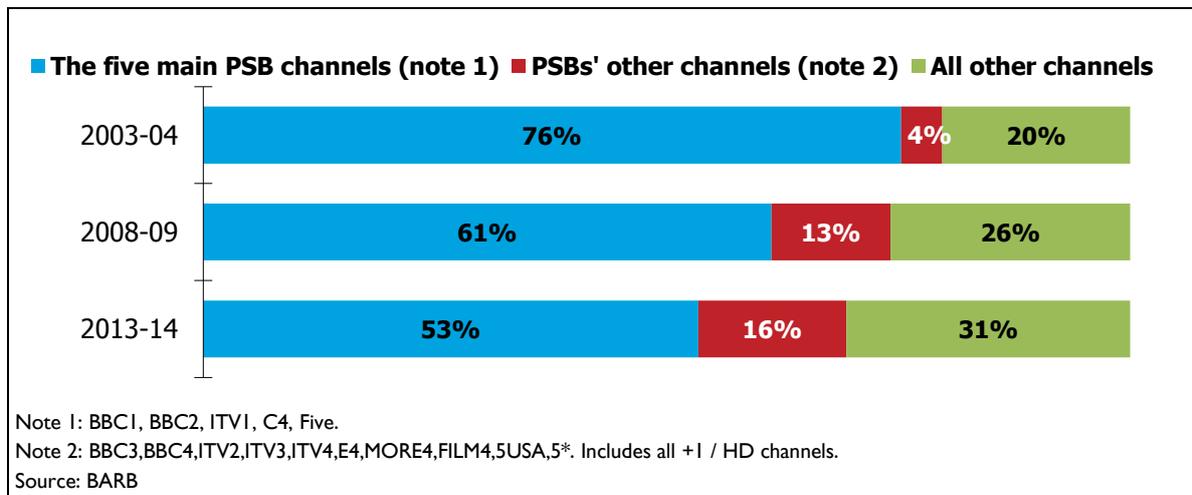
- 3 With the completion of digital switchover in October 2012, multi-channel television became universal in the UK. All homes now have access to more than 30 channels on digital terrestrial television, and several hundred channels are available on satellite or cable services.
- 4 While the long-established public service channels – BBC One and Two, ITV, Channel 4 and Five (the "PSBs") – still take a large share of viewing, nearly half of all viewing is to other channels. Much of this viewing is to the extra channels launched by the PSBs, such as BBC Three and BBC Four, ITV2, ITV3, ITV4, E4, More4, 5* and 5USA. In total, the PSBs' portfolios of channels account for almost 70% of viewing (figure 1).

³ This covers BBC One, Two, Three and Four and associated Red Button content, but not CBBC, CBeebies, BBC News Channel or BBC Parliament

⁴ Source of all figures: CMI survey

⁵ Source of all viewing figures: BARB

Figure 1: Trend in viewing shares of different types of TV channel



Young people’s use of online media is growing fast

- 5 Younger viewers’ habits are different and changing at a faster rate than older adults. For example, they spread their television consumption further beyond the five PSB channels, amongst a wider range of digital channels, with the five PSB channels only accounting for 42% of their viewing, compared to 53% amongst all viewers.
- 6 They also watch more television content online. It is now mainstream for households to have internet connectivity on a range of devices. Over 70% of UK households have broadband access,⁶ 63% of all adults have smartphones, 35% have tablet devices⁷ and over 7% have an internet-connectable TV set.⁸
- 7 While online still represents a small proportion of television viewing, it is driving a steady growth in the proportion of television viewed as catch-up or on-demand. The BBC iPlayer is now used by 14% of adults each week in the UK and watching programmes on it accounts for 3% of all viewing of BBC television.⁹
- 8 There is still much more potential for growth in use of these devices and services, but significant changes in behaviour are already apparent: for example, by April 2014, nearly half of all requests for iPlayer content came from mobile devices (smartphones and tablets), compared with just 30% in April 2013.¹⁰
- 9 Consumption of television online is much greater amongst younger users: around a quarter of 16-24 year-olds use iPlayer each week¹¹ and iPlayer now accounts for 7% of

⁶ Source: Ofcom. Data for q1 2013

⁷ Source for mobile and tablet figures: Enders Analysis, The Media Day. Note we expect these figures to be higher by July 2014

⁸ Source: Ofcom, q1 2013. Note as footnote 7 regarding probable growth since 2013

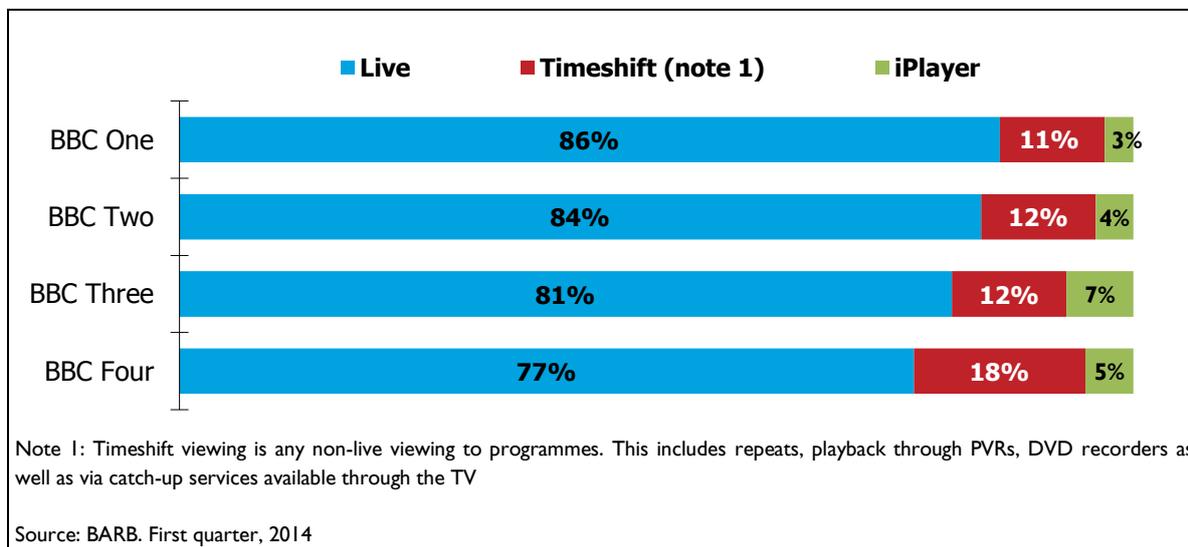
⁹ Source: BBC Cross-Media Insight Survey, March 2014 & BARB

¹⁰ Source: BBC istats, April 2014

¹¹ Source: BBC Cross-Media Insight Survey, March 2014

viewing of BBC Three (figure 2). Unsurprisingly, these trends have corresponded with a fall in live television viewing by young people.

Figure 2: Trend in volume of viewing to BBC television channels: live, time-shifted and on iPlayer



The television industry is changing around the BBC

- 10 The final chapter of this report considers BBC television’s funding, including its current programme of cuts and efficiencies, and how this affects its ability to maintain performance. We consider briefly here the context for this, in terms of the changes that are taking place around the BBC.
- 11 Ofcom tracks trends in the television industry each year¹²: it shows how industry revenue has grown a little in nominal terms, from £11 billion in 2007 to £12.3 billion in 2012, and how the proportion of this revenue accounted for by public funds¹³ is falling gradually, from 24% in 2007 to 22% in 2012. Advertising revenue is also falling as a proportion of the total, while pay television subscriptions are growing. The pressure on public funding and advertising revenue has affected the PSBs’ investment in programming: the five main PSB channels’ combined spending on network programming fell by 17% in real terms between 2007 to 2012.
- 12 While the PSBs are under some financial pressure, the largest pay operator, Sky, has greatly increased its investment in original UK programming and, more recently, global media providers, such as Amazon and Netflix, are also beginning to invest in UK content.
- 13 These changes create a challenging context for the BBC, a context where there is greater choice for UK viewers and greater competition for some UK content.

