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**BBC Group Annual Report
and Accounts 2022/23**

BBC Group Annual Report and Accounts **2022/23**

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

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IN THIS REPORT

4 Strategic report



About the BBC

2 The BBC – for everyone

Strategic report

- 4 Delivering our strategy in 2022/23
- 7 Statement from the Chairman
- 8 Director-General’s review
- 12 Delivering our creative remit
 - Impartial news and information
 - Learning for people of all ages
 - Creative, distinctive, quality output
 - Reflecting the UK’s diverse communities
 - Reflecting the UK to the world
- 42 Value for audiences report
- 46 Engaging with audiences
- 47 Operational report
 - Chief Operating Officer’s review
 - Our finances
 - PSB expenditure
 - Our people
 - World-class training
 - Workforce diversity and inclusion and equality information report
 - Pay Gap report
 - Consultations
 - Environmental sustainability
 - Charitable work
 - Partnerships and collaboration
- 74 Commercial operations
 - Chief Executive Officer’s review
 - BBC Studios
 - BBC Studioworks

Governance

- 85 BBC Board
- 86 Governance structure
- 87 Corporate compliance and governance report
- 88 Executive Committee
- 88 Next Generation Committee
- 89 Remuneration report
- 97 Pay disclosures
- 105 Nominations Committee report
- 106 Audit and Risk Committee report
- 111 Our principal risks
- 121 Viability statement
- 122 Commercial Holdings Board report
- 123 Editorial Guidelines and Standards Committee report
- 125 Nations Committee reports
- 127 Fair trading Committee report
- 128 Independent Fair Trading Assurance report
- 129 Statement of Board responsibilities
- 130 Performance against public commitments
- 139 Performance data packs

Financial statements

- 170 C&AG’s Certificate and Report on the BBC Group Financial Statements
- 179 Consolidated income statement
- 179 Consolidated statement of comprehensive income
- 180 Consolidated balance sheet
- 181 Consolidated statement of changes in equity
- 182 Consolidated cash flow statement
- 183 Key themes for the BBC
- 184 Notes to the accounts

Additional information

- 239 Index
- 240 Image credits
- 241 Contact information and feedback

84

Governance



Financial statements

169

THE BBC — FOR EVERYONE

The BBC exists to inform, educate and entertain audiences across the UK and the world. We deliver outstanding, uniquely British content that offers something for everyone – and have been doing that for more than a century. Eight out of ten UK adults believe in the mission of the BBC and these pages set out some of our achievements for audiences and the UK economy in 2022/23.

“Everything we do is focused on delivering the critical benefits of public service broadcasting – cultural, social and economic – to the whole country for the long term.”

Tim Davie, Director-General

The BBC has a social purpose that is integral to communities across the UK and to global audiences. We are recognised as a provider of impartial, independent and trusted content the world over, reaching 447 million people weekly. We are overwhelmingly seen to be the most trusted source of news for people across UK and are one of the most trusted news brands in the world.

No.1

most trusted news brand in the UK and in the US, and we are the most trusted international news provider globally

8 in 10

UK adults (16+) consume BBC News services on average per week – that's double the next nearest provider

76%

the BBC remains the UK's most-salient cultural export with 76% awareness among influentials across the world

87%

of UK adults (16+) think it's important that the BBC's services, programmes and content help people understand what is going on in the UK and the world

12m

number of contacts since March 2020 to both BBC Local Radio and our Make A Difference campaign, established to celebrate everyday acts of kindness by members of the public

435,000

students took part in Share Your Story to mark the BBC's centenary, designed to inspire young people to achieve their goals and help realise their ambitions

The BBC is a beacon of creative British excellence, valued by audiences across the UK and worldwide. We tell stories in authentic and distinctive ways, reflecting British culture and values back to ourselves and out to the world. Our reach and impact is a testament to the quality of what we make and how we make it.

No.1

brand for media in the UK

9 in 10

UK adults (16+) use the BBC on average per week, and almost 8 in 10 16-34s – more than any other brand for media

6hrs 9m

time spent watching BBC TV/iPlayer on average per person, per week – more than Netflix, Disney+, and Amazon Prime Video combined

95%

of UK adults (16+) used our services in the period between the announcement of the death of HM The Queen and the funeral 11 days later

7 out of 10

number of BBC entries in the list of most watched dramas of 2022

7.3bn

iPlayer streams, a new record and up 11% on the previous year

We are at the heart of the UK's creative industries, a vital partner for one of the UK economy's fastest-growing sectors that is internationally renowned for what it produces. We are a catalyst for change and development in the industry and a driving force behind the establishment and growth of new creative clusters across the UK.

No.1

largest single investor in original UK content reflecting stories from each of the nations and regions

£1 = £2.63

for every £1 of the BBC's direct economic activity, £2.63 is generated in the UK economy as a whole

£4.9bn

contribution to the UK economy each year, with 50% of that economic impact outside of London, compared to 20% for the wider industry

60%

we are on track to hit our Across the UK target of at least 60% of network TV commissioning spend outside London by 2027

50,000+

jobs supported by the BBC around the country – working with over 14,000 suppliers, 75% of which are small and medium-sized enterprises

99%

of our original content is made in the UK

Delivering our strategy in 2022/23

A STRATEGY TO DELIVER VALUE FOR ALL

The BBC has four strategic priorities to build relevance and deliver value for all



Renewing our commitment to impartiality

Impartiality is fundamental to the trust that audiences have in the BBC. It is key to our mission to serve all audiences without fear or favour, free from political or commercial interests.

A commitment to meeting the highest standards of impartiality is never easy, but it is the reason we remain the most trusted source of news in this country and the most trusted international news broadcaster. We know we need to earn that trust from our audiences each and every day.

This year we have strengthened our commitment to impartiality by:

- providing trusted coverage of global events, such as the invasion of Ukraine and situation in Iran, which has been relied upon by audiences in their millions at home and around the world
- serving local audiences with an award-winning series of BBC Local Radio interviews with then Prime Minister Liz Truss
- showing audiences more of the work we do behind the scenes to counter disinformation and deliver outstanding journalism
- continuing to implement our impartiality action plan, including by publishing the BBC Board's first thematic review of our output on taxation, public spending, Government borrowing and debt
- launching an independent review into our social media guidance



Focusing on unique high-impact content

To deliver value for all the BBC must offer great content to everyone, whoever and wherever they are. That means producing the highest quality video and audio programming across all genres.

In today's highly competitive landscape, our goal is to focus on the unique, distinctively British content that sets us apart and resonates most strongly with audiences.

This year we have focused on high-impact content by:

- producing landmark distinctive hits for UK audiences – from *Wild Isles* to *Happy Valley*, *The Traitors* to *Ghosts*, *Piano Room* on Radio 2 to *Night Tracks* on Radio 3
- representing stories from every part of the UK with dramas like *Blue Lights*, *Guilt*, *Hidden* and *Sherwood*
- backing new talent, bold ideas and important stories with award-winning content like *Mood*, *The Real Mo Farah*, *Am I Being Unreasonable?*, Radio 4's *The Coming Storm* or 5 live's *You, Me, and the Big C*
- delivering our plan to invest £112 million of our video and audio commissioning budget over three years into diverse and inclusive content
- bringing the country together for moments of national celebration and commemoration with the Platinum Jubilee and the funeral of Her Majesty Queen Elizabeth II
- providing live coverage across all platforms of one of our biggest years for live music and sport, from Glastonbury and the BBC Proms to the Lionesses victory at the Women's Euros, which reached 27.4 million people on BBC TV across the tournament and followed later in the year by the first ever winter men's FIFA World Cup, reaching 38.8 million people on BBC TV and over 100 million online viewing requests

“We have a clear strategy in place for the years ahead. It is designed to ensure that the BBC stays relevant to everyone by delivering outstanding value to all audiences in the digital age.”

Tim Davie, Director-General



Look for these symbols throughout the strategic report to see how everything we do is underpinned by these priorities.



Extracting more value from online

More and more of the content that audiences of all ages consume from the BBC is online. In order to deliver value to all, the BBC's online products must therefore be world class and offer the best possible experience.

We have made great progress with BBC online, with News, Sport, iPlayer and Sounds. But we need to go further to join up our offer and help audiences discover even more of the distinctive content across our platforms.

This year we have worked hard to extract more value from online by:

- breaking new records for iPlayer with 7.3 billion streaming requests, up 11% on last year, including 110 million for *Happy Valley* alone in the first three months of 2023
- working with partner organisations to make it easier for everyone to find and access iPlayer however they want, whether via streaming sticks or different TV platforms
- serving 1.64 billion plays of radio, music and podcasts on Sounds, up 7% on last year
- reaching one-in-three UK adults on average per week with BBC News Online and doubling the views of BBC News live pages
- transforming the way listeners can discover content with Back To Back Sounds, offering hours of uninterrupted music curated by our experts and big names in the music industry
- increasing our understanding of what audiences want from our digital products, with over 22 million accounts accessing our products on average per week in 2023 so far and a signed-in user base of over 50 million accounts in total



Building our commercial income

Offering licence fee payers the best possible value means building commercial income to put more value on-screen and on-air, and increasing financial returns.

The performance of BBC Studios continues to lead the way, investing in British talent and creating distinctive BBC content whilst supporting the licence fee through investment in programming and cash dividends.

This year we have proven our ability to grow commercial and global income by:

- achieving record sales and profits for BBC Studios, breaking through £2 billion in sales for the first time and delivering EBITDA (earnings before interest, taxes, depreciation and amortisation) of £240 million, up 6%
- creating iconic moments including the *Platinum Party at the Palace* and *Happy Valley* for the BBC, and *Prehistoric Planet* for Apple TV+
- remaining the largest UK exporter of TV content, from *Dancing with the Stars* to *Frozen Planet II* – the UK's biggest factual title of 2022
- partnering with Disney+ in a landmark global distribution deal for *Doctor Who* whilst introducing international hit *Bluey* to 60 countries
- establishing a new growth strategy for BBC Studios with the aim of doubling the business by the end of 2027/28
- increasing UKTV's share of the commercial TV audience once again to new record levels of 8.7% in 2022, with views to its free streaming service UKTV Play up 27%

Delivering our strategy in 2022/23

TRANSFORMING THE BBC

Successfully delivering value for all needs us to transform the BBC in three ways



The BBC Across the UK

Our Across the UK plan is fundamental to our strategy of delivering more value to all audiences. It is designed to transform the BBC by shifting people, power and decision-making to the UK's nations and regions.

Our goal is to make sure the BBC reflects the views and voices of the whole of the UK and tells the stories that are most relevant to people's daily lives. But it is also to ensure that the social, cultural and economic benefits of the BBC are felt as widely as possible across the country.

This year we have driven forward our Across the UK plan by:

- making more new and returning network shows across the nations and regions, such as *The Traitors*, *Bloodlands* and *Waterloo Road*
- staying well on track to meet our target of at least 60% of our network TV commissioning spend outside London by 2027, reaching 58% in 2022
- delivering over 200 full-time roles outside London, including BBC News journalists in five different locations across the UK
- moving key teams across the UK, like BBC Asian Network and BBC Newsbeat to Birmingham, and establishing Glasgow as the home of our technology journalism
- supporting the creative sector UK-wide by driving forward initiatives like our £25 million North East partnership and plans to relocate our West Midlands HQ to Digbeth, as well as announcing plans to move *MasterChef* and *Silent Witness* to the region
- staying on track with investment that is expected to result in 4,750 new creative businesses and 45,000 additional jobs outside London by 2027/28



A digital-first BBC

In May 2022 we set out an ambitious six-year plan to create a modern, digital-led organisation that can deliver more for audiences and drive the most value from the licence fee.

It is a plan of transformation and reform which aims to keep pace with the rapid shift of audiences online and create the world's first global, digital public service media organisation.

This year we have advanced our digital-first plans by:

- increasing funding for local digital news and investigative journalism across the UK and bringing local news teams together across radio, TV and online for the first time
- creating a single, 24-hour TV news channel serving UK and international audiences with the aim of creating the best live and breaking news on both TV and digital platforms
- accelerating the digital transformation of the BBC World Service in order to increase our impact with audiences across the globe
- continuing to transform and personalise the iPlayer experience to deliver its biggest-ever year, with more box-sets than ever, more titles from the archive, and enabling children to have their own profiles with age-appropriate programming
- driving the creative ambition and product development of BBC Sounds with innovations such as the function to pause and rewind live radio on smart speakers, and transforming the way listeners can discover content with Back to Back Sounds



A great place to work

To deliver maximum value for all audiences the BBC must be an organisation that is modern and effective and allows the best people to do their very best work.

That means building a creative, innovative and inclusive culture that sets the standards for our industry and beyond; a place that is well led with no barriers to success, where talent can thrive within our public service values.

This year we have continued to reshape the BBC by:

- achieving gender balance across the BBC group as part of our ambition to create a 50:20:12 organisation and also meet our 25% target for socio-economic diversity
- increasing our number of apprentices from 517 to 629 with a goal of reaching 1,000 by 2025
- working towards our goal of reaching net zero by 2030/31 with science-based targets for reducing emissions from our direct operations by 46% and from our value chain by 28%
- transforming our approach to recruitment with a new hiring toolkit which recognises potential alongside experience
- carrying out a review into leadership development and supporting more than 500 leaders with internal coaching and mentoring
- maintaining our industry-leading overhead rate of 5%, once again placing the BBC in the top quartile of comparators
- renewing our BBC values and commitment to building a BBC that is creative, inclusive and full of opportunity with a new set of behaviours that inform everything we do

Statement from the Chairman

AT THE HEART OF UK NATIONAL LIFE



This year the BBC has once again proved itself to be a world-leading creative force, and one which plays a critical role at the heart of the UK's national life.

I am proud of the record of achievement set out in this report. It covers my last full financial year as Chairman, having stood down from the role after the close of 2022/23, and I was pleased to sign the report off at my final Board meeting in June.

This year the Board welcomed the plan set out by the Director-General in response to the six-year licence fee settlement, to create a modern, digital-led and streamlined organisation that can deliver the greatest possible value to all audiences.

We backed the organisation's plans to enhance iPlayer by offering more box sets and access to the archive, as well as by ensuring that news and current affairs are as deeply engrained in the iPlayer experience as they are on broadcast. We were pleased to see that decision supported by Ofcom.

We drove forward the BBC's impartiality action plan, in particular by publishing the first in a series of regular, independent thematic reviews into our output in key areas of public debate. I would like to thank

Michael Blastland and Sir Andrew Dilnot for their thorough, thoughtful and highly instructive report on the BBC's coverage of issues relating to taxation, public expenditure, and government borrowing and debt.

We also remained focused throughout on protecting the long-term interests of licence fee payers in the context of the Government's Mid-Term Review of the governance and regulation of the BBC, as well as wider debates about the organisation's future funding.

I was pleased in March when the Government chose to award the BBC World Service £20 million to support language services and English-language broadcasting around the world, as well as to help counter the growing global disinformation threat.

When I spoke on this topic in January, I described the BBC World Service as a priceless national asset. In the disinformation age, it offers an extraordinary opportunity to establish ourselves as the pre-eminent purveyor of facts to the world, and to provide trusted, independent news where it is needed most. This is not only a good in itself, but a chance to drive UK values of democracy, freedom, and the importance of rule of law around the world.

The Government has long-recognised what the BBC World Service achieves for the UK. But the reality, as the figures in this report show (see pages 39-41), is that financial pressures on the BBC are holding us back at the critical moment. Elsewhere in the world, news provision is increasingly seen as a major tool for democratic disruption, with funding that outstrips our World Service investment by a multiple of thousands.

I believe the case is now very strong for the Government to look again at taking back responsibility for funding the BBC World Service. I hope the Board will continue to make this case.

It has been a huge privilege to Chair this great organisation. I want to thank the Board for their hard work and dedication over the past two years, and the people of the BBC for their brilliance. I believe the work begun under this Board has set the right course for the BBC in the years ahead. I am delighted that, in Dame Elan Closs Stephens, we have an acting Chair who is the ideal choice to steer the BBC expertly through the next period, and I wish all the best to my long-term successor.

Richard Sharp
Chairman
27 June 2023



The Fourteenth Doctor materialises in *Doctor Who*

Director-General's review

DELIVERING VALUE FOR ALL



Our goal is special and unique. We are working to create the world's first global, digital public service media organisation, and secure all the benefits that can bring for the British public in the years ahead.

The BBC has a simple goal: public service content and services, available to everyone, for the good of all. Everything we do is focused on making sure we keep delivering the critical benefits of public service broadcasting – cultural, social and economic – to the whole country for the long term.

That is why we have a clear strategy in place for the years ahead. It is designed to ensure that the BBC stays relevant to everyone by delivering outstanding value to all audiences in the digital age.

This report highlights significant progress despite the challenges of a rapidly moving market and limited funding. It shows how strongly we are delivering against our Value for All strategy, and how determined we are to make the choices necessary to adapt and deliver our mission successfully for licence fee payers in today’s fast-changing media marketplace.

This work is not easy. The competition from big global players has never been tougher. The financial challenge has never been more acute. The BBC experienced a real terms fall in income of around 30% over the decade from 2010, and continues to operate in an environment of extraordinary inflation and further licence fee freezes. The full extent of the economic pressures we face is set out in our Operational Report on pages 48-49, along with our record of mitigations and efficiencies and how we continue to respond to increasing cyber security threats.

Meanwhile people of all ages are increasingly making the shift online. In a challenging economic context we are having to make tough choices about much-loved services in order to keep pace with audiences as their habits and demands change, while also needing to make sure we leave no one behind. We do not innovate for the sake of innovation. As we have done throughout our 100-year history, we have to innovate at pace in order to stay relevant to our audiences’ lives.

But despite these challenges, the BBC has an incredibly strong story to tell. At the start of our second century, we remain the UK’s number brand for media, used by around nine in ten adults on average per week. Support for our mission remains high, with eight in ten adults in the UK believing that we provide a valuable public service. We continue to carry the voice, values and influence of this country to a weekly international audience of 447 million.

Our first priority is impartiality and trust. The context for this is the growing battle for truth we are facing worldwide. Disinformation has increasingly come to dominate our global media landscape. We are only at the start of understanding what rapid advances in AI might mean for the integrity of our information environment.

HM the Queen and Paddington Bear having tea to celebrate the Jubilee



The ongoing invasion of Ukraine has made it plain just how high the stakes are for freedom and democracy.

According to the latest World Press Freedom Index, journalism is now completely or partly blocked in over 70% of the 180 countries it ranks. Research from Freedom House shows that only around 20% of people now live in what are considered to be free countries, a proportion that has halved in the past decade.

In this context, what the BBC offers is unique. An unrivalled local, national and international news operation. A fundamental commitment to reporting without fear or favour, free of commercial or political interests, to the highest journalistic standards. It’s the reason the BBC remains the most trusted news brand in the UK, and one of the most trusted around the world.

Today eight in ten UK adults use BBC News services on average per week. It’s testament to our commitment to quality that this year our teams won 11 RTS TV Journalism awards across local, national and international reporting – including our coverage of war in Ukraine and ‘Interview of the Year’ for Steve Rosenberg’s exclusive with President Lukashenko of Belarus.

Meanwhile eight BBC Local Radio hosts were recognised with a national award from the Broadcasting Press Guild for their unforgettable series of interviews with Liz Truss during her tenure as Prime Minister.

This year we deepened our commitment to trustworthy news by continuing to implement our comprehensive impartiality plan, including our first thematic review into our coverage of economic issues. We also launched an independent review into our social media guidance for freelancers. We understand the scrutiny and debate around this issue in today’s highly charged online environment. We want to make sure our guidance is clear, proportionate and appropriate, now and in the future.

We know that trust in the BBC must be earned every day. That’s why we have worked harder than ever to open up our processes and show audiences more of the work that goes on behind the scenes of our journalism. Most recently this has seen the launch of BBC Verify – a highly-specialised operation at the heart of our newsroom that will increase understanding of how we go about finding the truth by showing audiences how we counter disinformation and verify our reporting.

Our second priority is to offer outstanding content across all genres. This means the highest quality, distinctively British storytelling that reflects, represents and portrays the many diverse communities across the UK. Over the past few years there have been real questions raised about the ability of UK-owned intellectual property and local creativity to prosper in the face of the huge global players and their vast budgets. Many have wondered whether UK public service broadcasters would even be able to survive, let alone succeed.



Dame Deborah James – host of *You, Me and the Big C*

Director-General's review continued

“The challenge remains intense, but this year has shown how strongly we can make the case for the sustained creative excellence of the BBC and its unique value for British audiences.”

Tim Davie, Director-General

The challenge remains intense, but this year has shown how strongly we can make the case for the sustained creative excellence of the BBC and its unique value for British audiences (see pages 13–49).

We have seen huge audiences for distinctively British hits in every genre, like *Happy Valley*, *Wild Isles*, *Ghosts* and *The Traitors*. We have seen brilliant stories drawn from every corner of the UK, with dramas like *Blue Lights*, *Hidden*, *Sherwood* and *Guilt*. We have told important stories with programmes like *Frozen Planet II*, *Inside Our Autistic Minds*, *The Coming Storm* and *You, Me and the Big C*.

It's not just audiences who have recognised the BBC's creative excellence, but the industry too. This year brought 13 BAFTA TV Awards, from *This is Going to Hurt* and *The Real Mo'Nique* to *Am I Being Unreasonable?* and *The Repair Shop: A Royal Visit*. It also brought 18 Golds at the Audio and Radio Industry Awards, including best speech breakfast show for 5 Live, best music breakfast show for 1Xtra, best audio drama for *Dear Harry Kane* and 'Station of the Year' for Radio 4.

Of course this was also a year which saw millions flock to the BBC for unmissable national moments of celebration and commemoration, from the Women's Euros Final to the Platinum Jubilee to the funeral of Her Majesty Queen Elizabeth II.

Most recently, I was incredibly proud of how BBC teams stepped up to the challenge of delivering two of the world's biggest live broadcasting events in a single week, with the Coronation of King Charles III and an unforgettable Eurovision, hosted in Liverpool on behalf of Ukraine. It speaks to the extraordinary creative and technical

brilliance of the people we continue to attract to the BBC, as well as a world-leading capability that we as a country should never take for granted.

Our third priority is to offer audiences more value online. We know the success of our online services in the years ahead will ultimately define the success of the BBC. That is why we have been working harder than ever to make sure our digital products are truly world class.

Last year was iPlayer's best ever, with programmes streamed a record 7.3 billion times – up 11% on the year before – meaning that streaming on iPlayer has more than doubled in the past four years.

In 2022 around three-quarters of the public said they had used BBC iPlayer, while 2023 started more strongly than any other year. Audiences were drawn to brand new British dramas like *SAS Rogue Heroes* and *The Gold* while the long-awaited returns of *Happy Valley* and *Waterloo Road* drove huge numbers to iPlayer – with *Happy Valley* streamed an incredible 110 million times in the first three months of 2023.

It has also been a record-breaking year for BBC Sounds, with 1.64 billion plays of radio, music and podcasts – up 7% on the previous year. Sounds is allowing us to take our core commitment to radio and make it deliver even more for audiences in the digital age, extending the reach and relevance of what we do.

Our biggest live shows are also our biggest on demand hits, like *The Archers* and *Desert Island Discs*. Our most popular podcasts are firmly in the best traditions of BBC Radio: *Newsnight* remains consistently one of our top performers. *UkraineCast*, *Putin* and *Disaster Trolls* are deeply rooted in the BBC's excellence in investigative journalism. *Sliced Bread* is a big hit in the consumer affairs mould of *You and Yours*.

BBC News Online was in line with its target this year, reaching one-in-three UK adults on average each week. The success of BBC News live pages shows how quickly news habits are changing. Live page views doubled last year, with users seeking out the latest updates on fast-developing stories.

Our fourth priority is boosting our commercial income. This is central to our strategy for the years ahead as we seek to secure the investment and the partners to make the best possible programmes in a highly competitive market, while generating maximum financial returns for licence fee payers.



Sarah Lancashire in *Happy Valley*



Filming Avoidance

This year BBC Studios led the way once again (see pages 75-83). It achieved record sales and profits, breaking through £2 billion in sales for the first time delivering EBITDA of £240 million – up 6%. Studios continues to be the largest UK exporter of TV content such as *Dancing with the Stars* and *Frozen Planet II* – the UK’s biggest factual title of 2022 – while creating iconic moments for audiences at home such as *Happy Valley* and the *Platinum Party at the Palace*.

In October Studios underlined the scale of its ambition by partnering with Disney+ in a landmark distribution deal for *Doctor Who*. It also announced plans to double the business by 2027/28. The increased debt facility that was included in the BBC’s most recent funding settlement will help drive this growth, with the goal of generating even more long-term value for the licence fee.

Underpinning all these strategic priorities is our commitment to fundamentally transform the BBC in the years ahead (see pages 4-6).

Two years ago we published our Across the UK plan to dramatically shift the BBC’s people, power and decision making to the UK’s nations and regions. Today we can point to very significant progress against those plans, which are bringing us closer to audiences and allowing us to better represent and respond to their daily lives.

We are well on track to meet our target of at least 60% of our network TV commissioning spend outside London by 2027. We have moved key teams across the UK, like BBC *Newsbeat* moving to Birmingham and *Click* moving to Glasgow as the new home of our technology journalism. Alongside this, we have ensured that our flagship news output has been presented from across the UK including regular broadcasts of *Newsnight*, *Today* and *PM* from around the country.

We are supporting the creative sector UK-wide through initiatives like our £25 million investment in the North East over five years, which saw six new commissions in its first 18 months, and the opening of a new technology hub in Newcastle. In the West Midlands we announced plans to relocate our regional HQ to Digbeth, as well as to move both *MasterChef* and *Silent Witness* to the region.

Last year we set out our six-year plan to respond to the shift of our audiences online by transforming the BBC into a digital-first organisation.

Since then we have announced increased funding for local digital news and investigative journalism across the UK. We have created a single 24-hour TV news channel with the aim of creating the best live and breaking news on both TV and on digital platforms, where more and more audiences will increasingly get their news. We have also set out plans to accelerate the digital transformation of the BBC World Service.

Finally we have an ongoing commitment to transform the BBC by making sure it is a great place to work. That means an organisation that fully reflects the diverse communities it serves, with a truly inclusive culture where people see themselves represented, feel they can do their best work and thrive.

This year we achieved gender balance across the BBC for the first time, and drove progress with the rest of our 50:20:12:25 ambitions – meaning an organisation that is gender balanced, with at least 20% Black, Asian and minority ethnic staff and at least 12% disabled staff, as well as at least 25% staff from a lower socio-economic background.

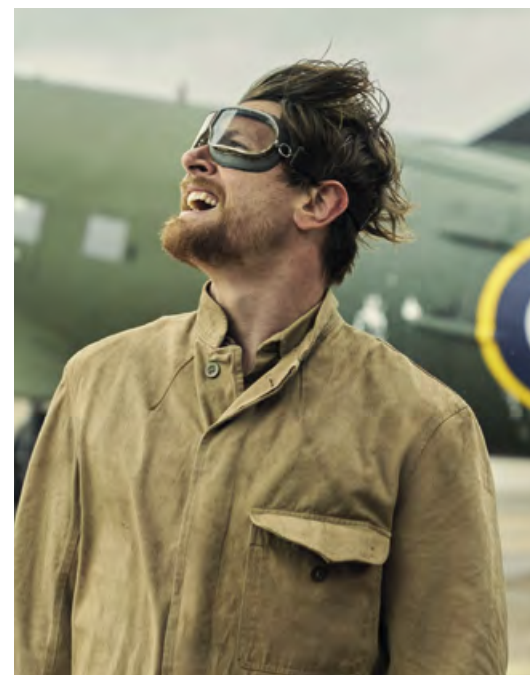
We increased our number of apprentices by over 100 against our goal of reaching 1,000 by 2025, and we introduced a new hiring toolkit with an interview framework which puts the focus on potential as well as experience.

The BBC can point to an outstanding track record of savings and efficiency, and this year we have maintained our industry-leading overhead rate of 5%. And we continue to make progress towards our goal of being a Net Zero organisation by 2030/31, with science-based targets in place for reducing our emissions.

This report demonstrates that we are changing fast and delivering strongly against our strategy to provide value for all. That progress has been supported and driven in the last two years by Richard Sharp who has, in his time as Chairman, been a champion of BBC audiences in the UK and worldwide. I want to thank him for his support and leadership since 2021 and I look forward to working with Elan Closs Stephens in the next stage of the work we have started together.

What we want to achieve is something special and unique, something that has never been done before. We are trying to create the world’s first global, digital public service media organisation, and secure all the benefits that can bring for both the British public and the UK as a whole in the years ahead.

Tim Davie CBE
Director-General
27 June 2023



SAS Rogue Heroes

DELIVERING OUR CREATIVE REMIT

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

The BBC’s mission, as set out in our Royal Charter, 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.” Also enshrined in our Royal Charter are the BBC’s five public purposes. These outline the outcomes we aim to create when striving to achieve our mission and they provide a clear framework through which we are held to account.

Over the coming pages, we set out our performance in delivering against our purposes, and more detailed reporting on our commitments and regulatory quotas can be found from page 130 and at: bbc.co.uk/aboutthebbc/documents/domap-2022-23.pdf.

The surest way to ensure we deliver the mission and purposes is to provide a valuable and distinctive service that the people of the

79%

% of UK adults who say BBC programmes/content/services are important to people in the UK (unimportant: 9%).

Source Ipsos UK 16+

69% ^{21/22} **68%**

of UK adults who say the BBC is effective at informing, educating and entertaining me/people in the UK (ineffective: 13%. 21/22: 14%).

Source Ipsos UK 16+

79%

% of UK adults who think the BBC provides a valuable public service for people in the UK (not valuable: 18%).

Source Ipsos UK 16+

UK choose to use. In 2022/23, on average 88% of adults overall used the BBC per week and 76% of young adults – more than any other brand for media. Amongst under 16s – with an average weekly reach of 72% – the BBC is now the only UK provider in their top five brands used for media.

There is enduring public support for the role of the BBC. Eight in ten UK adults say it is important that the BBC provides programmes, content and services that inform, educate and entertain (one in ten say unimportant), and fulfil the purposes.

Each year Ipsos UK surveys the UK public to gauge whether they think we are delivering this mission and the purposes. This year 69% of UK adults overall rated the BBC as effective in delivering the mission (13% said ineffective),* steady on 68% in 2021/22 (14% said ineffective). In licence fee paying households, 70% say the BBC is delivering the mission effectively (12% said ineffective).

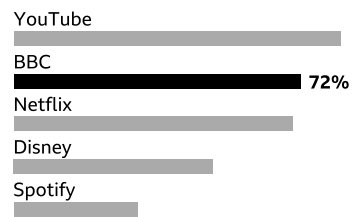
Across all audience groups regardless of age, gender, social grade, ethnic origin or geography, the largest number of people continue to feel that we have delivered the mission and purposes. As in previous years, the highest scores are for helping people understand what is going on in the UK and world, and for the quality of content and services. There are scores we continue to seek to improve, especially impartiality perceptions, and differences we wish to lessen, especially in how well we reflect different people and different parts of the UK.

Our aim is to offer great value for all. Our mission and public purposes guide our work and, in the following pages, we set out detail on what we have done in the last year to deliver that value.

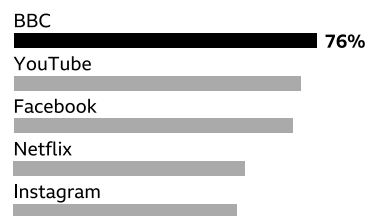
* Ipsos UK, 4,090 UK adults 16+, February-April 2023. Average score across informing, educating and entertaining people in the UK and them

Top five brands most used for media in 2022/23. Average weekly reach

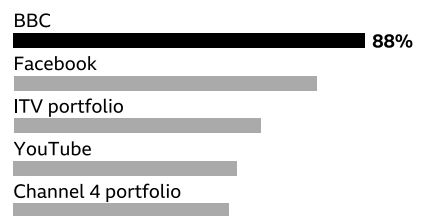
Under 16s



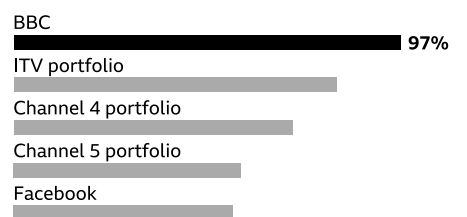
16-34 year olds



35-54 year olds




55+ year olds



Source Compass by Ipsos UK based on 15-min accumulated average weekly reach (on-platform), Kids Cross-Media Insight by Ipsos UK


1

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

 [Read more on pages 15-17](#)


2

To support learning for people of all ages

 [Read more on pages 19-21](#)


3

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

 [Read more on pages 23-27](#)


4

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

 [Read more on pages 29-37](#)

5

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

 [Read more on pages 39-41](#)

Delivering our creative remit

Public purpose 1



In the gallery as BBC News announces the death of HM Queen Elizabeth II



TO PROVIDE IMPARTIAL NEWS AND INFORMATION TO HELP PEOPLE UNDERSTAND AND ENGAGE WITH THE WORLD AROUND THEM

These pages demonstrate ways in which the BBC met its obligation to provide impartial news and information over the last year.

95%

% of UK adults (16+) who used BBC services in the period between the announcement of the death of HM Queen Elizabeth II and the funeral 11 days later.

Source: Compass by Ipsos UK 16+

The BBC provides an unrivalled level of local, regional, national and international news and current affairs. We remain the most trusted source of news in this country and we play an increasingly important role in helping to counter the disinformation that now so often proliferates in our national and international debate.

BBC News continues to come out way ahead of any other news provider when audiences are asked to pick the one source they are most likely to turn to for impartial, trusted and accurate news coverage (see pages 16-17). We continue to strive to maintain this in these more polarised times.

The importance of what we do to ensure that everyone has access to news and information they can trust has been repeatedly highlighted this year. In total, 95% of the UK came to the BBC between the announcement of the death of Her Majesty Queen Elizabeth II and the funeral. Our coverage of important global events such as the invasion of Ukraine and the situation in Iran has been relied on by audiences in their millions at home and around the world. At the local level, the BBC's News at 18.30 continues to be the UK's biggest TV news programme, covering the most important events in local communities across the UK.

Delivering our creative remit
Public purpose 1 continued

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



Sunday with Laura Kuenssberg



Death of HM Queen

The BBC brings the country together at important moments in our history, and this was demonstrated during the period of mourning for Queen Elizabeth II. Huw Edwards performed a solemn and important task as he broke the news of Her Majesty's death to the nation, and to the BBC's global audiences. BBC News' live stream of the lying-in-state in Westminster Hall enabled people who could not make the journey in person to share in the moment, receiving over 25 million views, and the online live page for tributes to the Queen saw more than 21,000 people share their stories.

8/10 ^{21/22}
8/10

Pan-BBC News reach
Number of UK adults who use BBC News services on average per week.

Source Compass by Ipsos UK 16+

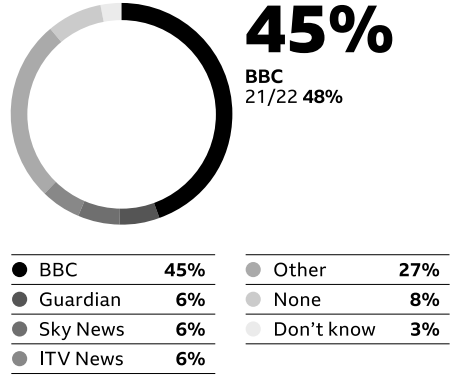
87%

% of UK adults who think it is important that the BBC provides news and information to help people understand what is going on in the UK and the world (unimportant 8%).