¹² Source of all figures: Ofcom Communications Market report and Public Service Broadcasting Annual Report, 2013

¹³ Public funds are comprised mostly of the BBC’s licence fee funding for television as well as S4C’s direct government funding in these years

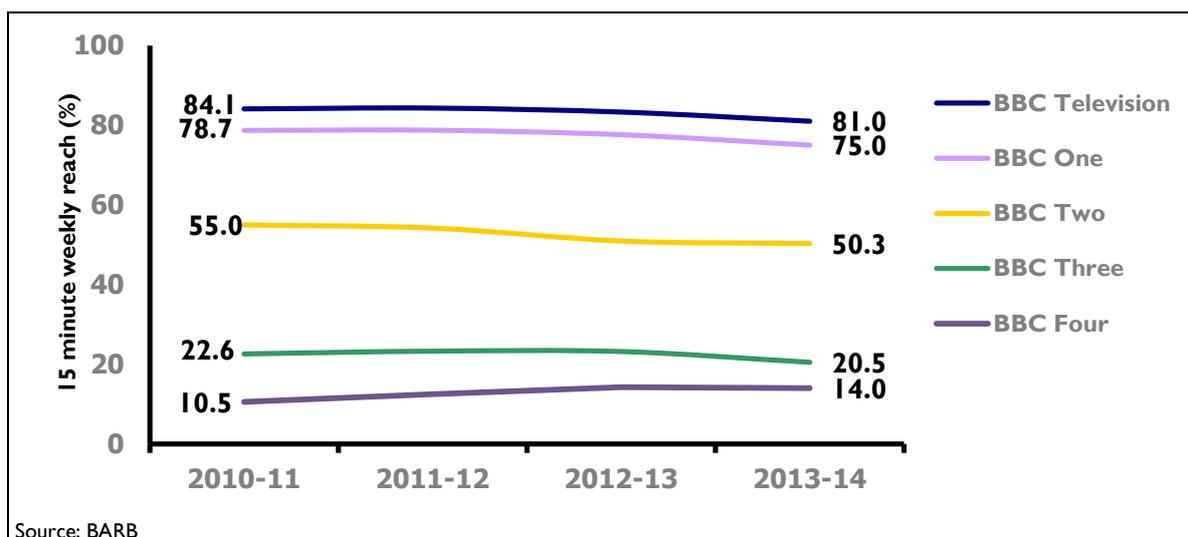
2: Serving all audiences

This section assesses the performance of each BBC TV channel in serving all audiences.

BBC television retains very high reach, although it fell slightly last year

- 14 Around 81% of individuals in the UK watch BBC television each week (figure 3).¹⁴ BBC television’s reach has fallen from 84% in 2010-11, at which point it had been almost static for several years – it was 85% in 2004-05. In 2013-14, the audience reach of all BBC channels fell.

Figure 3: Trend in weekly reach of each BBC television channel, 2010-11 to 2013-14



- 15 The reach of other PSB broadcasters has fallen over the past three years too, suggesting that the BBC’s declines are part of a broader trend in which viewers are watching programmes on a broader range of channels. However, the BBC has a unique duty to be universal in order to offer something to all licence fee payers.
- 16 The following sections examine how well the BBC serves different types of viewer in more detail. The trends we describe have been examined closely within the BBC over the past year. The BBC Executive’s recognition of the challenges they present has been a key driver of its development of a new strategic plan, including major proposals such as the closure

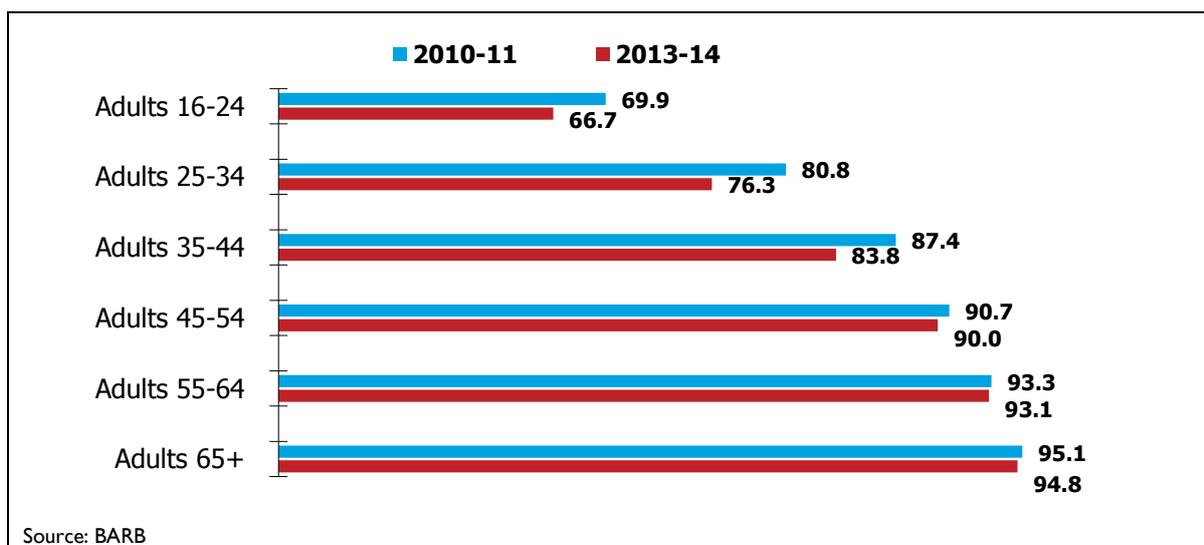
¹⁴ BBC television overall encompasses BBC One, Two, Three and Four and associated Red Button content. We refer in this report to weekly reach, measured by 15 minutes consecutive viewing by an individual each week.

of BBC Three and specific initiatives such as those aimed at creating opportunities for black, Asian and minority ethnic staff.¹⁵

BBC television serves younger viewers less well than it does older viewers

- 17 In order to understand changes in performance better, we have looked at BBC television’s reach amongst audiences according to their age. The BBC’s reach has varied amongst audiences of different ages for a long time. However, the differences have become more stark recently.
- 18 While BBC television’s reach amongst all individuals has dropped by around three percentage points over the past three years, the decline becomes steeper the younger the viewer: reach amongst adults aged over 55 has barely changed, while reach amongst 25-34 year-olds has fallen by over four points and amongst 16-24 year olds by over three points (figure 4).

Figure 4: Change in BBC television’s weekly reach amongst different age groups, 2010-11 to 2013-14



- 19 The trend in reach amongst different age groups for each channel shows further evidence of a growing performance gap.
 - **BBC One’s** reach has dropped by over five points amongst 16-34 year-olds compared to just three points amongst 35-54s. Reach has stayed very high and fairly stable amongst those aged 55 and over, at around 92%.
 - For **BBC Two**, reach has fallen by over six percentage points amongst 16-34s, by four points amongst 35-54s and just over two points amongst those aged over 55.

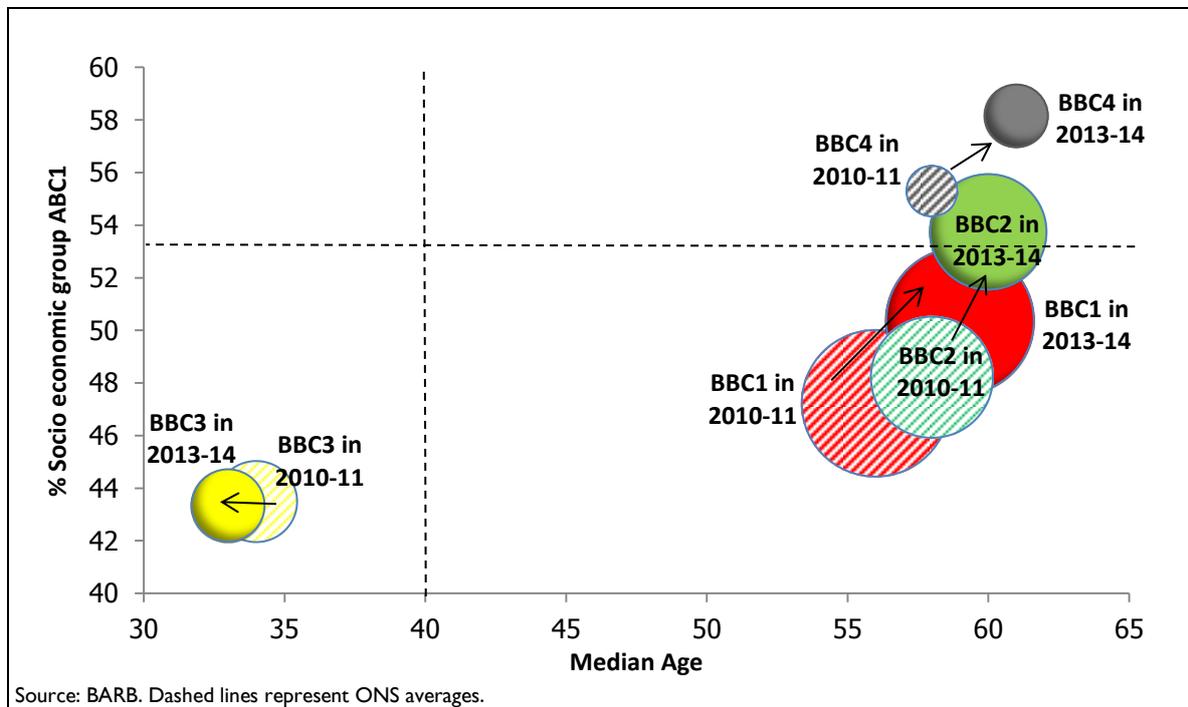
¹⁵ Details of this plan, announced in a speech by the Director General in October 2013, can be found on the BBC’s website <http://www.bbc.co.uk/mediacentre/speeches/2013/tony-hall-vision>