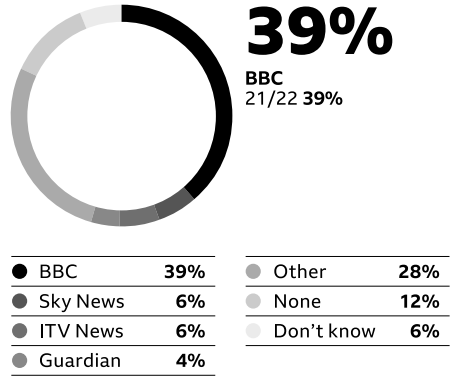
Source Ipsos UK 16+

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

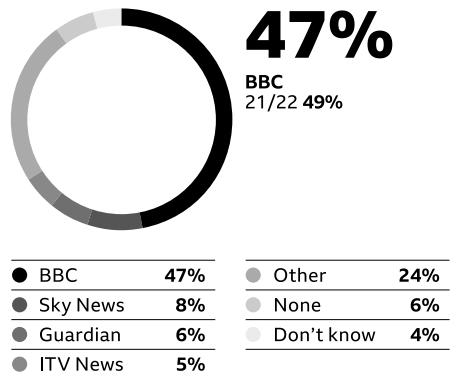
...for news you trust the most



...if you want impartial news coverage



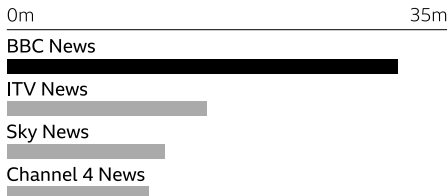
...if you want accurate news coverage



Source Ipsos UK, 953 adults 18+ who follow the news, March 2023

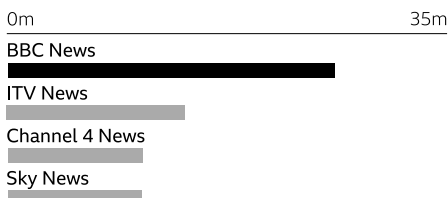
Top news sources for trust rated by their users

To what extent do you trust... as a source of news?
(Scale: 1 = do not trust at all; 10 = trust a great deal). Number of users rating 6+/10 (millions)



Top news sources for impartiality rated by their users

How biased or impartial do you think this news source is?
(Scale: 1 = very biased; 10 = very impartial). Number of users rating 6+/10 (millions)



Source Ipsos UK, users per provider from a nationally representative sample of 1,031 UK adults 18+, March 2023 % rating 6+/10 converted into the equivalent population figure Population figures from ONS BBC calculations



Transparency

The new CEO of BBC News, Deborah Turness, has pledged to make BBC journalism more transparent to audiences, with reporters explaining the forensic fact-checking, verification, and sourcing they carry out. We have just launched BBC Verify, a team devoted to this task, but even before this journalists were lifting the curtain on their work. Notable examples include political editor Chris Mason taking a call from Downing Street on-air confirming the prime minister’s resignation, BBC Persian staff explaining how they verify videos of protests in Iran, and the *Behind The Stories* series on iPlayer where journalists talk about reporting some of their biggest stories.



Live pages

The way people consume news is changing, and nowhere is this better illustrated than the success of the BBC News live pages online. Giving the latest updates on fast-developing stories, their use is growing rapidly, and they’re attracting younger audiences than the average across BBC News content pages. Live page views doubled between 2021 and 2022 with average page views per day in 2022 at 5.7 million. We’re building on this success by boosting the live and breaking news team to introduce more single-story live streams both for the site and the BBC news channel.



Newscast

Helping to make sense of the headlines, *Newscast* remained one of the most popular podcasts on BBC Sounds with the BBC Local Radio’s Liz Truss Interviews the most listened to episode ever.

61% ^{21/22} **63%**

% of UK adults who think the BBC is effective at providing news and current affairs that is trustworthy (ineffective: 19%. 21/22: 20%).

Source Ipsos UK 16+

50% ^{21/22} **51%**

% of UK adults who think the BBC is effective at providing news and current affairs that is impartial (ineffective 26%. 21/22: 25%).

Source Ipsos UK 16+

62% ^{21/22} **63%**

% of UK adults who think the BBC is effective at providing news and current affairs that is accurate (ineffective 18%. 21/22: 18%).

Source Ipsos UK 16+



BBC regional news

Our regional TV news continues to provide a key part of our audiences’ daily viewing habits across England. The 6.30pm bulletin remains the UK’s biggest news show with an average audience of 4 million adults in 2022, and from early 2023 all of the programmes became available on BBC One HD. Some of BBC News’ most recognisable services and story teams – including *Newsbeat* and *Click* – moved around the UK to locations including Birmingham, Cardiff and Glasgow, while programmes such as *Newsnight*, *Today*, the *News at Six* and *News at Ten* have also been presented from different UK bases during the year.



Studio B / News At Ten

The BBC unveiled the new home of its flagship news bulletins this year with an upgraded studio, the first such revamp in central London in a decade. Studio B features a giant curved catwalk, robotic cameras, and a host of interactive screens, to enable presenters and correspondents to tell stories in a more creative way. It houses the *News at Six* and *News at Ten*, London’s regional bulletins, and can be repurposed for major events such as elections, saving money in the long run. The *News at Ten* won the RTS award for Network Daily News Programme of the Year.



Newsbeat moves to Birmingham

Delivering our creative remit Public purpose 2



The Cat from
CBeebies production
of *Dick Whittington
and His Cat*



TO SUPPORT LEARNING FOR PEOPLE OF ALL AGES

The following pages demonstrate the breadth of content that the BBC provides to support learning for all.

No.1

The UK public spend more time viewing factual programming from the BBC than from any other provider.

Source: BARB As Viewed All devices

Education has always been in the DNA of the BBC. This year our education and learning mission has continued to support students, teachers and parents still dealing with the educational challenges of the Covid pandemic.

Our new BBC Bitesize Reception collection was a direct response to post-pandemic feedback to the Bitesize team, designed to offer more support for early years learning. Overall, our BBC Bitesize educational service was used by 65% of primary school pupils this year, as well as 77% of those at secondaries. 85% of under 16s who use Bitesize say that it helps them understand their studies more, while 64% of secondary school users say it helps them to achieve better grades (see page 21).

Meanwhile, our BBC Young Reporter scheme continues to support 11-18 year olds across the UK by promoting news literacy and media skills.

The BBC's education and learning offer continues to reach far beyond Bitesize and our focus on those at school. No other broadcaster has such an extraordinary breadth of factual content, with seven out the top ten factual titles last year coming from the BBC. Our goal is to help people, whatever their stage of life, to achieve their full potential through educational content, services and participative experiences from the BBC, from partners and from each other.

Delivering our creative remit
Public purpose 2 continued

To support learning for people of all ages



A team of huskies rest in *Frozen Planet II*

The BBC's education and learning offer continues to reach far beyond Bitesize and our focus on those at school. No other broadcaster has such an extraordinary breadth of factual content, with seven out the top ten factual titles last year coming from the BBC.



Frozen Planet II

Frozen Planet II – presented by Sir David Attenborough and produced by BBC Studios' Natural History Unit – explored life in the world's coldest regions. With the latest camera technology, and featuring new animal behaviours and sensational natural spectacles, this six-part series also revealed the true impact rising temperatures have on wildlife and humans. Met with critical acclaim, the Observer said, "to watch this astounding, harrowing, crisply beautiful documentary is to appreciate all there is to lose." Episode one was watched by an average audience of 9 million, making it the highest rating Factual title of 2022.



CBeebies Prom

CBeebies and the BBC Proms collaborated to provide young children with a magical maritime experience featuring CBeebies theme tunes, orchestral treats, films and animation. Specially performed by the BBC Orchestras and the Ulster Orchestra, the *CBeebies: Ocean Adventure Prom* originated for the BBC Proms' 2022 season at the Royal Albert Hall before visiting venues including Northampton, Glasgow, Saffron Walden, Belfast, Derry/Londonderry, Blackburn and Sheffield, giving children across the UK an opportunity to experience live classical music with world-class orchestras.



Other Side of the Story

A media literacy campaign partnership between BBC Bitesize and BBC News, OSOTS aims to bring teens to the news through a mix of relatable talent and stories which engage their interest – everything from AI, to Ukraine and *Strictly*.

The campaign directly tackles misinformation and disinformation on social platforms, both through myth-busting 'Fact or Fake' content and explainers of the key issues – from 'fake news' to 'echo chambers'. There's also content to help teens with their making journey – from newsgathering, through to making your own podcast.

In 2023/24 the partnership will strengthen, with the Bitesize team working with BBC News to embed learnings from the campaign to engage young audiences with news, and the News team supporting efforts to bring this work to the classroom.



CBeebies: Ocean Adventure Prom which toured across the UK

72% ^{21/22} **73%**

Under 16s pan-BBC reach
% of under 16s who use BBC TV/
iPlayer, Radio or Online on average
per week.

Source: Kids Cross-Media Insight by Ipsos UK

04:06 ^{21/22} **04:33**

Length of time under 16s spend
with the BBC per head on average
per week (hours:mins).

Source: Kids Cross-Media Insight by Ipsos UK

59% ^{21/22} **60%**

% of parents who think the BBC
is effective at supporting children
and teenagers with their learning
(ineffective 11%. 21/22: 17%).

Source: Ipsos UK 16+

60% ^{21/22} **61%**

% of UK adults who think the BBC
is effective at helping them learn
new things (ineffective 18%.
21/22: 18%).

Source: Ipsos UK 16+

60% ^{21/22} **62%**

% of UK adults who think the BBC
is effective at exploring subjects
that they would know less about
otherwise (ineffective 16%.
21/22: 17%).

Source: Ipsos UK 16+



BBC Bitesize Reception

This new collection was a direct response to post-pandemic feedback to the Bitesize team. In 2022/23 we launched new Maths and English content covering more conceptual and formative aspects of learning, grounded in the Early Years Learning Framework for England. We drew on the star power of CBeebies superheroes the *Numberblocks* for new content, including a newly commissioned game *See The Amount*, as well as working with classroom favourites the *NumBots* in an innovative partnership with commercial curriculum providers *Maths Circle*. The collections have broadened our curriculum coverage, brought a new audience to Bitesize, and won the Award for Best Free Primary Resource at the 2023 BETT Awards.



Kids iPlayer profiles

We completed the shift to enable children to have their own profiles on iPlayer, and further enhanced age-appropriate promotions that change for them as they grow up. As a result, we closed the separate iPlayer Kids app.



Share Your Story

BBC staff and big names from TV, Radio, Sport and News visited 435,180 students in 742 schools across England, Scotland, Wales, and Northern Ireland between February 2022 and February 2023 as part of the BBC's landmark centenary education project, BBC 100 Share Your Story. The tour smashed the 400,000 student target and was designed to inspire young people about careers in the creative industries, achieve their goals and help realise their ambitions.



BBC Reith Lectures 2022:

The Four Freedoms

In the BBC's centenary year, the Radio 4 *Reith Lectures* were delivered by four esteemed thinkers: Chimamanda Ngozi Adichie, Lord Rowan Williams, Darren McGarvey and Dr Fiona Hill. They each explored one of the themes from Franklin D Roosevelt's famous 1941 Four Freedoms speech: the freedom of speech, the freedom of worship, the freedom from want, and the freedom from fear. The lectures were chaired by Anita Anand in front of live audiences in London, Glasgow, Wales and Washington DC.

BBC Bitesize

65% ^{21/22} **64%**

Primary pupils
% of primary school pupils who use Bitesize.

Source: DJS

77% ^{21/22} **75%**

Secondary pupils
% of secondary school pupils who use Bitesize.

Source: DJS

85% ^{21/22} **82%**

% of under 16 users who say Bitesize helps them understand their studies/learning more.

Source: DJS

64% ^{21/22} **65%**

% of secondary school users who say Bitesize helps them to achieve better grades.

Source: DJS


1.5m ^{21/22} **1.8m**

Unique browsers
Average number of unique UK browsers accessing Bitesize on average per week.

Source: Piano Analytics

In a CBeebies first, Rose Ayling-Ellis signed a *Bedtime Story*



 **p.142** For the full list of statistical information on Public Purpose 2

Delivering our creative remit
Public purpose 3



Emily Blunt takes the reins in *The English*



TO SHOW THE MOST CREATIVE, HIGHEST QUALITY AND DISTINCTIVE OUTPUT AND SERVICES

These pages provide examples of the range of creativity and quality, distinctive content produced across the BBC last year.

150+

number of awards the BBC won in 2022/23 across all genres in TV and radio.

The role of the BBC is to offer outstanding value for everyone by maintaining the highest production and editorial standards across the broadest range of output. This is at the heart of why audiences come to us and value us (see pages 42-45).

Over eight in ten adults in the UK believe that it is important for the BBC to provide a range of high-quality and creative content. We have delivered across every genre this year, with huge audiences for shows like *Happy Valley*, *Wild Isles*, *Blue Lights* and *Strictly Come Dancing* and major awards for programmes like *Sherwood*, *The Real Mo Farah*, *The Responder*, *The Traitors*, *Am I Being Unreasonable?*, *This is Going to Hurt*, Radio 4's

Room 5 and *Dear Harry Kane*, and breakfast shows on 5 Live and 1Xtra. Meanwhile we brought the country together with our coverage of the most significant national moments from the Women's Euros and Glastonbury to the Platinum Jubilee and the funeral of Her Majesty Queen Elizabeth II.

This is what continues to set the BBC apart in today's media landscape: high-quality output on TV and radio that is unique in its distinctiveness and its focus on British content from across the UK.

Delivering our creative remit Public purpose 3 continued

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



Mary Berry with competition entries in *The Jubilee Pudding*



Happy Valley

Filmed and set in West Yorkshire, Sally Wainwright's multi-BAFTA award-winning hit drama *Happy Valley* returned for its long-awaited third and final series. Airing weekly on BBC One and iPlayer to five-star reviews, the gripping finale was seen by an average audience of 13 million viewers, making *Happy Valley* the UK's most watched drama in more than a year. The show has been streamed an incredible 110 million times in the first three months of 2023 – by far the most successful iPlayer box set of the year so far, with the first episode of the new series streamed a huge 9.7 million times. Millions also returned to the very beginning, with the very first episode of series one streamed 8.2 million times from January-March 2023.



Women's Euros

2022 was the year football came home for the Lionesses in the UEFA Women's Euros. In a memorable tournament that saw Northern Ireland feature in their first-ever major women's finals and England win their first major trophy since 1966, the BBC was at the heart of the action and broadcast all 31 games. A peak audience of over 17 million tuned in to watch the women win it at Wembley making the final the most-watched women's football game on UK television of all-time.



You, Me and the Big C presenter Deborah James' final interview on BBC Radio 5 live

Deborah James was one of the presenters on the 5 live podcast *You, Me and the Big C*. She sadly passed away in June, 2022. Her final interview with 5 live was an emotional and raw piece of radio. It was full of honesty, sincerity and even hope about the message and legacy Deborah was leaving behind. It typified what we had become used to hearing on the podcast where she never shied away from speaking openly and honestly about her illness. The piece of radio was chosen by listeners as The Moment of the Year at the Audio and Radio Industry Awards 2023.



Commonwealth Games Birmingham

The 2022 Commonwealth Games put the spotlight on Birmingham and delivered record audience figures for the event for BBC Sport with coverage from the 11-day event streamed over 57 million times, six times the amount of streams seen in previous years. All corners of the BBC got behind the Games with audiences tuning in to see the best of the live action and medal moments during an unforgettable summer of sport.



The Real Mo Farah



Largest UK exporter of TV content

39% of all BBC Studios productions are now made for third parties and it remains the largest UK exporter of TV content. Highlights from its Content Studio included the much-talked-about third series of *Happy Valley* from BBC Studios production label Lookout Point, which brought a consolidated audience of 13 million to the BBC; groundbreaking dinosaur landmark *Prehistoric Planet* for AppleTV+; and *Strictly Come Dancing*'s hit US version *Dancing with the Stars* extended to 61 territories worldwide.



The Queen's Platinum Jubilee and the Funeral of Queen Elizabeth II

The BBC brought the nation together to mark two momentous events in 2022 – The Queen's Platinum Jubilee and her State Funeral. The BBC Studios productions provided extensive coverage of celebrations to mark Queen Elizabeth II's 70 years on the throne, reaching 32 million people over the Jubilee weekend, and staged the magnificent Platinum Party at the Palace, watched by an average audience of over 13 million. Later in the year, as the country paid their final respects, an average audience of 19.9 million watched the Queen's State Funeral service, with a total reach of 33 million for coverage of the State Funeral.



The Real Mo Farah

BAFTA-winning *The Real Mo Farah* saw one of the most successful athletes in history reveal the shocking truth about his childhood. The documentary won awards at the Rose D'or and Broadcast Awards and calls to trafficking charity Unseen UK rose by 20% following transmission. Watched by 5.7 million, it was the BBC's second biggest single documentary of 2022. No other broadcaster has such an extraordinary breadth of factual content, with seven out the top ten factual titles last year coming from the BBC.

66% ^{21/22} ~~67%~~

% of UK adults who think the BBC is effective at providing content/ services that set a high standard for quality (ineffective 14%. 21/22: 14%).

Source Ipsos UK 16+

61% ^{21/22} ~~61%~~

% of UK adults who think the BBC is effective at providing content/ services that set a high standard for creativity (ineffective 15%. 21/22: 17%).

Source Ipsos UK 16+

59% ^{21/22} ~~61%~~

% of UK adults who think the BBC is effective at providing content/ services that are distinctive (ineffective 15%. 21/22: 15%).

Source Ipsos UK 16+



Phoenix Rise

Produced by BBC Studios, *Phoenix Rise* is a ten-part coming-of-age drama set in Coventry which follows the stories of six students who form an unbreakable bond as they return to mainstream education after being excluded. The bold new series provided opportunities to feature up-and-coming actors largely from the West Midlands, and also local unsigned musicians to feature on the soundtrack. The launch event included outreach sessions with writing workshops for students in the area.

Sports Relief All Stars at 2022 Commonwealth Games



88% ^{21/22} ~~90%~~

Pan-BBC reach

% of UK adults who use BBC TV/iPlayer, Radio or Online on average per week.

Source Compass by Ipsos UK 16+

16:41 ^{21/22} ~~17:30~~

Pan-BBC time

Length of time UK adults spend with the BBC per head on average per week (hours:mins).

Source Estimated from BARB As Viewed (all devices), RAJAR, Piano Analytics, ONS 16+

Delivering our creative remit Public purpose 3 continued

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



Amit Shah in *Happy Valley*



The Traitors

BAFTA and RTS Award-winning *The Traitors* was the biggest new series for young audiences across all BBC titles last year, and the highest rating new entertainment series on the BBC since at least 2019 for young audiences. Hosted by Claudia Winkleman, *The Traitors* pitched 22 strangers against each other to play a game of detection, backstabbing and trust. Filming will commence on series two later this year.



The Traitors



Am I Being Unreasonable?

This ground-breaking comedy thriller about obsessive friendship, maternal paranoia – and a dead cat – from BBC Studios production label Lookout Point and Boffola Pictures, was written by and stars real life best friends Daisy-May Cooper and Selin Hizli, and was executive produced by one of TV's most exciting talents, Jack Thorne. This brilliantly warped comedy about just how quickly life can change – and lives unravel – was filmed in Bristol and around the West Country. The first series was nominated for four BAFTAs, with breakthrough star Lenny Rush winning the award for Male Performance in a Comedy Programme and a RTS Award.



iPlayer box sets

Quality British drama was hugely popular on iPlayer this year with many brand-new success stories including *SAS Rogue Heroes*, *The Gold* and *Sherwood*, and millions enjoyed the long-awaited return of *Waterloo Road*. In addition to new titles, the year also saw iPlayer reach an agreement with Ofcom to expand the depth and range of iPlayer by making more titles available to watch from the BBC's archive. Viewers will be able to enjoy the best of the BBC, including classic comedies, entertaining format shows, unforgettable dramas, and ground-breaking documentaries.



Radio 1's Minute Of Me

In October 2022, Radio 1 opened up the airwaves to 100 young people across the UK, offering them one minute to share what makes them who they are. Across ten days, BBC Radio 1's *Minute Of Me* allowed listeners aged 16-24 to talk about anxiety, financial worry, disability, bereavement, eating disorders, the pressure of life goals, the impact of social media and the experience of women in spaces that have been traditionally male dominated. The Minutes also reflected the hope, joy and optimism of this generation.



The Dream Prom with BBC Open Music

The BBC's Open Music development scheme brings together a diverse range of creatives from different backgrounds across the UK, and is designed to provide training and mentoring from across Radio and Music. The scheme culminated in a collaborative project in September 2022 with *The Dream Prom*, which was entirely conceived and delivered by the 30 Open Music creatives taking inspiration from their own lives around dreams, identity and mental wellbeing. Like all Proms, this was broadcast live on Radio 3. Trainees have since taken up opportunities in the BBC and in wider the music sector.

Sustainability programming

The BBC has built on its commitment to the Climate Content Pledge, not only delivering outstanding, world-renowned Natural History content, but using innovative ways to reach new audiences through different formats and platforms. In 2022/23, our TV and Radio content containing explicit environmental themes – outside of News bulletins and sequence programmes – reached approximately 67% of the 16+ UK population.

Frozen Planet II, from BBC Studios’ distinguished Natural History Unit, was accompanied by a collaboration with *EastEnders*, in which the iconic London map of the title sequence flooded, showing the potential impacts of sea level rise. Whilst a BBC Studios partnership with Minecraft Education resulted in the *Frozen Planet II* Minecraft Experience breaking the record for the most downloads of an educational Minecraft world in a single day.


Closer to home, *Wild Isles* showed off the extraordinary wildlife and landscapes of the UK (episode one had an average audience of 10.5 million), whilst content across the BBC continued the conversation and provided inspiration to support nature. From Radio 2’s *Let it Grow*, with Children’s and Education, to the BBC’s religious output engaging faith communities; from Radio 3’s exploration of art and nature to #OurWildIsles working with diverse groups on social media. The focus continues through 2023.

Elsewhere, *Rethink Climate* on Radio 4, probed the big solutions required to tackle climate change. *Buried* and *Burn Wild* applied the crime podcast format to environmental stories. The *Earth Prom* reached music lovers and BBC Sport’s Green Sport Awards appealed to sports fans. Whilst one of the highest rating shows of 2022, *Platinum Party at the Palace* (with an average audience of over 13 million), combined royalty, celebrity and incredible projections to celebrate our ‘wonderful world’ and the need to restore it.

Beyond distinct environmental content, our commitment to light touch and authentic ways to incorporate sustainability into our biggest titles continued, from repurposed clothing in *The Great British Sewing Bee* to a conversation about methane in *Happy Valley*.

Meanwhile, in December 2022 pan-broadcaster collaboration led to aligned energy-saving tips featuring across our collective output. In the first week one tip alone helped approximately 4.2 million and saved an estimated ≈1.1 million tonnes of carbon.

BBC News continues to be a vital place to source the latest impartial information, enable debate and discussion, interrogate policy proposals and hold businesses and governments to account.

 **p.66** For more information on sustainability

67% ^{21/22} **70%**

Two-thirds of the 16+ UK population consumed at least 15 mins of BBC TV and Radio content containing explicit environmental themes outside of News bulletins and sequence programmes.

Source: Compass by Ipsos UK 16+



Owain Wyn Evans




Owain Wyn Evans joins BBC Radio 2 from Cardiff

In February, BBC Radio 2 launched its brand new Early Breakfast Show hosted by Owain Wyn Evans, broadcasting live from Central Square at the heart of the Welsh capital city. Produced by Cardiff-based independent production company, Bengo Media, this was the first daily weekday programme on the network to move out of London and forms part of the BBC’s ambitious Across The UK plans allowing us to better reflect, represent and serve all parts of the country.



Back To Back Sounds

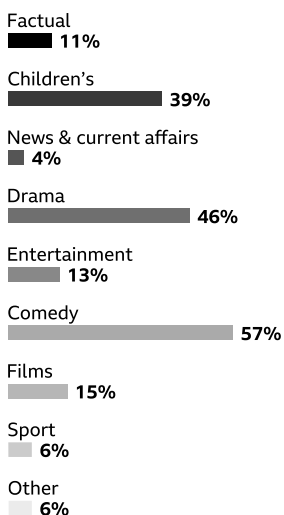
Over the past 12 months, BBC Sounds has transformed the way listeners can discover content from the BBC with Back To Back Sounds. Organised by genre, theme or occasion and offering hours of uninterrupted programmes from across our radio stations, Back To Back Sounds helps connect audiences to the music, radio and podcasts they love from the BBC. New on-demand music shows launched with Back To Back Sounds were hosted by some of the biggest names in music and beyond, including Hayley Williams from Paramore’s *Everything Is Emo*, *Dream Fuel* with Arlo Parks and *Alternative Sounds of the 90s* with Dermot O’Leary.

 **p.143** For the full list of statistical information on Public Purpose 3

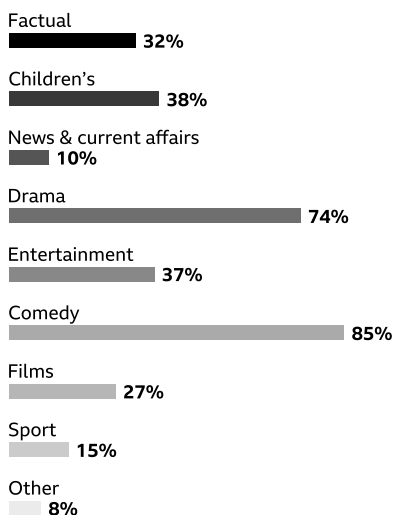
BBC TV viewing via iPlayer

The charts show the percentage of all BBC viewing per genre that now takes place via iPlayer. For example, 46% of all BBC drama viewing takes place on iPlayer. News viewing, by contrast, is currently predominantly a live broadcast experience.

% of BBC TV viewing in each genre that is delivered by iPlayer 4+



% of BBC TV viewing in each genre that is delivered by iPlayer 16-34



Source: BARB As Viewed All devices

Delivering our creative remit
Public purpose 4





TO REFLECT, REPRESENT AND SERVE THE DIVERSE COMMUNITIES OF ALL OF THE UNITED KINGDOM’S NATIONS AND REGIONS AND SUPPORT THE CREATIVE ECONOMY

The following pages demonstrate the BBC’s commitment to serving all audiences across the UK.

62% ^{21/22}
59%

% of UK adults who think the BBC has programmes, content and services that raise awareness of the different ways of life and perspectives in UK society (ineffective 15%. 21/22: 19%).

Source Ipsos UK 16+

50%

Around half of all the BBC’s economic contribution is generated outside of London.

The BBC has a fundamental duty to represent the whole country and make sure all its views and voices are heard. To deliver value for all audiences, it is vital that we fully reflect the public we serve and make sure the economic benefits of the BBC are felt in every part of the UK.

Today, over half of the BBC’s network TV production is in the nations and regions, and we have major production centres in Glasgow, Cardiff, Belfast, Salford, Bristol, Birmingham and London. We support 50,000 jobs around the country and work with around 14,000 different suppliers – three-quarters of which are UK small and medium-sized enterprises.

Around 50% of the BBC’s economic contribution is generated outside London, against a sector average of 20%. And the BBC’s impact on the growth of creative clusters is expected to create around 45,000 additional industry jobs outside London by 2027/28.

This report demonstrates how strongly we are delivering on our ambitious Across the UK plans to shift the BBC’s people, power and decision-making to the nations and regions. It also shows how determined we are to ensure that the BBC reflects and serves the full diversity of the UK in all we do.

Delivering our creative remit Public purpose 4 continued

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



The BBC in Wales

As the BBC celebrated one hundred years of broadcasting in Wales, distinctive, stand-out content continued to form part of our story.

Wales qualified for their first FIFA World Cup since 1958 and BBC Cymru Wales was there every step of the way, working in partnership with organisations across Wales in the run-up to and during the tournament. This included commentary, digital output, documentary programmes and concerts. BBC Wales also produced educational resources for teachers introducing primary school children to some of the other countries competing for the World Cup. Some of the other highlights included: the acclaimed series *Together Stronger* from filmmaker Johnny Owen on BBC One Wales which looked at the rise of the Welsh football team over the past ten years; a series on *Legends of Welsh Sport* included portraits of Neville Southall and John Toshack; BBC Radio Wales and Radio Cymru visited communities across Wales as they prepared and watched the big games as well as a giant inflatable bucket hat which travelled the length and breadth of Wales.

91%

^{21/22}
90%

Pan-BBC reach

% of adults in Wales who use BBC TV/iPlayer, Radio or Online on average per week.

Source: Compass by Ipsos UK 16+

52%

% of adults in Wales consuming BBC Wales content on average per week.

Source: Compass by Ipsos UK 16+

64%

^{21/22}
71%

% of adults in Wales who think the BBC informs, educates and entertains people in the UK/them (ineffective 18%. 21/22: 14%).

Source: Ipsos UK 16+

50%

^{21/22}
50%

% of adults in Wales who think the BBC is effective at reflecting people like them (ineffective 29%. 21/22: 26%).

Source: Ipsos UK 16+


The women's national team wasn't successful in its qualification attempt this time, but audiences to the matches on BBC Wales grew significantly during the tournament, raising the profile and visibility of the women's game in Wales.


Coverage of news and current affairs continued to be as important as ever as audiences tuned in and went online for comprehensive coverage and critical information across our news services. The team reported for both the BBC's services and S4C on the death of Her Majesty the Queen and reflected the mood of the nation and the debate around the future Prince of Wales. The *BBC Wales Investigates* team lifted the lid on claims of sexism, bullying and sexual harassment at the Welsh Rugby Union, prompting further questions and scrutiny. The tragic story of Cardiff City-bound footballer Emiliano Sala was told in *Transfer*, a nine-episode podcast and documentary on BBC iPlayer. The story of Mahmood Mattan, wrongly hanged for a murder he didn't commit, was also told in a powerful podcast for BBC Sounds.

Siarad Anabledd | Talk Disability was launched in January, the start of BBC Wales's new commitment to disability on and off screen over the next 12 months. It includes programmes, initiatives and content designed to inspire conversations about disability. Central to the commitment was the announcement of new BBC Wales traineeships specifically for people with disabilities, created in partnership with Disability Wales consisting of eight-week placements in either radio, news or business and operations departments.

In February, Owain Wyn Evans presented BBC Radio 2's first daytime programme strand outside London, as part of the BBC's creative commitment to serving the whole of the UK. This initiative saw a range of new teams establish themselves in Cardiff. The BBC Audio Hub provided BBC Radio 4 with a special *Life Scientific* with Jim Al-Khalili from the Cardiff Science Festival and delivered the futuristic audio drama thriller *Galapagos*, starring Hannah Daniel.

This year also saw BBC Wales's Central Square, Cardiff open its doors for audiences to see the magic of broadcasting for themselves. The popular behind-the-scenes tour gives audiences the chance to see how programmes are made and put to air and have been awarded a Gold standard by Visit Wales.

 **p.154** For the full list of statistical information on Wales

 **p.125** To read more about how the BBC Board has monitored and reviewed performance in Wales



BBC Wales podcast *Transfer*



Team Scotland parades at the opening of the 2022 Commonwealth Games



The BBC in Scotland

The eyes of the world were on Scotland following the death of Her Majesty the Queen at Balmoral, with BBC Scotland's teams at the heart of bringing historic events to a global audience.

Our commitment to impartial investigative reporting was recognised with BBC Scotland's *Disclosure: The Great Ferries Scandal* winning the RTS Television Journalism Nations and Regions Factual award. Meanwhile, audiences turned to live coverage by News Scotland Online to follow the breaking story of Nicola Sturgeon's resignation, generating over five million page views in the UK alone.

Factual shows offering distinctive, high-impact content for audiences in both English and Gaelic included: *The Ice Cream Wars* – a 20-year fight for justice; *Martin Compston's Scottish Fling* showing modern Scotland through its people and places and *Greenland: Sgeul Isobel Wylie Hutchison* one of Scotland's greatest and least-known explorers.

Our Across the UK strategy saw Scotland become the BBC's centre of excellence for technology journalism, broadcasting programmes *Click* and *Tech Tent*. The strategy also drove an increase in network and BBC Scotland co-commissioned dramas including *Granite Harbour* and *Mayflies* representing communities from Aberdeen to Ayrshire.

Our search to find outstanding talent featured in the cross-platform, high-impact competition BBC Radio Scotland Young Traditional Musician of the Year and the launch of BBC Introducing in Scotland – Scottish Act of the Year.

Multiplatform commissioning is a key example of building a modern, highly efficient BBC with examples including: *The Big Birthday Bash* in audio and video marking the centenary of the BBC in Scotland; content for TV, radio and visualisation for social media of the Royal National Mòd; and cross-platform content from talent pipeline *The Social*.

Radio Scotland podcasts demonstrated a strong digital-first approach with investigative titles *The Cruelty – A Child Unclaimed*, *Good Ship BrewDog*, *Bible John: Creation of a Serial Killer* and sports podcast *Sacked in the Morning* gathering almost three million plays between them, extracting more value from online. Sport appeared prominently across all our platforms from Scotland Women's National Football Team World Cup qualifying matches to extensive coverage of Team Scotland at the Commonwealth Games.

BBC ALBA delivered unique, high-impact content including the BBC Scottish Symphony Orchestra's landmark collaboration with Skye-band Niteworks; *An Clò Mòr* following the fortunes of a Hebridean textile dynasty and children's mockumentary series *An Sgoil*. BBC Radio nan Gàidheal refreshed their schedule with more shows for young people, embedding a cross-platform ethos and consolidating resources for learners.

BBC Scotland Learning and Bitesize delivered a digital-first approach reflecting the diversity of Scotland's communities with online content on English as an additional language framed in Arabic, Ukrainian, Urdu and other languages, and stories for children in Scots, Doric, Orcadian, and in Shetland dialect.

87% ^{21/22} **88%**

Pan-BBC reach
% of adults in Scotland who use BBC TV/iPlayer, Radio or Online on average per week.
Source Compass by Ipsos UK 16+

58%


% of adults in Scotland consuming BBC Scotland content on average per week.
Source Compass by Ipsos UK 16+


64% ^{21/22} **66%**

% of adults in Scotland who think the BBC informs, educates and entertains people in the UK/them (ineffective 17%. 21/22: 10%).
Source Ipsos UK 16+

50% ^{21/22} **55%**

% of adults in Scotland who think the BBC is effective at reflecting people like them (ineffective 24%. 21/22: 25%).
Source Ipsos UK 16+

 **p.158** For the full list of statistical information on Scotland

 **p.125** To read more about how the BBC Board has monitored and reviewed performance in Scotland

Ayrshire based drama *Mayflies*



Delivering our creative remit Public purpose 4 continued

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



The BBC in Northern Ireland

Across the year the BBC in Northern Ireland reflected different aspects of community life and experience. It showcased talent and brought diverse stories, views and voices to the BBC's airwaves – connecting people and places and providing shared experiences.

BBC news teams provided detailed coverage of the Assembly election and issues relating to the formation of an Executive. They provided expert analysis of developments in different sectors and covered events throughout the region. The 25th anniversary of the Belfast/Good Friday Agreement was marked in a series of reports on *BBC Newsline* and in *Year '98* on BBC Sounds. And there was extensive news and related programming on civic events following the Queen's death.

BBC network television commissions included drama, documentaries and factual entertainment. These programmes delivered new and more varied forms of portrayal and engaged diverse audiences on a UK-wide basis. *Hope Street*, *Bloodlands* and *Mountain Vets* returned for new series and *Blue Lights* provided a compelling, fictionalised account of policing in contemporary Northern Ireland. The lives of younger audiences were reflected in commissions for BBC Three, including *Beauty Queen and Single*, and *Mastermind*

celebrated its 50th birthday from its now established production base in the BBC's Blackstaff Studio in Belfast.

The Belfast Mixtape, with the Ulster Orchestra and guests, provided a resonant musical reflection on the losses and dislocations of Covid, coinciding with frontline workers receiving the Freedom of the City. *The Secret Artists* took BBC audiences behind the scenes at the Royal Ulster Academy's annual exhibition as part of an ambitious Arts Season on local television and BBC iPlayer. *True North* profiled the sporting accomplishments of Rhys McClenaghan and Leah McCourt. And *The Blame Game* and *Give My Head Peace* offered welcome comedy respite from more serious concerns. There were also fascinating insights into everyday life in *Ulster By The Sea*, *Black*, *Northern Irish and Proud* and, *Chronicles of Belfast*.

BBC Radio Ulster/Foyle retained its distinctive presence and appeal, including through outside broadcasts and audience interaction programmes such as *The Stephen Nolan Show*. It reached a wider listenership on BBC Sounds and played a key role in delivering *Book Week 2022*, a joint initiative with Libraries NI, and in making community festivals and events available for everyone to enjoy. *The Big Walk* encouraged audiences to get observantly out and about in the local countryside and the region's diverse language, faith and cultural traditions were reflected in programme strands including *Blas*, *Kintra*, *The Long and the Short of It* and *Morning Service*.

84%

^{21/22}
91%

Pan-BBC reach

% of adults in Northern Ireland who use BBC TV/iPlayer, Radio or Online on average per week.

Source: Compass by Ipsos UK 16+

60%

% of adults in Northern Ireland consuming BBC Northern Ireland content on average per week.

Source: Compass by Ipsos UK 16+

64%

^{21/22}
67%

% of adults in Northern Ireland who think the BBC informs, educates and entertains people in the UK/them (ineffective 14%. 21/22: 8%).

Source: Ipsos UK 16+

53%

^{21/22}
57%

% of adults in Northern Ireland who think the BBC is effective at reflecting people like them (ineffective 20%. 21/22: 16%).


Source: Ipsos UK 16+


The BBC agreed a new landmark contract with the GAA and continued work to develop its coverage of other sports including rugby, women's football, soccer and motorcycle road racing. Digital innovation, opportunities and renewal have informed much of this activity – something that was also at the core of development plans for BBC Radio Ulster/Foyle and local news services over the coming period, and in the recent success of locally produced series such as *Assume Nothing* and the *GAA Social* on BBC Sounds.

The BBC's strategic partnerships with NI Screen, the Ulster Orchestra and Libraries NI enhanced the range and impact of its work for audiences in Northern Ireland. And there were important collaborations also with initiatives like the Harkin International Disability Summit and CINE, a training scheme from the Department for Communities that aims to broaden access to the screen and creative industries.



Blue Lights was filmed at locations across Northern Ireland

 **p.162** For the full list of statistical information on Northern Ireland

 **p.126** To read more about how the BBC Board has monitored and reviewed performance in Northern Ireland



BBC Radio 1's Minute Of Me



The BBC in England

The BBC's Local services in England have been at the heart of several unforgettable moments over the last 12 months.

Last September, eight BBC Local Radio presenters from Leeds, Stoke, Lancashire, Norfolk, Nottingham, Tees, Bristol and Kent interviewed the then Prime Minister Liz Truss. Reflecting the concerns of their local audiences, they asked about tax-cuts, energy prices, pensions and fracking.

The iconic interviews were compiled into a *News*cast episode for BBC Sounds which quickly became the most popular episode of the podcast ever.

When Her Majesty the Queen died, a poem read by seven-year-old Lincoln from Carlisle captured the nation's grief and was broadcast across all 39 local stations and viewed on Radio Cumbria's social media 2.7 million times.

Last summer, BBC Midlands Today and BBC Radio WM placed themselves at the centre of the Commonwealth Games with pop-up studios in Birmingham's Centenary Square bringing audiences and experts together to cover the international event.

Our regional TV news programmes continue to be a trusted part of audiences' daily viewing habits across the UK. The 6.30pm programme on BBC One remains the UK's biggest news show with an average audience of 4 million adults in 2022 – 3.3 million in England.

From early 2023, our regional TV news programmes also became available on BBC One HD for the first time, enabling us to showcase our modernised studio sets, which incorporate giant video screens and state of the art graphical images to improve our story-telling.

Across our Local areas, we have been strengthening our online and multi-media content. This includes producing regular video stories for BBC iPlayer's news category – including special reports on neurodiversity and coastal erosion – and ensuring the biggest stories are available simultaneously across the BBC's platforms and services.

Eddie Nestor's hard-hitting interview with the Metropolitan Police Commissioner in March was live streamed on BBC News online, on the BBC News channel, on Facebook and on TikTok.

Our digital plans also include a major expansion of podcasts. Gripping 'true story' podcasts have proven popular. *Love Bombed*, narrated by Vicky Pattinson about a North East conman, and *The Kidnapping of Stephanie Slater* both performed well on BBC Sounds.

In order to continue to strengthen our local online services – and build a new investigative journalism network of over 70 journalists across England – we made a number of broadcast changes to our output during the last year. The TV series *We Are England* came to an end and our regional TV news programmes based in Oxford and Cambridge ended in December (with coverage of these areas now provided by *BBC South Today* and *Look East*).

Our plans to share more local radio programme across neighbouring stations outside peak listening hours next year attracted criticism from a number of listeners and audience groups. In response, the plans have been adapted over recent months to reduce the planned number of shared shows in the afternoon and at weekends.

All these changes will support the expansion of the BBC's local online news and audio provision – including new services in Bradford, Wolverhampton, Sunderland and Peterborough – which will launch later this year.

88% ^{21/22} **90%**

Pan-BBC reach
% of adults in England who use BBC TV/iPlayer, Radio or Online on average per week.

Source: Compass by Ipsos UK 16+

50%

% of adults in England consuming BBC England content on average per week.

Source: Compass by Ipsos UK 16+

69% ^{21/22} **68%**

% of adults in England who think the BBC informs, educates and entertains people in the UK/them (ineffective 12%. 21/22: 14%).

Source: Ipsos UK 16+

55% ^{21/22} **54%**

% of adults in England who think the BBC is effective at reflecting people like them (ineffective 21%. 21/22: 24%).

Source: Ipsos UK 16+

-  **p.165** For the full list of statistical information on England
-  **p.126** To read more about how the BBC Board has monitored and reviewed performance in England

True story podcast *The Kidnapping of Stephanie Slater*



Delivering our creative remit Public purpose 4 continued

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



BAFTA and RTS winner Adeel Akhtar in drama *Sherwood*

58% ^{21/22}
58%

% of UK adults who think the BBC is effective at providing content/services relevant to them (ineffective 20%. 21/22: 21%).

Source Ipsos UK 16+

54% ^{21/22}
54%

% of UK adults who think the BBC is effective at reflecting people like them (ineffective 22%. 21/22: 24%).

Source Ipsos UK 16+

Our footprint across the UK

Dedicated services

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

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

Network supply

Over half of network television production is in the nations and regions, with 57.7% from outside London and 17.8% from Scotland, Wales and Northern Ireland.

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

	2023	2022
London	42.3%	46.4%
Scotland	8.4%	8.6%
Wales	5.4%	7.2%
Northern Ireland	3.9%	3.9%
Total nations	17.8%	19.7%
Midlands	2.7%	2.0%
North of England	20.6%	17.4%
South of England	10.9%	10.2%
Multi English region*	3.8%	1.9%
Total English regions	38.0%	31.5%
Other multi-region*	1.9%	2.4%
Total regions excl. London	39.9%	33.9%
Total nations and regions	57.7%	53.6%
Grand total	100%	100%

BBC Local Radio** and nations radio hours of output

	2023	2022
England (excl. London)	242,468	243,251
London	6,956	7,283
Scotland	11,869	12,036
Wales	15,602	14,771
Northern Ireland	8,019	8,041

Network television spend based on Ofcom definitions by calendar year

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

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



p.146 For the full list of statistical information on Public Purpose 4



BBC Cymru Wales HQ in Central Square, Cardiff

With major production centres in Salford, Cardiff, Belfast, Bristol, Birmingham and Glasgow, close to 60% of all television production is now outside of the M25.

36%

Network radio programming spend outside the M25

Source Network radio spend based on Ofcom definitions by financial year

41%

Spend on network radio programmes and music outside the M25

Source Radio and music spend based definitions in the Agreement by financial year

UK PSB staff by nation

We also remain committed to locating at least 50% of our employees outside of London and some 53% are currently based outside of the M25.

UK PSB staff by nation (equivalent full time) % (excl. BBC Studios in 2022)

Nation	31 March 2023	31 March 2022
England (excl. London)	34%	34%
London	47%	47%
Scotland	8%	8%
Wales	7%	7%
Northern Ireland	4%	4%

53% ^{21/22}
54%

% of UK adults who think the BBC is effective at reflecting the part of the UK they live in (ineffective 21%. 21/22: 22%).

Source Ipsos UK 16+

54% ^{21/22}
55%

% of UK adults who think the BBC is effective at catering for the part of the UK they live in (ineffective 20%. 21/22: 21%).

Source Ipsos UK 16+



Yorkshire based drama series *Better*

Delivering our creative remit Public purpose 4 continued

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



Filming *Waterloo Road* in Greater Manchester



Delivering representation and portrayal

The BBC wants all audiences, across the UK, to feel authentically represented on-screen, online and on-air. Content and commissioning teams are committed to ensuring that the diversity of those who watch and listen to BBC content is not only true to life, but is impactful, impartial and an accurate depiction of their lived experience.

The BBC should provide value both in terms of producing content that will resonate with every community and by providing a window into other people's worlds. Whether the BBC is informing, educating or entertaining, the people on- and off-screen, online and on- and off-air should reflect the diversity of the UK population.

On-screen and on-air representation

Central to driving and measuring the BBC's representation of the UK's diverse communities is its Diversity Commissioning Code of Practice which sets out commitments for the BBC and its suppliers. The BBC publishes an annual progress report which evaluates progress against these commitments.

Representation and portrayal are vital to high-quality programmes – across drama and comedy, entertainment and factual programmes on television, radio and online, commissioners and producers are expected to consider diversity in all they do. In live events, Sport and Entertainment, diversity is considered across casting.

The BBC's Creative Diversity Commitment to ensure at least £112 million of existing commissioning budgets is spent on diverse and inclusive content has put focus on ensuring that output reflects the lives of underserved audiences including those from socio-economically diverse backgrounds, those who are Deaf, disabled and neurodivergent and those from Black, Asian and ethnically diverse backgrounds. This commitment gives a clear commissioning focus across TV and Radio and aims to accelerate change across the production sector.

The latest results from Diamond, an online system used by broadcasters to obtain diversity data, tells us that 8.8% of on-screen talent are disabled. Over the last year the BBC has accelerated its commitment to represent disabled people on- and off-screen. This included the launch of a new set of commitments which means that all new scripted programmes will look to include disabled roles and/or seek disabled actors for roles not specifically written to be disabled. Within unscripted programmes, the BBC will

seek to include at least one contributor, presenter or performer with a disability per series and in one-off programmes.

That focus has extended to audio. Radio 1's *Life Hacks* discussed non-apparent disabilities and the accessibility of socialising. The podcast *Adapt the World* heard from disabled content creators on how they would change the world to be more accessible.

Working across News, Nations and the Content teams, in video and audio, the 50:50 Equality Project seeks to track and improve representation in the BBC's content, with 56% of participating teams achieving 50% women in their content in March 2023. Around 290 teams are now also measuring ethnicity and disability representation.

The BBC is proud of hit programmes that have represented a range of diverse communities over the last year. These include the return of the drama *Waterloo Road*, set in a comprehensive school in Salford. It features a diverse ensemble cast, many of them scouted from the local area, and is centred on stories reflecting a broad range of characteristics and backgrounds. In *Factual*, the documentary *Inside Our Autistic Minds* saw Chris Packham reflect on his own experiences of being autistic as well as autistic contributors' perspectives.

BBC Scotland's *The Wedding* followed a bride with Scottish roots and a groom with mixed Kenyan and Ugandan roots, written by Stewart Kyasimire and inspired by his own life. And on BBC Three *Blood, Sweat and Cheer* followed the disabled and non-disabled athletes of Team Wales Adaptive Abilities on and off the mat through highs and lows as they prepare for the World Cheerleading Championships. *B&B by the Sea* saw celebrities such as Ugo Monye, Nina Wadia and Linford Christie reflect on their backstories, giving the audience critical insight into their diverse backgrounds.

The Children's title *A Kind of Spark* is a powerful series centred on Addie, an autistic girl. The programme has been groundbreaking in its portrayal of neurodiversity on-screen with a neurodivergent cast, as well as off-screen with a neurodivergent writer and production leads. The production has been praised by audiences for the authenticity of its representation of autism, as well as leading the way for production sets to be truly inclusive and accessible.

Representation of the UK's diverse communities

Content that resonates with and feels authentic in its portrayal is created by diverse production teams with a variety of experiences and perspectives. As well as strengthening diverse representation, our Creative Diversity Commitment seeks to

increase the number of suppliers and independent production companies and production teams that are led and staffed by diverse talent. The BBC asks that at least 20% of off-screen talent are from socio-economically diverse backgrounds, ethnically diverse backgrounds, or disabled, deaf or neurodivergent. In the past 12 months the BBC has established clearer reporting systems around these targets, giving a more detailed view on the independent production companies being commissioned and working on productions.

The BBC is leading the way in disabled off-screen representation, according to Diamond data which shows a rise from 7.4% in 2021/22 to 8.9% in 2022/23. Over the last year the BBC has set up and supported the TV Access Project – a pan-industry initiative to improve access on all productions and within studios. This has led to the introduction of new production guidelines and the Creative Diversity Team has ensured that all commissioners across our content team have received training on the delivery and implementation of these guidelines. We have also launched the role of Access Coordinators who are responsible for overseeing access requirements for all cast and crew working on our Access First titles such as *Silent Witness* and *The Apprentice*.

Meanwhile, *Waterloo Road* took part in trainee schemes to diversify the production’s workforce. The programme offered work placements in costume, location and floor runner roles to those

from socio-economically diverse backgrounds with limited or no work experience.

The BBC continues to use the Diverse Talent Development Fund of £2 million to help support production companies to develop diverse on- and off-screen talent, including writers, actors, presenters and contributors, through targeted initiatives.

The Small Indie Fund ring-fences £1 million a year to back talented small independent companies. This year the fund is supporting 48 small companies. Over half of these have diverse leadership and 79% are based in the Nations and English regions.

Actual on and off-screen diversity

Data provided from contributions by individuals who have a role in eligible programmes.

	Actual off-screen 2022/23	Actual on-screen 2022/23	Actual off-screen 2021/22	Actual on-screen 2021/22
Female	54.1%	52.2%	54.5%	53.6%
Black, Asian and minority ethnic	12.9%	27.9%	10.5%	27.9%
Disabled	8.9%	8.8%	7.4%	8.9%
LGB	15.4%	15.0%	12.6%	12.9%
Transgender	0.6%	1.1%	0.2%	0.5%
Number of contributions*	362,432	99,137	260,254	78,493

* An individual may make multiple contributions to a programme or programmes

Perceived on-screen diversity

Data input by production companies taking a viewer’s perspective of what they see and hear.

	Perceived on-screen 2022/23	Perceived on-screen 2021/22
Female	47.3%	47.0%
Black, Asian and minority ethnic	27.2%	26.5%
Disabled	5.1%	5.4%
LGB	11.0%	7.8%
Transgender	0.2%	0.1%
Number of contributions*	487,661	424,393
% for whom diversity characteristics were determined	90.4%	91.2%

* An individual may make multiple contributions to a programme or programmes

Pan-BBC reach

% of each audience group who use BBC TV/iPlayer, Radio or Online on average per week

	Male 16+	Female 16+	ABC1 16+	C2DE 16+	16-34	35-54	55+	White 16+	Black, Asian and minority ethnic 16+	Disabled 16+	Not Disabled 16+
2022/23	88%	88%	89%	86%	76%	88%	97%	90%	73%	90%	87%
2021/22	90%	90%	92%	88%	81%	89%	98%	92%	77%	91%	90%

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

	Male 16+	Female 16+	ABC1 16+	C2DE 16+	16-34	35-54	55+	White 16+	Black, Asian and minority ethnic 16+	Disabled 16+	Not Disabled 16+
2022/23 Effective	66%	70%	73%	63%	66%	70%	69%	69%	61%	62%	69%
2022/23 Ineffective	15%	11%	12%	15%	13%	13%	12%	13%	16%	17%	13%
2021/22 Effective	66%	70%	75%	59%	64%	67%	72%	69%	62%	64%	69%
2021/22 Ineffective	16%	12%	12%	16%	13%	16%	13%	14%	17%	17%	14%

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

	Male 16+	Female 16+	ABC1 16+	C2DE 16+	16-34	35-54	55+	White 16+	Black, Asian and minority ethnic 16+	Disabled 16+	Not Disabled 16+
2022/23 Effective	53%	56%	58%	50%	53%	56%	54%	55%	49%	45%	56%
2022/23 Ineffective	24%	19%	20%	23%	22%	21%	22%	21%	25%	32%	20%
2021/22 Effective	51%	57%	58%	48%	50%	51%	59%	54%	47%	46%	55%
2021/22 Ineffective	26%	22%	23%	25%	24%	26%	22%	24%	27%	28%	24%

Delivering our creative remit
Public purpose 5



5

TO REFLECT THE UNITED KINGDOM, ITS CULTURE AND VALUES TO THE WORLD

The following pages demonstrate how the BBC works to inform, educate and entertain people across the globe.

76%

the UK's most-salient cultural export with 76% awareness among influentials across the world.

Source: Tapestry Research

60%

of influential global users say consuming the BBC makes them perceive the UK more positively.

Source: Tapestry Research

The BBC's global services are a priceless asset for the UK. Each week they carry the distinctive culture, voice and values of this country to a weekly audience of 447 million people worldwide. We remain the UK's best-known cultural export, with 76% awareness among influentials across the world.

The past year has repeatedly highlighted the growing danger that disinformation and constraints on media freedom pose to societies and democracies worldwide. The latest World Press Freedom Index shows that journalism is completely or partially blocked in over 70% of the 180 countries it ranks, and the situation is ranked as "very serious" in a record 31 countries. Against this backdrop, the BBC World Service is unique: trusted

throughout the world to report without fear or favour from the toughest geographies and the hardest political climates.

This year we have started to implement our plan to prioritise bringing audiences to the BBC's international services, and our digital services in particular, rather than pursuing reach via platforms which have lower trust and lower brand attribution back to the BBC, and are therefore less effective in countering disinformation. At the same time, the World Service has not been immune from challenging international news market pressures and the need to deliver savings as a result of the licence fee settlement, with further difficult decisions likely to be needed in future.

Delivering our creative remit Public purpose 5 continued

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



BBC World Service 90th Anniversary

2022 marked not only the BBC's centenary, but, in December, the 90th anniversary of the BBC World Service. From its origin as the BBC Empire Service, broadcasting over crackly shortwave, to the current day when audiences increasingly consume content digitally, the service has broadcast in dozens of languages to hundreds of millions across the globe over the last nine decades. The then Prince of Wales and Duchess of Cornwall visited the BBC World Service to celebrate the anniversary, speaking to journalists reporting on Afghanistan, Ukraine and Russia. The prince expressed admiration for journalists reporting in "the most difficult of circumstances" in order to make sure that people have access to impartial truth, particularly in conflict zones.



Dars

Girls over 11 are barred from formal education in Afghanistan. The BBC World Service has launched an educational programme in Pashto and Dari for 11-16 year olds, to target these girls and other Afghan children not at school. *Dars* – meaning 'lesson' – is available on radio, TV and online and draws on the BBC's world-leading educational content. The four female presenters of *Dars* all themselves fled Afghanistan after the Taliban took over the country.



The *Dars* presenting team

As the UK's best-known cultural export, with 76% awareness among influentials across the world, the BBC's global services are a priceless asset for the country.

447m Down 9%

Global weekly reach
Including BBC News and BBC Studios.

Source BBC Global Audience Measure

411m Down 10%

BBC News international weekly audience

Source BBC Global Audience Measure

No.1

Ranked No.1 for Trust and Reliability amongst international news providers.

Source BBC Brand Tracker 2022/23 (ex UK)

63% 21/22 63%

% of UK adults who think that the BBC is effective at reflecting the UK to the world (ineffective 14%. 21/22: 14%).

Source Ipsos UK 16+



A protest covered in *Reporting Iran*



BBC Studios investment

BBC Studios is investing in its digital news and factual content services, to make them even more attractive for both audiences and advertisers. In the past year, BBC Studios supported the growth of the digital journalism team in North America to bolster our reporting from the region for UK and global audiences. New roles in the digital journalism team will increase our capacity to deliver live and breaking news, across seven days, and to work with BBC News Content and Channel teams in the US to get the best of BBC News journalism from the region to increasingly digital audiences.

BBC World Service weekly reach across all platforms, by service

	2022/23 Millions	Year-on-year change %*
World Service English	81.4	-12%
Afaan Oromoo	1.6	-5%
Afrique	16.4	-21%
Amharic	1.9	-1%
Arabic	32.2	-18%
Azeri	0.5	33%
Bengali	9.4	-26%
Brasil	7.5	-19%
Burmese	3.9	-45%
Chinese	2.7	26%
Dari	1.7	-64%
Gahuza	2.1	0%
Gujarati	3.3	-10%
Hausa	15.2	-10%
Hindi	41.0	27%
Igbo	1.7	-7%
Indonesian	1.5	-73%
Korean	0.9	33%
Kyrgyz	3.1	1%
Learning English**	2.1	6%
Marathi	5.8	6%
Mundo	9.5	-25%
Nepali	4.9	-1%
Pashto	4.6	-57%
Persian	19.2	2%
Pidgin	2.3	-71%
Punjabi	1.7	5%
Russian	5.6	19%
Serbian	0.7	-28%
Sinhala	0.4	21%
Somali	5.0	-14%
Swahili	25.5	-7%
Tamil	11.4	-13%
Telugu	7.0	-26%
Thai	1.0	-26%
Tigrinya	0.4	0%
Turkish	2.1	-30%
UK China	0.1	-25%
Ukrainian	4.7	11%
Urdu	2.9	-46%
Uzbek	2.0	-43%
Vietnamese	0.8	-47%
Yoruba	1.5	-77%

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

* Reach figures reflect market performance as well as reductions in news consumption globally post-Covid and post the start of the war in Ukraine Funding pressures have also had a considerable impact on output

** Learning English 2022 reported 2.4m, 2022 adjusted 2.0m Learning English radio no longer available



Reporting Iran

The staff of BBC Persian and their families have suffered abuse and harassment for years – both from the Iranian authorities and, more recently, from opposition supporters in Iran. They also face the difficulties of reporting events in Iran whilst the BBC is banned from the country. These struggles were highlighted in *Reporting Iran: Inside BBC Persian*, a film produced for BBC news channels which went behind the scenes to show how the service operates, the toll the job takes on its journalists, and the lengths to which they go to uncover the truth about events in Iran.



Dark is Rising

The BBC World Service assembled some of Britain’s finest artistic talent to produce a magical and critically acclaimed dramatisation of Susan Cooper’s cult children’s classic, *The Dark is Rising*. The 12-part series for radio and podcast was adapted by writer Robert Macfarlane and Complicité’s Simon McBurney and featured actors Toby Jones and Harriet Walter. It was recorded partly in binaural sound, to give listeners using headphones a unique immersive experience, and broadcast to correspond with the midwinter days over which the novel is set.

p.147 For the full list of statistical information on Public Purpose 5

318m Down 12%

BBC World Service weekly audience
Source BBC Global Audience Measure

141m Down 5%

BBC World Service weekly digital audience (website and social media).
Source BBC Global Audience Measure

105m Down 19%

BBC World Service weekly television audience
Source BBC Global Audience Measure

121m Down 24%

BBC World Service weekly radio audience
Source BBC Global Audience Measure

36m Up 3%

BBC Studios’ incremental global weekly reach (total reach 63m)
Source BBC Global Audience Measure



The then Prince of Wales and Duchess of Cornwall visiting the World Service

Delivering our creative remit

Value for audiences report

The BBC continues to be the place that the people of the UK come both as part of their daily lives and also at key moments of change, celebration and commemoration.

As the data on our performance against audience targets on the page overleaf shows, in the average week in 2022/23 88% of adults in the UK used BBC services. This means the BBC overall is the UK's biggest brand for media and makes us an integral part of the media habits of a clear majority of UK adults. Building on this relationship, our weekly reach is higher still when the people of the UK come together for significant national moments, be they major sporting tournaments or musical competitions, the changing of a Prime Minister or First Minister, the celebration of a monarch's reign or the marking of their passing.

Having a place where we can come together offers us an increasingly important opportunity at a time when both societal and market trends can run counter to this. Surveys this year show 68% of UK adults say that UK society feels divided these days. In the media market, the vibrant mix of domestic and global providers means more choice but also more fragmentation in our media behaviour.

The public sees the BBC as the media provider that does the most for UK national life.

In 2022/23, eight in ten (79%) UK adults think that the BBC provides programmes, content and services that are important to the people of the UK (9% said unimportant). Seven in ten UK adults believe the BBC should stay a public organisation that makes programmes, content and services for everyone in the UK.

But we have more to do. There is still too much variation in how well we serve and represent different parts of the UK and also different people, especially those from less well-off backgrounds, people belonging to ethnic minorities and people who are disabled. Our Across the UK plans, creative diversity commitments, impartiality action plan and social media review are all part of our focus on these areas.

In total, 86% of adults from less well-off backgrounds use the BBC on average per week, close to the UK average of 88%, but we know they are less satisfied than better-off groups. We are continuing to look hard at how our content and services could resonate more strongly with these audiences.

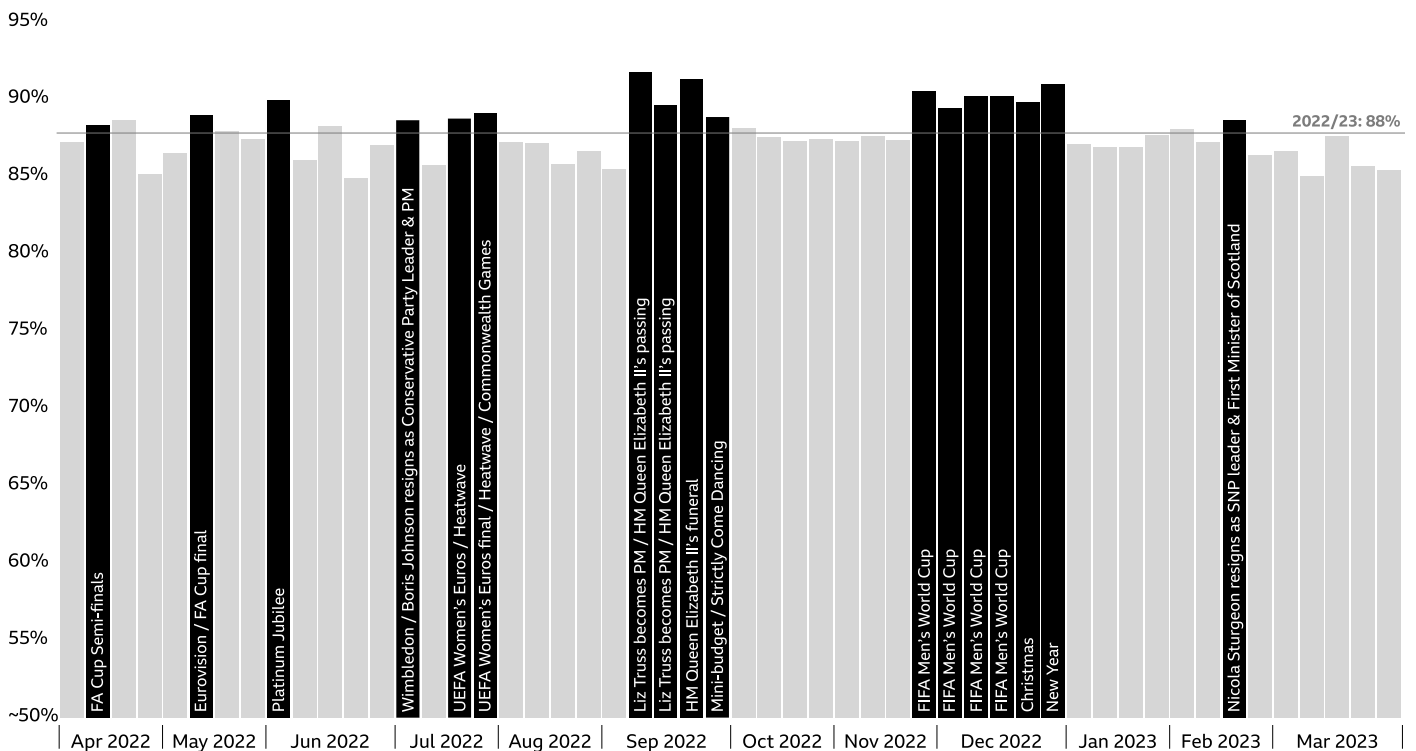
The BBC leads the market in video, audio and news in the UK but competition continues to be fierce.

In the video market, overall broadcast TV viewing in the UK has been dropping since 2013/14, with the exception of lockdown-boosted 2020/21. Trends which began with young audiences are now increasingly being seen in older audiences. The BBC, however, has fallen less than the rest of the broadcast TV market year-on-year in 2022/23.

Developments in BARB measurement mean we can now track viewing to broadcasters, subscription and advertising video-on-demand services (SVOD and AVOD) and video-sharing platforms (e.g. YouTube and TikTok) on a more comparable basis than ever before.

This shows that at an overall level, despite the falls, broadcasters have by far the largest share of the UK viewing time. And in particular, the UK public continues to

The BBC is integral to UK life: the biggest weeks for the UK are the biggest weeks for the BBC
The reach of the BBC among adults week-by-week in 2022/23



■ Adults 16+ weekly reach
— Adults 16+ average weekly reach across 2022/23

Source: Compass by Ipsos UK based on 15-min accumulated weekly reach (on-platform)



Comic Relief 2023

consume more hours of BBC TV content than any other provider, including more than Netflix, Disney+ and Amazon Prime combined.

However, there are clear differences by age. For under 25s, video sharing takes the largest share of their video time (c.50%), and within this, YouTube in particular. In terms of reach, more under 25s watch SVOD on average per week (62%) than broadcast TV (58%).

In the audio market, BBC Sounds is growing especially for 35+. But this does not compensate for falls in BBC radio listening, which is down year-on-year and being squeezed by music streaming and Commercial Radio.

Music streaming grew year-on-year for 35+. Commercial Radio listening time was up for all age groups, aided by the success of its expanded number of services and is being networked to big UK-wide brands.

In the news market, the number of people using BBC News Online weekly is slightly down on Covid news-heavy 2020-22, but up on pre-pandemic times.

All the performance targets that the BBC set for 2022/23 have been achieved.

We achieved our goal for reach with 88% of UK adults using the BBC on average per week during 2022/23. This rises to 96% on average per month.

We also met our targets for the BBC being a valued part of people's media lives: the regularity of interaction, the time spent and the number of BBC modes that people use in an average week. Maintaining this depth of relationship is our key challenge in a media market where adoption of SVOD and audio on-demand services has doubled since 2017.

Amongst 16-34s, an on-target 76% used the BBC on average per week in 2022/23. After three years of steady reach amongst this age group – in spite of the ferocity of competition – this was down on 2021/22. 16-34s continue to be very positive about our delivery of the mission – with scores on a par with 2021/22 despite lower reach. Their rating of the personal relevance of the BBC is also on target, though we would like to exceed this.

Amongst under-16s, 72% used the BBC overall and half used our children's and education services on average per week in 2022/23 – both in line with targets. Overall BBC average weekly reach amongst under 16s steadied on the previous year for the first time since 2019/20. Over the longer term though, our performance, particularly amongst 7-12s, and especially use of children's and education services, is trending down as UK PSB feels the pressure of global media companies' appeal to under-16s.

The BBC remains the only UK offer to contend with YouTube, Netflix and TikTok amongst the young, and we want to safeguard the role of UK PSB in their media lives. With 37% of under 35s' BBC TV viewing now via iPlayer, our digital-first focus is investing more into new programmes for iPlayer as we seek to maintain the impact of UK content for all ages.

Amongst our online products, Sounds and especially iPlayer were up year-on-year, exceeding their targets for the number of accounts overall accessing these services on average per week and meeting the ambitions set for accounts belonging to young audiences (see data on the following page for more detail on iPlayer and Sounds

performance in the year). News online also achieved its targets but did not grow year-on-year, mirroring the news online market. We are seeing faster growth of our online offer amongst 35+ audiences; hence, our digital-first focus to build this amongst all ages.

The UK public's overall impression of us was steady at seven out of ten in 2022/23, and they remain very positive about what the BBC delivers to them, both as citizens and customers, despite the competition.

As a public good, eight in ten UK adults rate the BBC as providing a valuable public service for the people in the UK in 2022/23.

As a consumer good, the UK public chose the BBC almost 250 million times a day.

Adults spent 16 hours 41 minutes with us on average per week in 2022/23 – more than with any other media brand. Even with the huge range of other options available today, this compares with the lockdown boosted 18 hours of 2020/21 and 17½ hours last year. It also means we have kept 94% of our pre-pandemic usage of 17¾ hours in 2019/20. Adults' average rating of value for money stayed at five out of ten. And in terms of value delivered, each hour of BBC consumption cost on average 7.5p – the same in 2022/23 prices as ten years ago.

With the strength of choice available to all, we have to continue to strive harder than ever to stand out with distinctly British content which delivers value for all.