- **BBC Three** still reaches 26% of 16-34 year old viewers including around one million viewers who do not watch other BBC television channels. But this has fallen and its decline has been greater amongst viewers under 55 than among those over 55.
 - **BBC Four** has grown its audience reach during this time period, but growth has been much greater amongst over 55s (more than eight percentage points) than it has amongst 35-54s (three points) or those under 35.
- 20 Viewers aged 55 and over tend to watch much more television than younger viewers, so viewing by this age group has contributed to the stability of BBC television's performance in terms of time spent and audience share. However, younger viewers are devoting significantly less time to BBC television in 2013-14 compared to 2010-11.
- 21 The result of changes in viewing by adults of different ages is that the median (average)¹⁶ age of viewer of three of the BBC's TV channels has risen in the past few years:
- BBC One's median age has risen from 56 in 2010-11 to 59 in 2013-14;
 - BBC Two's median age has risen over this time period from 58 to 60;
 - BBC Four's median age has risen from 58 to 61;
 - BBC Three's median age has fallen from 34 in 2010-11 to 33.
- 22 While there have been changes in the age profile of the UK population during this time, its median age has remained static at 40.¹⁷ This suggests that the changes in the viewing profile of BBC television channels are not solely the result of population changes but reflect a change in their relative appeal to different age groups.
- 23 Figure 5 illustrates this change, along with changes in appeal according to viewers' socio-economic profile.
- 24 The BBC Executive has identified the need to increase the BBC's appeal to younger audiences as a priority and is developing plans to address this.

¹⁶ We use median to define the average age of viewers. The median represents the number which sits exactly in the middle of a data set (here, the UK viewing population). This is preferable to a 'mean' average which could be more affected by the presence of outliers in the population.

¹⁷ Source: ONS

Figure 5: Change in audience profile of BBC television channels by age and by socio-economic group, 2010-11 to 2013-14



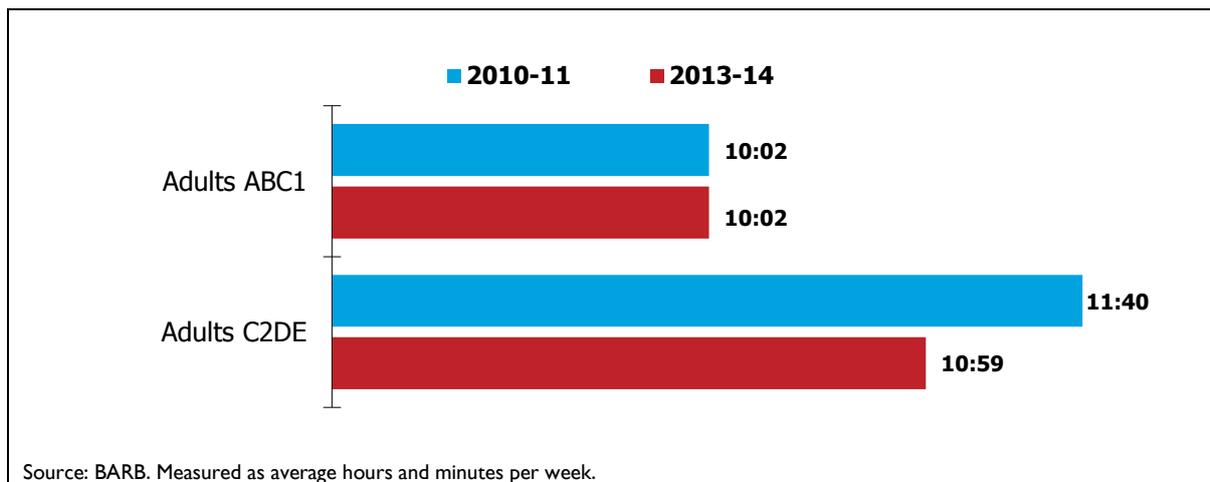
BBC television has lost some appeal to viewers in lower income households

- 25 We have looked at how BBC television overall and each of the four channels have performed amongst viewers according to their socio-economic group.¹⁸ While income is not the only determinant of socio-economic status, for simplicity we have referred to ABC1s as “higher income” and C2DEs as “lower income”.
- 26 Reach amongst lower income viewers remains higher than amongst higher income viewers and they continue to watch more BBC television on average than higher income viewers. However BBC television’s reach has fallen more amongst lower income viewers than it has amongst those with higher incomes. The change in the audience for each BBC channel in this respect has been the same:
 - **BBC One** has lost slightly more reach amongst lower income viewers (three percentage points) than it has amongst those with higher incomes (2.3 points);
 - **BBC Two** has lost much more reach amongst lower income viewers (5.8 points) than it has amongst those with higher incomes (just 2.3 points);
 - **BBC Three** has lost more reach amongst lower income viewers than amongst those with higher incomes;
 - **BBC Four** has increased its reach amongst higher income viewers more than amongst those with lower income.

¹⁸ According to UK censuses, the UK population is composed approximately evenly by ABC1 and C2DE households.

- 27 There is a linked change in the average time each income group spends watching BBC television. Since 2010-11, although they still watch more BBC television than those with higher incomes, lower income viewers are spending considerably less time watching BBC television, while there has been no change in this respect amongst higher income viewers (figure 6).

Figure 6: Change in average time spent viewing BBC television each week amongst different socio-economic groups, 2010-11 to 2013-14



- 28 While the BBC continues to serve lower income viewers well, in terms of the time they spend watching BBC television, we think these changes are worth considering.

BBC television now reaches fewer black, Asian and minority ethnic viewers

- 29 The BBC has served audiences from black, Asian and minority ethnic (BAME) backgrounds less well than it has white audiences for many years. Commercial PSBs have a similar skew towards white viewers, but the BBC has a unique duty to serve all licence fee payers. The Trust and the BBC Executive have agreed that reflecting the diversity of the UK in BBC output is a priority and some new initiatives have been created recently by the Director-General to improve both staff and on-air diversity.
- 30 In the past three years, BBC television’s reach has dropped more amongst BAME viewers than it has amongst white viewers: the fall amongst BAME viewers was more than five percentage points, compared to 2.6 points for white viewers. This change may be linked to the trends amongst younger viewers, as the proportion of young adults who are BAME is higher than it is amongst older age groups.
- 31 The trends for each BBC television channel have gone in a similar direction, with the exception of **BBC Two**, where there was no difference in trend between white and BAME viewers.
- **BBC One** reach has dropped by five percentage points amongst BAME viewers; this compares with 3.2 points amongst white viewers.
 - **BBC Three’s** reach has dropped by over four points amongst BAME viewers; this compares with less than two points for white viewers. BAME viewers still represent a

much higher proportion of BBC Three's audience than they do for other BBC channels, but this reflects the higher proportion of young people who are BAME in the UK.

- **BBC Four** has grown its reach more amongst white viewers (nearly four points) than it has amongst BAME viewers (only a one point increase).

- 32 In our qualitative research, there was a sense amongst lighter viewers that BAME groups were not well, or fully, represented on BBC One or BBC Two. BBC Three was perceived much more positively for its relevance to viewers of all ethnicities.
- 33 The differences in the appeal of BBC television amongst different audience groups are long-standing, but our analysis shows that they have become more acute in the past few years. In particular, it is important that BBC One and Two, which have remits to be mainstream, should serve a wide range of viewers well.

Action 1: BBC television should seek to improve its appeal to younger viewers and BAME viewers

We recognise that there are always likely to be variations in BBC television's ability to reach and appeal to different types of viewer. Nevertheless, the universal licence fee means that the BBC aims to serve all audiences across the range of its services.

The Trust will discuss with the Executive how best the BBC can continue to serve all audiences across TV, radio and online, as their needs diverge. Alongside the proposal we anticipate receiving later this year for the closure of BBC Three as a linear television channel, we will expect the Executive to consider how BBC television can serve younger and BAME viewers better, as well as those on lower incomes.

The Trust will monitor performance of the BBC in serving different audience groups and report publicly on this area.