Delivering our creative remit

Value for audiences report continued

Delivering value for audiences

Performance against 2022/23 audience targets

Ensure delivery of value to audiences overall

The reach of the BBC

% of UK adults 16+ who use BBC TV/iPlayer, Radio or Online on average per week

Source Compass by Ipsos UK

88%

Target 85-90%

A valued habit with the BBC

% of UK adults 16+ who use the BBC for 5+ days on average per week

Source Compass by Ipsos UK

68%

Target 65-70%

% of UK adults 16+ who use the BBC for 5+ hours on average per week

Source Compass by Ipsos UK

58%

Target 55-60%

% of UK adults 16+ who use two or more BBC modes on average per week

Source Compass by Ipsos UK

66%

Target 65-70%

Maintain focus on key audience challenges

Young adults

The reach of the BBC

% of UK 16-34s who use BBC TV/iPlayer, Radio or Online on average per week

Source Compass by Ipsos UK

76%

Target 75-80%

Personal relevance

UK 16-34s' rating of 'the BBC is for me' (mean score out of 10)

Source Kantar Media

6 out of 10

Target 6 out of 10

Under 16s

The reach of the BBC

% of UK under 16s who use BBC TV/iPlayer, Radio or Online on average per week

Source Kids Cross-Media Insight by Ipsos UK

72%

Target circa 70%

The reach of BBC Children's/Education services

% of UK under 16s who use BBC Children's/Education services on average per week

Source Kids Cross-Media Insight by Ipsos UK

51%

Target circa 50%

Accelerate activity central to continued and future delivery of value to audiences

Account reach of BBC iPlayer

Average weekly active accounts using BBC iPlayer

Accounts overall

Source Piano Analytics

13.4m

Target 12.2-12.5m

Under 35 accounts

Source Piano Analytics

4.0m

Target 3.8-4.0m

BBC iPlayer time spent per head per week

Average weekly time spent per head per week

Source BARB As Viewed (all devices)-

56 mins

Target 50 min+*

Rating of BBC iPlayer

Weekly users' rating of BBC iPlayer (mean score out of 10)

UK adults 16+ weekly users

Source YouGov

8 out of 10

Target 8 out of 10

UK 16-34 weekly users

Source YouGov

8 out of 10

Target 8 out of 10

Account reach of BBC Sounds

Average weekly active accounts using BBC Sounds

Accounts overall

Source Piano Analytics

4.4m

Target 4.0m+

16-34 accounts

Source Piano Analytics

0.59m

Target 0.57-0.60m

Reach of BBC News Online

% who use BBC News Online on average per week

UK adults 16+

Source Compass by Ipsos UK

33%

Target 32%+

UK 16-34s

Source Compass by Ipsos UK

32%

Target 32%+

~ This BARB data is new for 2022/23 and is not comparable to previous years' figures

* A 2022/23 target of 1hr+ was originally set using the BBC's own All-Screens data (modelled from BARB/Piano Analytics) The source of iPlayer time per head data has now moved to new BARB As Viewed (all devices) The target has therefore been restated as BARB measures iPlayer time differently from All-Screens (The iPlayer average weekly time per head figure as measured by All Screens for 2022/23 was 66 mins, so exceeds the 1hr+ target originally set from the All Screens data)

BBC iPLAYER

BBC SOUNDS



Account reach of BBC iPlayer
Average weekly active accounts using BBC iPlayer

Accounts overall **13.4m**
Under 35 year olds' accounts **4.0m**

(2021/22: 12.1 million overall;
3.8 million under 35).
Source Piano Analytics

BBC iPlayer streaming time
50.4m

Average weekly hours played through iPlayer
(2021/22: 44.5 million).
Source Piano Analytics/Sky catch-up data

16+ **8/10** ^{21/22} ^{8/10} **16-34** **8/10** ^{21/22} ^{8/10}

Weekly users' rating of BBC iPlayer
(mean score/10).
Source YouGov 16+

16+ **85%** ^{21/22} ^{81%} **16-34** **78%** ^{21/22} ^{77%}

% of weekly users rating iPlayer as effective
at helping the BBC to deliver the mission
overall (8% of 16+ and 13% of 16-34 users
say ineffective).
Source Ipsos UK 16+

16+ **86%** ^{21/22} ^{83%} **16-34** **83%** ^{21/22} ^{79%}

% of weekly users rating iPlayer as effective
at helping the BBC to deliver the public purposes
overall (6% of 16+ and 8% of 16-34 users
say ineffective).
Source Ipsos UK 16+



All **4.4m** ^{21/22} ^{3.8m} **16-34** **587k** ^{21/22} ^{570k}

Average weekly active accounts using BBC Sounds.
Source Piano Analytics

15.3m ^{21/22} ^{13.3m}

BBC Sounds streaming time
Average weekly hours played through Sounds.
Source Piano Analytics

8/10 ^{21/22} ^{8/10}

Weekly users' rating of BBC Sounds
(mean score/10).
Source YouGov 16+

p.140 For the full list of statistical information on BBC iPlayer

p.140 For the full list of statistical information on BBC Sounds



How audiences used BBC iPlayer and BBC Sounds in 2022/23

BBC iPlayer requests by device and type
Out of 7.3 billion requests:

Live	21%
On-demand	79%
TV device	70%
Tablet	11%
Computer	9%
Mobile	10%

BBC iPlayer average weekly active accounts
millions/% age profile

Under 35s	4.0m	30%
35-54 year olds	4.2m	31%
55+ year olds	4.0m	30%
Unknown age	1.2m	9%

Plays on BBC Sounds split by type
Out of 1.64 billion plays:

Live	53%
On-demand	47%
Live speech	30%
Live music	23%
On-demand speech	40%
On-demand music	7%

BBC Sounds average weekly active accounts
millions/% age profile

Under 35s	0.6m	14%
35-54 year olds	1.5m	33%
55+ year olds	1.7m	39%
Unknown age	0.6m	15%

Due to rounding, figures may not sum to 100%
Source Piano Analytics

Delivering our creative remit

Engaging with audiences



Our Value for All strategy is underpinned by a deep understanding of audiences across the UK.

The BBC draws on a wide range of audience insight, feedback and data – and uses this intelligence to inform decision making across the organisation; through content commissioning, journalism, digital product development, marketing and beyond.

The sources we draw on range from the observational – through media measurement and digital analytics, to more reflective insight – where we ask the UK for their considered view of what they value from the BBC.

These sources include:

- industry-leading measurement of the UK's media choices across all platforms (TV, Radio, Online)
- continued investment in the UK's media measurement currencies
- deep digital analytics: with a comprehensive digital data set helping us to understand how people are using our digital products (including our signed in user base – which now exceeds 50 million registered accounts)
- regular surveying and polling to understand UK attitudes and responses to our offer
- daily contacts from our audience, with more than 300,000 webforms, emails, letters and calls to our contact centres each year

Collectively, this data helps us to build a rich understanding of life across the UK; but we also know that nothing beats meeting our audience in real-life – and for this reason we've developed an organisation-wide programme of audience engagement over the past few years ('BBC Virtual In Person') – which allows us to regularly connect our staff with members of the public – through facilitated video conversations.



BBC News Studio B

Virtual In Person (VIP), has continued to develop over the last 12-months – and this year the VIP team has run 105 sessions, with 620 audience members and almost 2,000 BBC attendees. The audience members are externally recruited and are often asked to watch, listen or read some BBC content ahead of time as part of a pre-task. They are then asked to share their thoughts 'live' during the session. Groups we have heard from this year have represented a broad range of ages and demographics and have been from locations across all four UK nations. The Board's Nation Committees hold regular sessions with audiences and the format of the sessions allows us to target specific groups, regions or demographics and to consider important topics on which we want to hear direct views.

Topics that have been discussed include viewing and listening habits, BBC products and services (including BBC iPlayer and BBC Sounds), national and local news, sport, children's content, on-screen representation, value for the licence fee and impartiality. A summary of the divisions covered by the sessions is below.

Hearing directly from a broad range of people is a powerful way to ensure that audiences truly are at the heart of everything we do. It places real people – their lives, habits and the things that matter to them – centre stage with BBC content-makers, journalists and leaders. Better understanding our audiences through direct engagement plays an important role in helping the BBC to deliver its goal of delivering value for all.

Total sessions by division and area

Division and area	Sessions
Content and Sport	16
Marketing	7
Nations and Regions	15
News and impartiality	33
Radio	13
Children's and Education Studios	17
Total	105

OPERATIONAL REPORT



p.48
Chief Operating
Officer's review

p.54
Our people

p.58
Workforce diversity and
inclusion and equality
information report

p.61
Pay Gap report

p.65
Consultations

p.66
Sustainability

p.71
Charitable work

p.72
Partnerships and
collaboration

Operational report

CHIEF OPERATING OFFICER'S REVIEW



Key headlines for 2022/23

£3,740m ^{2021/22} £3,800m

Licence fee income

£2,115m ^{2021/22} £1,718m

Commercial income

5%

Industry-leading public service overhead maintained

Value for all audiences is at the heart of our operations. This report outlines our operational performance over the past 12 months and outlook for the year ahead as we transform into a modern, digital-led BBC.

As a result of careful control of our finances and operations and ongoing historic savings initiatives, we end the year in a financially strong position with BBC Group cash and investments totalling £600 million. The licence fee remains the single largest source of income for the BBC. We are grateful that audiences remain committed to paying the licence fee with 24.4 million licences in force at 31 March 2023. During our centenary year we invested over £3 billion into public service content and digital services, delivering high-quality programming and services to audiences. We maintained our industry-leading public service overhead rates at just 5% of the cost base.

Our commercial arm delivered another year of record performance. Commercial Group revenue grew by 23% year-on-year exceeding £2 billion for the first time,

resulting in EBITDA of £240 million and a declared dividend of £198 million. Our commercial subsidiaries delivered total returns to BBC of £368 million in 2022/23. Building on the BBC's Value for All strategy to grow commercial income, BBC Studios has ambitious growth plans to double the business by 2027/28. This will see increasing investment in content and new digital services and supercharging commercial growth to drive sustainable long-term value to the BBC licence fee payer.

Economic volatility experienced over the past year has presented many challenges including managing extraordinary levels of inflation. The impact is felt across the business and teams are committed to identifying mitigations and efficiencies to offset increasing costs. Along with general inflationary increases, competition in the media industry is driving up the cost of content and talent, putting intense pressure on production budgets. We continue to counter price increases by brokering favourable payment terms, securing third-party investment, and making informed investment choices to direct resources towards high-performing content to maximise value for our audiences.

These economic pressures are amplified as we enter the second consecutive year of flat licence fee pricing as determined by the licence fee settlement in 2022. The licence fee price was frozen at £159 for the two years to April 2024, then rises in line with CPI inflation for the following four years. This has resulted in an estimated £400 million loss of income over the remainder of the Charter. The settlement however provides certainty of the licence fee until 2027/28 which allows us to make investment choices in line with our strategic ambitions.

Despite economic and market volatility, we are driven by the need to transform the BBC to deliver our Value for All strategy. We have a proven track record of savings delivery as demonstrated by £1 billion of on-going savings achieved during our five-year Strategic Savings Plan which concluded in 2021/22. We have developed new savings initiatives to deliver our digital-first investment ambition and to

manage inflationary pressures and the cash impact of the recent licence fee settlement. Our £500 million savings plans focus on cost efficiencies, utilisation, and allocation of resources, along with growing commercial income. Demonstrating our commitment to our audiences, savings will help deliver our ambitious reinvestment plan in the coming years directing funding towards premium video content, increasing portrayal across the nations, growing our digital news offer, and investing in our digital products.

We continue to transform how the BBC works, and remain committed to a leaner, more efficient BBC reflected in a reduction in the number of public service full time equivalent roles employed at 31 March 2023 to 17,685 (2021/22: 17,781). This year we have undertaken significant reshaping activity across the divisions and redesigned some of our BBC Group functions to align teams and consolidate specialists, creating a simpler more effective organisation. The reshaping of our organisational design involves significant change and transition. We continue to engage proactively with our trade unions in a more challenging industrial relations landscape.

Rewarding our people fairly and competitively underpins our plans to make the BBC a great place to work. Despite the significant financial challenges and a flat licence fee, we responded to the cost of living pressures by offering an increased pay proposition to our employees including a new approach to pay progression. This year, and for the first time in the BBC's history we achieved 50% representation of women in the workforce and continued to make progress towards our diversity and inclusion targets in other areas: we have 17% Black, Asian and minority ethnic staff and 9% disabled staff. Our disability target remains a key focus and this year we relaunched our Extend programme to attract disabled people to develop their careers at the BBC as well as launching a new hiring toolkit for managers. We remain committed to improving representation across the organisation and have set a 25% target for employees from a lower socio-

economic background to join our 50:20:12 targets. We are currently at 21%. Since we started reporting our pay gaps in 2017, we have focused on reducing the pay gaps by increasing representation across the organisation. Our mean gender pay gap is now 4.7% and has reduced by over half since the first reported figure of 10.7% in 2017. This year our median gender pay gap has increased and is now 7.3%. We do expect to see some fluctuations in the mean and median pay gaps each year based on our overall hiring and exit trends. For example we anticipate short term increases to some of our pay gaps as we increase the diversity of colleagues at entry level to create a talent pipeline for the future. As part of the BBC's plans to support levelling up across the UK, we set a target to grow the number of apprentices to 1,000 by 2025. A total of 629 BBC apprentices were on placements at March 2023 across a wide range of creative, digital, and functional roles across the UK.

We also remain intent on creating modern and vibrant working environments for our staff. Reducing our property estate is an important aspect of our business strategy and a number of properties are currently held for sale including Caversham, Elstree, and Maida Vale. Additionally we are consolidating existing London sites reducing our footprint in Broadcast Centre and Wogan House through exits or sub-letting. Rationalising our estate reduces cost and also helps us to achieve our net zero commitments. We continue to make good progress against our sustainability strategy and Scope 1 and Scope 2 emissions are on track against target. Building on our work this year to establish science-based targets for the BBC, we have worked with a number of external partners, including Microsoft to develop an online platform to collate the BBC's environmental data.

Geo-political crises continued to pose significant challenges and risks to the security of our people. The BBC's response has been to focus on the safety of staff and the continuation of operations and output that provide vital services to audiences.

During the year we experienced challenges in our international operations – from disruption to World Service Russian and Ukrainian language teams caused by the ongoing conflict, to tax, legal and regulatory compliance reviews in India following a tax survey on the BBC's operations in Mumbai and Delhi.

In the UK, production has been paused on Series 34 of Top Gear following an accident at the test track at Dunsfold Park Aerodrome in December 2022 and we are primarily focused on the wellbeing of all those affected. A full health and safety review of the show is currently being undertaken by an independent third party. In August last

Our Value for All plan prioritises spend on our world-class content and services – ensuring the licence fee provides value for audiences at just 44p per day.

year the BBC Board instructed an independent reviewer, Gemma White KC, to lead and deliver to the BBC Board the review into the BBC's response to claims over former DJ Tim Westwood's conduct.

We continued to ensure the operational integrity and resilience of our core broadcast and online systems, enabling us to deliver another year of significant, global, broadcast events, including coverage of the State Funeral of Her Majesty Queen Elizabeth II, in addition to key sporting events such as the FIFA World Cup in Ultra High Definition. We continue to perform consistently against a range of operational performance metrics and key performance indicators to deliver the availability, accuracy, and quality of our on-air and online content. Cyber security risk continues to be a key focus. In June 2023 our payroll services provider Zellis were subject to a global cyber security incident resulting in a data breach, for which we are implementing appropriate mitigations.

The reports over the following pages provide detail on BBC Group performance over the past year and specific matters such as pension contributions and tax. We set out the support we provide to our employees, core staffing metrics, equality information and pay gap reporting. Information is provided on our charitable giving and how we engage with audiences and partners. We also report on our progress against environmental sustainability targets as we work towards our net zero ambition.

On behalf of the whole Executive Committee, I would like to thank all of our staff for their continued efforts and commitment over the past 12 months. I am immensely proud of the exceptional content, creativity, delivery, and innovation that our teams both provide and support every day.



Leigh Tavaziva
Chief Operating Officer
27 June 2023



Filming *The English*

Operational report

Our finances

This section provides detail on our performance over the past year as we draw down our cash reserves to manage flat licence fee pricing and economic volatility, whilst ensuring continued investment in content and services for our audiences.

Income

The licence fee settlement announced by the Secretary of State for Digital, Culture, Media and Sport in January 2022 determined the annual licence fee will be frozen at £159 until March 2024. We collected £3,740 million of licence fee income in 2022/23, a decrease of just 1.6% as a result of 437,000 fewer paid-for licences in force. Total licences in force of 24.4 million shows the strong commitment from audiences to continue to pay the licence fee, with approximately nine out of ten addresses correctly licensed. Further detail on licence fee income can be found in note B2 of the financial statements.

As one of our four strategic priorities, we remain focused on growing our commercial income streams. Other income, which includes contribution from commercials and third-party sales income increased by £455 million year-on-year, largely driven by another year of record sales by BBC Studios.

The Foreign, Commonwealth & Development Office continue to invest in the BBC World Service with £283 million grant in aid funding confirmed for the three-year period to March 2025, equating to £94.4 million annually. Further funding of £4 million was granted in March 2022 to counter disinformation and to maintain impartial and accurate news coverage in Ukraine and Russia. In March 2023, the BBC World Service was awarded a one-off grant of £20 million to protect World Service languages services over the next two years and to support English-language broadcasting and counter disinformation.

1.6% reduction in licence fee income

Record commercial income exceeding £2 billion

£240 million commercial EBITDA

£3 billion investment in public service content spend

Over 95% of public service spend directed to content and its delivery

BBC Group Income Statement

Income statement	What is it?	2022/23 £m	2021/22 £m	What has happened?
Licence fee income	Total of licence fees collected	3,740	3,800	Decrease driven by flat licence fee pricing and decline in paid-for licences
Other income	Commercial income and grant income	1,985	1,530	Record commercial performance has contributed to 30% revenue growth
Total income		5,725	5,330	
Operating costs	Cost of producing all content and of running the BBC	(5,957)	(5,231)	Spend to drive commercial growth and continued investment in content for audiences
Share of results of associates and joint ventures	Our share of the profit of businesses where we control 50% or less	12	25	Results include BritBox International and BBC America
Operating (deficit)/surplus		(220)	124	
Gains on disposal	Profit on disposal of operations and fixed assets	11	28	Includes gains on disposal of associate undertakings and gains from property sales in 2021/22
Other losses	Net loss on movements in financial instruments	(21)	(13)	Reflects fair value changes in derivatives and impairment of associate investments
Net financing income	Net interest on the BBC's pension assets and liabilities, interest on loans and fair value movements on derivatives	91	47	Net gain on financial instruments as a result of favourable market interest rates
Taxation	Net tax credit for the year	19	20	Includes high-end television tax credits, partially offset by corporation tax charges
Group (deficit)/surplus for the year		(120)	206	

Licence fee collection

Effective financial management is a key part of the BBC’s unique relationship with our audiences. This includes spending the licence fee efficiently and collecting a television licence fee from everyone who is required to purchase one. The collection of the licence fee is underpinned by a legal requirement to buy a licence if watching or recording programmes as they are being shown on TV; viewing live streams via an online TV service; or by downloading or watching BBC programmes on iPlayer (live, catch-up or on-demand).

The BBC has a number of contractual arrangements covering the collection, administration and enforcement of the licence fee, marketing, payment channel management and retail networks. The majority of the administration is conducted by Capita Business Services Ltd with contracts in place until 2027.

Last year the BBC also conducted a forensic review to understand why more women than men are prosecuted for non-payment of the licence fee. The review concluded (in line with previous reviews) that there is no evidence that TVL deliberately discriminates against any group and that the disparity is largely caused by societal factors outside the BBC’s control. Despite this, we worked with stakeholders to produce and set in motion a 10-point action plan as a result of our findings.

The current collection method remains fair, effective, and good value for money. We offer a variety of payment methods including instore, by telephone and online. We continue to support those in financial difficulty by offering the Simple Payment Plan, a flexible payment scheme that spreads the cost of the licence fee over 12 months. Free TV licences, funded by the BBC, are available to anyone aged over 75 who is in receipt of Pension Credit*.

Licence fee statement

We prepare an annual licence fee revenue statement which is audited by the Comptroller and Auditor General. This statement sets out the amounts collected and paid over to HM Government during the year. Alongside their audit work, the National Audit Office examines our collection arrangements and reports on them to Parliament. More on the licence fee revenue statement can be found at: www.tvlicensing.co.uk/about/bbc-trust-statement-AB21.

Content spend

Our Value for All strategy prioritises investment towards high-impact content and the expansion of our digital services as we work towards our ambition to become the world’s first global, digital public service media organisation.

Public service content spend increased by 4% in our centenary year, totalling £3,078 million. This investment is partly funded by cash conserved in the early years of the licence fee settlement and historic savings. We delivered another outstanding year of content keeping our audiences informed, educated, and entertained – ranging from coverage of ceremonial events for HM Queen Elizabeth’s Platinum Jubilee and State Funeral; sports events including the FIFA World Cup and European Football Championships; news coverage of the war in Ukraine; and award-winning drama, entertainment, and factual productions.

Competition in the media industry coupled with demand for high-quality content is causing the cost of talent and content to rise faster than inflation, putting intense pressure on commissioning budgets. In order to address increasing costs we are assessing all investment opportunities – striving to reduce costs, encourage third-party investment and secure favourable cash-flow terms with producers. We continually review our production slates, to reprioritise spend away from low-performing programmes into new exciting offers to the audience.

Despite external inflationary pressures we maintained our overhead rate within 5% of the public service cost base. Careful management of spend ensured that resource and funding are prioritised into our world-class content and services, with over 95% of our spend directed to content and its delivery to audiences and users and essential infrastructure to support production.

Detail of our public service broadcasting expenditure can be found on page 53.

Cash and net debt

We end the year with a public service cash and investments balance of £338 million, a planned cash outflow as we transition into the new programme of savings to manage lost income as a result of the flat licence fee pricing determined by the licence fee settlement. Public service cash and investments reduced by £235 million year-on-year, however we remain in a strong financial position to deal with ongoing inflationary pressures in the cost base. Prudent cash planning has prioritised funding towards high-impact content for audiences, investment in short-term deposits, as well as ensuring sufficient reserves to manage the timing of cash flow for day-to-day operations.

The BBC Group is subject to borrowing limits set by the Secretary of State in accordance with the agreement between the BBC and the Department of Culture, Media and Sport (DCMS). At 31 March 2023, BBC Group net debt was £1,294 million, which was well within our borrowing limits of £3,000 million, which includes £2,200 million specifically for leases.

During the year the borrowing limit (excluding leases) for the BBC’s commercial arm was increased to £600 million (2021/22: £350 million). A further increase to £650 million will take place from April 2025, with a final increase to £750 million in April 2026. The uplift in the borrowing limit will enable strategic investment in new initiatives to deliver ambitious revenue and EBITDA growth plans in BBC Studios, which will in turn benefit the wider UK creative economy.

Further detail on our borrowings can be found in notes G3 and G4 of the financial statements.

How we collect and use the licence fee

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

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

* Licence holders who are over 75 and resident in an ARC scheme with Preserved Rights are also eligible for a free licence. For the Crown Dependencies, equivalent arrangements were put in place, starting from 1 January 2021, based on local benefits

Operational report

Our finances continued

Commercial subsidiaries

As one of our four strategic priorities, growing commercial activity is increasingly important to the future of the BBC to maximise financial value for licence fee payers in the form of both financial returns to the BBC and public service world-class content. The key performance measures for the BBC Commercial Group are revenue and EBITDA (earnings before interest, tax, depreciation, and amortisation). This year the group achieved revenue of £2,115 million and EBITDA of £240 million. Commercial returns to the BBC totalled £368 million, an increase of £12 million year-on-year. BBC Commercial Limited declared a dividend of £198 million (2021/22: £144 million) to the public service during the year, which will be paid in 2023/24, reflecting the strong performance of the Commercial Group. Inter-group dividends are eliminated in the consolidated BBC Group accounts.

BBC Studios delivered another year of record-breaking returns to the BBC of £362 million (2021/22: £353 million) – working towards their commitment to grow returns to the BBC to £1.5 billion in the five years from 2022/23. For the second year running BBC Studios delivered record revenue, exceeding £2 billion for the first time, driven by strong production slates fuelling premium catalogue sales, global long-term partnership deals, thriving brands, and an increased market share for UKTV. Growth in our Content Studio (formerly “Production and Distribution”) business helped to achieve record EBITDA of £240 million, 6% higher than 2021/22. Demand for BBC Studios content grew during the year, with a significant increase in programmes made for customers outside the BBC, including major new series for Apple, Amazon, Disney+ and Netflix. The underlying creative and financial health of the business has allowed BBC Studios to continue to invest in growth.

BBC Studioworks provides TV studio facilities, equipment, crew, and post-production services from locations in the UK to the BBC and independent production companies. During the year the business launched its new purpose-built studio in Glasgow’s Kelvin Hall which has helped boost Scotland’s capacity to produce multi-genre TV productions. BBC Studioworks achieved EBITDA of £5 million, and delivered their highest ever returns to the BBC of £6 million, doubling the prior year’s dividend.

More information on our commercial performance can be found on page 78.

Pension costs

We are currently reviewing the shape of our future pension provision offer with the aim to provide an offering that is financially sustainable, fairer, and more consistent both now and in the future. As a first step, we have sought clarification from the Court on a particular rule in the defined benefit scheme (the BBC Pension Scheme) to clarify what options for change might be available. The Court hearing took place in early May and once we have the response, we will consider this as part of our pension review. There will be no changes to benefits built up to date for any employee and any changes proposed would not be implemented before 2024 at the earliest. We will work with the Trade Unions in shaping our future pension provision and any proposals for change would be subject to consultation with employees.

The triennial actuarial valuation, as required by law, was completed in June 2022, appraising the pension fund’s assets and liabilities based on a range of financial and demographic assumptions to ensure the scheme is adequately funded to meet its liabilities going forward. The revaluation resulted in a funding shortfall of £841 million as at 1 April 2022 (previously £1,138 million as at 1 April 2019). A new payment plan has been agreed between the BBC and the Pension Scheme Trustees which runs until December 2028. In 2022/23 the BBC paid £239 million into the Pension Schemes (2021/22: £173 million).

Accounting standards (IAS 19 Employee Benefits) require an annual accounting pension valuation to be performed. At 31 March 2023, the revaluation resulted in a surplus of £695 million (2021/22: £1,241 million). This valuation does not impact the actual cash cost of recovering the actuarial pension scheme deficit and therefore does not impact the payment plan currently in place. The accounting valuation only provides an accounting ‘snapshot’ at the year end and is sensitive to short-term market fluctuations, which is why it does not impact the payment plan or the pension benefits for members. The accounting valuation often presents a more favourable funding position due to the discount rates that are required to be used.

Tax strategy

We are committed to paying the right amount of tax at the right time in all the jurisdictions in which we operate, including but not limited to employment tax, VAT, and corporation tax. We recognise the importance of paying the right amount of tax for the communities in which we operate and take our tax compliance obligations seriously.

We manage our tax affairs within the framework of the tax legislation for the UK and the other jurisdictions in which we operate. The BBC has a low tolerance to tax risk, as demonstrated by our attitude to tax planning and governance. Our assessment of tax risk considers not only the financial amount at stake, but also the reputational consequences of the matter in question. The political and legislative environment is becoming increasingly complex across a number of key territories around the world.

In 2022/23 we recognised a net tax credit of £19 million (2021/22: £20 million) as a result of high-end television tax credits, which vary year on year, partially offset by corporation tax charges. We publish our tax strategy in accordance with the Finance Act 2016, which can be found on our website: <http://downloads.bbc.co.uk/aboutthebbc/reports/reports/bbc-tax-strategy-2023.pdf>.

Commercial subsidiaries

BBC Studios EBITDA

£240m

2021/22: £226 million

BBC
STUDIOS

BBC Studioworks EBITDA

£5m

2021/22: £8 million

BBC
STUDIO
WORKS

Returns to the BBC

£368m

2021/22: £356 million

Public service broadcasting expenditure

The table below illustrates how licence fee funds have been spent during the current and prior year, including the Charter requirement for the BBC to report on expenditure on the UK Public Television Services by genre (as defined in accordance with industry standards). Total content spend represents the cost of making content across BBC services. Total service spend represents the full cost of producing, supporting, and delivering BBC content to audiences.

World Service grant funding

In 2022, following the conclusion of the 2021 Government spending review, the Foreign, Commonwealth & Development Office (FCDO) confirmed further investment of £94.4 million per annum in the BBC World Service until March 2025, a total of £283 million over the three-year period. In response to the invasion of Ukraine, the FCDO provided additional funding of £4 million to help deliver independent and impartial news

coverage in Ukraine and Russia, countering disinformation. In March 2023, an additional one-off payment of £20 million was awarded to protect all 42 BBC World Service language services over the next two years, support English-language broadcasting, and counter disinformation.

PSB expenditure

	2022/23 £m	2021/22 £m
News and Current Affairs	342	314
Factual and Learning	280	235
Arts and Music	39	31
Film and Drama	397	376
Entertainment and Comedy	244	214
Sport Production	99	94
Children's	89	90
Other television content spend	379	431
Television services by genre	1,869	1,785
Radio	498	477
BBC Online and Red Button	234	247
Content spend on services by platform	2,601	2,509
Orchestras and performing groups	31	25
S4C (service spend)	22	24
Development spend	72	58
BBC World Service grant	103	97
BBC World Service Operating Licence ^{^*}	249	243
Other service spend	477	447
Total content spend	3,078	2,956
Distribution costs	197	185
Content and distribution support	469	395
General support	187	158
Total service spend	3,931	3,694
Licence fee collection costs	137	122
Other obligations (S4C)	89	75
Monitoring	6	4
PSB Group pension deficit reduction payment	75	50
Costs incurred by PSB to generate non-licence fee income	220	183
Restructuring costs	61	13
Total PSB Group expenditure	4,519	4,141
Items reported outside of operating expenditure ^{**}	(77)	(70)
PSB Group expenditure	4,442	4,071

[^] £290 million was spent on the BBC World Service Operating Licence in 2022/23 including content, distribution and general support costs (2021/22: £277 million)

^{*} The BBC World Service Operating Licence includes distribution spend of £39 million (2021/22: £30 million)

^{**} In order to reflect the full cost of the PSB Group expenditure by service certain costs are included above which are reported outside of operating expenditure. For example, finance lease interest is included to reflect the full cost of property, although it is not included in the Group operating expenditure

Operational report

Our people: a distinctly BBC employee experience

Great place to work

Over the past year the organisation has made significant progress towards our ambition to create a modern, highly efficient BBC, driven by our Value for All strategy. This strategy, amongst various factors, is also underpinned by our ambition to establish a great place to work. The arrival of our new Chief People Officer in February 2023 brings a focus on reimagining the employee experience as the organisation faces a time of major transformation and innovation.

Employee experience

Our ambition is to build an industry-leading employee experience, engaging and empowering colleagues, and working closely with our recognised Unions and our staff networks.

We have built a strong employee proposition under a single framework of Working at the BBC and have continued to enhance key elements of the framework including pay progression, flexible working, career development, and supporting the BBC's net zero ambitions by reflecting the importance of sustainability in goal setting.

We continue to derive valuable insight from our Employee Engagement Survey. Our 'Check-In' Survey in September 2022 helped us to measure progress on our actions halfway through the year.

Engagement was at 61%; +1 vs previous survey and equal to 2021. Pride remained high, (84%; +1), with a strong sense of purpose amongst colleagues. We saw notable improvements and upward trending engagement scores in organisational integrity/action (35%; +4), working at the BBC, D&I index (74%; +4) and impartiality index (79%; +3). We saw dips in company confidence (43%; -2) and in manager index (63%; -1).

A key area for focus is driving our Value for All strategy, alongside empowering high-performing teams through engaged leadership communities.

With the arrival of our new Director of Diversity and Inclusion, we are bringing together the BBC's Creative and Workforce diversity and inclusion strategies to develop and execute one overarching vision to support employees and deliver value for audiences. For more information on our activity around Diversity and Inclusion this year, see page 58.



Filming *Mayflies* in Ayrshire

We remain focused on employee safety and wellbeing and have continued to support colleagues working for the BBC in dangerous situations around the world. Across BBC News, we supported 170 colleagues in Afghanistan, 50 colleagues in Ukraine and 100 colleagues in Russia. Teams from across the BBC including HR worked collaboratively to deal with immediate and long-term issues such as safety, providing wellbeing support, managing relocations and resettlement. We continue to provide additional safety and wellbeing support to colleagues in our Persian Service.

World-class leadership

Delivery of Value for All depends upon talented leaders, skilled at driving change and building high-performing teams. Throughout the year we have offered a range of development opportunities to leaders at all levels. More than 500 leaders have been supported by our internal network of coaches and mentors and more than 2,000 have taken part in workshops such as Managing Performance, Inclusive Leadership and Communication. In March 2023 we launched our Value for All Manager Roadshows across the UK, providing all leaders with the skills and information to set strategic goals and priorities and ensure their teams understand, engage with and contribute to Value for All.

Our focus on building a cohort of world-class leaders will stay resolute to put the BBC on a path to remaining both a magnet for, as well as an incubator of, top talent.

Designing a stronger BBC

Throughout the year our divisions have redesigned their teams to create a more efficient BBC positioned to deliver the Value for All strategy within the financial constraints of a flat licence fee, increased competition and inflation. We have continued to implement our Across the UK plan to ensure that more of the BBC's workforce and investment is distributed across the UK. We have moved the audio speech team to Cardiff, transferred Children's production to Studios and outlined our plans to transform multiplatform production in sport. Over 200 roles in News and Current Affairs were also moved from London to Birmingham, Leeds, Cardiff, Glasgow and Salford.

In BBC Local, we commenced plans to better serve audiences with more localised, digital content by creating a staffing model to deliver local online services. The World Service underwent an extensive review driven by its aim to become digital-first. This resulted in significant changes across many countries, strategic closure of selected linear broadcast radio and television services and changes to the operating model, including a new Senior Leadership Team. Across News there have been several leadership changes including a new CEO and a redesign of the News Board.

This reshaping of the workforce brings significant change including the creation of new and often digital jobs, the redesign of certain jobs to make them fit to add value to the future of the BBC and the reduction of select roles. We are working in partnership with our trade unions to find the best outcome for everyone. Nonetheless we have had some industrial action including two days of strike action and work to rule within the Nations divisions of the BBC.

We continue to work with our union leadership and national officials to deliver the BBC's Value for All strategy.

Reset values and behaviours

We have updated our BBC Values and have included behaviour statements for the first time – setting out clear expectations for our employees and additional expectations for our leaders.

Under the new value of 'Accountability' we set stretching targets for our Team Leaders. We have worked with all divisional senior leadership teams to embed the values and behaviours.

The values are now embedded in each stage of the employee lifecycle and are also now central to our induction and onboarding and a key part of the re-launched BBC Code of Conduct.

The BBC is committed to creating an inclusive working environment focused on respect and inclusion and free from bullying and harassment. In 2022/23 BBC Content has worked with key external stakeholders to improve practices across the industry, establishing the BBC as a market leader on the diversity, equality and inclusion front.

Performance with purpose

A purpose-driven work culture underpinned by high performance is a key enabler of our Value for All strategy. Under our myConversation framework, every employee has a high-quality two-way discussion twice a year with their line manager focused on their performance and development. We have improved the quality of these discussions to focus on setting clear and connected goals, using two-way feedback to learn and grow and providing support for career development. myConversation has been noted as an industry benchmark, selected as a case study showcased in Chartered Institute of Personnel and Development (CIPD) research.

myConversation is only one of many ways in which we drive our culture of high performance and accountability.

We expect the highest performance of our senior leaders and we measure their impact via the Senior Leader Index with metrics for the engagement levels of teams, the quality of performance and development discussions, the diversity and inclusiveness of the team climate and the focus on impartiality. In addition, all senior leaders have a 360 feedback report measuring how they demonstrate the BBC values in their behaviours and actions. Pay decisions for our Senior Leaders, and bonus outcomes for senior staff in our commercial entities, reflect performance against

the Leadership Index. This year, we have implemented a new approach to pay progression, the first step to ensure that everyone at the BBC is paid in line with their skills, experience and contribution. We will build on this work over the next few years to support our desired high-performance culture and Value for All strategy.

Talent attraction and development

We are committed to attracting, retaining and developing the best talent in the industry to serve our audiences. Our approach to talent attraction and development continues to focus on delivering a creative, innovative culture where the best people do their best work. We have transformed our approach to recruitment, launching a new Hiring toolkit for Team Leaders supported by dedicated hiring resources and briefings for over 1,300 Team Leaders. The approach includes a Values and Behaviours interview framework which recognises potential alongside experience. This enables us to hire talent that has skills to deliver the work but also potential to build skills needed to be successful in the future.

We have introduced a new and engaging employer brand and new Careers website. A revamped approach to talent attraction through LinkedIn (more than two million followers) and Life@theBBC Instagram channel (55% of followers aged 18-34 years) has given access to an increasingly diverse range of candidates, allowing us to compete for talent in a manner that's competitive, modern and digital.