Timing: The Trust will begin these discussions with the Executive immediately and report on progress in future Annual Reports.

3: Quality and impact

This section assesses the performance of each BBC TV channel in terms of delivery of their service licence commitments and, in particular, promoting the BBC’s public purposes.

Service licences for the BBC television channels set out how they should promote the BBC’s public purposes amongst their audiences

34 As summarised in the table below (figure 7), the service licences for the BBC television channels require each to contribute – with varying emphasis – to the promotion of the BBC’s six public purposes.¹⁹

Figure 7: Overview of BBC channel roles in contributing to the public purposes

Public purpose	BBC One	BBC Two	BBC Three	BBC Four
Culture and creativity	Very important contributions			
Education and learning	Important contribution	Very important contribution	Important contributions	
Nations, regions and communities	Important contributions		Play a part in contributing	
World to the UK	Play a part in contributing	Important contribution	Play a part in contributing	Very important contribution
Emerging communications	All the channels are required, in delivering their other purposes, to promote this purpose			

Source: Service licences for each channel. These are available on the Trust’s website at www.bbc.co.uk/bbctrust/our_work/services/television/service_licences.html

35 In order to assess BBC television’s performance in delivering the public purposes, we have drawn on a wide range of evidence including performance analysis – looking at consumption and appreciation of particular genres of programming, bespoke qualitative research which focussed on delivery of the public purposes, responses to our public consultation, advice from our four Audience Councils and discussions with many groups

¹⁹ The public purposes can be found on the Trust’s website at www.bbc.co.uk/bbctrust/governance/regulatory_framework/protocols/public_purposes.html. Each BBC channel’s contribution to the promotion of the citizenship purpose was assessed by the Trust in its recent review of BBC Network News and Current Affairs so is not covered here.

inside and outside the BBC including independent producers, TV critics and other broadcasters.

Stimulating creativity and cultural excellence

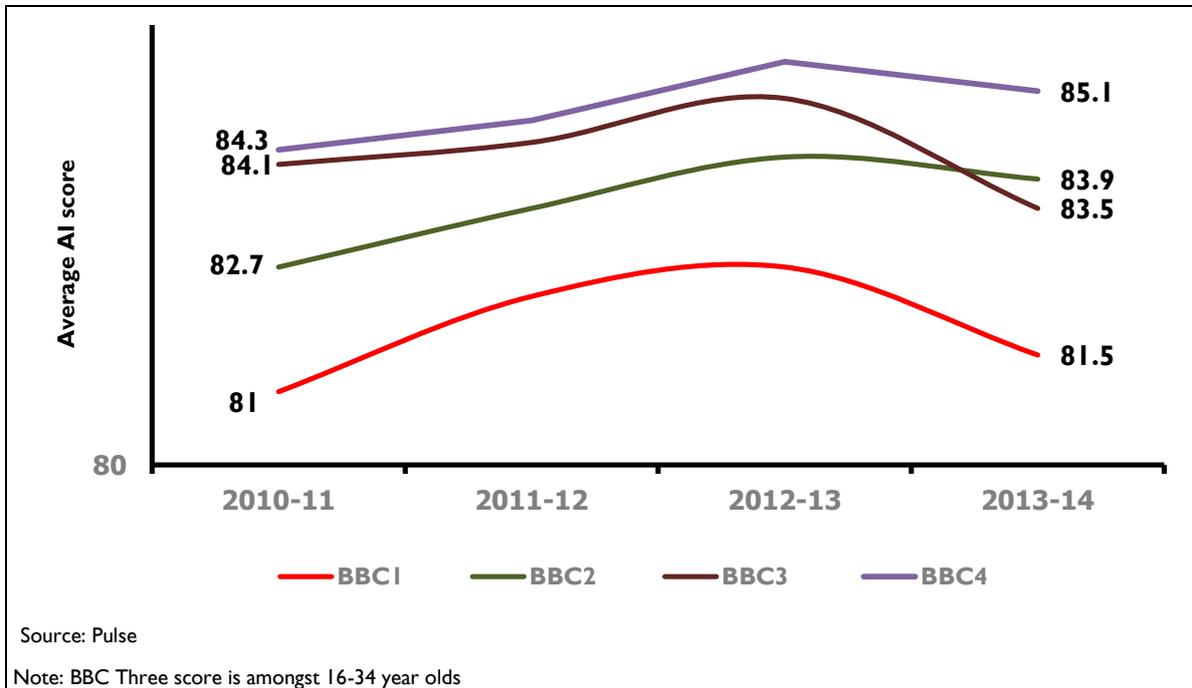
- 36 All BBC channels are required to make a very important contribution to this public purpose, which includes the following priorities:
- provision of a wide range of enjoyable and entertaining output;
 - providing creative and distinctive output;
 - coverage of creative and cultural activities, including the arts, music and sport;
 - nurturing and supporting UK talent across a wide range of genres.

BBC Television performs very well in terms of the perceived quality of its channels and programmes

- 37 A range of evidence supports our view that BBC television fulfils its commitment to deliver a wide range of enjoyable and entertaining programming, and that this is seen to be of a high quality by its viewers:
- the BBC's tracking of viewers' "general impression" of each of the channels has shown either stability or increases in these scores over the past three years;²⁰
 - the range and quality of content across BBC TV channels was widely praised by respondents to our public consultation;
 - our qualitative audience research found that viewers perceive BBC television to be very high-quality, with many examples cited to support this view.
- 38 The most widely used measure of quality within the BBC is the appreciation index (AI) score which is gathered for each TV programme and can be averaged for channels and genres. The level of a channel's average score is partly dependent on its mix of programmes as some types of programme tend to gain a higher average score than others. Drama series and specialist factual programming, for example, often gain the highest scores, while entertainment, comedy and soaps tend to achieve lower scores. So we have considered the trend in average AIs over the past few years as the main indicator of performance.
- 39 The average AI scores for all BBC channels were rising until 2012-13, but all have fallen a little in the past year (2013-14) (figure 8) as they have for other PSB channels.

²⁰ Source: BBC ART survey

Figure 8: Trend in average appreciation index (AI) scores for each BBC channel, 2010-11 to 2013-14



- 40 There are a number of possible reasons for the upward trend for most channels until 2012-13: viewers appreciated the programmes they were watching more, and this might be partly due to an increase in production quality. The rising scores were also likely to be linked to the growth in ownership of larger, flat screen, high-definition television sets, the completion of digital switchover which gave all households access to multi-channel television and the increase in use of catch-up devices such as personal video recorders, and online players, such as iPlayer, which gave people a new sense of control over their viewing.
- 41 The fall in scores for all PSB broadcasters in the past year may partly be due to the fact that much of this technology is now widespread and so is no longer driving an increase in appreciation. It is also true that, while overall satisfaction with television is increasing, there are always some negative perceptions around the quality of television: Ofcom research finds that around a quarter of people claim not to be satisfied with television in general, believing that there are too many repeats or that programming is poor quality or boring.²¹ MTM, our research agency, states that these views are based on perceptions that good programming is spread across too many channels; also that many programmes are seen as derivative rather than genuinely new.
- 42 Our overall conclusion is that BBC television is seen as high-quality by its viewers. Specific points for each channel raised in our research which support this are as follows.
- **BBC One's** quality drama series, such as *Luther*, *Call the Midwife* and *Death in Paradise*, and its strong reputation for trusted and respected presenters, such as

²¹ Source: Ofcom Public Service Broadcasting Annual Report 2013

David Attenborough, stood out in our qualitative research as drivers of high-quality perceptions. The lack of repeats in peak time is also widely appreciated and the channel is recognised for its engaging, high-quality and trusted coverage of big sporting and other events. Viewers’ appreciation of BBC One daytime programming – which we identified as a priority in our last service review - has also grown in the past few years.

- Heavy viewers of **BBC Two** believe strongly in the quality of its programmes. BBC Two’s average AI has risen more than any other channel in the past three years and it has attracted exceptionally high AI scores for programmes ranging from *Peaky Blinders* to *Great British Bake Off*. Its drama, factual and comedy output was highly rated in our research with programmes such as *The Line of Duty* and *The Wrong Mans* given as examples.
- Viewers’ perceptions of the quality of **BBC Three** were more mixed: while its average AI score was very strong until last year, its programmes have very different types of appeal. Its acquired entertainment and comedy (such as *Family Guy* and *American Dad*) are popular and highly appreciated, while its less frequent documentaries are highly appreciated by those who watch them. However, some viewers associated BBC Three with repeats, particularly of some factual entertainment programmes, which impacted negatively on their perceptions of the channel’s quality.
- **BBC Four** has the highest average AI of any BBC channel. Its viewers can be “fan-like” in their loyalty to the channel, with some respondents to our public consultation claiming that it is the “best” channel. The depth and expertise of its factual programmes and the very high-quality of its foreign-language dramas stood out in viewers’ perceptions.

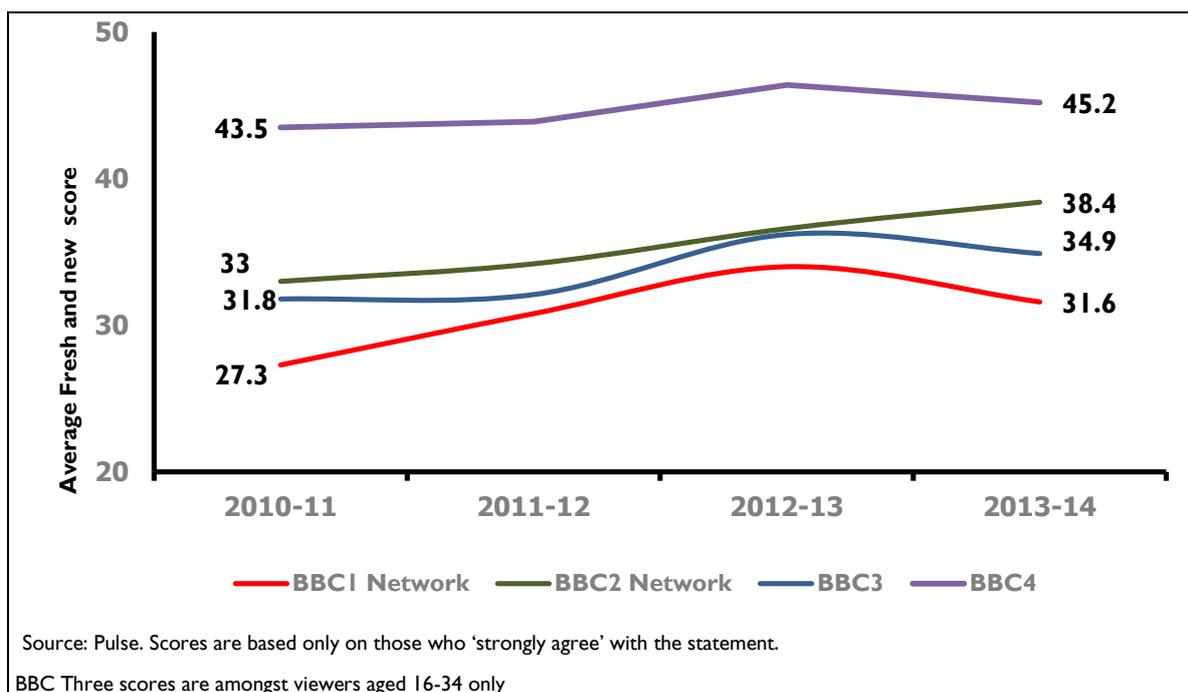
All BBC channels have improved the originality of their programming

- 43 The “creativity” purpose requires the BBC to be distinctive, to regularly include output that breaks new ground, develops fresh approaches, sets trends and takes creative risks. The BBC is the only publicly funded broadcaster in the UK and so carries a responsibility to be distinctive from commercial broadcasters.
- 44 The BBC has, for several years, had a corporate objective to focus on quality and distinctiveness. This was set in response to the findings from the Trust’s annual monitoring of the BBC’s performance in delivering its public purposes, which has shown a deficit each year in this area. The survey finds that audiences think it is important that the BBC offers “lots of fresh and new ideas”, but they have never considered that it performs well enough in this respect.²²

²² Source: BBC Trust Purpose Remit survey, UK Report, winter 2012-13. This can be found at http://downloads.bbc.co.uk/bbctrust/assets/files/pdf/review_report_research/ara2012_13/prs_reports/uk.pdf

- 45 At the conclusion of our last service review of BBC One, Two and Four,²³ we agreed that viewer perceptions of the BBC as distinctive would be a core part of our assessment of its progress in meeting the challenges identified at that time. BBC Television established an audience metric of “fresh and new” to measure viewers’ perceptions of whether individual programmes are distinctive. Like AI scores, this can also be aggregated to give a sense of how well each BBC channel performs in this respect although, like AIs, the overall score is dependent on the genre mix of the channel.
- 46 Typically, drama series and one-offs, specialist factual and some big events attract the highest fresh and new scores. BBC One has more regular and long-running programmes, such as soaps, which tend to attract lower fresh and new scores; this, in part, explains BBC One’s lower average score.
- 47 The average fresh and new scores for all BBC channels were rising until last year, when they fell for most channels (figure 9).

Figure 9: Trend in average ‘fresh and new’ scores for each BBC channel, 2010-11 to 2013-14



- 48 Despite last year’s fall, the growth in these scores since 2010 has been impressive: BBC One’s score rose from 27.3 to 34 in 2012-13. BBC Two’s score has also risen by five points over three years. The scores demonstrate that viewers of programmes on these channels are finding them, on average, more distinctive.

²³ This review can be found on our website at http://www.bbc.co.uk/bbctrust/our_work/services/television/service_reviews.html

- 49 Responses to our public consultation and from our audience research back this up, by showing that viewers think the BBC offers original content on all of its channels. Each BBC channel has a positive reputation for offering original programmes amongst its viewers.
- Many **BBC One** viewers were positive about the originality of the channel. They cited a range of BBC One programmes as examples of originality, including *Sherlock*, *The Village*, *The Voice* (for younger viewers), *Mrs Brown's Boys* and natural history. Original daytime drama programmes, such as *Father Brown* and *Moving On*, were also mentioned. More recently, drama series *Happy Valley* has been perceived as highly distinctive (as well as very high quality) by its viewers.
 - **BBC Two** was recognised by its loyal viewers to offer something different to other channels with distinctive dramas such as *The Fall* or original comedies like *Twenty Twelve* mentioned.
 - **BBC Three** was seen amongst its heavier viewers to be strong in this respect, with comedies such as *Him and Her* or *Bad Education* and with its use of new talent in general.
 - **BBC Four** was seen as highly distinctive by its viewers in offering many types of programmes that other channels do not, including in-depth single-subject documentaries, more niche arts and culture and a mix of UK and foreign language drama.

Viewers think that BBC television could still show more creative ambition

- 50 Notwithstanding the achievements set out above, our research as well as public consultation responses and Audience Council advice, showed that some viewers think that BBC One is too reliant on familiar programmes and that it appears to “play safe” with programming and scheduling.
- 51 These opinions are more prevalent amongst lighter viewers and are of particular concern to us because BBC One reach (as with other channels) is falling, making it especially important to appeal to this group. We have examined the composition of the BBC One peak time schedule to see whether there is evidence that it can be too reliant on familiar programming.
- 52 Our analysis of BBC One’s peak time schedule, after the 6-7pm news hour and before the 9pm watershed, bears out the perception of some viewers. In 2013-14, 63% of BBC One’s airtime between 7pm and 9pm was accounted for by ten programmes (figure 10). This has been similar for some time: in 2010-11, it was 59%. These ten programmes are some of BBC One’s most popular, in terms of average audiences and some are an important part of the channel’s appeal to its lighter viewers (younger, less well off or BAME). However, they represent a considerable proportion of the schedule which has limited appeal for some viewers.²⁴

²⁴ Note that our analysis was of the schedule in England. We are aware that the presence of opt-out programmes in BBC One peaktime in the devolved nations creates a different offer for viewers there.

Figure 10: Top BBC One programmes shown between 7pm and 9pm in 2013-14, by amount of airtime, with year of launch

Rank	Programme	% airtime 7-9pm	Launch year
1	The One Show	18%	2007
2	EastEnders	14%	1985
3	Holby City	7%	1999
4	The Voice UK	5%	2012
5	Countryfile	5%	1988
6	Waterloo Road	4%	2006
7	Antiques Roadshow	4%	1979
8	Panorama	2%	1953
9	Watchdog	2%	1980
10	A Question Of Sport	2%	1968

Source: BARB; Trust analysis

53 The pre-watershed peak time schedule on BBC One is also composed largely of programmes that are shown year-round, which leaves fewer opportunities for the introduction of new programmes. An illustration of one week’s schedule from this point of view is shown below (figure 11).