We have made significant progress towards our target of 1,000 Early Careers and Staff apprentices by 2025. In the past 12 months over 100 people have begun apprenticeships and we now have 629 apprentices. Of the total apprentice cohort, 398 Early Careers apprentices now work in all BBC divisions across 28 different schemes with 69% based outside London. Our Early Careers apprentice diversity profile is 57% female, 24% people from Black, Asian or Minority Ethnic groups, 16% those with a disability and 24% from a low socio-economic background. We won the Macro Employer of the Year and Recruitment Excellence of the Year categories at the National Apprenticeship Awards 2022.

We have

629

Early Career and staff apprentices

We have achieved

50%

female representation in the workforce

649

people took part in Hot Shoes or 80/20 internal placements

9,000+

attendees joined Production Unlocked events

We also provide a wide variety of career development support for staff. The first internal BBC Careers Week took place in November 2022 with 16 virtual development sessions, six in-person Get Connected events across the UK and 1-2-1 sessions with career mentors.

Our Hot Shoes scheme (offering placements of two days to two weeks) and 80/20 (20% of time spent learning with another team for 3-6 months) gave 649 people an opportunity to immerse themselves into new disciplines, learn new skills, and further develop their careers – all whilst adding fresh perspectives and value to critical projects. We launched Cultivate Your Career and Supporting Career Development workshops focusing on opportunities to grow and develop, with over 370 attendees across both sessions and satisfaction scores of 77% and 88%, respectively.

Operational report

Our people continued

Human rights, modern slavery, anti-bribery

We are committed to respecting the human rights of all those who work for or with us. Our Terms of Trade require any suppliers we work with, and any subcontractors they use, to adhere to the codes of practice published by the Equality and Human Rights Commission and the Equality Commission Northern Ireland. In addition, suppliers, and subcontractors, are required to abide by our Code of Ethical Policy. The full code can be found here: downloads.bbc.co.uk/supplying/pdf/BBC_Ethical_Policy.pdf

We recognise the need to prioritise tackling the most severe human rights abuses, including modern slavery. We abide by the Modern Slavery Act 2015 and publish our Modern Slavery Statement in accordance with this. The full statement is available at: downloads.bbc.co.uk/aboutthebbc/reports/pdf/bbcmrsa2023.pdf

We are committed to a zero-tolerance approach to bribery and corruption. We expect all of those representing the BBC to abide by the BBC's Anti-Bribery Code of Conduct. The full code can be found here: downloads.bbc.co.uk/aboutthebbc/insidethebbc/howwework/policiesandguidelines/pdf/bbc_anti_bribery.pdf

Non-Financial Reporting Information (NRI) Statement

We acknowledge the non-financial reporting requirements of the Companies Act 2006 and have disclosed relevant associated information throughout the strategic report. For ease of reference, information relating to the five matters covered by the regulation can be found on the following pages: environmental sustainability (pages 66-70); our people (pages 54-57); human rights, modern slavery, anti-bribery (above). Further information can also be found in our business model (page 85), our principal risks (pages 111-121) and our non-financial performance (throughout the strategic report).



Case study: Accelerator Programme – Tess Foster



Accelerator is part of our integrated approach to talent development which made a positive impact in its first year. The programme sets out to grow and develop leaders with the potential to act on behalf of the whole BBC, to create inclusive environments, and to help others to thrive and take accountability. It offers a wide range of learning interventions, including senior sponsorship, external coaching, action learning and inside track seminars. Participants also get hands-on experience with diverse external organisations, working at board level on real-time challenges. After 12 months, more than half of those on the programme have moved into a new role.

Tess Foster was a producer in Content when the programme began and has found the past year transformative, both personally and professionally.

With the support of her Executive sponsor she built new networks, learnt to think more strategically, and got powerful new insights into a range of different projects and challenges faced by other organisations. She's now a Series Producer in BBC Education, managing the Tiny Happy People campaign.

Tess said, "The Accelerator programme helped me to recalibrate and made me realise that my background and life experiences gave me a unique and valuable perspective. I'm a woman of colour from a low socio-economic, regional, immigrant family.

The programme has made me fearless. I plan to keep moving forwards and upwards – and through allyship and supportive leadership – to steer my teams, the organisation, and the audience into a challenging and bright future."

World-class training

Our integrated and rich talent offerings, tools and programmes mentioned in this section offer some of the most comprehensive and market-leading talent development efforts, establishing the BBC as a magnet, incubator and launchpad for top talent. During 2022/23, continued professional development in Production, Technology, Journalism and Leadership skills were offered through a blend of online and face-to-face delivery, providing over 185,000 hours of learning with 79% of staff completing one or more course, plus a wide range of informal development opportunities through our learn@BBC platform.

Building audience trust is a priority with 97.2% of staff having completed mandatory Impartiality training. The BBC Academy launched the Editorial Standards Learning Hub, hosting over 30 hours of learning content dedicated to the pursuit of high editorial standards. Further content was added in response to the Thematic Review of Taxation, Public Expenditure, Government Borrowing and Government Debt. We have continued our Charter commitment to work in partnership to develop the skills of the wider creative sector with a series of Production Unlocked events across the UK. Partners included ScreenSkills, NFTS, RTS, local screen agencies and FE/HE. Over 9,000 attendees joined the events in person and online and attended sessions such as storytelling, creativity and Production Management.

Four internal and external-facing conferences (Trust in News; Climate Creatives; AI: The Future; and Connected Cars) reached a total of 7,500 attendees in person and online, with more than 25,000 watching recordings of the sessions after the event. Partners included The Guardian, LSE, Reuters Institute, EBU, Ofcom, Washington Post and Google. {develop: BBC} 2022, our annual software developers’ conference was hosted from Glasgow with domestic and international contributors. The conference had keynote speakers including Microsoft, Netflix and education charity Code your Future.

The BBC Academy Young Reporter project delivered outreach skills events for 16-18 year olds interested in on-air careers. The events were aimed at diverse, hard-to-reach audience groups in areas such as Bournemouth, Bolton, Wolverhampton, Liverpool and Tottenham.

Case study: Apprentices – Sanjana Idnani



The BBC is committed to having 1,000 apprentices in the organisation by the end of 2025: 500 Early Careers (new hires to the organisation) and 500 existing members of staff who are benefitting from personal and professional development that will give them a formal qualification. We are also running a pilot in the West Midlands called the Apprentice Hub – a Flexi-Job Apprenticeship Agency where we place apprentices into local creative, cultural and digital small businesses. At the end of 2022/23 we had 397 Early Careers and 232 Staff apprentices in the BBC, with numbers growing every year. We also placed 30 apprentices with local employers, through the Apprentice Hub.

Sanjana works in BBC Wales and is on the Journalist Advanced scheme. She said:

“I chose the BBC because of the breadth of different experiences you can have here and the way we tell stories. From

long form pieces to podcasts to social articles, I knew it would be the best place to refine my skills and, as an aspiring political journalist, many of my idols worked here including Laura Kuennsberg, Chris Mason and Ione Wells (who started off on this scheme!).

I’ve grown massively in confidence, acquiring new skills that a year ago I definitely would have shied away from. I’ve gone from never having edited video for social to doing it day-in, day-out. I have also delivered a piece for our weekly current affairs programme, *Wales Live*, where I did my first ever piece to camera.

The trust that is given to me and the opportunities I have had as an apprentice, have allowed me to tell the stories I want to tell, particularly those that featured underserved audiences. It also means I can learn the skills in the best way possible: by actually doing things!”



BBC Hub Apprentices – October 2022

BBC Academy and BBC Studios learning and development

Reach	2022/23
Total training completions*	88,146
BBC staff who completed one or more course	79%
Total learning and development hours	185,209
Number of learning and development days per EFT	1.2
Value for money	2021/22
Training delivery spend (£m)**	£12.28
Learning and development cost per EFT***	£553

Training data and EFT figures are BBC-wide, including PSB, BBC Studios and other commercial subsidiaries

* Total individual face-to-face, virtual classroom and online completions

** Total BBC Academy and BBC Studios training delivery spend excluding major projects

*** Total BBC Academy and BBC Studios training delivery spend divided by total EFT

Operational report

A BBC for all – Workforce diversity and inclusion and our equality information report

Each year, we set out in detail information about the diversity of our staff across a range of different characteristics and broken down by a range of categories. The full information can be found online alongside this Annual Report, and on this page we set out our overall performance this year and some of the steps we have taken to improve our workforce diversity and inclusion.

Overall, we continue to make significant progress against the strategic commitments set out in our three-year Workforce Diversity and Inclusion Plan.

This year, following the success of the Inclusive Hiring training pilot for recruiters and Interview Champions, we introduced ‘myHiring Toolkit’ to support hiring managers and ensure we can attract the very best talent to work at the BBC, wherever they are in the world, whatever their background. We aim to ensure that we have diverse shortlists for every leadership role and encourage diverse interview panels to ensure there are a broad range of perspectives and diversity of thought amongst interviewers. We also launched Inclusive Leadership training to support our leaders to build inclusive teams and created

an inclusion toolkit to help all colleagues foster an inclusive culture. In promoting inclusivity we have introduced a ‘supporting working lives’ policy framework, which harmonises the support available for all colleagues in key life events whether as new parents or carers; or dealing with bereavement, fertility or the menopause; or responding to life emergencies.

Our staff-led D&I networks play a very important role in our approach to diversity and inclusion by providing an effective way to reflect and understand the communities we serve, provide peer support and drive employee engagement in D&I. This year, to provide more support for our networks we strengthened the governance around the network programme. We provided protected time for network Chairs to devote to network activities each week (20%) and we ensured that each of the networks has active senior level and HR sponsorship to provide guidance and help drive inclusion throughout the organisation. We are also proud to be one of the first UK Broadcasters to launch an employee network focused on neurodiversity. Our staff network, Enigma launched this year and developed a Neurodiversity Handbook (developed by neurodivergent staff), which aims to

promote awareness and understanding of neurodiversity and help neurodivergent colleagues thrive in the workplace.

We continued with our Accessible First programme which seeks to ensure that accessibility for disabled staff and audiences is at the heart of our decision-making. We relaunched our disability passport scheme for staff last year and have since provided 72 disability passports across the organisation. We have also taken concrete steps to examine and improve accessibility within our technology and workplace through the introduction of guidelines and funding to support disabled staff with their accessibility needs. The Disability Allies upskilling programme also continued and, to further drive disability inclusion and representation, we relaunched our Extend programme which aims to attract disabled people to develop their careers at the BBC.

We launched new career development programmes and expanded existing programmes with a focus on diversity. On each of our development programmes launched in 2022/23, we achieved diverse representation in line with our 50:20:12:25 targets towards 50% female, at least 20% Black, Asian and minority ethnic, at least 12% disabled staff and at least 25% of staff from lower socio-economic backgrounds. As an outcome of these efforts and other initiatives that have been introduced, we’re proud that for the first time the BBC has achieved 50% representation of women and we continue to make progress towards our targets in other areas and against our commitments.



Filming Wild Isles

Detailed data on these and other characteristics, including divisional breakdowns, can be viewed at bbc.co.uk/aboutthebbc/documents/equality-information-report-2022-23.pdf

Pan-BBC – All staff and leadership: 31 March 2023

	Workforce	March '22	March '23	March '26 target*
Women	All Staff	49.5%	50.1%	50%
	Leadership	47.5%	49.0%	
B.A.M.E	All Staff	16.4%	17.0%	20%
	Leadership	13.1%	14.1%	
Disability	All Staff	9.3%	9.4%	12%
	Leadership	7.9%	7.9%	
Low Socio-Economic Background (household occupation metric)	All Staff	n/a	21.1%	25%
	Leadership	n/a	20.1%	

* Socio-economic diversity target to be achieved by financial year 2026/27

Our people data tables

On the following pages, we provide further data to support the information reported in this section.

Total average headcount 2022/23 (equivalent full time)

	2023			2022
	Staff excluding apprentices	Apprentices*	Total	Total
PSB Group	17,375	313	17,688	17,890
BBC Studios	3,752	45	3,797	3,159
Other commercial businesses	146	0	146	232
Group total	21,273	358	21,631	21,281

* Includes Early Careers and FJAA apprentices

Career Path Framework

Our Job Architecture maps employee roles across 27 job families and seven career bands (ranging from Band A to senior leaders), organising jobs in a clear, transparent and compliant structure that can be used for a variety of reasons ranging from career development discussions to transparent pay decisions.

BBC Group EFT/Headcount by CPF Band (excluding Performing Groups, Trainees and Apprentices and Non-CPF).

CPF Band	EFT		Headcount	
	EFT	EFT (%)	Headcount	Headcount (%)
A	200	1%	252	1%
B	2,034	11%	2,183	11%
C	6,063	33%	6,498	33%
D	6,593	35%	6,984	35%
E	2,264	12%	2,353	12%
F	945	5%	968	5%
FP	94	1%	105	1%
SL	304	2%	310	2%
Total	18,497	100%	19,653	100%

UK senior leader headcount by salary band (PSB only)

Salary band	2022/23 Actual	2021/22 Actual
£50,000 – £99,999	22	28
£100,000 – £149,999	102	102
£150,000 – £199,999	80	74
£200,000 – £249,999	26	21
£250,000 – £299,999	5	3
£300,000 – £349,999	6	5
£350,000+	1	1
Total*	242**	234

* Total excludes BBC Board members and pension directors

** Represents 1.3% of the total workforce

Spend on on-air roles*

	2022/23		2021/22		Variance £000s
	Spend £000s	Volumes	Spend £000s	Volumes	
Less than £40,000	37,095	23,197	33,222	19,163	3,873
£40,000 – £100,000	63,944	1,038	61,963	1,030	1,981
£100,000 – £150,000	15,301	125	14,412	118	889
£150,000 – £500,000	20,539	87	17,878	72	2,661
£500,000 – £1m	1,530	2	982	1	548
£1m – £5m	1,350	1	1,350	1	–
Total	139,759	24,450	129,807	20,385	9,952

* An individual is deemed to have an on-air role where they have significant (i.e. 80% or more) on-air responsibilities

Severance payments

Our redundancy policy is one month's pay for each year of service up to a maximum of 12 months' pay (for those who joined before January 2013 it is a maximum of 24 months' pay). Employees must have two or more years' continuous employment on cessation to be eligible for payment. We have maintained a cap on redundancy and severance payments of £150,000. Where redundancy pay is paid, notice is served. If an individual wishes to leave earlier than the end of their notice period, they must waive the remaining notice period and they do not receive payment in lieu.

In 2022/23, payments in lieu of notice (PILONs) were paid to two employees who left the BBC having not passed their probationary periods, as well as 29 overseas employees who left the business as part of restructures and where PILONs were paid due to local custom and practice and/or to assist smooth business operations.

Payment band	2022/23		2021/22	
	Spend £000s	Volumes	Spend £000s	Volumes
Under £10,000	214	62	402	70
£10,000 – £50,000	3,697	131	5,733	200
£50,000 – £75,000	3,250	52	8,369	134
£75,000 – £100,000	4,108	47	11,502	131
£100,000 – £150,000	16,583	124	26,473	210
Total	27,852	416	52,479	745

Information provided in line with the Trade Union (Facility Time Publication Requirements) Regulations 2017 – schedule 2 (1 April 2022–31 March 2023).

We continue to work closely with our recognised trade unions on transformation programmes across the BBC. In 2022/23 there were two formal disputes involving industrial action. There was a period of action short of a strike (work to rule) impacting Northwest Tonight and there has been a one-day strike and action short of a strike (work to rule) impacting BBC Local.

As part of the Trade Union (Facility Time Publication Requirements) Regulations 2017, public authorities are required to report information about facility time taken by trade union officials for a 12-month period. (Facility time refers to the time taken for our recognised trade unions to represent members both individually and collectively in a range of issues across the BBC.) This is detailed in the table below.

Relevant union officials

	2022/23
Number of union officials	319 (EFT: 305)

Percentage of time spent on facility time

	Number of employees
0%	0
1% – 50%	309
51% – 99%	8
100%	2
Total cost of facility time	£723,073
Total eligible PSB payroll	£1,264.3m
Percentage of total payroll spent on facility time	0.06%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	80%
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* There were ten union representatives seconded to represent their union, of which two worked full time for the union and eight were job shares working both for BBC and representing their union

Operational report

Our people data tables continued

Volume of internal complaints

Complaints made and investigated

	2022/23	2021/22
Bullying and harassment Grievance complaints notified either direct to HR, via a grievance being raised, or via the confidential bullying and harassment helpline.	34 formal cases <ul style="list-style-type: none"> • 4 sexual harassment • 30 bullying and harassment • 23 closed • 8 ongoing • 3 withdrawn Average time to close case: 69 days	53 formal cases <ul style="list-style-type: none"> • 1 sexual harassment • 52 bullying and harassment • 30 closed • 21 ongoing • 2 withdrawn Average time to close case: 103 days
Whistleblowing cases Whistleblowing allegations are received either via Navex Global, who manage an independent whistleblowing hotline on our behalf, via senior management including a designated non-executive director, or directly to the Investigations teams.	37 cases in total (a range of issues, including allegations of editorial malpractice, financial corruption, sexual harassment and misuse of power, etc): <ul style="list-style-type: none"> • 4 upheld • 7 unsupported • 8 not upheld • 18 ongoing 	33 cases in total (a range of issues covering safety, theft, fraud): <ul style="list-style-type: none"> • 1 upheld • 1 partially upheld • 3 unsupported • 17 not upheld • 11 ongoing

Raising a concern at the BBC

The majority of concerns raised by staff will be addressed by the BBC Grievance Policy or the BBC Bullying and Harassment Policy. Concerns should be raised, where possible, directly to line management, however support to take things further can also be provided directly by an HR Business Partner, or via the Bullying and Harassment helpline and the Care First support line and website. Whistleblowing allegations, also known as 'Protected Disclosures', can be made by anyone with genuine concerns about serious malpractice at the BBC. Concerns that can be raised via the BBC's Whistleblowing policy include:

- Matters that present a risk of serious harm, financial loss or legal liability on the part of the BBC, or may otherwise bring the BBC into serious disrepute;
- Malpractice in the affairs of the BBC, including for example, misuse of power and corruption (e.g. nepotism, abuse of an undeclared conflict of interest), and bribery
- Serious editorial malpractice (above and beyond normal editorial disagreements) or other acts or omissions amounting to serious professional malpractice

- Safeguarding concerns about a child or young person (i.e. a person aged under 18) or a vulnerable adult
- Actual or potential criminal offences
- Failure to comply with any legal obligation
- Risks to the health and safety of any individual
- Actual or potential environmental damage
- Information tending to show a cover-up of any of the above

The BBC's Whistleblowing Policy enables the anonymous reporting of serious allegations in an appropriate and effective way, including:

- via the Whistleblowing Team
- via the Divisional Director of Quality, Risk and Assurance
- via the Non-Executive Director on the BBC Board, Nicholas Serota
- via our external independent third-party provider Navex Global, either online or through their dedicated reporting line available in 37 different languages

In addition to whistleblowing process, we have internal employee relations route, grievance process to raise concerns, and various bespoke solutions to ensure that our employees are protected with processes that feel fair, transparent, and consistent

Updated whistleblowing policy

The renewed BBC Whistleblowing Policy was issued on 1 July 2022, which was developed following outcomes of the Serota Review. The updated policy expands the types of serious misconduct that can be reported through its mechanisms to include allegations which may present a risk of serious harm, financial loss, legal liability, or anything which may bring the Corporation into serious disrepute and acts of serious professional wrongdoing, including for example: misuse of power and corruption (e.g. nepotism, bribery, abuse of an undeclared conflict of interest), and serious editorial malpractice. The policy establishes a definition of 'serious editorial malpractice' and further clarifies the BBC's assurances to whistleblowers and duty of care to those accused of misconduct.

BBC Pay Gap report 2022/23

Introduction

Fairness and transparency are key principles of our approach to managing pay at the BBC. We have high levels of pay transparency internally as well as externally with the disclosure of the pay of our most senior and highly paid staff. We have reported our gender pay gaps since 2017 and since then have led the market by adding other protected characteristics and publishing our pay gaps by career band. We are planning to report our socio-economic pay gaps from next year. We have high levels of disclosure for all characteristics enabling us to undertake robust pay gap analysis and to measure our attainment of longer-term diversity objectives.

Our pay gaps are due to

representation

across the organisation

Our mean gender pay gap has halved since 2017 and is now

less than 5%

BBC pay gaps

The table below summarises the headline pay gap figures for the four categories covered in detail in the report as well as the category for part-time employees, with this year's data compared to last year's. Half of the pay gaps have reduced or stayed the same this year compared to last year, and half have increased.

We expect some small fluctuations in the pay gaps each year based on new hire and leaver numbers, as well as any specific pay interventions. This is reflected in the experience of other organisations in the industry. The specific reasons for any increase are noted in the sections for each characteristic below.

Our gender pay gaps are significantly lower than the national average median gap of 14.9%*. When we compare our pay gap numbers to the other main broadcasters in the UK, we continue to report lower mean and median gender pay gaps.

	Mean 2022/23	Mean 2021/22	Median 2022/23	Median 2021/22
Gender	4.7%	5.1%	7.3%	5.9%
Ethnicity	2.9%	3.3%	1.8%	1.6%
Disability	6.6%	7.4%	5.7%	5.9%
LGBTQ+	5.4%	4.2%	5.2%	4.9%
Part-time	2.6%	2.6%	4.2%	2.6%

Pay gaps at the BBC are primarily due to representation at different levels in the organisation; when we look at roles of a similar size by comparing average hourly pay by career band, our pay gaps are significantly smaller. See sections below for each characteristic.

Our pay gap reporting is just one feature of our focused work on diversity, inclusion and belonging at the BBC. In 2021 we published our Workforce Diversity and Inclusion Plan to further build trust with our staff, tackle inequalities and under-representation, role model inclusive behaviours, and establish an inclusive workplace. We made industry-leading commitments to improve representation by working towards a gender-balanced organisation with at least 20% Black, Asian and minority ethnic staff and at least 12% disabled staff by 2026.

Since then we have launched several initiatives to improve representation at every level of the organisation including ensuring that all of our talent attraction, career development, mobility, and leadership programmes reflect our representation targets. Our succession plans for critical senior roles have also been designed to align with our representation targets to ensure that efforts to improve representation are sustained over the long term. Our recruitment processes have also been transformed to improve inclusion at every stage of our hiring process to enable us to attract and recruit more people from underrepresented groups. We are making strong progress towards meeting our representation targets across the Group; we have achieved gender balance, have 17% Black, Asian and minority ethnic staff and 9% disabled staff. 10% of our employees have confirmed that they consider themselves to be bisexual, gay, lesbian, or other sexual orientation (not including heterosexual).

Additionally, we remain focused on creating a culture of inclusion and belonging. For example, we developed a ground-breaking Inclusion Toolkit, using creative talent within and outside the organisation, which has equipped staff and leaders with a broad range of tools to build an inclusive culture. Each of our nine active and engaged staff networks are supported by a senior executive sponsor and also help to reflect and understand the communities we serve, provide peer support, and drive engagement.

Whilst significant progress has been made to improve representation and inclusion throughout the organisation, there is still more work to do. Our leaders are committed to driving change to reflect the diversity of our audiences and create a culture where everyone can thrive, do their best work and deliver world-class content.

Equal Pay

Gender pay gaps are different to Equal Pay. Equal Pay is the legal requirement to pay men and women the same for equal or similar work. As part of our ongoing commitment to ensuring fair and equal pay at the BBC, we have concluded the latest in our five-yearly Equal Pay Audits delivered by independent third-party experts. The findings of this audit provide reassurance that there is no systemic gender discrimination in the approach to managing pay at the BBC and the gender pay gaps that we are reporting are not as a result of unequal pay.

Gender pay gaps

We have a 100% disclosure rate for the gender of staff as recorded on their National Insurance records. Of the total population covered by this report, 47% are female and 53% are male. (50% are female and 50% are male pan-BBC).

Our mean gender pay gap is now 4.7%; we have reduced this gap by over half since 2017 and are pleased to see the downward trend continue this year.

Our median gender pay gap has increased this year and is now 7.3%. This is mainly due to specific investments in pay, including for critical talent in key roles in our technology and product areas. These areas have higher proportions of men working in them in both the BBC and externally, and consequently our male median hourly rate has increased. As part of our commitments to improving representation, we are working towards improving gender balance in our technology and product teams, and we ensure that we have good examples of female representation on our career development, mobility, and leadership programmes, including Accelerator (69%) and Inclusive Leadership (64%), ensuring a strong pipeline of talent at all levels and across all divisions. We also have staff networks in place to provide peer support and improve representation of women in STEM.

Operational report

BBC Pay Gap report 2022/23 continued

We also saw an increase in the mean and median male hourly rates following the implementation of our new approach to pay progression which, due to relative position in pay ranges, benefited slightly more men than women. This increased both the mean and median pay gaps but is an important step towards ensuring everyone is paid appropriately for their skills and experience.

Our median gender pay gap including Northern Ireland is 7.3% and our mean gender pay gap including Northern Ireland is 4.8%.

	Mean	Median
2023	4.7%	7.3%
2022	5.1%	5.9%
2021	5.0%	5.2%
2020	6.3%	6.2%
2019	6.8%	6.7%
2018	8.4%	7.6%
2017	10.7%	9.3%

* Office for National Statistics, October 2022

The following table breaks down our gender pay gaps by career band.

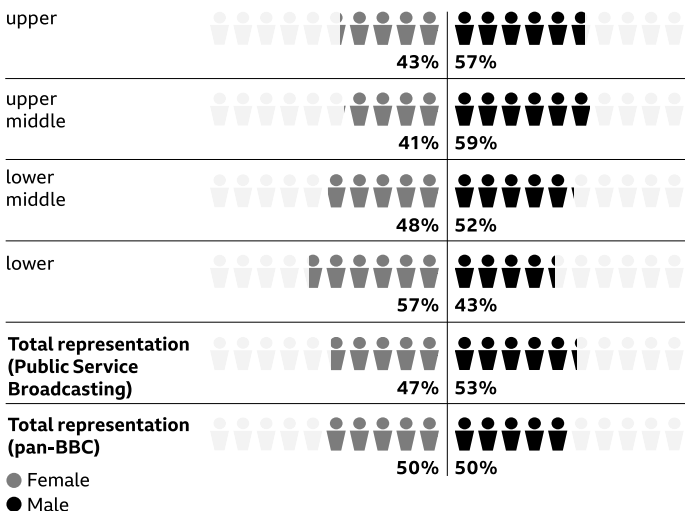
Band	Mean	Median
A	4.4%	2.4%
B	0.1%	0.1%
C	3.6%	4.1%
D	2.8%	2.7%
E	2.0%	3.1%
F	-0.7%	-0.3%
Senior Leaders	-5.9%	-7.9%

Negative pay gaps show that the minority group, in this case women, are paid more on average than the majority group.

Female representation as a percentage has increased overall and at each of our three highest career bands. We have more women than men in our lowest two career bands. To achieve further substantial reductions in our gender pay gaps, we would need to achieve gender balance at all levels in the organisation; we are making great progress to increasing the number of females at our most senior levels.

The following graph shows the proportion of women and men in each pay quartile.

Gender staffing split by quartile



Ethnicity pay gaps

97% of employees have shared their ethnicity data with us. 18% of our total population included in this report identify as being Black, Asian or part of another ethnic minority group (17% pan-BBC). Those who have not disclosed are excluded from the pay gap analysis.

The gap between the mean hourly pay for our Black, Asian, and minority ethnic staff and our white staff has decreased compared to last year. The median pay gap has increased slightly compared to last year. Our mean ethnicity pay gap is now 2.9% and the median is 1.8%.

	Mean	Median
2023	2.9%	1.8%
2022	3.3%	1.6%
2021	3.3%	0.0%
2020	3.0%	-0.3%
2019	3.2%	-1.1%
2018	4.0%	-1.1%
2017	5.7%	0.4%

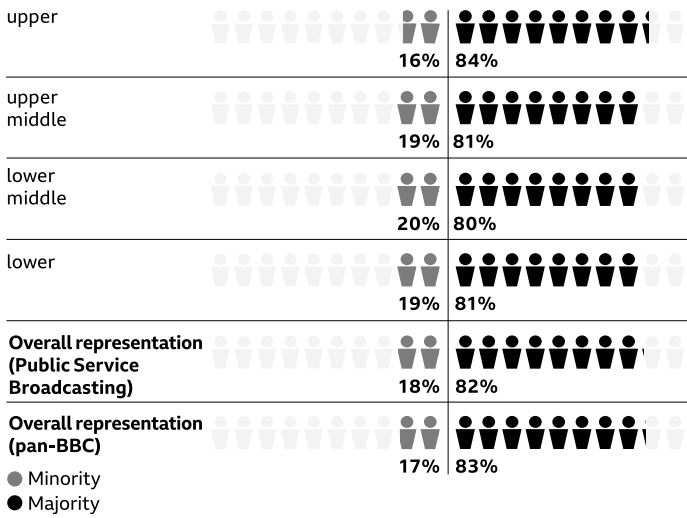
The following table breaks down our ethnicity pay gaps by career band (where we have more than 20 Black, Asian and minority ethnic employees in the band).

Band	Mean	Median
A	-7.0%	-8.6%
B	-2.5%	-3.1%
C	-4.5%	-5.1%
D	-2.2%	-2.5%
E	-4.8%	-5.0%
F	-3.9%	-0.5%
Senior Leaders	-5.8%	-23.4%

Negative pay gaps show that the minority group, in this case Black, Asian and ethnic minority staff, are paid more on average than the majority group. Our pay gaps by career band are impacted by the location of our Black, Asian and ethnic minority staff, many of whom are based in London and therefore in receipt of a London Weighting Allowance which is included in the pay gap calculations in line with the legislation. When this allowance is removed, the ethnicity pay gaps by career band are closer to zero.

The following graph shows the proportion of Black, Asian and ethnic minority staff and white staff in each pay quartile. This reflects representation across our career bands; we have a greater proportion of Black, Asian and ethnic minority staff in our lower career bands compared to our more senior career bands. To reduce the ethnicity pay gaps, we will need to increase representation across the organisation and in particular at our more senior bands. To achieve this, we are strengthening our RISE programme which provides career mentoring and development support for Black, Asian and ethnic minority staff. We have also ensured strong Black, Asian and ethnic minority representation on our recruitment, career development, mobility and leadership programmes such as Accelerator (27%), with a focus on inclusion in the end-to-end selection process creating the optimum conditions to achieve a diverse cohort from an open-to-all offer. Programmes such as the New Leader Programme are open to every new first-time manager, based across the UK and around the world, with capacity for priority places to improve diversity. We have also incorporated this approach in our succession planning to ensure that diverse talent is supported and representation is sustained over the long term.

Black, Asian and minority ethnic staffing split per quartile



The following table shows the pay gaps for specific categories of ethnicity. We continue to see the average hourly rate for our black employees being lower than the average hourly rate of our other employees and the gaps being much greater than the overall ethnicity pay gaps.

	Mean	Median
Asian	-1.0%	0.7%
Black	8.3%	6.4%
Mixed	5.8%	4.8%
Other	4.8%	1.2%

Disability pay gap

94% of employees have told us whether they have a disability, 9% of our total population included in this report have confirmed that they consider themselves to have a disability (also 9% pan-BBC). This includes all staff who consider themselves to meet the Equality Act definition of disability. Those who have not disclosed are excluded from the pay gap analysis.

The gaps between both the mean and median hourly pay for our disabled and non-disabled staff have decreased compared to last year and are now 6.6% for the mean and 5.7% for the median.

	Mean	Median
2023	6.6%	5.7%
2022	7.4%	5.9%
2021	5.6%	4.0%
2020	4.9%	3.6%
2019	4.8%	3.1%
2018	4.9%	4.0%
2017	5.2%	3.3%

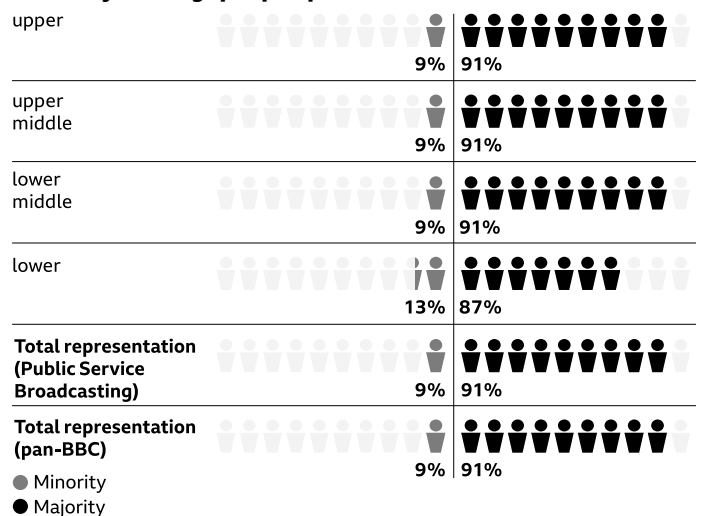
This table breaks down our disability pay gaps by career band (where we have more than 20 employees with a disability in the band).

	Mean	Median
A	1.0%	-2.3%
B	1.7%	0.7%
C	1.9%	2.7%
D	0.8%	0.5%
E	2.7%	2.3%
F	0.8%	3.5%
Senior Leaders	-	-

Negative pay gaps show that the minority group, in this case disabled employees, are paid more on average than the majority group.

The graph below shows the proportion of disabled employees in each pay quartile. This reflects representation across our career bands; we have a greater proportion of disabled staff in our lower career bands compared to our more senior career bands. To reduce the disability pay gaps, we will need to increase representation across the organisation and in particular at our more senior bands. To achieve this we have developed and launched several programmes to support disabled staff to progress their careers at the BBC. For example, our mentoring and development programme, Elev8, which aims to support career progression for disabled staff and our BBC Extend programme which increases opportunities for disabled people to develop their careers at the BBC by creating the best possible working environment. BBC Extend aims to improve representation at all levels of the organisation. Within our Content division, we have a programme to develop and progress the careers of mid-level deaf, disabled and neurodivergent production talent with the BBC and on BBC productions. We also launched an industry-leading disability passport scheme which facilitates career mobility for disabled staff by creating a more seamless transition of adjustments when moving to a new role within the organisation and across the industry. The Accelerator programme also exceeded our diversity target for disability, with 27% of the cohort reporting a disability compared to the BBC target of 12%. We have also incorporated this approach in our succession planning to ensure that diverse representation is sustained over the long term.

Disability staffing split per quartile



LGBTQ+ pay gap

84% of our employees have disclosed their data for this characteristic. 10% of our employees included in this report have confirmed that they consider themselves to be bisexual, gay, lesbian, or other sexual orientation (not including heterosexual) (also 10% across the wider BBC Group). The LGBTQ+ grouping also includes anyone confirming gender re-assignment regardless of sexuality. Those who have not disclosed are excluded from the pay gap analysis.

This year's gap between the mean hourly rates is 5.4% and the gap between the median hourly rates is 5.2%. The LGBTQ+ pay gaps have both increased this year compared to last year and have increased substantially since we started reporting these pay gaps in 2019. Alongside this, there has been a significant improvement in our disclosure rate since 2019.

Operational report

BBC Pay Gap report 2022/23 continued

	Mean	Median
2023	5.4%	5.2%
2022	4.2%	4.9%
2021	2.5%	2.7%
2020	-0.3%	0.8%
2019	-0.7%	0.7%
2018	-	-
2017	-	-

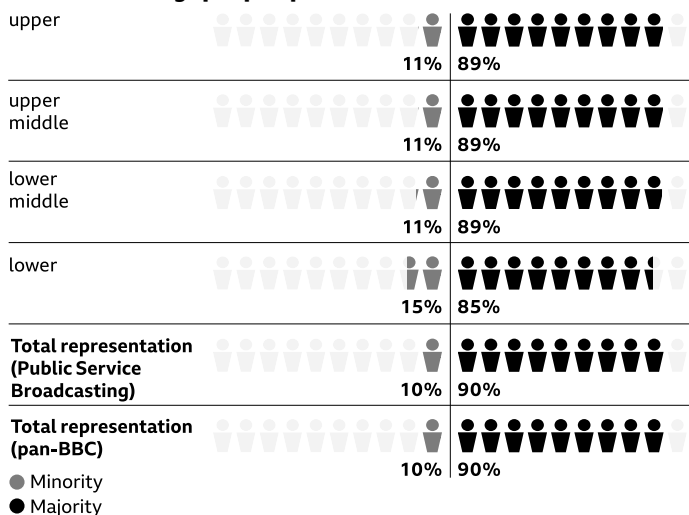
This table breaks down our LGBTQ+ pay gaps by career band (where we have more than 20 employees identifying as LGBTQ+ in the band):

	Mean	Median
A	1.8%	1.1%
B	4.6%	6.3%
C	4.1%	3.9%
D	-0.7%	-0.5%
E	-0.7%	-0.5%
F	-3.6%	1.6%
Senior Leaders	1.8%	0.3

Negative pay gaps show that the minority group, in this case LGBTQ+ staff, are paid more on average than the majority group.

The graph below shows the proportion of LGBTQ+ employees in each pay quartile. This reflects representation across our career bands; we have a greater proportion of LGBTQ+ staff in our lower career bands compared to our more senior career bands, although LGBTQ+ representation at every level of the BBC is strong. The Office of National Statistics estimates that UK population is 3.2% LGBTQ+. At the BBC 10% of staff identify as LGBTQ+. We are committed to fostering a culture of inclusion and belonging so LGBTQ+ staff can be open about their identity at work. This year, we will start to collect information about the percentage of LGBTQ+ colleagues that are open about their LGBTQ+ identity as a measure of inclusion and belonging – as a starting point we aim to achieve over 50%. We have also been delivering sessions on LGBTQ+ allyship for the last few years which helps to drive inclusive behaviours and create a sense of belonging for the LGBTQ+ community. Our LGBTQ+ staff network, Pride, also provides peer support and works to drive engagement in LGBTQ+ inclusion across the organisation.

LGBTQ+ staffing split per quartile



Additional payments at the BBC

There are no bonuses in operation in BBC public service broadcasting. The statutory reporting requirements for reporting on gender pay include a bonus gender pay gap. In line with that guidance, we calculate the figures below on our recognition scheme and long-service awards, although we do not consider these to be bonuses. The voucher-based recognition scheme allows staff in Bands A-F to be rewarded for exceptional performance. During the year, 2,845 staff received vouchers under this scheme, with the median amount being £200. 239 staff received long service awards and the median payment was £5,014.

The tables below show the proportion of staff in each characteristic receiving an award under the recognition scheme or long service awards and the gaps between the mean and median amounts received.

	% of majority group receiving an award	% of minority group receiving an award
Gender	18.3%	19.6%
Ethnicity	19.7%	16.4%
Disability	18.9%	19.5%
LGBTQ+	19.4%	20.3%

	Mean bonus gap	Median bonus gap
Gender	25.2%	0.0%
Ethnicity	30.1%	0.0%
Disability	20.3%	0.0%
LGBTQ+	-8.6%	0.0%

What does this report include?

The gender pay gap reporting in our Pay Gap report sets out the difference in both the mean and median gross hourly pay between men and women. As before, we have included voluntary disclosures of pay gaps for other protected characteristics (ethnicity, disability and LGBTQ+). Statutory calculations and results have been assured by the BBC's Internal Audit team.

This report provides the statutory disclosures required of BBC public service broadcasting for staff based in England, Scotland and Wales, including the World Service. It excludes our commercial subsidiaries; BBC Studios, BBC Global News, BBC Studioworks, Children in Need and Media Action. These either fall below the statutory reporting requirements by number of staff or are reported separately.

We have included data for people on staff contracts (both permanent and fixed-term). This includes our on-air presenters who have BBC staff contracts. We do not include any workers on freelance contracts. Agency workers who were engaged full time for the BBC but employed through third-party agencies are excluded as they will be included in the Pay Gap report submitted by the agency that employs them.

When reviewing our pay gaps, we draw up a list of our employees' earnings – from the highest to the lowest – and split it into four even groups, or quartiles. We have shown this data alongside the mean and median pay gaps and the pay gaps by career band for each characteristic. We have also included our bonus gaps, which relate to voucher-based awards made under our recognition scheme and our long service awards. Data presented is based on the statutory snapshot date for public authority employers of 31st March 2023.

Consultations

The BBC's Charter requires the BBC Board "to have regard to the benefits of consultation with interested persons" as part of our commitment to openness, transparency and accountability and is a key element in our engagement with stakeholders.

Material changes to the BBC's public service activities

The BBC must consider whether potential changes to our public service activities are material. We may only materially change such activities where a Public Interest Test has been carried out, this assesses the public value and market impact of any such changes, and the BBC's regulator, Ofcom, has determined they can proceed. Consultation with stakeholders forms a key part of any Public Interest Test.

Public Interest Test consultation on changes to BBC iPlayer

We reported last year that, as part of the BBC's vision to improve its digital offer and deliver more value to audiences, the BBC would be consulting on plans to improve BBC iPlayer by offering more box sets and archive content, making more BBC series available on-demand, and ensuring that news and current affairs are as important to BBC iPlayer as on broadcast.

In June 2022, we set out the detail of these proposals which would allow the BBC the freedom to improve and increase the availability of programmes on BBC iPlayer by allowing us to publish – subject to our financial and operational constraints – any title on BBC iPlayer in line with our agreements with producers and underlying rightsholders, including the availability of any returning series as full series box sets.

The changes proposed would deliver more value to audiences by meeting modern audience expectations, reducing programming gaps and building confidence in BBC iPlayer as a destination. They would better enable the BBC to deliver its mission and promote its public purposes, serving all audiences including those with strong on-demand viewing habits. The ability to publish more archive content would enable the BBC to introduce audiences to a wider range of highly distinctive programmes across a broad range of genres and better serve all demographic groups. Publishing more BBC commissioned content on BBC iPlayer under the previous or existing terms of trade would also be beneficial for the production and talent sector.



Waterloo Road

In October 2022, following a period of consultation, audience research and economic analysis, the BBC Board decided that the proposals were not material – and would, in any event, deliver high public value without significant adverse market impact. The Board found that the proposals would contribute to the fulfilment of the BBC's Mission and Public Purposes by offering: better value for money for licence fee payers; a broader range of genres and programmes; better representation and portrayal; greater availability of accessible programmes; and increased news consumption.

To understand any possible market impact we modelled two scenarios that increased the size of the BBC iPlayer archive by 300% and 600%, respectively. We found that neither scenario had a significant adverse impact on fair and effective competition.

The BBC subsequently referred the proposal to Ofcom. In November 2022, after reviewing the plans, Ofcom concluded the BBC's proposal was not a material change, allowing the BBC to proceed with its plans.

Operational report Environmental sustainability

The BBC Group remains committed to producing internationally renowned content which informs our audiences on environmental issues, whilst also keeping our operational environmental impacts to a minimum. This year we have worked with a number of external partners for assurance on our sustainability target setting and reporting. We aim for excellence and transparency in our environmental reporting as appropriate for our position as the most trusted global news broadcaster.

Net Zero targets

Our Net Zero (NZ) near-term targets, approved by the Science Based Targets initiative (SBTi) in 2021, commit the BBC to reduce the greenhouse gas (GHG) emissions from our direct operations (Scopes 1&2) by 46% and from our value chain (Scope 3) by 28%, both by 2030/31 from a 2019/20 baseline. To meet the SBTi standard, we will be setting long-term NZ emission reduction targets during FY2023/24, as required to decarbonise our GHG emissions by 2050.

Scope 3 emissions are largely estimated and the data sets and methodology are undergoing continual improvement, which is usual leading practice. As part of improving our estimated Scope 3 emissions data, we re-calculated our Scope 3 baseline for 2019/20 by applying the Exiobase emissions factors to spend and revenue-based input data, which are better aligned to our business type and global operations. Read more about the methodology on the Environmental Sustainability section of our About the BBC website at: bbc.com/aboutthebbc/reports/policies/sustainability.

The updated 2019/20 emissions baseline proportions are shown in the diagram, which excludes 'Use of Sold Product' to align with SBTi boundary exclusions.

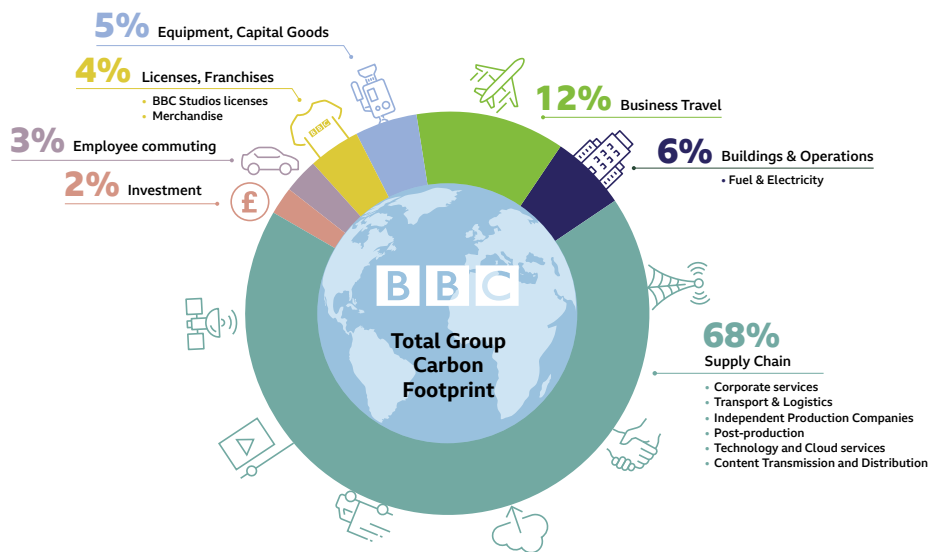
We have also calculated the BBC Group's GHG emissions for 2021/22 and 2022/23 to assess trends and identify carbon reduction challenges. All data is currently undergoing verification to ISO standard 14064. Scope 1&2 data and performance is shown in the table on this page. Recalculations of the Scope 3 data for 2022/23 using the Exiobase emissions factors is still ongoing.

Net Zero performance against targets

We are making significant progress against our direct operational or Scope 1 and 2 emissions and are currently tracking ahead of our target pathway at -13% reduction as the table below shows. This has been achieved through a targeted set of initiatives against our fossil fuel and electricity usage. These include upgrading and exiting properties, such as the move from Cardiff's Broadcasting House to our BREEAM (Building Research Establishment Environmental Assessment Method) Outstanding office in Central Square and reduction of our footprint in Bristol Broadcasting House. We have also increased the number of international sites procuring green electricity backed by Energy Attribute Certificates. Additionally, we have reduced our gas consumption across our key sites and our diesel usage in our productions.

All units in tonnes CO ₂ e	2019/20	2021/22	2022/23 ¹	2023 % change from baseline
Scope 1 Stationary combustion, mobile combustion and fugitive emissions	19,545	19,218	16,964	-13%
Scope 2 Purchased electricity (market based) ²	6,400	5,306	5,529 ³	-14%
Purchased electricity (location based) ⁴	46,897	36,238	32,622	-30%
Scope 1&2 aggregated emissions reductions				-13% ⁵
Emissions intensity of Scope 1 & 2	5.2	4.6	3.9	

- For FY 2022/23, where not all actual data was available due to the timescale, some estimates have been used
- Market based This method reflects emissions from electricity purchased
- Methodology updated in 2022/23 to use supplier specific emissions factors for UK sites not covered by REGOs. We plan to recalculate our baseline emissions using this method later in 2023 and will restate these in next year's ARA
- Location based This method uses the average grid factor for the location, where energy consumption occurs
- Scope 1&2 reduction in 2022/23 was -13.3% against SBTi of -12.6% based on reduction of -4.2% per year from baseline



Working with Microsoft, we have implemented an online platform to collate all the BBC's environmental data, known as EARTH (Environmental Accounting, Reporting and Tracking Hub). EARTH will improve the consistency of our pan-BBC performance tracking and simplify our external reporting.

To reach our targets, we continue to focus on emission elimination, as outlined on our Environmental Sustainability website at: bbc.co.uk/sustainability. Our decarbonising actions will include closing some of our older buildings and upgrading others. Our Technology division is piloting energy efficiency projects with our equipment, reducing operating times to the minimum

needed for business continuity. Our Sustainability, Workplace, Procurement and Transport teams are collaborating to replace internal combustion engine vehicles with electric vehicles across our UK fleet.

Our content producing and commissioning teams are encouraged to cut their emissions by mandating the BAFTA albert industry standard for sustainable TV production on all new commissions and continuing series. This standard requires programme makers to complete a carbon action plan to reduce emissions at the outset, before measuring and finally offsetting irreducible emissions at the end of the production. To meet this commitment, emissions for all BBC Public Service productions for FY2021/22 were

collated in April 2022 and carbon credits were purchased from Climate Impact Partners which met internationally recognised standards. See further details for audience related actions under the People Positive section on this page.

Engaging our supply chain

We continue to work with our suppliers and partners to reduce our supply chain emissions, which equate to approximately 68% of our carbon footprint baseline. We are now into the second year of our Carbon Disclosure Project (CDP) supply chain programme. CDP is a global disclosure system for organisations to manage their environmental impacts. In the 2022 CDP cycle, 163 of our key suppliers took part. We continue to support our suppliers throughout this process, encouraging them to join us on the transition to Net Zero. CDP data is used to inform our initiatives to reduce our Scope 3 emissions. Our ambition in 2023 is to engage over 250 suppliers. Our Responsible Procurement Strategy which focuses on the three P’s – Planet, People and Pound – emphasises our sustainability and social value goals and delivers value for licence fee payers, placing emphasis on selecting suppliers who share the BBC’s objective of putting social, environmental and economic sustainability at the heart of their operations.

TCFD and Governance

For our Task Force on climate related Financial Disclosures (TCFD), we have improved our climate scenario analysis from 2021/22, by incorporating our strategic response and mitigating actions into our TCFD financial modelling, where possible. Two climate scenarios were explored this year under the globally acknowledged third-party ‘Net Zero’ (1.5°C warming equivalent by 2100) and ‘Current Policies’ (3.5-4.5°C warming equivalent by 2100) scenarios. We also evaluated our climate risks and opportunities (CROs) against three time horizons for the short (2023 to 2029), medium (2030 to 2039) and long term (2040 to 2059). There is inherent uncertainty in all climate scenario analysis modelling, but particularly for four of the eight CROs explored, as noted on the table on page 68.

Our analysis showed that the impacts of transition risks are most pronounced under a Net Zero scenario, whilst physical risks such as flooding are expected to become more frequent and severe in the longer term under the Current Policies scenario. Other physical risks were considered as potential CROs in addition to flooding but not found to be as material. They will be reviewed as future climate change impact risks emerge. The latest scenario data has been used, driven by Network for Greening the Financial System, and other recognised public climate databases have been leveraged where there are limitations,

including the International Energy Agency, and the World Resources Institute Aqueduct tool. Numerous workshops have taken place with key internal BBC stakeholders and third-party consultants, to improve modelling assumptions and outline limitations, enabling alignment with TCFD guidance and best practice.

We are continuing to build our resilience against climate-related risks and maximise on opportunities to ensure we are well-positioned to respond to these scenarios.

The BBC’s Audit and Risk Committee support our alignment to the TCFD recommendations and reports on this to the BBC Board. See details on page 120 in the Our Principal Risks section of this report.

The BBC has also achieved a Carbon Disclosure Project rating of B for climate strategy maturity in our first year of submission. This equates to the average for businesses in the Media, Telecomms and Data Centre Services sectors. The BBC has conducted an internal readiness to report assessment for the Government’s Transition Plan Taskforce. Sustainability is now assessed and monitored as a Project within the BBC’s Critical Project Portfolio.

Nature Positive

In view of our globally significant wildlife content, we have been piloting the beta Taskforce on Nature-related Financial Disclosures (TNFD) framework, assessing which of our assets interface with nature, particularly with biodiversity-sensitive and

low-integrity areas. We are also working to improve our understanding of the BBC’s nature-related risks and opportunities. We are working with a third party to calculate our Biodiversity Footprint, following a model used by Oxford University.

People Positive

The BBC informs and educates on the topic of environmental sustainability – both externally to audiences and internally to its staff. As part of the BBC’s commitment to our industry’s Climate Content Pledge (see further details in the Sustainable Programming section of this report on page 27) we measure the impact of our content – our ‘brain print’ – with twice yearly online audience polling. The most recent data has shown that 41% of UK adults say that the BBC increased their understanding of environmental issues.

In March 2023, we started an impact research project on the natural history series *Wild Isles*, building on the work we did around *The Green Planet* in 2022. We are also conducting impact research on the *Frozen Planet II* Worlds created in partnership with Minecraft Education. We expect to report on both projects next year.

As part of the Climate Content Pledge, we commissioned, with other broadcasters, Ipsos and CAST to conduct research into the most impactful approach to environmental content making, the summary findings of which will be published here: [ipsos.com/en-uk/pan-uk-broadcaster-climate-research](https://www.ipsos.com/en-uk/pan-uk-broadcaster-climate-research).

**Case study:
The Green Planet**



An assessment of audiences’ self-reported nature appreciation and pro-environmental intentions and behaviours as a result of watching the natural history series *The Green Planet* found that, even when taking other influencing factors – such as age, income, gender and education – into account, compared to non-viewers/wider society there were strong, positive associations between watching the series and these outcomes:

- Enhanced wellbeing
- Increased nature appreciation
- Additional park and garden visits
- Reduced energy usage and increased recycling rates



Operational report

Environmental sustainability continued

TCFD – Scenario analysis results table

Material risk or opportunity	Time horizon			Description	Potential financial impact if no action is taken to mitigate risks or if opportunities are realised	Strategic response
	Short	Medium	Long			
Climate-related risks						
Increased costs associated with carbon pricing, offsets and taxation (includes mitigation action)				UK and international net zero commitments will likely result in the acceleration and implementation of carbon pricing mechanisms including emission caps with offsetting requirements and carbon taxes.	Increased direct costs associated with BBC's emission footprint and indirect costs through BBC suppliers passing on carbon costs.	Review offset strategy schedule and assess potential of internal carbon price to accelerate de-carbonisation activity, and continue to pioneer low carbon innovation.
Flood risk causing damage and service disruption				Increased precipitation and event intensity will likely increase the risk of flooding, thereby increasing the risk of both damage to assets and infrastructure, as well as disruption to service provision.	Increased costs from repairs and maintenance, increased insurance premiums, as well as decreased revenue as a result of prolonged service disruptions.	Ensure asset exposure to flood and high temperature risks is regularly monitored with necessary resilience built-in.
Climate-related opportunities						
Savings from energy efficiency				Opportunity to roll out energy efficiency improvements to BBC buildings, operations and behaviours will likely enable energy and cost savings	Reduced direct costs from reduced energy consumption across BBC's estate and operations and shifting to more sustainable cost-effective fuel types.	Implement energy efficiency and building optimisation programme across BBC Group and estate.
Engaging audiences and producing factual content				The BBC has the opportunity to enhance its leadership in the production of factual content by engaging, informing and inspiring audiences through our content.	BBC's factual content services appeal to wider audiences and new markets, enabling new partnership and funding opportunities across the BBC Group.	Continue audience polling and other data tracking to determine audience preferences and climate content impact. Continue carbon measurement and sustainable production certification across products and services. Undertake tracking of climate-related themes in editorial content.
More uncertain risks and opportunities at this stage						
Climate-related risks						
Reduced talent attraction and retention*				The BBC's decarbonisation strategy and reputation on climate-related matters will affect attraction and retention of BBC employees.	Increased staff costs to incentivise and retain employees and additional operating costs related to hiring due to higher attrition rates.	Ensure sustainability ambition and activity meets leading practice standards and aligns to industry and employee expectations.
Limited access to capital (included mitigation action)*				Providers of capital increasing have their own net zero commitments resulting in higher costs of capital for organisations that are perceived to not be taking sufficient climate action.	Increased interest rates associated to capital borrowing, which has the potential to impact the commercial side of business.	Ensure that progress against targets is performance monitored with necessary interventions to maintain critical path.
Reputation risk from greenwashing*				Public perception of mismatch between strong content messaging and poor performance against targets or suppliers/employees misaligned with BBC's climate strategy.	Loss of revenue from reputational damage resulting in reduced partnership opportunities as customers shift to competitors, as well as increased cost from climate litigation.	Ensure that progress against targets is performance monitored with necessary interventions to maintain critical path.
Climate-related opportunities						
Reputation for climate leadership*				The BBC has the opportunity to demonstrate climate leadership in the media industry, both through climate strategy and targets.	Increased revenue driven by reputational benefits resulting in a wider audience for BBC's services, as well as increased partnership opportunities across BBC Group.	Ensure results of polling and impact measurement are shared with BBC content creators and that the BBC sustainability strategy meets the highest operational standards. Promote the BBC's sustainability actions to audiences and industry to ensure visibility and share learnings.

Anticipated onset of risk/opportunity

Estimated full impact of risk/opportunity

* High uncertainty in scenarios analysis modelling for these risks/opportunities

Operational impact

To ensure that all our TV content producers make programmes sustainably, the BBC continues to play an active and prominent role in the BAFTA albert Consortium and Directorate. This collaborative pan-industry initiative promotes positive action to tackle climate change in film and TV production across all genres, both on and off screen.

Use of the BAFTA albert sustainable production certification tools has been mandated for all new TV content commissions, recommissions and continuing series since January 2022, with the exception of very low budget productions or content acquired as a completed production. Albert certification requires both the carbon footprint calculation and the carbon action plan (CAP). Productions commissioned before January 2022 are still expected to complete the mandatory albert carbon footprint but the CAP is only a recommendation.

See performance against these targets in the table below:

Target	Progress for FY22/23 ¹
100% albert carbon footprint calculation across all output (mandatory).	99% ²
100% of output commissioned since January 2022 is albert sustainable production certified (mandatory).	92% ³
100% of all output with albert sustainable production certified (recommended).	96% ⁴

- 1 Progress % is sum of completed + predicted to complete because final data unavailable at time of publication
- 2 For albert footprints this is a projected figure 92% complete + 7% expected
- 3 For albert certification (mandatory) this is a projected figure 85% complete + 8% expected, but rounds down to 92%
- 4 For albert certification (recommended) this is a projected figure 72% complete + 24% expected

100% targets have not been reached largely due to a limited number of projects starting their CAP too late in the production process to achieve certification. To better support producers we have clarified this requirement in our commissioning specification form. We continue to work with production teams across BBC Public Service, BBC Studios and importantly independent production companies to improve education, engagement and take-up of the footprint tool and CAP.

Many BBC production teams across all TV genres continue to make content with concern for the environment, employing low carbon working methods. We encourage them to focus on their most significant impacts in Travel, Energy and Waste.

Travel

Some production practices used under Covid-19 travel restrictions have been retained, but unsurprisingly production travel emissions have risen during 2022/23 since the travel restrictions were lifted. We have travel-related sustainability principles in our expenses policy, which urge staff to use the most ‘carbon efficient’ modes of travel, choosing train rather than flying for UK mainland journeys, sharing vehicles wherever possible and using public transport rather than taxis. BBC Studios and BBC News have set travel emission targets for their staff and other BBC Divisions are working towards setting travel emission targets for 2023/24.

Twelve BBC buildings across the UK have been identified as strategic locations to install electric vehicle (EV) chargers to support the decarbonisation of our operational fleet, which is a key sustainability objective.

The BBC’s hire car and taxi suppliers have improved their booking systems to include EVs, but global supply issues are affecting vehicle availability.

Energy

Changes to our use of energy are shown in the table below. Natural gas and fuel oil are used to heat our buildings and there were increases in use to counter the extra ventilation required to combat Covid infection. These increases were counteracted by a significant reduction in use from closure of older, less energy efficient properties and moving to new ones such as Cardiff’s Central Square. Increases in diesel and/or petrol usage in 2021 and 2022 come from improved, more comprehensive data rather than increased fuel consumption across the BBC Group. Our self-generated renewable electricity comes from five BBC sites that have solar photo-voltaic installations.

Changes to energy usage

	Unit	2019/20 ¹	2021/22 ¹	2022/23	Current % change from 2021/22	Current % change from baseline
Natural Gas	kWh	85,993,636	84,419,474	63,098,646	-25%	-27%
Fuel Oil ²	litres	39,500	124,800	50,000	-60%	27%
Diesel ³	litres	771,419	841,648	880,566	5%	14% ⁵
Petrol ⁴	litres	40,347	218,884	167,854	-23%	316% ⁵
Purchased electricity	kWh	179,393,765	163,054,712	159,388,898	-2%	-11%
Purchased renewable electricity	kWh	158,388,180	144,925,891	141,874,887	-2%	-10%
Self-generated Renewable Electricity	kWh	137,634	351,183	706,885	101%	414%

- 1 Some values have been restated due to data improvements
- 2 Used by BBC Belfast Buildings only
- 3 Diesel used by both fleet vehicles and generators
- 4 Petrol for fleet vehicles
- 5 Increases due to data improvements rather than increased fuel consumption

Case study: HVO fuel

Using certified hydrogenated vegetable oil (HVO) rather than standard diesel to fuel generators can significantly reduce carbon emissions. Productions have reported no compromise in performance. In addition, anecdotally, they have noted experiencing far fewer fumes and a more pleasant working environment. HVO was used to power coverage of several sporting events in 2022 including the Snooker World Championship, the Women’s Super League Football and the Women’s 6 Nations Rugby.



Operational report

Environmental sustainability continued

Greater use of low-carbon energy is also critical to our operational NZ aims. BBC News are continuing to pilot use of their satellite news gathering (SNG) vehicle with a battery powered, on-board broadcast system as well as exploring other ways to avoid using diesel generators. BBC Sport are using mains power for live events where supply is sufficient, combined with batteries where appropriate, as well as trialling 5G technology for sports outside broadcasts and exploring remote production methods.

BBC Studios Natural History Unit series *The Watches* pioneered the use of hydrogen and battery powered generators for their live outside broadcasts. Several BBC Studios live events, including the Platinum Jubilee celebrations, now use hybrid generators combining batteries with diesel generators, reducing their fuel use and carbon emissions. Other scripted productions are now also beginning to explore hybrid energy technology and are collaborating with suppliers to find innovative power solutions that are more mobile. Where possible, we prioritise hydrogenated vegetable oil (HVO), which has lower emissions than standard diesel.

Waste

Production waste from our Drama studios makes the most significant contribution to the BBC's overall waste. BBC Studios has found innovative new solutions to repurpose these materials, working with the social enterprise Community Wood. We have also begun working with Ramco, another circular economy organisation, which has taken unwanted assets from 23 BBC sites and is finding new homes for them outside the BBC. Reusing products and materials extends their useful life to maximise their value elsewhere whilst averting

the emissions which would have been generated had they entered waste streams.

BBC Technology encourages colleagues to return IT tech that is no longer needed, for reuse or recycling. The BBC has also donated 2,000 laptops to schools as part of the Give a Laptop campaign. Our commercial subsidiary Studioworks achieved Zero Waste to Landfill certification in 2022. Post-Covid, our office printer utilisation has reduced by over 92%, cutting our paper usage and carbon emissions associated with the waste and transport work streams.

Waste data

Currently only available for UK sites and not international offices.

All units in tonnes	2019/20	2021/22	2022/23
Waste recycled	1,951	831	1,006
Waste incinerated with energy recovery	1,176	1,280	1,120
Waste incinerated without energy recovery	0	0	0
Waste to landfill	394	24	21
Anaerobic Digestion	222	81	145
ICT waste recycled	40	27	26
Total Waste	3,783	2,243	2,318
Reuse	0	0	44

Sustainable culture


The BBC's HR division has embedded the principles of respect for people and planet in our BBC Values. BBC HR partners with organisations to provide staff benefits such as EV and bicycle loan schemes and access to Liftshare to encourage sustainable car commuting, supporting both carbon and costs savings for our staff.

We work with the BBC Academy to ensure that staff training in sustainability is prioritised with mandatory courses for News journalists and non-News, in-house Content producers and Commissioners as well as training for operational teams and short courses for general staff. All programme makers, within the BBC and external suppliers, can access our Environmental Sustainability Topic Guide and Glossary: [bbcademyfiles.s3.amazonaws.com/assets/-projects/Environmental-Sustainability-Topic-Guide/course/index.html#/,](https://bbcademyfiles.s3.amazonaws.com/assets/-projects/Environmental-Sustainability-Topic-Guide/course/index.html#/) with the latest information based on the best scientific evidence available.

We run engagement events which are used industry-wide, including the one-day BBC Academy Climate Creatives 2022 virtual festival, which had over 1,600 session views for the live event. In 2023, we ran a sustainability engagement and climate science training exercise for senior leaders from the Chief Operating Officer's Group to ensure climate literacy at the highest levels of operations across the BBC Group.

BBC Divisions are engaging with sustainability to drive change across the organisation, often partnering with external bodies. BBC Sport works with Sport Positive Summit and other sustainability sports bodies. BBC Technology supports DIMPACT, a collaboration between academics and media companies to calculate the carbon emissions of digital media.

At our larger BBC offices, volunteer Green Teams also engage with colleagues running staff events. To embed sustainability culture, we continue to share regular internal communications on sustainability activities within the BBC.

 **p.27** to read more about sustainable programming

Case study: Embracing the Circular Economy

Social enterprise Community Wood recovers production set timber for re-use in a circular economy framework, simultaneously creating jobs and opportunities for disadvantaged groups. In January 2023, 41% of our timber was made into new products, 42% was re-used for firewood or on allotments and 16% was recycled into chipboard or wood chip for fuel.



Charitable work



BBC Media Action broadcast mentor Patrick Mulehi interviews Ekusi, a farmer and mother near Natoot village, Turkana, Kenya

113 million

people reached by BBC Media Action in 23 low-and-middle-income countries in 2022/23

1,800

local charities receiving funding from BBC Children in Need across the four nations, helping to improve the lives of 450,000 children and young people in 2022/23

The charity appeals broadcast on the BBC this year have once again raised millions of pounds for organisations across the UK and around the world and we are grateful for the generous response of our audiences.

The BBC gave airtime to 60 charities through the Radio 4 Appeal and BBC One's Lifeline. Charities were selected for these slots after a rigorous quarterly applications process and their appeals told a range of diverse stories from across the UK and internationally. Audiences can read about the impact of these access appeals at: bbc.com/charityappeals/what-your-money-does.

In December, the annual Radio 4 Christmas Appeal with St Martin-in-the-Fields Charity was broadcast. It has raised over £5.1 million, helping people across the UK to find a safe place to call home and access to the support they need.

In Northern Ireland there were 12 Appeals on BBC Radio Ulster/Foyle and BBC Northern Ireland television. Applications were also invited from local charities for upcoming Appeal slots and all of this activity was supported by a dedicated website and developing social media presence. Broadcast Appeals in Northern Ireland remain focussed on awareness-raising about the work of local charities and their support needs.

The BBC broadcast two appeals for the Disasters Emergency Committee (DEC). The first, in September 2022, was for those affected by the floods in Pakistan. The second, in February 2023 was the Turkey-Syria Earthquake Appeal and the DEC

reported that donations to this reached £140.2 million in the first two months alone. The Ukraine Humanitarian Appeal launched the previous year continued to attract donations and has now raised £417.4 million.

BBC Children in Need

The BBC's UK charity currently funds over 1,800 local charities and projects across the four nations, helping to improve the lives of 450,000 children and young people in the past year alone. Colleagues across the BBC supported the 2022 Appeal, sharing these powerful stories and inspiring the British public to respond with extraordinary generosity once again. Special programming included: *Countryfile Ramble*; *The Rickshaw Relay Rides Again with BBC Breakfast*; *DIY SOS Children in Need Special*; *The One Show's Surprise Squad* and *Radio 2's The Great Treadmills Challenge*. An incredible fundraising total of £35 million was announced at the end of the Appeal campaign, a figure that has continued to rise. For more information, visit: bbc.co.uk/Pudsey.

BBC Media Action

BBC Media Action, the BBC's international charity, reached 113 million people in 23 low- and middle-income countries last year, supporting local independent media essential to democracy and development and delivering programmes that bridge divides, challenge inequality, and protect health and our planet.

This year BBC Media Action continued to support public interest media in Ukraine, Afghanistan and other fragile and conflict-affected states to deliver trusted

information, and delivered an FCDO-funded media support project in Sierra Leone, Bangladesh and Ethiopia. Highlights also included a 'Best Trust Initiative' award for the *El Kul* (For Everyone) current affairs media platform for Libyan audiences; a publication on information disorder co-authored with Google Jigsaw and Cambridge University; and the launch of the International Fund for Public Interest Media for independent media support, based on BBC Media Action's original concept and feasibility study. Learn more at: bbcmediaaction.org.

Comic Relief

Red Nose Day 2023 has raised £35.7 million, a total which continues to increase, and enjoyed magnificent support from the BBC. All major radio stations took part whilst *The One Show*, *BBC Breakfast*, *Morning Live*, *BBC One* and *Radio 1* raised millions for our challenges, as celebrities cycled, DJ'ed, scaled mountains and survived a 24-hour danceathon, whilst *Blue Peter* went red for the day.

With a pioneering interactive trails campaign, the Red Nose Day night of television performed beyond expectations. A raft of big names and shows spoofed *Ghosts*, *The Traitors*, *Eurovision* and more, we had spectacular music, fundraiser surprises and diverse appeal films, featuring Prince William amongst others, showing how donations help those who need it most in the UK and around the world. Read more at: Comicrelief.com and Comicrelief.com/rednoseday.

Operational report

Partnerships and collaboration

The BBC partners with an extensive portfolio of organisations to deliver value to audiences across the UK and beyond. Over the past year we have focussed our work around increasing the impact of the BBC's partnerships whilst ensuring that partners continue to gain optimal value through their collaboration with the BBC.

Recently published research finds that the BBC's sustained investment in the local media ecosystem through building talent pools and convening and partnering across the sector locally encourages crowding in of other businesses around the BBC's local hubs (eg. Bristol, Cardiff, Salford). It finds that a 15% increase in the BBC's local footprint approximately doubles the rate of creative cluster growth over time, creating jobs that are better paid, more productive and have reduced unpaid overtime.

Across the UK

The BBC has been working in partnership with the West Midlands Combined Authority to enhance its economic, cultural and social impact in the region. As part of the BBC's Across the UK strategy, to better reflect, represent and serve all audiences, BBC Birmingham announced in August 2022 that it would be moving to new premises in Digbeth as part of the regeneration of the creative quarter. Radio 1's Newsbeat and Asian Network News have already relocated to Birmingham whilst Radio 1Xtra is now broadcasting two new shows from the city.

A powerful partnership with the organisers of the Birmingham 2022 Commonwealth Games generated content right across the BBC, complementing our sports coverage, and shining a spotlight on the Commonwealth and the West Midlands. Radio 2's *The Zoe Ball Breakfast Show*, *BBC Breakfast* and Radio 4's *Today* all broadcast live from Birmingham.