Figure 11: Example of BBC One peak time schedule in May/June 2014, showing year-round and other programmes

Time	Sat	Sun	Mon	Tues	Wed	Thurs	Fri
7.00pm	Pointless Celebrities	Countryfile	The One Show				Regional current affairs
7.30pm			World War One at Home	EastEnders	The One Show	EastEnders	The One Show
8.00pm	National Lottery	Antiques Roadshow	EastEnders	Holby City	Watchdog	The Food Inspectors	EastEnders
8.30pm	Casualty		Panorama				Inspector George Gently

Source: Radio Times (London region) for 31 May-6 June 2014

Key: Year round programmes are dark grey; regular programmes are light grey and frequently changing programmes are orange.

54 The frequency of these programmes and their longevity - only one of the top ten programmes listed in figure 10 was introduced in the past five years - leaves less room for the introduction of new titles before the 9pm watershed. However, in April 2014, the BBC announced it was ending the long-running BBC One drama *Waterloo Road* in 2015. This

represents a good opportunity for increasing the range and variety of BBC One's peaktime schedule and addressing viewers' concerns in this respect.

- 55 BBC One's output after 9pm has a much higher proportion of new programmes. They include drama, factual series and one-offs, together with some popular returning drama, factual series and some entertainment and comedy as well as special events. These programmes included some highly successful and original titles and often gain strong AI and "fresh and new" scores from their viewers.
- 56 However, analysis of performance of 9pm programming on BBC One suggests that there are still opportunities for greater innovation in factual programming and some refreshment of entertainment programmes.
- 57 The Trust has previously been concerned that BBC One's peak time drama lacked range and ambition, and it set the Director-General a priority to improve this in 2013. Our analysis of new dramas over the past year shows that range and variety is now quite wide, and there have been some recent successes which represent the best British drama on offer. This supports BBC television's recognition that BBC One can successfully offer 'edgier' or more challenging dramas to large audiences.
- 58 The BBC Executive has set investment in high-quality British drama as an editorial priority for the next three years, and the Trust has retained BBC One drama as a priority for the Director-General in 2014. We will report our assessment of progress against this and other agreed priorities in the BBC Annual Report.
- 59 Many in the television industry told us that they felt the BBC could show greater willingness to take creative risks in peaktime on its channels. In its submission to the Culture, Media and Sport committee review of the BBC, ITV stated: "*The licence fee gives the BBC the ability and responsibility to innovate constantly in ways that the commercial market finds far more challenging.*" This view was echoed by the VLV viewers group.

The BBC's arts and music programming meets most viewers' expectations

- 60 BBC One, Two and Four are the main providers of arts and music programming, and all BBC channels exceed the minimum requirements set out in their service licences for arts and music each year. The volume of output has remained similar between 2010-11 and 2013-14, although some programming has moved from BBC Two to BBC Four.
- 61 Viewing of arts and music on BBC television has been fairly steady, with a weekly reach of 4.4 million viewers.
- 62 Our qualitative research showed positive perceptions of the BBC's arts output.
- **BBC One** was seen by viewers as good at bringing arts and culture to a mainstream audience. It does this via its *Imagine* strand and also special events coverage, including the first and last nights of the BBC Proms. *Imagine*, which is shown out of peak time, had an average audience of 0.6 million in 2013-14, slightly down from 0.7 million in 2010/11.
 - **BBC Two** was seen by viewers to offer good arts and music programming including credible and entertaining music with *Jools Holland*. *The Culture Show* was seen by its viewers to cover a good range of topics. And BBC Two's coverage of major music events including the Proms and Glastonbury, was appreciated.

- Although it offers over 30 hours each year of arts and music, including some innovative live events, **BBC Three** did not have a strong reputation amongst its viewers for arts and culture beyond its coverage of music festivals.
- **BBC Four** has a very strong reputation, particularly for its music documentaries. Its scheduling of these regularly on Friday nights has clearly helped it grow a following in this area. Its documentaries are highly appreciated for their depth and focus on single artists and genres. BBC Four also now shows the most coverage of the BBC Proms.

63 The BBC has committed to an increase in volume and prominence of arts output on television and other services. These initiatives should improve further the BBC's ability to promote its public purpose commitments in this area.

BBC television has a strong reputation for offering high-quality sports coverage free to air, particularly of big events

64 BBC television offers a range of sports free to air, including some major events. These can attract some of the biggest audiences of any type of programme: in 2012, the London Olympics opening and closing ceremonies had audiences of over 24 million, and an England match in the Euro 2012 tournament brought over 20 million viewers to BBC One.

65 In our qualitative research, we found that viewers believe strongly that the BBC has an important role to play in making some sports events available free to air. Clearly, viewers feel most passionate about the sports and events they are most interested in, with strong views expressed about the BBC's retention or loss of particular sports rights.

66 Viewers taking part in our research also clearly appreciated the quality of the BBC's coverage, including the expertise of presenters and the quality of production. The BBC's regular audience survey data shows that BBC Sport achieves high general impression scores compared with other sports broadcasters.²⁵

67 In addition, the BBC's ability to bring viewers together to enjoy the very biggest events, such as the London 2012 Olympics, is highly valued. The BBC recorded some of its highest ever appreciation scores around the time of this coverage and it is a vital part of the BBC's value to many people.

BBC television plays an important role in nurturing and supporting UK talent, although audiences would like it to do more in some areas

68 BBC television has a major role within the UK creative industries for developing on and off screen talent.

69 On-air, the use of trusted presenters is an important part of each channel's ability to inform and educate viewers. BBC One's use of respected presenters is core to its reputation for high-quality programmes, and BBC Two, Three and Four are each recognised by their viewers for finding new, engaging and expert presenters.

²⁵ Source: BBC Competitive Brand Tracker 2013-14

- 70 The only issue from some viewers taking part in our research was whether, on BBC One in peak time, there was more scope to use new presenters and also a sense that some newer faces had come from commercial channels, rather than having been developed by the BBC. We note the BBC's public purpose obligation to develop, rather than buy-in, presenting talent where it can. The Trust is carrying out a study of how the BBC recruits and develops talent in 2014 which should provide further insight in this area.²⁶

Promoting education and learning

- 71 BBC Two is required to make a very important contribution to the promotion of the BBC's education and learning purpose. The other three channels are all required to make an important contribution to this purpose.

The four BBC channels play different, but positive, roles in promoting education and learning amongst their viewers

- 72 All BBC television channels offer a very large amount of factual television, in terms of the number of hours of programming. They offer a range of types of programming, from high-cost landmark series and single documentaries to much lower cost, long-running factual entertainment formats.
- 73 We found that the BBC channels are perceived by viewers to perform strongly in delivering this purpose.
- **BBC Two** has the main commitments to delivering this purpose and does so via a core of factual programming across the schedule. Heavier BBC Two viewers understand and appreciate how it differs from BBC One's factual offer by presenting more depth and challenge in its treatment of subjects. They also recognise that it uses different, expert presenters, such as Brian Cox and Simon Schama. The fact that BBC Two regularly schedules its documentaries at the heart of peak time – 9pm – is appreciated too.
 - Viewers also recognise that many other types of programme on BBC Two offer them education and learning – from panel and quiz shows like *University Challenge* and *QI* to entertainment such as *Hairy Bikers* or *Masterchef Professionals*.
 - The only area where viewers considered that BBC Two might offer something more is in its treatment of challenging contemporary issues. Channel 4's *Benefits Street* was cited in the research as a compelling way to cover challenging issues. Our analysis of performance data shows that BBC Two's factual programming has much stronger appeal amongst older and higher income viewers.
 - **BBC One** is seen to offer education and learning across a wide range of its programmes, including *The One Show*, *Countryfile*, *Masterchef*, *Bargain Hunt* and even dramas such as *Call The Midwife*. In factual output, BBC One's use of respected presenters, such as David Attenborough, plays a large part in the

²⁶ This review will be published on the Trust website when completed

perceived quality of the programming. Many factual programmes are also valued as good for shared and family viewing.

- There is some evidence that reach and appreciation of factual programming on BBC One have fallen in recent years, and our review of the range of factual output at the heart of BBC One peak time suggests there is room for some newer specialist factual output. As a more detailed point, some viewers responding to our consultation said they would like more use of experts to present factual output.
- **BBC Three’s** factual and current affairs output, such as *Tough Young Teachers* and *Stacey Dooley Investigates*, was highly valued by viewers for its ability to tackle a good range of tough subjects in engaging ways. For heavier viewers, this output made BBC Three very distinctive from other channels aimed at young people.
- **BBC Four’s** factual output is very highly appreciated by its viewers. Viewers compare it with BBC Radio 4 for its wide range of specialist topics, its use of experts and its willingness to make programmes about unexpected topics.

Representing the UK, its nations, regions and communities

- 74 BBC One and Two are required to make an important contribution to the nations, regions and communities purpose, with BBC Three and Four required to play some part in promoting it.