The BBC continues its partnership with ScreenSkills to target training activity and investment to help support the health and growth of skills and knowledge within creative industries across the UK, to keep our output and services world-leading. The BBC contributes to the Unscripted Fund which focusses training around skills shortages in the Nations and Regions. Over the past year, the BBC has also continued to work closely with screen agency partners in Wales, Northern Ireland, Scotland and the North East on a variety of strategic interventions to support local creative sectors. One example was the Northern Ireland Hot House development scheme, where the BBC and Northern Ireland Screen co-invested in a five-month-long scheme to strengthen network production capability for local independent production companies. Five companies were selected to receive the investment, creative insight, tools and support to enable them to compete for an ambitious factual network series commission or co-commission. The scheme is designed to further strengthen creativity, innovation and growth for the Northern Irish sector as well as bring ambitious local stories to audiences across the UK.

In March, the Wales Broadcast Archive opened its doors at the National Library of Wales, Aberystwyth. With support from the National Lottery Heritage Fund and the Welsh Government, and in partnership with the BBC and the other major broadcasters in Wales, the Library has collated the archives of BBC Wales, ITV Wales and S4C, giving public access to more than a century of television and radio for the very first time.

Digital and online partnerships

This year, the BBC renewed the agreement with seven partner universities for the Data Science Research Partnership, which aims to put the BBC at the forefront of machine learning and data science for the media

industry. The collaboration brings together world-leading UK data scientists and machine learning researchers within the BBC and the Universities of Bristol, Manchester, Edinburgh and Surrey, Queen Mary University of London, Ulster University and University College London, unlocking the potential of the BBC's data and helping create a more personal BBC that can inform, educate and entertain in new ways.

BBC Education has partnered with the team behind World Book Day successfully for several years, collaborating on the production of episodes of our Live Lesson series with the joint aim of promoting the love of reading. Almost 410,000 primary school children joined in the Live Lesson for World Book Day 2023 during its live broadcast, one of the biggest audiences of the series.

High-impact creative partnerships

April 2022 saw BBC Arts and the museum, library, galleries and archive sectors working on the Art That Made Us Festival, coinciding with a landmark eight-part series on BBC Two which explored how art has shaped the story of the British Isles. Partners included Art Fund, Art UK, Association of Independent Museums, Libraries Connected, Culture 24, Museums Association, National Museums Directors' Council, and Scottish Library Information Council. More than 200 institutions took part with 170 events taking place during the month of April. The BBC's partnership with UNBOXED: Creativity in the UK took a publicly funded festival of creativity to audiences right across the country and the globe. The opening event was showcased on *The One Show* whilst BBC World's *Click* shared festival highlights with international audiences. Bespoke commissions included *The People's Piazza: A History of Covent Garden* (BBC Two) as well as a BBC One *Countryfile* special, supported by BBC Nations.



Case study: East Bank Education programme

In the lead up to the opening of the new BBC Music Studios at East Bank on the Queen Elizabeth Olympic Park, Stratford, the BBC has been running an engagement programme, led by the BBC Symphony Orchestra and Chorus and BBC Singers. This is designed to inspire young audiences through school and community partnerships, workshops, creative learning sessions and performances within Waltham Forest, Tower Hamlets, Hackney and Newham. By developing relationships with 47 schools across the boroughs, we reached 4,300 children through free musical workshops and concerts.

Case study: REASON



Mobile technology is a key research topic for the BBC as it is increasingly important for both making and distributing BBC content. This year we launched REASON (Realising Enabling Architectures and Solutions for Open Networks), a DCMS funded partnership with the following partners: University of Bristol, King’s College London, Queen’s University Belfast, University of Southampton, University of Strathclyde, Parallel Wireless, Thales, BT, BBC, PureLifi, Weaver Labs, Digital Catapult, Samsung, Ericsson, Nokia and CSC. Advancing the development of open networks will facilitate the entrance of UK SMEs to the 5G supply chain so they can contribute more easily to this growing sector.



The project will also improve the sustainability of 5G networks by reducing energy consumption and associated carbon emissions, in line with the BBC’s strategy of net zero by 2030. The findings of this project represent early 6G research but will identify how promising outcomes from this work can be further developed to move from the research phase, through standards development, into successful

deployment and the provision of commercial and consumer 6G services. In so doing, this project will enhance the UK’s position as a global supplier of 6G systems and build up the UK’s eco system and expertise to commercialise this capability, including increasing the development of Intellectual Property – the patents that drive new technologies.

Last year, the Archive Content and Partnerships team worked with over 200 museums, heritage and educational organisations across the UK, supplying over 1,000 pieces of archive content for use in external exhibitions and events. These range from large-scale partnerships including the British Library, British Film Institute and the Educational Recordings Agency to smaller high-profile exhibitions.

One of the unique and impactful partnerships the BBC has is one in which it funds, operates and delivers the Gaelic language TV channel, BBC ALBA, in collaboration with MG ALBA. BBC ALBA content has achieved industry recognition over the past year with awards for children’s, music and factual content. One distinctive project that the partnership has delivered is SpeakGaelic, a comprehensive suite of language learning resources offered across all media including TV, iPlayer, Radio, Sounds, a dedicated website as well as in-person and virtual classes with learning partners. This is a multi-agency partnership which will create learning resources for a new generation of Gaelic speakers. In the last year, the BBC and MG ALBA have started a review of the partnership with a view to ensuring that BBC ALBA is fit for the future media environment.

Supporting impartiality

We continue to deliver against our commitment to support impartiality, through the BBC’s partnerships with both the Broadcast Journalism Training Council and the National Council for the Training of Journalists to support the development of the next generation of journalists. Both organisations have inclusion initiatives, the Placement Assistance Scheme and the Journalism Diversity Fund, specifically designed to support students from diverse backgrounds and so improve the diversity of potential new recruits across the industry who can ensure that stories relevant to communities from right across the UK are told. The Local News Partnerships has entered its fifth year of service and now supports the journalism of almost 200 regional media partners that are collectively responsible for in excess of 1,100 individual print, online and broadcast news brands across all four nations of the UK. Across the past 12 months, the Local News Partnerships delivered in excess of 60,000 public interest stories via the Local Democracy Reporting Service, taking the total number of stories published since launch of the service in 2018 to more than 325,000. Another multi-partner project that we continue to deliver is The Trusted News Initiative which was founded by the BBC’s Director-General in 2019. It has grown to include 23 global partners from the world of media, tech platforms and research including Meta, Microsoft, Twitter, Google,

Reuters, AFP, AP, the Hindu, ABC (Australia) and CBC Radio-Canada. The purpose is to work together to fight the most harmful forms of disinformation and to collaborate on best practice. There is an annual conference, this year co-hosted in Delhi and London, where innovations and insights are shared with a worldwide global audience.

Partnerships and collaborations across the BBC in 2022/23

BBC Area	Number of Partnerships
Academy	4
Archive	28
Arts	16
Children’s and Education	66
Content (Television)	27
Creative Diversity	13
England	128
History	14
Media Action	10
News	17
Research and Development	21
Sport	3
Northern Ireland	3
Radio and Music	125
Scotland	9
Wales	8
World Service Business Development	10
Total	502

COMMERCIAL OPERATIONS



The BBC's commercial subsidiaries support the BBC's mission and generate income for the BBC Group. These companies maximise the value of the BBC's intellectual property, providing income to fund high-quality, distinctive content for the licence fee payer, whilst supporting the UK's television industry on the world stage.

p.76

BBC Studios:
Chief Executive
Officer's Review

p.78

BBC Studios

p.83

BBC Studioworks

Commercial activities

The BBC has two wholly owned commercial subsidiaries which complement the BBC’s public service remit:



BBC Studios operates two lines of business: Content Studio and Channels and Streaming. It creates, invests, develops, produces and distributes content which sits at the heart of the BBC schedule, as well as across multiple platforms and around the world, delivering better value back to the licence fee payer through support for programme funding and cash dividends.

p.76 For more on BBC Studios activities



The commercial criteria

The BBC’s commercial subsidiaries deliver quality creative content for audiences and increase the value of BBC intellectual property (IP), as well as providing critical support for the wider creative industry, both in the UK and around the world. They do this whilst promoting and protecting the BBC brand and reputation worldwide, according to the commercial criteria as set out in the Charter and Agreement:

1. the activities must fit with the Mission and the Public Purposes;
2. the activities must exhibit commercial efficiency;
3. the activities must not jeopardise the good reputation of the BBC or the value of the BBC brand; and
4. the activities must not, as a result of the relationship of the activity with the UK Public Services, trading activities or non-service activities, distort the market or create an unfair competitive advantage.

The BBC’s Commercial Board oversees the delivery of the Corporation’s commercial ambitions. It reports to the BBC Board on the delivery of BBC Studios’ objectives, in line with the BBC’s overall commercial strategy, and on BBC Studioworks.

The Commercial Board is chaired by Damon Buffini, a non-executive member of the BBC Board, and comprises a majority of six non-executive members alongside three executives.



BBC Studioworks provides TV studio facilities, equipment, crew and post-production services from locations in the UK. It supports UK public service broadcasting through annual cash dividends.

p.83 See more on what Studioworks delivers for the BBC



BBC STUDIOS: CHIEF EXECUTIVE OFFICER'S REVIEW



It has been another creatively and commercially successful year for BBC Studios. We reached a significant sales milestone, breaking through £2 billion for the first time, with record EBITDA (earnings before interest, taxes, depreciation and amortisation) also.

Full year sales were £2,090 million (2021/22: £1,630 million), 28% higher than the previous year. This was driven by a healthy slate from our Content Studio, which created momentum for the business overall, also fuelling sales of BBC Studios' premium catalogue. Global long-term partnership deals, thriving brands *Bluey* and *Strictly Come Dancing*, and an increased market share for UKTV also contributed to the record year.

Content Studio highlights included the much-talked-about third series of *Happy Valley* from our Production Label Lookout Point, which brought a consolidated audience of 13 million to the BBC, ground-breaking dinosaur landmark *Prehistoric Planet* for Apple TV+ (see the case study on page 80 for more details) and a debut new life on Disney+ for *Strictly Come Dancing's* hit US version *Dancing with the Stars*. 39% of all BBC Studios productions are now made for third parties and we remain the largest UK exporter of TV content.

The growth in our Content Studio helped us achieve record EBITDA of £240 million (2022/23: £226 million), 6% higher than the previous year, despite inflationary pressures and the impact of the volatile advertising sector alongside declining pay TV subscription revenues.

We targeted three key areas to further develop our culture and wider impacts: boosting the performance of our people; improving diversity and inclusion; and innovating in sustainability.

Content Studio highlights included the much-talked-about third series of *Happy Valley* for the BBC, ground-breaking dinosaur landmark *Prehistoric Planet* for AppleTV+ and a debut on Disney+ for *Dancing with the Stars*.

Central to BBC Studios' success and future growth is the performance and wellbeing of our people. Via a wide-ranging process of benchmarking and through focused consultation with our senior leaders, we now have a clear commitment to empower staff to do their very best work. Our in-year financial performance shows this is bearing fruit, with 85% of staff saying they are proud to work for us in the BBC's recent engagement survey.

BBC Studios aligns to BBC Group diversity targets, with our three-year Valuing Difference initiative spearheading eight staff networks to support all protected characteristics including gender and ethnicity. Chris Packham looked *Inside Our Autistic Minds* for BBC Two, and our Documentary Unit made the critically-acclaimed *Freedom: 50 years of Pride* for Channel 4 in a collaboration with Stephen Daldry. Nearly four in five (78%) of BBC Studios staff in the UK say they 'can be their authentic selves at work'.

We continue to decarbonise in line with science-based targets. 98% of our UK productions had BAFTA albert carbon action plans, pioneering a range of innovative solutions from solar powered locations for the Natural History Unit (NHU), hybrid generators for coverage of the Platinum Jubilee, use of diesel-alternative hydrotreated vegetable oil (HVO) fuel on *Strictly Come Dancing* and set re-use schemes at *EastEnders* in collaboration with the local community.

Following on from the industry-wide Climate Content Pledge in 2021, we worked hard to increase awareness of greener choices through onscreen and beyond. Activity included our hugely popular collaboration between Minecraft Education and *Frozen Planet II*, showcased at COP27 in November.

We have ambitious growth plans, aiming to double the business from 2021/22 to 2028.

This will see us increasing investment in content and new digital services, and supercharging commercial growth to better support the BBC Group overall.

Tom Fussell
CEO, BBC Studios
27 June 2023



Case study: Focus on Kids and Family



In April 2022, the BBC's Children's In-House Production team became part of BBC Studios and the newly created Kids and Family division was formed.

The new home of *Blue Peter*, *Bluey*, *Phoenix Rise*, *Hey Duggee*, *JoJo & Gran Gran*, *The Beaker Girls*, *Sarah & Duck* and *Something Special*, Kids and Family combines a century of award-winning storytelling with the content investment, commercial and marketing expertise of BBC Studios. The new division has the end-to-end capability to take projects from script to screen and beyond.

The team is already working hard to boost the profile of existing brands and drive the creation of new children's hits across drama, entertainment, comedy and factual. New external hires joined the team last year to supercharge the team's development slate and commercial opportunities.

Supertato launched in October on CBeebies, with its potato superhero and villainous counterpart Evil Pea, proving an instant hit. The show was 408% above slot average at launch and comfortably claimed top position in its slot for children aged four to six across all TV. Coming of age drama *Phoenix Rise* for BBC Three and iPlayer attracted huge buzz.

The development slate has a strong pipeline of projects, with an as-yet-unnamed sci-fi series written by Artemis Fowl author Eoin Colfer, and an animation based on the Little Bad Man books about a mischievous wannabe rapper.

Commercial operations

BBC Studios

Financial review

Performance by line of business

	Sales £m		EBITDA* £m	
	22/23	21/22	22/23	21/22
Content Studio	1,612	1,150	139	93
Channels and Streaming	535	536	102	135
Eliminations	(57)	(56)	(1)	(2)
Total	2,090	1,630	240	226

* EBITDA is the non-statutory measure of financial performance that helps understand performance on a comparable basis year-on-year. The Group is currently reviewing the EBITDA measure to ensure consistency with industry best practice.

Sales and EBITDA were both at record levels for the second year running, with the Content Studio propelling BBC Studios' creative growth, as production sales rose 59%.

EBITDA was up 6% to £240 million (2021/22: £226 million) driven by record profits in the Content Studio, up £46 million despite increased inflationary pressures. The underlying creative and financial health of the business has allowed BBC Studios to continue to invest in growth, and largely absorb the impacts of broader macroeconomic conditions. This includes the challenges faced by the linear TV advertising market which, together with declining pay TV subscription revenues, affected profits in Channels and Streaming, with EBITDA down £33 million at £102 million.

At year-end BBC Studios made a £40m impairment against its non-current assets, principally in Channels and Streaming, reflecting an updated market outlook which contributed to the reduction in the Group's profit before taxation from £100 million in 2022 to £66 million in 2023. This is a non-cash accounting charge and has no impact on BBC Studios' returns to the BBC. The charge does not reflect operational performance, which in management's view is best judged through EBITDA, the lead performance metric for the business.

BBC Studios' free cash flow was a record £204 million (2021/22: £198 million), reflecting a strong EBITDA conversion of 85% and funding a dividend to BBC Commercial Ltd. Content investment was £177 million (2021/22: 191 million), helping to drive record returns to the BBC of £362 million (2021/22: £353 million).

£2 billion

sales; record profits

85%

of staff are proud to work at BBC Studios

Content Studio

BBC Studios' global Content Studio encompasses content made across the Scripted, Factual, Global Formats and Kids and Family genres within BBC Studios Production Units, Labels, Invested Indies and production bases around the world for a wide range of global customers, as well as financing, distributing and licencing content and formats on a global basis.

Creative momentum

The demand for BBC Studios content grew during the year, with a significant increase in programmes made for customers outside the BBC, including major new series for Apple TV+, Amazon Prime Video, Disney+ and Netflix.

BBC Studios won 111 awards from 440 nominations, including RTS and BAFTA recognition.

Titles for the BBC included James Graham's *Sherwood* from House Productions, and *Am I Being Unreasonable?*, a twisted comedy-thriller written by and starring Daisy May Cooper and Selin Hizli from Lookout Point's Boffola Pictures, both winning RTS awards and immediate recommissions.

The 25th and 26th series of *Silent Witness* from BBC Studios Drama Productions maintained a strong UK audience share, with an average of over seven million watching each series. BBC Studios Comedy Productions' *Here We Go*, starring Alison Steadman, and Baby Cow's *The Witchfinder* with Daisy May Cooper took the two top spots for the year's biggest new comedies in the UK. *Black Ops*, a comedy drama about undercover police officers for BBC One from BBC Studios Drama Productions, aired shortly after year end.

Frozen Planet II from BBC Studios Natural History Unit was one of the biggest factual titles of 2022 in the UK, reaching a total of 20.5 million unique viewers across its first run on BBC One. BBC Studios Factual Entertainment Productions will continue to make *Antiques Roadshow* following a tender under the BBC's contestability requirements for returning series.

Viewers around the world turned to the BBC for two significant national moments, brought to audiences by the BBC Studios Events Productions team: HM Queen Elizabeth II's Platinum Jubilee in June, followed in September by ceremonial events from across the UK nations, including the State Funeral.

Jubilee weekend coverage reached over 30 million people, with the Platinum Party at the Palace, lighting of beacons, Trooping the Colour and a pageant. In September, an average audience of 19.9 million watched coverage of the State Funeral.

In the year, the BBC Studios Documentary Unit worked with genre-defining personalities including Chuck D on, *Fight the Power: How Hip Hop Changed the World*, featuring interviews with Ice-T, Fat Joe, Run DMC and MC Lyte for the BBC and PBS. Other collaborations included Jon Favreau for *Prehistoric Planet* from the Natural History Unit and Daisy May Cooper for a raft of comedies including the titles mentioned above and *Rain Dogs* from BBC Studios Production Label Sid Gentle Films for the BBC and HBO.

Away from the BBC, BBC Studios Productions included original comedy series *Extraordinary* from Sid Gentle Films for Disney+, recommissions of the successful US version of *Ghosts* for CBS from BBC Studios LA Productions, and *Anthrax Attacks* from the Science Unit for Netflix.

BBC Studios expanded or added to its partnerships with its Production Labels and Invested Indies. As well as the full acquisitions of Sid Gentle Films, Firebird Pictures; and Voltage TV, it agreed two new minority stakes with new indie Mothership Productions and the multi-award-winning home of *Small Axe*, Turbine Studios (see case study on page 79 for more details). The business sold equity holdings in Curve Media and Amazing Productions in the year.

BBC Studios also partners with a broad slate of leading and emerging third-party indie production companies, distributing key titles within the year. These included *The Following Events Are Based On a Pack Of Lies*, from SISTER and *Blue Lights* from Two Cities and Gallagher Films which aired on the BBC at year end and already commissioned for a second series. The business extended longstanding partnerships with Neal Street for the next three seasons of *Call the Midwife*, and with Red Planet Pictures for the upcoming seasons of *Death in Paradise* and *Beyond Paradise*. With new partners Clapperboard Studios and BlackBox Multimedia, BBC Studios will distribute ambitious holiday thriller *The Castaways*, made for Paramount+ UK.

Reaching international audiences

BBC Studios plays an important role in reflecting the UK, its culture and values to the world. Through its investment in brilliant British and international creative talent, its services, and producing and distributing programmes that are enjoyed across the world, BBC Studios has a global weekly reach of 63 million.

Alongside its content customers and partners, BBC Studios brings cross-genre franchises and fan favourites to audiences all around the world, including *Bluey*, *Planet Earth*, *Happy Valley*, *Top Gear*, and *Doctor Who*.

111 awards

and 440 nominations

8.7%

UKTV's record share of commercial impacts

3 million

BritBox subscribers

In October 2022, BBC Studios signed a transformational landmark distribution deal with Disney for *Doctor Who*. Russell T Davies returns as showrunner and a new Doctor in Ncuti Gatwa will premiere globally on Disney+, whilst BBC exclusivity in the UK is retained.

BBC Studios' unscripted favourite formats continue to find new audiences. *Dancing with the Stars* US series 31 was the first format to air live on Disney+, *Bake Off* sold to a milestone 40th country, and the latest iteration of *The Weakest Link*, now in 47 countries, was recommissioned in the US for a third series. In new titles, gameshow *1% Club* has sold to six countries already, showing a strong pipeline, and progress developing original formats includes two new commissions created in Australia: *The Match Makers* for SBS and *Art on the Brain* for ABC.

For scripted, *Rain Dogs* (Sid Gentle Films); *This is Going to Hurt* (SISTER) and Nicole Lecky's *Mood* (Bonafide Films) all generated strong sales. Developed through BBC Studios' partnership with Lionsgate, the US format of *Ghosts* was the number two broadcast comedy in the US last year, and has been recommissioned for a third series.

In format sales, *The Office* is now in 12 countries and *Doctor Foster* is in 13, whilst *Luther* remake *Rudra: The Edge of Darkness* for Disney Hotstar was the most-watched Hindi web series of 2022.

Global hit *Bluey* cemented her status as an iconic children's brand, appearing as a giant, hand-painted balloon in New York's 96th Macy's Thanksgiving Day Parade. Co-commissioned by the ABC and BBC Studios from Ludo Studios and distributed by BBC Studios, the award-winning *Bluey* is now broadcasting and streaming in 60 countries, with licensed products available in over 20 countries and the first US tour for *Bluey's Big Play The Stage Show*.

Case study:

Investing in brilliant British creative talent



Well known for its in-house creative expertise, BBC Studios also works closely with talent across the creative industries in the UK and internationally, supporting new ideas and ventures, and investing in the most exciting production companies.

Through these relationships, BBC Studios is partnering some of the best British writers of today including James Graham, Sally Wainwright, Steven Moffat, Daisy May Cooper, Emma Moran, Pete Jackson and Theresa Ikoko.

It takes an ambitious and bespoke approach to each investment, working closely with each Production Label and Invested Indie to support its creative and commercial growth, returning around £179 million to the industry last year.

It now has six majority-owned specialist scripted Production Labels in Baby Cow, Clerkenwell Films, Lookout Point, Firebird Pictures, House Productions and Sid Gentle Films, and one in unscripted: Voltage TV. It has minority stakes in Turbine Studios, Expectation, Moonage Pictures, Various Artists Limited and Mothership TV, and development deals with Brock Media and Bonafide Films.

With multi award-winning titles like *Killing Eve*, *Happy Valley* and the *Small Axe* series under their belts, the future pipeline for these businesses is equally exciting. In the year, Sid Gentle made *Rain Dogs*, starring Daisy May Cooper for the BBC and HBO, and distinctive comedy *Extraordinary* for Disney+. House Productions made award-winning *The Good Mothers* for Disney+ and Hulu, Firebird Pictures produced *Wilderness* with Jenna Coleman for Amazon Studios, and Lookout Point's Boffola Pictures made *Am I Being Unreasonable?* for the BBC and HBO, whilst Lookout Point itself created *Devil's Peak* for sub-Saharan African broadcaster M-Net and *The Ballad of Renegade Nell* from Sally Wainwright for Disney+, both set to air later in the year.

Clerkenwell is currently making *Truelove* for Channel 4 as well as drama *Baby Reindeer* by Richard Gadd for Netflix. Firebird Pictures is gearing up for production with *Wahala* from Rocks writer Theresa Ikoko, Baby Cow is to make feature film *One For The Money* with Bankside Films, and Voltage has a forthcoming premium documentary series for Amazon Prime Video, *Fake Sheikh*, about reporter Mazher Mahmood's use of false identities to trick public figures.



Commercial operations

BBC Studios continued

Bluey's success helped to increase sales for consumer products by 10% in the year, and BBC Studios expanded its approach to brand extensions and partnerships. Its new group, Brands and Licensing, builds on BBC Studios' established expertise in consumer products. With access to the unique BBC archive, the team will work to form new partnerships for merchandise, licensing and live events around key brands in areas like education, metaverse, social video and gaming, and bringing BBC Studios-owned content to new audiences.

This is already proving successful: a tie-up with Minecraft Education on *Frozen Planet II* was downloaded in over 116 countries, breaking the record for most downloads of an educational Minecraft 'world' in a single day. Translated into 29 languages and accompanied by lesson plans for teachers, the worlds helped to convey information about the impact of climate change on nature to millions of young people globally.

The London-based BBC Earth Experience launched just before year-end. Narrated by Sir David Attenborough, the attraction features footage from BBC Studios Natural History Unit's *Seven Worlds, One Planet* showing the importance of biodiversity and how everyone can create positive change for the planet. Sustainability considerations were at the heart of the construction and operation of the venue, and will be kept under constant review, with the ambition to reduce even further the energy and water consumption and continually improve waste processing.

Production on series 34 of *Top Gear* was paused following an accident involving presenter Freddie Flintoff in December 2022. BBC Studios is primarily focused on the wellbeing of all those affected, especially Freddie. A decision on the timing of future shows will be made in conjunction with BBC Content in due course.

Channels and Streaming

Channels and Streaming includes UK broadcaster UKTV, international BBC-branded channels operated by BBC Studios – including the BritBox International joint venture with ITV plc – BBC.com, BBC AMERICA and other streaming activities.

UKTV experienced a challenging advertising market, but increased its share of the commercial TV audience (known as share of commercial impacts, or SOCI) once again to new record levels of 8.70% in 2022, up from 8.52% in 2021. In the calendar year, views to its free streaming service UKTV Play grew by 27% and it added one million registered users to reach 6.45 million. The channel W launched free-to-air, propelling it to 23% share growth in 2022, and a double BAFTA win for *Dave's Big Zuu's Big Eats*.



Courtesy of Apple TV+

Case study:

The making of *Prehistoric Planet*



An epic premium natural history series with a twist, *Prehistoric Planet* was made for Apple TV+ by the BBC Studios Natural History Unit, with executive producers Jon Favreau and Mike Gunton, using the very latest photorealistic visual effects to bring long-extinct dinosaurs back to life.

Narrated by Sir David Attenborough and set to an original score by Hans Zimmer, Apple TV+ viewers were treated to five episodes covering a range of dinosaur habitats from coasts, deserts and freshwater, to ice worlds and forests.

The ground-breaking series was a multi-year project, combining award-winning wildlife filmmaking, paleontological research and state-of-the-art technology

to accurately recreate the looks, sounds and behaviours of dinosaurs from the Late Cretaceous period.

From the parenting techniques of a T-Rex to a flock of Anchiornis hatchlings, the series brings Earth's history to life.

Critics called it 'jaw-dropping', 'stunning' and 'a wonderfully creative collision of the real and the imagined', with a host of awards and nominations secured for its craft and innovation.

The series was immediately recommissioned for a second run, which launched on Apple TV+ shortly after year end.

In the year, BBC Studios grew its share of the free, ad-supported television (FAST) channel market, now offering 12 FAST channels in North America and ten in EMEA, which combine to deliver over 6,000 episodes of content on leading platforms including Samsung TV Plus, Roku, Amazon Freevee and Rakuten. 2022 was a challenging year for all major content platforms in the US, but BBC America continued to deliver strong revenue and cash – with key shows including *Mood* (BBC Three) and *Frozen Planet II* (BBC One).

BritBox International increased subscribers to three million across eight international markets, including the United States, Canada, Australia, South Africa and Nordic countries, up more than 15% in the year. It is investing in original content, including a major new adaptation of Agatha Christie's classic novel *Murder is Easy*, co-commissioned with BBC One.

BBC.com and BBC Select remained on their growth trajectory, highlighting continued demand for original reporting, innovative digital storytelling and world-class coverage of major events including the US mid-term elections and the war in Ukraine. BBC Podcast Premium ranked as one of Apple's top subscriber channels in the US in 2022, with launches in Australia and New Zealand around year end.

As the BBC pushes forward with its digital-first transformation aimed at priming the organisation for future growth, BBC Studios is investing in its digital news and factual content services, to make them even more attractive for both audiences and advertisers, and to grow the opportunities for the BBC's top-class journalism.

This includes upgrades to the digital news offering with a renewed BBC.com and BBC app coming later this year, and new hires in key markets such as the US, with BBC News Chief Presenters Sumi Somaskanda and Caitríona Perry joining the Washington DC presenting team, the appointment of Paul Royall as acting executive editor and three key hires across commercial content strategy.

These efforts have already led BBC.com to double-digit growth in North America in the last six months of the financial year, whilst outside the UK and Ireland BBC.com reached on average 123 million consumers each month in 2022/23. BBC News is regarded as the most trusted international news broadcaster globally and in the US, is ahead of all other single US news brands.

Outlook

BBC Studios is in a sound position for the coming year, with a strong balance sheet, an exciting, healthy pipeline for its global Content Studio and multi-year content deals giving the business a solid basis for forecasting performance, despite the external challenges posed by inflation and a volatile advertising market.

Forthcoming titles include Lookout Point's *The Ballad of Renegade Nell* for Disney+, Clerkenwell Films' *Baby Reindeer* for Netflix, Firebird Pictures' *Wilderness* for Amazon Prime Video, alongside second series for hit shows *Time*, from BBC Studios Drama Productions, and House Productions' *Sherwood*.

Ultimate Wedding Planner from BBC Studios Factual Entertainment Productions is a new format for the BBC starring Fred Sirieix, Sara Davies and Raj Somaya, whilst *Unique Boutique* from BBC Studios Factual Entertainment Productions for Channel 4, will see new fashion looks created for those not traditionally served by the mainstream clothing industry.

The second series of *Good Omens* from BBC Studios Comedy Productions launches on Amazon Prime Video, and *Planet Earth III* from BBC Studios' Natural History Unit delivers to the BBC in the UK and global partners.

In the coming year, as part of the BBC's strategy of delivering value for all, BBC Studios will embark on the first year of a long-range plan to achieve a step-change in global commercial ambition by doubling the size of the business from 2021/22 to 2028.

Built around the BBC brand, its values and its intellectual property (IP), alongside new commercial governance, an increased borrowing limit and a push to operate more sustainably, BBC Studios aims to drive growth and better support the licence fee by investing in creative content, ideas and talent.

To do this, the business will grow its owned IP by expanding and exploiting existing and new brands, sustaining the performance of linear channels whilst growing direct-to-consumer digital services and investing in major customer partnerships. This will likely impact BBC Studios' reported EBITDA in the short term.

Activity to support this has already begun, including the global deal with Disney+ to increase the reach and ambition of *Doctor Who*, and in the development of the BBC's international news output.

61 territories

showing *Dancing with the Stars*

123 million

consumers per month reached by BBC.com globally

32 million

watched the Platinum Jubilee in the UK



Fight the Power: How Hip Hop Changed the World

Commercial operations

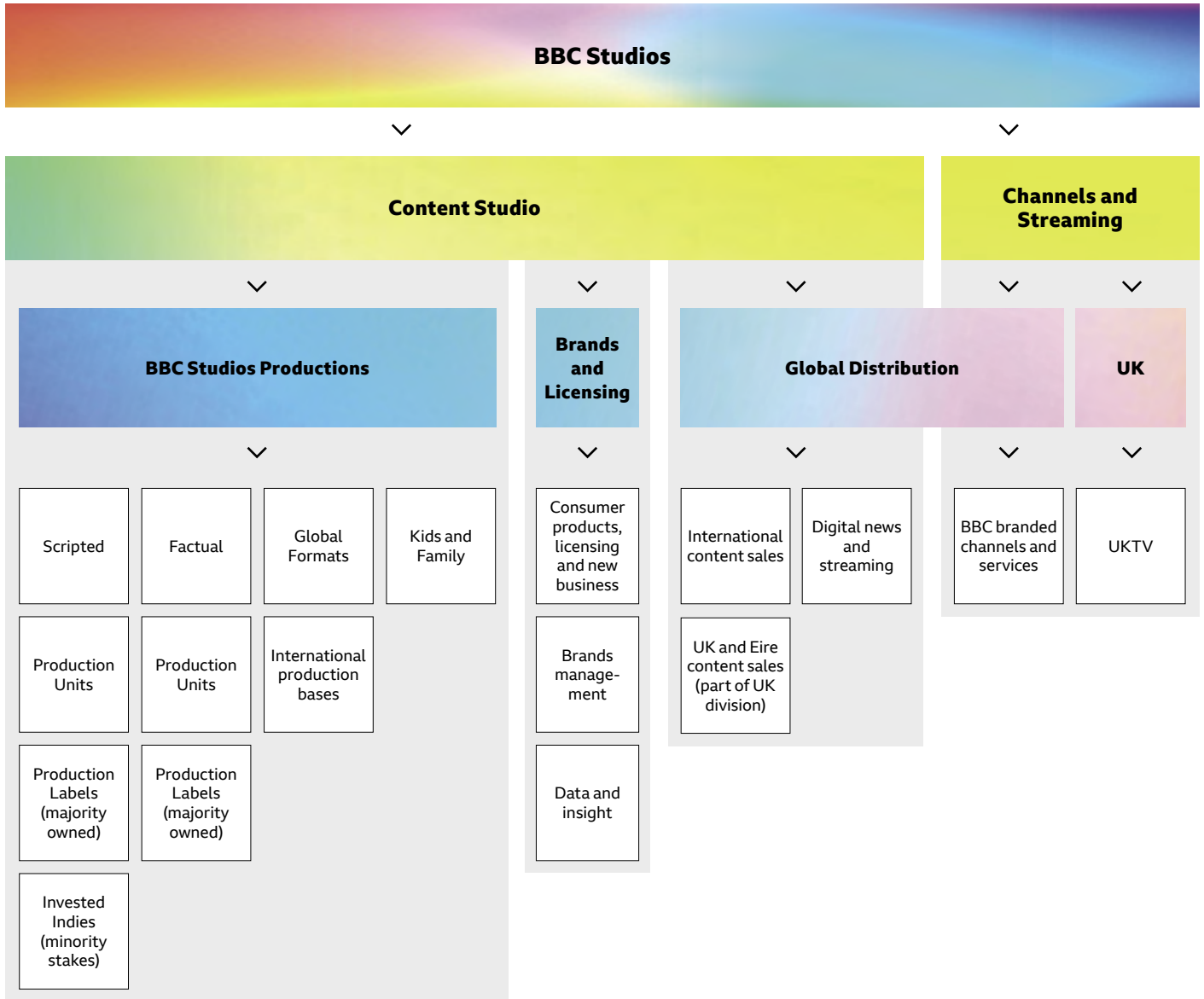
BBC Studios continued

BBC Studios: operational structure

Within its two lines of business – the global Content Studio and Channels and Streaming – BBC Studios operates four divisions which have evolved and consolidated since its creation in 2018.

These now are BBC Studios Productions, with its genre units, Invested Indies, Production Labels, Global Formats and Kids and Family. Global Distribution comprises international content sales, BBC-branded channels and streaming services overseas,

whilst the UK division includes UKTV and BBC Studios' UK and Eire-based TV sales operations. Brands and Licensing, a new division, oversees key iconic brands and a global insight function.



BBC Studioworks

Overview

BBC Studioworks is a wholly owned commercial subsidiary of the BBC, providing television studios and post-production services to all the major UK broadcasters and production companies. The past year (2022/23) has seen outstanding accomplishments for the business, whilst managing the disruption caused by the ongoing closure of two studios within the business' London portfolio since September 2022.

Despite the challenges, BBC Studioworks achieved revenues of £41 million, delivered EBITDA of £5 million and has provided its highest-ever return to the BBC of £6 million, double the prior year's dividend.