There are persistent variations in the performance of BBC television across the UK

- 75 By nation, BBC television’s reach has long been highest in Wales and lowest in Northern Ireland. Within England, BBC reach is lowest in London. Some differences between nations and regions are linked to the demographic profile (such as age and socio-economic make-up). For example, reach is lowest in London and this is likely to be linked to its population being younger and more likely to have a BAME background than in other parts of the UK. (figure 12).

Figure 12: Comparison of BBC television reach, by nation and English region, 2013-14

Weekly reach by nation	
Wales	85%
Scotland	81%
England	80%
N Ireland	79%
Weekly Reach by English region	
South West	84.5
South East	83.3

North	82.1
West	81.9
East	81.9
North East	81.7
South	81.3
North West	81.0
Midlands East	80.4
Midlands West	79.3
London	76.5

Source: BARB

- 76 In parallel with the overall decline in BBC television's reach since 2010-11, reach fell in all the devolved nations and English regions. The most marked falls were in the West of England (a fall of nearly five percentage points), the North East and Midlands West and Midlands East (all around four percentage points).
- 77 There are also variations in approval of the BBC across the UK, with perceptions generally being worse in nations and regions furthest from London and the South East of England. For this review, we have considered audience views according to whether people feel that their nation or region is portrayed well on BBC television, as this has been a long-standing deficit in terms of the BBC's overall delivery of the public purposes.
- 78 Headline audience views of BBC television in this respect are positive: programmes such as *Countryfile*, *The One Show* and *The Voice* help ensure that BBC One regularly shows people and places from across the UK. There was also some awareness that the BBC makes programming across the UK, with viewers in Wales aware of the drama being produced there.
- 79 We have also found that the opt-out programmes made in and for viewers in the devolved nations in particular have a positive impact on the performance of BBC One and Two in terms of audience share. The Trust's Audience Councils advise that these programmes are highly valued alongside the channels' pan-UK (network) output.
- 80 However, with reduced budgets across all parts of BBC television, the range of opt-out programming has reduced in some nations and this has left an appetite for more nation-specific output in some genres, such as drama and comedy in Wales.
- 81 A more detailed discussion of portrayal in our audience research and by the Audience Councils revealed a desire for more positive and authentic portrayal of the devolved nations and some English regions as part of network output. From previous research, we know that the quality of portrayal of particular nations and regions is more important to viewers than the absolute quantity of it. For example, the use of national stereotypes or inaccurate portrayal can cause much damage to perceptions of the BBC.
- 82 There is evidence of better awareness within BBC Television of the need and value of a 'sense of place' and accurate portrayal within a range of programming, and we encourage this focus to be maintained.

The BBC offers religious programming on BBC One and Two, and performance has been fairly steady

- 83 BBC One and Two share a service licence condition to offer a minimum of 110 hours of religious output each year which they exceed by a good margin.
- 84 Religious programming attracts an average of 3.1 million viewers each week, which is just a little lower than the level in 2010/11. BBC One broadcasts the majority of this output, with *Songs of Praise* drawing an average audience of 1.5 million in 2013/14.

Viewers believe that BBC Three reflects and explores the diversity of UK society better than other BBC channels

- 85 We considered how BBC television performs amongst BAME viewers in chapter 2 of this report and concluded that there were some challenges, which the BBC aims to address.
- 86 In our qualitative research, BBC Three was seen as the BBC channel that best represents and serves a wide range of groups in contemporary society, in terms of ethnicity, religion, and sexuality across a range of its programmes from documentaries to entertainment. BBC One and BBC Two were seen by some viewers to under-represent people from BAME backgrounds.
- 87 In this review, we have not had data to allow us to assess the on-screen diversity of each BBC channel. The Trust thinks it important, however, that the BBC serves all audiences and believes that on-screen representation plays a significant part in this.

Bringing the UK to the world and the world to the UK

- 88 BBC Four is required to make a very important contribution to the promotion of this purpose, while BBC Two should make an important contribution and BBC One and BBC Three play some part in this. Promotion of this purpose is often through news and current affairs output, which is not covered in this review, so we have focused here on the role of other genres.

BBC channels play different and positive roles in delivering this public purpose

- 89 BBC One is seen by viewers to deliver this purpose through a wide range of output, including natural history, and drama, and also through its coverage of major sports events from across the world.
- 90 BBC Two is also seen as having a good impact in this area. In its response to our public consultation, the International Broadcasting Trust - which lobbies for television, radio and online to work to raise public interest in the developing world - noted BBC Two's introduction of new formats, such as *Toughest Place to be...* and *Welcome to...* as successful ways to deliver this purpose.
- 91 BBC Four is highly rated by its viewers for promoting this public purpose with high awareness of foreign-language dramas and documentaries, such as the *Storyville* strand.

We have approved a change to BBC Four’s service licence regarding its output of foreign-language films

One of BBC Four’s original commitments at the time of its approval by the government, was that world cinema would be available free to air on it. This was incorporated into the BBC Four service licence as a commitment to offer international and foreign-language feature films with a minimum condition that it should premiere at least 20 international films each year.

The channel has complied with this commitment. In recent years, however, it has found that foreign-language drama series are more popular amongst audiences – in terms of numbers of viewers and audience appreciation of them – than films. While it wishes to continue showing some feature films, it applied to the Trust to remove the minimum condition to premiere 20 films so that it could have the flexibility to invest in more series and fewer films if this would improve the offer for viewers.

The Trust will remove BBC Four’s minimum condition to premiere 20 films each year. This takes effect for 2014/15.

The Trust expects BBC Four to continue to show a good number of foreign-language films and it retains a commitment to do so in its service licence. The Trust has also asked that BBC Four commit to showing a range of foreign-language drama, in terms of genre and style.

Emerging communications

- 92 All BBC channels are required, in delivering their other public purposes, to promote emerging communications. BBC Three also has some particular commitments to use digital platforms and build an interactive relationship with its viewers and we have focussed on BBC Three in our assessment.

While it has offered some online initiatives, viewers do not associate BBC Three strongly with digital innovation

- 93 BBC Three’s remit states that it should *"use the full range of digital platforms to deliver its content and to build an interactive relationship with its audience"*. It has further commitments as part of its key characteristics to *"encourage innovation within the BBC by experimenting with new digital technologies and a significant proportion of the channel’s output should have interactive support. It should exploit digital platforms such as the internet, mobile devices and interactive TV, making a significant investment in exploring new forms of content and in giving its audiences more control over how, when and where they access and interact with the content."*
- 94 BBC Three has experimented with the online premiere of programming and with initiatives such as showcases for new directors, online comedy pilots and some short-form content. It also uses a range of social media platforms to interact with viewers and has had some success with this. However, our research showed that audience awareness of any innovation or experimentation by BBC Three online, beyond iPlayer, was low.

- 95 The BBC Executive is developing a proposal to close BBC Three as a linear television channel and offer it online. The Trust will assess this proposal later in 2014. Depending on the outcome of this process, BBC Three's role in delivering this public purpose in the future may change considerably.

Action 2: BBC Television should further increase the distinctiveness of its offer

BBC television has made progress over the past few years in terms of the greater perceived originality of programming on all channels.

However, some viewers do not find BBC One sufficiently distinctive in some important ways and we believe it is possible to continue to serve loyal audiences well while taking more creative risks in programming and scheduling choices.

We are asking for a report from BBC Television, explaining the strategy it will pursue to increase the distinctiveness of its services in order to meet its public purpose obligations fully and address audience concerns in this area. The strategy should give a broad account of how greater creative risks can be taken with programming and/or scheduling with a focus on BBC One.

Timing: we wish to receive this report within six months of this review concluding. After 12 months, we will use a mix of quantitative and qualitative audience data and other evidence to assess the BBC's success in addressing audience concerns in this area and we will publish our assessment in the BBC's Annual Report.

4: Maintaining performance

In this section we assess BBC Television's ability to maintain current performance with its current funding.

BBC Television plays a key role in the BBC's overall savings plans and has cut some areas of spending

- 96 The BBC licence fee has been fixed at £145.50 per year since 2010 and will remain at this level until 2017. As part of its 2010 funding settlement, the BBC took on a set of new funding responsibilities which will total £1.2 billion over four years. This required the BBC to identify savings of £700 million per year by 2016-17. The plan for how it would do this was called Delivering Quality First (or "DQF") and was agreed with the Trust in May 2012.
- 97 BBC Television accounts for nearly two thirds of the BBC's public service spending²⁷ and so plays a central role in ensuring the BBC can meet its budget. It is due to deliver annual savings of £250 million by 2016-17.
- 98 Alongside a need to find efficiencies (entailing doing the same for less money), a series of cuts were agreed for BBC television to help it meet the savings target. In general terms, these aimed to protect funding for the most watched, peak time output on BBC One and Two and to make cuts in off-peak areas and to BBC Three and Four.
- 99 The key points agreed were as follows.²⁸
- **BBC One** funding would fall by around 3% by 2016-17. Funding of BBC One peak time was protected, with investment levels and hours of programming remaining broadly similar. The exception was entertainment, where funding was cut. Funding for entertainment and factual programming after 10.35pm is also cut. From January 2013, children's programmes were removed from BBC One in the afternoons.
 - **BBC Two** funding would fall by nearly 6% by 2016-17. Changes to BBC Two included a reduction of investment in arts and music programming and a transfer of some of this programming to BBC Four. There was also a reduction of funding for comedy panel shows and acquisitions. Children's programming was moved from weekday mornings and, in addition, BBC Two's original daytime programmes were moved to BBC One, with BBC Two's afternoon schedule now consisting largely of repeats.

²⁷ Source: BBC Annual Report, 2013/14. BBC 1, 2, 3, 4 account for £1.7 billion out of the total £2.5 billion UK public service content spend.

²⁸ These figures were set out in the Trust's final approval of the DQF plan in May 2012. This can be found at http://www.bbc.co.uk/bbctrust/our_work/strategy/delivering_quality_first.html

- **BBC Three** funding would fall by over 9% by 2016-17. Funding for BBC Three drama was reduced to one original series each year. Funding for factual and entertainment programmes before 9pm was also cut.
- **BBC Four** funding would also fall by 9% by 2016-17. BBC Four no longer shows any original drama and has reduced its entertainment offer to one series each year. In the current year, 2014-15, there are reductions in funding for documentaries and the channel will no longer show history or business programmes. More investment is going into BBC Four's arts programmes, in part due to the transfer of some of this output from BBC Two.

The cuts are now apparent in each channel's spending

100 Spending on programming by each of the BBC television channels from 2010-11 to 2013-14 is set out in figure 13. Alongside efficiency savings being made, some of the cuts agreed as part of the DQF plan began to show in the outturns for 2013-14:

- BBC One spent £9m less on acquisitions in 2013-14, and its level of other programming spend fell due to the lack in major sports events in 2013 and the removal of children's programming from weekday afternoons;
- BBC Two's original programme spending reduced in 2013-14 while its spending on repeats rose due to the changes to its daytime programming;
- BBC Three's original content spending reduced from £60 million to £51 million mainly due to the cuts to its drama.

Figure 13: Change in spending on each channel, 2010-11 to 2013-14

		2010-11 (£ million)	2011-12 (£ million)	2012-13 (£ million)	2013-14 (£ million)
BBC One	Originations from BBC television	457	466	445	472
Note 1	Other originations (eg. news, sport)	599	501	611	493
	Acquisitions, repeats	58	58	58	49
Note 2	Programme-related costs	16	16	16	15
	Total content spend	1,130	1,041	1,130	1,029
BBC Two	Originations from BBC television	202	202	201	187
Note 1	Other originations (eg. news, sport)	186	183	180	186
	Acquisitions, repeats	31	31	23	27
Note 2	Programme-related costs	2	1	1	2
	Total content spend	421	417	405	402

BBC Three	Originations from BBC television	60	59	60	51
Note 1	Other originations (eg. news, sport)	17	17	23	22
	Acquisitions, repeats	6	8	7	8
Note 2	Programme-related costs	1	-	-	-
	Total content spend	84	84	90	81
BBC Four	Originations from BBC television	35	33	33	32
Note 1	Other originations (eg. news, sport)	10	13	13	14
	Acquisitions, repeats	3	3	3	3
Note 2	Programme-related costs	1	1	1	1
	Total content spend	49	50	50	50

Source: BBC Television

Note 1: This is expenditure on programmes that are broadcast on the channel but the budgets are held by divisions other than BBC Television, such as News, Sport, and Nations and Regions opt-out programmes

Note 2: This covers other costs directly related to programme making including programme development

So far, the impact of spending cuts on audiences has been minimised

- 101 By the end of 2013-14, BBC Television had made over half of the required savings through efficiencies and budget cuts. The impact on audiences, in terms of channels' reach, quality perceptions and time spent, was within forecast levels in most areas. There were two main exceptions to this.
- The introduction of archive programming on BBC Two daytime initially resulted in lower viewing figures than expected, although performance has since improved.
 - BBC Three's reach to younger audiences and their quality perceptions of the channel have been below forecast levels. BBC Management attributes this primarily to external factors, such as increased competition from other broadcasters for young viewers and a shift in the viewing behaviour of young people as well as to schedule changes and some under-performing programmes. The impact of scope cuts on performance, especially as BBC Three had the highest proportionate cut of any TV channel has not been ruled out.
- 102 The Trust supported the decision to focus investment in peak time programming and to cut off-peak slots and reduce the range of genres on BBC Three and BBC Four. However, we agree with BBC Television that this strategy has begun to affect some of the "pipelines", which allow greater experimentation with new programming and enable some new programmes to grow in popularity off-peak or on BBC Three or Four before becoming bigger hits.

- 103 There is upward pressure on the cost per hour of some top drama series, as UK broadcasters now compete with international media for programmes which may have wide appeal or work well for subscription services.

The BBC Executive is in the process of developing a new plan for the future funding of BBC Television.

- 104 As well as the ongoing savings plan for the current licence fee period, the BBC's Director-General has developed a strategy which includes new spending priorities of up to £100 million, requiring further cuts and savings to be found in existing activities across the BBC.
- 105 BBC Television believes that it will not be possible to make further efficiency savings without materially affecting the range and quality of output. It therefore concluded that a more radical solution was necessary and, in March 2014, stated its intention to save over £50 million each year by closing BBC Three as a linear channel. This would allow it to invest around £30 million into BBC One, to re-launch BBC Three as an online service and to offer a BBC1+1 channel and an extra hour of CBBC in the evenings.
- 106 Having made this intention public, the BBC Executive is now developing a detailed proposal which it will submit to the Trust for regulatory approval later in 2014. The Trust will submit these plans to a public value test approvals process, which will include public consultation and a consideration of the market impact, as well as the public value, of the proposal.

We believe the BBC can maximise the value of its spending on content by ensuring that complementary parts of the BBC work more collaboratively

- 107 The DQF plan included the intention that BBC Three and BBC Four should work more closely with BBC One and Two. In particular, it was intended that BBC Two and BBC Four should work together in a complementary way. The management of these two channels has now been brought together to enable them to collaborate, and we see this as a positive step.
- 108 We believe, that with lower funding across the BBC, it is more important than ever that good value for money is sought from all programming. There are already examples of programmes commissioned for one BBC service being successfully repeated on another: natural history series *Hebrides* gained an AI of 90 and nearly 2 million viewers when it was repeated on BBC Two across the UK having first been shown on BBC One Scotland; drama *Hinterland* reached a further substantial audience across the UK when shown on BBC Four after being shown on BBC One in Wales (and also on S4C in Welsh); the CBeebies Christmas pantomime (with a very small target audience of pre-school children and their parents and carers) attracted 900,000 viewers on BBC One in 2012; and BBC Three sitcom *Bad Education* attracted over 1 million viewers when repeated in a late night slot on BBC One.
- 109 While repeating programmes across channels is not a straightforward process, and while we know that viewers do not want high levels of repeats on BBC channels, we think there is greater scope for collaboration between the different parts of the BBC which produce TV programming. There are encouraging examples of collaboration across services in the

BBC's plans for improved arts and music output with pan-platform heads of each. We believe that successful collaboration will enable the BBC to maximise the value of its investment in programming.

- 110 There is also an opportunity for signposting viewers to content across the full portfolio of BBC services: for example, BBC One and Two play an important role in ensuring potential viewers are aware that dedicated children's output is available on CBBC and CBeebies, as well as serving children themselves as part of mainstream, family audiences.

Action 3: the BBC should work more collaboratively to meet audience needs efficiently

The BBC faces a growing challenge in serving all viewers when their needs are diverging and when its budgets are flat or shrinking. Given the pressure on budgets and the need to maximise the value of all BBC spending, we believe this will be improved by greater collaboration between BBC television channels and other content areas.

While the management structures and other arrangements which would facilitate improved collaboration are a matter for the Executive, we are asking the Executive to consider how greater collaboration across the BBC can be encouraged, building on existing good work, for the benefit of all audiences.

Timing: The Trust and BBC Executive will discuss how assurance can be given on improved collaboration later in 2014.