Strategy

BBC Studioworks made solid progress against its pan-UK expansion strategy and growth plans, as well as its core priority of strengthening its talent pipeline.

The business launched its new purpose-built studio in Glasgow's Kelvin Hall. The facility has been a boost to Scotland's capacity to produce multi-genre TV productions, with over 40 episodes of television facilitated for clients, STV and Zeppotron. Applauded by Scotland's former First Minister, Nicola Sturgeon as "a welcome addition to Scotland's existing range of studio space", the facility has created real work opportunities for local Glaswegians.

BBC Studioworks also assumed the selling of facility space of four sound stages at BBC Roath Lock Studios in Cardiff, redeveloped and operated Studio M at BBC Elstree Centre and extended its lease with Elstree Film Studios to 2029.

The company also invested heavily in its core footprint via new equipment purchases and a refresh of its facilities to enhance its employee and customer experience, including a new head-office at Television Centre.

Significant focus was placed on evolving the company's workforce and skillset, with substantial investment in learning and development to enable progression, enhance culture and create a modern and efficient business.

Investment in local communities via outreach to schools and creating new entry points into the industry was prioritised, accommodating tours, workshops and over 1,200 hours of shadowing and training for local students. BBC Studioworks also partnered with NFTS Scotland to deliver Scotland's first *Multi-Camera TV Conversion Programme*, designed to strengthen existing skills and provide on-the-job training; BBC Studioworks provided paid work opportunities for each of the programme participants.

Enviably progress was made against BBC Studioworks' core sustainability goals, proudly being ranked the highest scoring studio in Albert's Studio Sustainability Standard; a BAFTA scheme to help studios measure and reduce the environmental impact of their facilities.

Bringing ideas to life

Over the past year the company continued to facilitate unique, high-impact content for BBC Studios and multiple independent production companies. Returning productions included *The Graham Norton Show* for BBC One, *Ant & Dec's Saturday Night Takeaway* for ITV and *Never Mind the Buzzcocks* for Sky Max.

The business won a host of new productions including *The Chris and Rosie Ramsay Show* for BBC Two, *Bridge of Lies* for BBC One and *Cheat* for Netflix.

Post-production credits included *EastEnders* and *Strictly Come Dancing* for the BBC, *Love Island Aftersun*, *The Games* and *The Martin Lewis Money Show* for ITV. The business also continued to provide post-production services to the BBC's Programme Acquisitions and BBC Persian Television.

Forward view

The multi-camera TV studios business remains a low margin sector with increasing competition. BBC Studioworks is having to face growing market-driven costs, compete with an increasingly dynamic competitive set and work with commissioning budgets that are challenged. To remain competitive BBC Studioworks is going to have to be creative in the way it manages its operations, recruits staff and partners with landlords and production teams. BBC Studioworks are considering options for the two studios which remain closed within the business' London portfolio.

To deliver growth and continued operational excellence, the business requires continued investment in new skills and talent. Strengthening its talent pipeline to ensure a diverse and inclusive workforce fit for the future will be a priority continued from 2022/23.

Whilst fully appreciating the low growth opportunities in the light entertainment genre in the UK, BBC Studioworks has clear commercial plans beyond multi-camera TV with a number of exciting initiatives set to launch in 2023/24.

Strictly Come Dancing



GOVERNANCE



This section looks in detail at the role of the BBC Board and includes reports from the Board's delegated sub-committees. The section also includes detail on our overall approach to corporate governance, our regulatory position and affirmation of the Board's duties in relation to the Annual Report.

p.85

BBC Board

p.89

Remuneration report

p.97

Pay disclosures

p.106

Audit and Risk
Committee report

p.122

Commercial Board
report

p.123

Editorial Guidelines
and Standards report

INTRODUCING OUR BOARD



Richard Sharp
Chairman
(to 27 June 2023)



Dame Elan Closs Stephens DBE
(Acting Chair from 27 June 2023)
Non-executive director
Member for Wales



Tim Davie CBE
Director-General
and Editor-in-Chief



Shumeet Banerji
Non-executive director



Sir Damon Buffini
Deputy Chair
Chair, BBC
Commercial Board



Shirley Garrood
Non-executive director
Chair, Audit and Risk
Committee



Sir Robbie Gibb
Non-executive director
Member for England



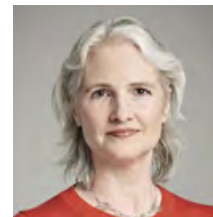
Muriel Gray
Non-executive director
Member for Scotland



Charlotte Moore
Chief Content Officer



Sir Nicholas Serota CH
Senior Independent
Director



Leigh Tavaziva
Chief Operating
Officer



Deborah Turness
CEO, BBC News and
Current Affairs

The Board is constituted under the terms of the BBC's Royal Charter and Agreement. It is responsible for ensuring the BBC fulfils its mission and public purposes, as set out in the Charter and Agreement.

The Charter sets out the Board's responsibilities, its membership and the requirement for a number of Committees to support its work. The Board is responsible for the proper, effective and independent exercise of all the functions of the BBC. It sets the strategic direction for the corporation and approves the creative remit and the budgets for the BBC's services.

During the year, the Board was chaired by Richard Sharp. The Board consists of up to ten non-executive directors – including the including the Director-General. The Chairman and the four nations' non-executive directors are appointed by HM The King, on the recommendation of Ministers across the UK. The remainder of the Board are appointed by the BBC, through the Board's Nominations Committee.

Full biographies of all Board members, including their other roles, can be found on the BBC's website: bbc.com/aboutthebbc/whoware/bbcboard.

The Board delegates some of its responsibilities to a number of subcommittees. It is required to have a Remuneration Committee, a Nominations Committee and an Audit and Risk Committee. The work of these committees is complemented by the work of a number of other committees, established by the Board – these include the Fair Trading Committee, the Editorial Guidelines and Standards Committee, and committees for each of the four nations of the UK. The Commercial Board oversees the BBC's commercial subsidiaries on behalf of the Board.

This section includes reports from those committees, which are chaired by and predominantly made up of non-executive directors, as required by the Charter. These pages show the membership of the Board as at 27 June 2023, when this report was signed.

During the year, Deborah Turness joined the Board, on 5 September 2022, as an Executive member. There were no other changes to Board membership in the year.

Following the end of the financial year, on 28 April 2023, Richard Sharp resigned from his role as Chairman and stepped down from the Board on 27 June 2023. Elan Closs Stephens took on the role of Acting Chair at that point.

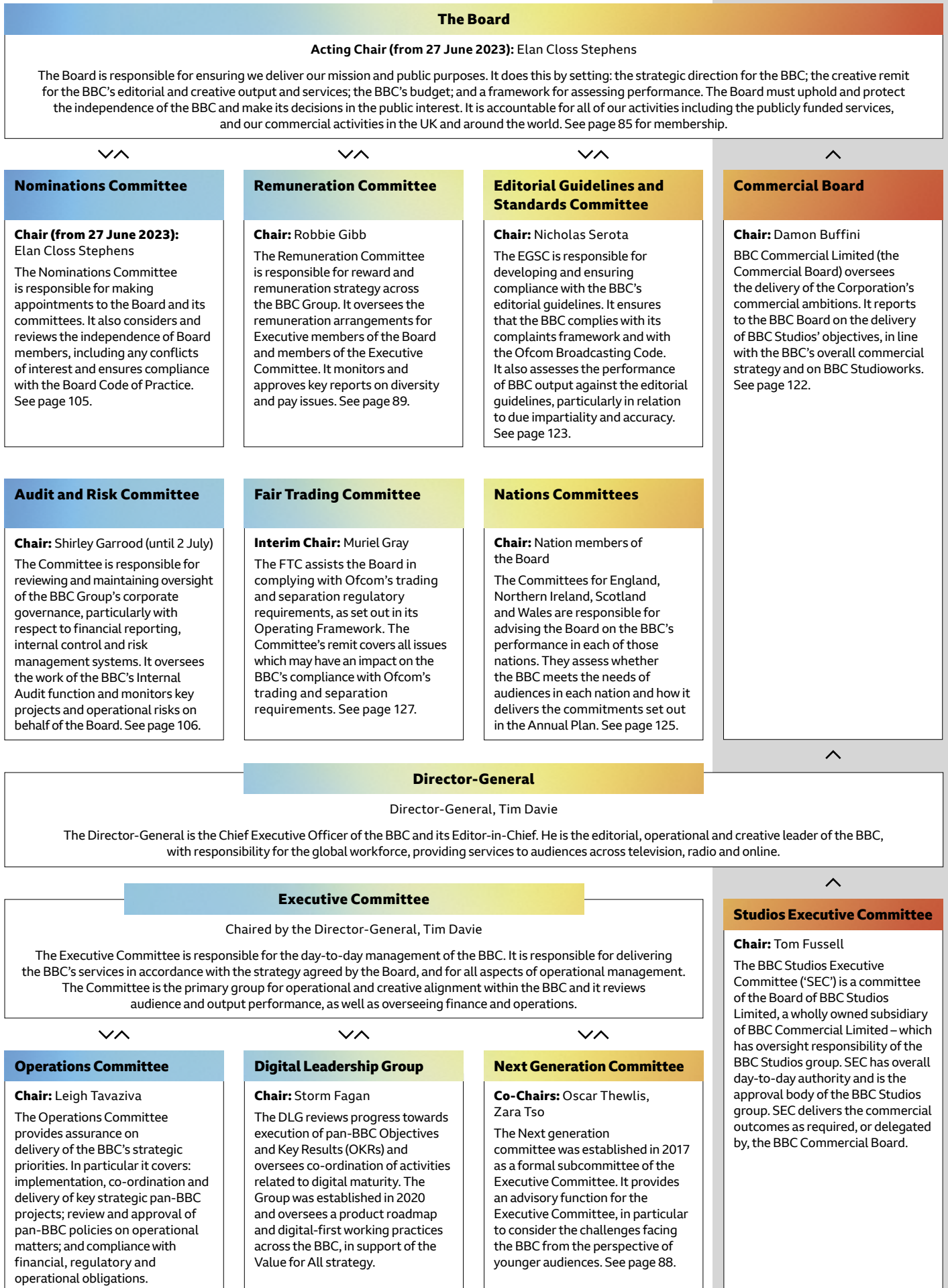
Ian Hargreaves left the Board at the end of his term of appointment, on 2 April 2023. Shirley Garrood also left the Board at the end of her term of appointment, on 2 July 2023.

Detail on members' attendance at Board and sub-committee meetings is set out on page 105.

Governance

Our governance structure

BBC's commercial operations



Corporate compliance and governance report

We comply with corporate governance best practice

The BBC's corporate governance framework is defined in its Charter and the accompanying Framework Agreement. The Charter and Agreement can be found on the BBC website at: <https://www.bbc.com/aboutthebbc/governance/charter>.

The Charter requires the BBC to have regard to generally accepted principles of good corporate governance. Although the BBC is not a listed company, it has opted to apply best practice and follow the provisions of the Financial Conduct Authority's Listing Rules and the UK Corporate Governance Code 2018 ("the Code"), where appropriate. This delivers the governance standards applicable to companies quoted on an EU-regulated stock market.

Board effectiveness and review

During the year, an external Board Effectiveness Review was conducted, which included a review of the Board's Committees. The review was conducted by Christopher Saul Associates during early 2022 and was reported to the Board in April 2022. In June 2022 the Board agreed a set of actions arising from the recommendations of the review. The review also included an assessment of the functioning of the Board's Committees, all of which reviewed their own terms of reference during the year.

The external Board review found that the Board members were well engaged and found a good dynamic among Board members, with a willingness on the part of all Directors to contribute and a keen desire to advance the interests of the BBC. The Board were pleased to see this finding and noted that the review had taken place during the transition out of Covid-19 restrictions.

Recommendations made in the review included:

- the rebalancing of Board agendas towards more strategically important subjects;
- the inclusion of additional Board dinner sessions in the calendar, as well as the importance of joint meetings between the Board and Executive;
- an increase in additional, optional briefing calls for Board members to be able to engage with specific issues in more detail;
- the inclusion of a session at the top of each Board meeting setting out the key themes and decisions for discussion; and
- consideration of the types of Board business that could be delegated to the Committees in order to create additional space on agendas for key strategic topics.

Each of these recommendations was actioned during the year, with a review of Committee structures put in place during the year, to make recommendations to the Board on potential options for change.

During the year, the Nominations Committee also established a review to consider the Chairman's adherence to his BBC obligations in respect of conflicts of interest since his appointment to the role. The review was undertaken by the non-executive members of the Committee sitting without the Chairman and Director-General present. The review was published in May 2023 and made recommendations for changes to future practice in the management of conflicts of interest for members of the Board.

Corporate Code provisions

There are a number of components of the Code that are either not appropriate to the circumstances of the BBC or are overridden by compliance with the BBC's Charter or Agreement.

This relates to:

- provision 3, 4, 36 and 37, relating to engagement with shareholders and alignment to their interests which, given that the BBC does not have shareholders in the same way as a company, does not apply. However, the BBC does have a wide range of measures in place to ensure engagement with external stakeholders.
- provision 5, matters set out in section 172 of the Companies Act 2006, which is relevant to companies only and overridden by the Public Purposes of the BBC as described in the Charter.
- provision 18, membership of the Board, which is governed by the articles of the Charter.
- provision 25 and 26, approach taken to the appointment or reappointment of the external auditor, which is governed and determined by clause 55 of the Agreement.

However, the BBC has fully complied with the corporate governance requirements of the Charter and Agreement and has also fully complied with the Code.

Cost of compliance

In order to ensure that we complied with all relevant legislation that the BBC is subject to as a broadcaster and a public body, in 2022/23 we incurred compliance costs estimated at £19 million (21/22: £19 million). This figure includes the BBC's £12 million fee to Ofcom.

Legal compliance costs

Included in the legal costs incurred by the BBC for 2022/23 are the costs of resolving legal claims arising from the publication of Lord Dyson's report into the 1995 *Panorama* interview with Diana, Princess of Wales and other related legal work arising from and following publication of the Report (£1.16 million in compensation, £0.263 million plus VAT in claimants' legal costs and £1.36 million plus VAT of external legal costs).

The BBC, as previously indicated, has donated to charity the commercial sales proceeds derived from the 1995 *Panorama* interview with Diana, Princess of Wales. A sum of £1.42 million has been divided equally between seven charities linked with the Princess. They are Centrepoint, English National Ballet, Great Ormond Street Hospital Children's Charity, The Leprosy Mission, National AIDS Trust, The Royal Marsden Cancer Charity and The Diana Award.

Regularity

The management of all of the BBC's resources must accord with the provisions of the Charter, Framework Agreement and other agreements the BBC enters into with Government Ministers. Transactions that meet the intended purposes and are in line with relevant authorities are considered to be 'regular'; those that do not meet these criteria are considered 'irregular'. Fraudulent transactions and fines or penalties are treated as 'irregular'. In addition to the NAO's review of regularity (as external auditors, on half of the Comptroller and Auditor General), Internal Audit conducted a review of the BBC's regularity compliance framework, including the processes, controls and assurance mechanisms in place to manage the regularity risk in areas assessed as being at greatest risk of irregularity. The scope of the review considered the appropriate use of licence fee money, the assessment of material changes, operating within borrowing limits and the risk of fraud. No material exceptions were identified as result of this review and management are not aware of any transactions that could be considered as irregular.

Governance

Executive Committee

The Director-General chairs an Executive Committee, which is responsible for the day-to-day running of the BBC.

The Executive Committee is responsible for delivering the BBC's services, in accordance with the strategy agreed by the Board and for all aspects of operational management.

The Executive Committee meets regularly and oversees key strategic projects and proposals of importance to the whole organisation. It takes regular reports on audience and financial performance, as well as maintaining oversight of pan-BBC policy and operational issues. Information on the remuneration arrangements of the Executive Committee in 2022/23 can be found in the Remuneration report on pages 89-96.

Deborah Turness joined the Executive Committee as CEO, News and Current Affairs, in September 2022, with Jonathan Munro stepping down from the Committee at that point. Alan Dickson joined the Committee as Chief Financial Officer in December 2022. Alice Macandrew joined as Corporate Affairs Director in January 2023 and Uzair Qadeer joined as Chief People Officer in February 2023. June Sarpong stepped down from the Executive Committee and left the BBC on 30 September 2022.

Full details on the membership of the Executive Committee can be found at: bbc.com/aboutthebbc/whoweare/exco. These pages show the membership of the Executive Committee as at June 2023.



Tim Davie CBE
Director-General and
Editor-in-Chief



Kerris Bright
Chief Customer Officer



Alan Dickson
Chief Financial Officer



Tom Fussell
CEO, BBC Studios



Alice Macandrew
Group Corporate
Affairs Director



Charlotte Moore
Chief Content Officer



Uzair Qadeer
Chief People Officer



Gautam Rangarajan
Group Director
of Strategy
and Performance



Rhodri Talfan Davies
Director, Nations



Leigh Tavaziva
Chief Operating Officer



Deborah Turness
CEO, BBC News and
Current Affairs

Next Generation Committee

The BBC Next Generation Committee (NGC) was established by the Director-General in late 2017 with the purpose of advising the BBC Executive Committee and Senior Leaders and ensuring younger people's voices and ideas are heard at executive level. The NGC is composed of 15-20 younger members of staff from across the organisation for a period of 12-18 months. In 2022/23 the Committee's work and focus was on supporting disabled staff, recruitment and retention, building networks to maximise internal resources and how to improve local representation.

Committee members also took part in discussions at the BBC's Senior Executive Group, a PwC futures workshop with Senior leaders, the COO Group Senior Leadership team away day and contributed at divisional Board meetings as requested.

Committee members in 2022/23

Georgina Pearce (Co-Chair)
Senior Journalist, 100 Women

Sam Ripman (Co-Chair)
Senior M&A Planner, BBC Three

Emma Arbuckle
Assistant Producer, BBC Northern Ireland

Becky Bailey
Assistant Content Producer, CBBC

Myles Bonnar
Senior Journalist, BBC Scotland News

Jemma Clarke
Senior Social Media Analyst, M&A

Adam Clarkson
Journalist, Radio Tees

Liz Clements
Journalist, BBC Wales News

Ryan Dobney
Journalist, Radio 5 live

Adam Eland
*Assistant Producer, Radio 5 live
Podcast commissioning*

Simone Eubanks
*Project Coordinator, Technology,
Strategy and Architecture*

Rachael Griffith
*Digital Communications Specialist,
BBC England Press team*

Daniel Kassim
Social Media Coordinator, BBC Three

Julie Yoonnyung Lee
Journalist, Korean Service

Drew Hyndman
Journalist, Long Form Audio

Euan Sime
*Assistant Producer, Radio 1 iPlayer
(until July 2022)*

Dillon Wilson
Senior Software Engineer, BBC News

Remuneration report

I took on the Chair of the Committee in April 2022 and have been pleased to see the BBC continuing to take steps to create a modern organisation that represents all of the UK. The last year has seen the Executive beginning to deliver significant changes across the BBC and as a Committee we recognise that this work will be challenging for staff in those areas where reductions are being made.

As a Committee, we met five times this year and also worked with the Executive offline as necessary. I was joined through the year by Richard Sharp and Muriel Gray as members of the Committee and I want to thank them both for their insight on and engagement with the issues we have discussed. We were also joined by Damon Buffini, as Chair of the Commercial Board, when we discussed issues related to the commercial business. And in November we agreed the appointment of PwC as external independent advisers to the Committee.

During the year we had a focus on commercial issues relating to the Studios business in particular. We discussed and agreed the structure of the 2022/23 Studios Company scheme in May, having agreed changes to the scope and terms of the scheme last year. We then approved the outturn of the 2021/22 scheme at our June meeting. We continue to explore options for incentive structures in the commercial business, with a view to ensuring it is able to attract, retain and engage the best talent available in the challenging media markets in which they operate. We also discussed a review of fees for Commercial Board non-executive directors this year and made recommendations to the Nominations Committee for potential change.

Through the year we have also focused on issues of diversity in the workforce, where the BBC has made significant progress in recent years, leading the industry in our focus on pay gaps and seeking to address issues around diversity and inclusion with challenging targets in place. We had a discussion on diversity of opinion in the BBC and agreed some steps to be considered as part of recruitment processes to ensure that a wide range of views are being brought into the organisation. We have looked closely at the data underlying the BBC's gender pay gap calculations and were reassured to see that gaps across job pay bands remain minimal. We will continue to hold the Executive to account to ensure that these gaps remain a focus and we noted that the overall gender pay gap is a result of representation at different levels across the organisation. We have been encouraged by the action being taken within the BBC to address issues of representation, which should ensure that the element of our pay gaps caused by this factor reduces over time. We have again been glad to see that

the BBC outperforms much of the media market in this area.

We have also looked closely at the BBC's overall equivalent full-time employee numbers, which have largely stayed flat this year and sought to understand movements that lie beneath this. And we have monitored reports from management on overall pay costs, diversity and severance payments, as part of our regular business.

Through the year we have discharged our responsibilities for overseeing and approving Executive pay, with this report showing the position at year end, following recent changes to the Executive Committee. We have continued our robust practice of setting executive pay with reference to external market benchmarks. We have sought feedback from external experts to understand market perceptions of the BBC's executive proposition and how this impacts our ability to attract senior talent in challenging markets with fast-moving pay and higher levels of competition.

We also have responsibility, as a Committee, for the publication of the annual pay disclosures, which follow this report. This year, under the terms of the BBC's Charter, the level of the disclosure has been amended to £178k for both on-air and off-air employees. This change recognises that pay inflation over time would result in increasing numbers of individuals coming into the disclosure, so the adjustment that was agreed at the mid-point of the Charter ensures that the threshold for disclosure keeps pace with market changes over time.

Lastly, I want to acknowledge the support and advice that we, as a Committee, received from Wendy Aslett and Rachel Currie who left their roles as Group HR Directors this year. I look forward to working closely with Uzair Qadeer, the BBC's new Chief People Officer, as the Committee continues to help develop a reward offer at the BBC that fits with our strategy and enables a workforce that can deliver exceptional value for audiences in a rapidly changing media landscape.

Robbie Gibb

Chair, Remuneration Committee

27 June 2023

Governance

Remuneration report continued

This report sets out the BBC's remuneration policy for executive directors and senior leaders and details the annual remuneration received by the members of the BBC Board and Executive Committee for the 2022/23 financial year. This includes our annual disclosure of pay as required by the BBC's Charter.

It has been prepared with reference to the requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) and the Listing Rules, where relevant. The sections on pensions and remuneration received by this group have been audited by the NAO, the BBC's statutory auditors.

The Remuneration Committee's constitution and operation

The Board's Remuneration Committee, since 1 April 2017, has been responsible for setting the remuneration strategy for the BBC Group and for all aspects of the remuneration of the Executive Committee and Board executive directors. Its members are non-executive directors Robbie Gibb (Chair), Muriel Gray and BBC Chairman Richard Sharp.

The Remuneration Committee takes specialist advice from external professional advisers on some matters, particularly those relating to market practice. During the year, independent advice was received from Willis Towers Watson on matters related to executive remuneration and periodically in the form of market assessments and from PricewaterhouseCoopers LLP on incentive design in relation to our commercial subsidiaries and the development of our future Reward strategy.

The Committee makes sure that executive remuneration is aligned to the BBC's purpose and values. It ensures our arrangements are transparent and easily understood and that remuneration levels are proportionate to contribution.

A quarterly review into pay and headcount takes place at the Remuneration Committee. Divisional and senior leader approval committees review and approve any exceptional requests for pay adjustments, additional headcount and non-contractual severance.

Board and Executive Committee membership

For the purposes of this report, executive directors are classed as those who sit on the Board along with the other members of the Executive Committee.

The BBC Board consists of 14 members, with a majority of non-executive directors. The Chairman and four non-executive members are appointed by the King-in-Council on the recommendation of Ministers, with one member representing each of the four nations of the UK. The position of the member for Northern Ireland is still to be appointed, pending a new Northern Ireland Executive. The BBC Board appoints a further five non-executive members through its Nominations Committee. There are four executive directors on the Board, including the BBC's Director-General who is the Corporation's chief executive officer and editor-in-chief. Deborah Turness was appointed to the Board as CEO News and Current Affairs on 5 September 2022. Other changes to Board membership, which came after year-end are noted on page 85.

The BBC Board is supported by the Executive Committee, which is responsible for the operational leadership of the Corporation. Details on the remuneration levels for the 11 executive directors can be found on pages 89-96. The following membership changes took place in 2022/23:

- Deborah Turness was appointed to the Executive Committee as News CEO on 5 September 2022, at which point Jonathan Munro stepped down as Interim Director of BBC News;
- Also appointed to the Executive Committee: Alan Dickson (December 2022), Alice Macandrew (January 2023), Uzair Qadeer (February 2023);
- June Sarpong stepped down from the Executive Committee and left the BBC in September 2022.

BBC Pay Principles

There has been continued work on pay at all levels of the BBC allied to our focus on fair pay. We have an established framework in which fair and consistent pay decisions are taken and ensures our Fair Pay Principles are embedded throughout the organisation.

1. Fair
2. Consistent
3. Transparent
4. Competitive
5. Clear

The BBC operates within a fast-changing market with intense competition for talent and dramatic growth amongst some new media, streaming and digital technology companies offering highly attractive packages. We therefore continue to balance market-competitive pay with the need to demonstrate value for money to the licence fee payer. This balance is reflected in our market informed job pay ranges which are set with reference to market median pay in other organisations.

Senior Leadership Remuneration Policy

The Remuneration Committee is committed to setting appropriate levels of pay for executive directors that attract, motivate and retain the best people to lead the BBC and provide value for the licence fee payer. The BBC's pay principles apply to all staff, executive directors and senior leaders across the BBC Group.

In setting the BBC's pay policy the Committee gives full consideration to the best practice provisions of the UK Corporate Governance Code.

Executive directors and senior leaders are not entitled to the annual pay increase agreed with the Joint Unions and are not automatically entitled to any form of annual increment or progression payment. Pay decisions for executive directors can only be taken by the Remuneration Committee and pay decisions for senior leaders are reviewed by the Executive Committee to ensure consistency and fairness.

In 2021 a new performance scorecard called the Senior Leadership Index was launched in order to drive further accountability for BBC performance in the senior leadership community. Results are taken into account when assessing performance and potential in the senior leadership population. Measures are varied and include diversity and employee engagement figures. In 2022 the Index was extended to a pilot group within a wider management population.

Component	Purpose and link to strategy	Operation	Maximum opportunity
Base pay	<p>For executive directors, base pay is defined by reference to a discounted market median for total direct remuneration (salary, annual bonus and annualised long-term incentive).</p> <p>For senior leaders, job pay ranges within which pay is set are informed by market median total target cash (base salary, allowances and target bonus). It is expected that this will result in total remuneration being discounted compared to the median of the external market.</p> <p>No senior leader is paid below the job pay range minimum for their role and pay ranges are transparent to all senior leaders and the wider BBC workforce.</p>	<p>The following factors are used to determine the level of base pay set for an executive director or senior leader:</p> <ul style="list-style-type: none"> • scale and complexity of role • knowledge, skills and experience • performance and contribution • market factors and affordability <p>Salaries are reviewed annually, with increases taking effect from 1 August. A budget is agreed and distributed according to the above factors.</p> <p>Pay ranges for senior leaders are reviewed annually and updated as required.</p>	<p>No prescribed maximum salary or maximum increase for executive directors.</p> <p>Senior leaders have job pay ranges with a minimum and maximum; where an individual is above the maximum of their pay range owing to legacy or commercial reasons their pay will not increase further.</p>
Variable Pay	<p>Executive directors and some leaders employed in the BBC's commercial businesses are eligible for a performance-related annual bonus. Such bonuses are wholly funded by the commercial businesses and not the license fee. It is reward for the achievement of short-term (annual) strategic goals and profit growth.</p>	<p>Executive directors and senior leaders in the Public Service are not entitled to receive a performance bonus.</p> <p>Bonus payments in the BBC's commercial businesses are subject to the achievement of targets based on headline profit for their business, strategic measures and individual performance.</p>	<p>No executive director in the Public Service has received a bonus since 2008.</p> <p>For 2022/23, one executive director – CEO BBC Studios – participated in a bonus scheme. The incentive scheme has a target bonus of 60% and a maximum of 90%, with an additional enhancement available up to 135% for exceptional individual performance. One-third of the total payable to the most senior participants is deferred for up to three years, subject to continued employment.</p>
Benefits – Pension	<p>Pensions are offered in accordance with the pension arrangements offered to all BBC employees.</p> <p>In addition to pensions, life assurance is provided in line with arrangements provided to all BBC employees.</p>	<p>Executive directors and senior leaders can elect to join the BBC's defined contribution scheme LifePlan.</p> <p>The BBC's defined benefit scheme is closed for new joiners.</p> <p>Executive directors are provided with death in service life assurance cover of four times their basic salary.</p>	<p>Current policy provides a defined contribution scheme with no salary cap and a maximum employer contribution of 10% of salary.</p> <p>Existing members of a defined benefit pension scheme are capped at the maximum salary for their pension scheme or are subject to a cap in pensionable salary growth.</p>
Benefits – Transport/travel	<p>Travel benefits are only offered to the Director-General and the Chairman.</p>	<p>The Director-General and the Chairman have the use of a car and driver but no entitlement to a personal car allowance or fuel allowance. Some senior leaders are still in receipt of a legacy car allowance following the removal of car benefits in 2012.</p>	<p>There is no prescribed maximum as this is an historic benefit which has not been offered to new starters since 2012.</p>
Benefits – Private Medical Insurance (PMI)	<p>In April 2011, the BBC removed the private health care benefit for all new executive directors and senior managers and aligned to arrangements for all BBC employees.</p> <p>Following consultation, it was agreed to remove the PMI benefit for executive directors and senior leaders from 1 April 2019.</p>	<p>One executive director receives a legacy allowance in lieu of PMI.</p>	<p>The maximum level of cover offered is family cover.</p> <p>This is an historic benefit.</p>
Employment contracts and severance	<p>Employment contracts of executive directors have a maximum notice period of six months, but are subject to earlier termination for cause.</p>	<p>There is no contractual entitlement to any additional remuneration in the event of early termination other than in the case of termination for reason of redundancy.</p>	<p>In the event of redundancy, all executive directors are entitled to payments equal to one month per year served up to maximum payment of £150,000.</p>

Governance

Remuneration report continued

Component	Purpose and link to strategy	Operation	Maximum opportunity
Other remuneration	There is no entitlement to any other remuneration, so no such payments were made in the year.	Should any additional remuneration be proposed, full consideration is given to the reputational risk to the BBC and any such payment would require the approval of the Remuneration Committee, prior to implementing.	There is no prescribed maximum.

Pension

Executive directors who joined the BBC before 1 December 2010 are eligible to continue to participate in the BBC Pension Scheme ('the Scheme'), which provides for pension benefits on a defined benefit basis. Executive directors who joined the BBC on or after 1 December 2010 are eligible to join LifePlan, which is the BBC's defined contribution arrangement. The BBC pays matching contributions to LifePlan for employee contributions at 5%. Employee contributions between 6% and 7% are matched plus an additional 1%.

Employee contributions of 8% or more receive the maximum employer contribution of 10%. There is no maximum pensionable salary for contributions to LifePlan.

Executive directors who decide not to join LifePlan or are not already an existing member of the Scheme are, subject to meeting the relevant criteria, automatically enrolled into the National Employment Savings Trust (NEST). The BBC paid 3% and employees paid 5% of qualifying earnings to NEST in 2022/23 in line with statutory requirements. Individuals can choose to opt out of this.

Executive directors' pension arrangements may be reviewed and amended in response to changes in legislation or similar developments.

Features of the BBC's pension arrangements that our executive directors participate in alongside other BBC employees are provided in the table below.

Details of the BBC Pension Scheme are available at: bbc.co.uk/mypension/.

Scheme	BBC Pension Scheme Defined Benefit				LifePlan defined contribution	National Employment Savings Trust (NEST) defined contribution (auto enrolment arrangement)
	Old benefits	New benefits	CAB 2006	CAB 2011		
Date closed	30 September 1996	31 October 2006	30 November 2010	1 January 2012	Open to all eligible employees	Open to all eligible employees
Accrual	60ths accrual	60ths accrual	1.67% accrual Adjusted in line with inflation	1.67% accrual Adjusted in line with CPI	BBC will contribute a maximum of 10% of salary if employee contributes 8% with lower sliding scale	BBC will contribute 3% of qualifying earnings (2022/23)
Salary	Final pensionable	Final pensionable	Career average revalued earnings	Career average revalued earnings		
Normal pensionable age	60	60	65	65	N/A	N/A
Earnings cap	Joined before 1 June 1989 uncapped, capped otherwise £181,800	Capped at £181,800	Capped at £181,800	Capped at £164,400	Uncapped	Minimum earnings £6,240 p.a. Maximum earnings £50,270 p.a. (2022/23)
Pensionable salary growth before the earnings cap is applied	Limited at 1% p.a.	Limited at 1% p.a.	Limited at 1% p.a.	No restriction	N/A	N/A
Employee contribution (% of pensionable salary)	7.50%	7.50%	4%	6%	Minimum employee contribution is 5%	5% of qualifying earnings (2022/23)

Annual remuneration of the BBC Board and Executive Committee – detail of remuneration received

The table below provides full details of the remuneration received by all BBC Board members for 2022/23.

Details of the chairs of each of the various BBC committees can be found on page 85. Each Chair receives £5,000 per annum in addition to their base fees. These fees are included in the table on the following page. All fees are shown pro-rata where appropriate. Annual remuneration of the BBC Board and Executive Committee – detail of remuneration received. The table on the following page provides full details of the remuneration received by all BBC Board members for 2022/23.

BBC Board (audited)

Details of remuneration received (values in £000s)

	Appointment term start date	Appointment term end date	Year	Base pay ¹	Taxable benefits ²	Pension related single figure	Performance related	Total
Non-executive directors								
Richard Sharp ³	16/02/2021	27/06/2023	2022/23	£160	£12	£0	£0	£172
			2021/22	£160	£7	£0	£0	£167
Shumeet Banerji	07/01/2022	31/12/2025	2022/23	£33	£0	£0	£0	£33
			2021/22	£8	£0	£0	£0	£8
Damon Buffini	01/01/2022	31/12/2025	2022/23	£38	£0	£0	£0	£38
			2021/22	£8	£0	£0	£0	£8
Shirley Garrood	03/07/2019	02/07/2023	2022/23	£38	£0	£0	£0	£38
			2021/22	£38	£0	£0	£0	£38
Robbie Gibb	07/05/2021	06/05/2024	2022/23	£43	£0	£0	£0	£43
			2021/22	£38	£0	£0	£0	£38
Muriel Gray	03/01/2022	02/01/2026	2022/23	£38	£0	£0	£0	£38
			2021/22	£9	£0	£0	£0	£9
Tanni Grey-Thompson ⁴	03/04/2017	31/12/2021	2022/23	£0	£0	£0	£0	£0
			2021/22	£25	£0	£0	£0	£25
Ian Hargreaves	03/04/2017	02/04/2023	2022/23	£38	£0	£0	£0	£38
			2021/22	£38	£0	£0	£0	£38
Tom Ilube ⁵	03/04/2017	30/06/2021	2022/23	£0	£0	£0	£0	£0
			2021/22	£10	£0	£0	£0	£10
Steve Morrison ⁶	03/04/2017	02/01/2022	2022/23	£0	£0	£0	£0	£0
			2021/22	£29	£0	£0	£0	£29
Nicholas Serota ⁷	03/04/2017	02/04/2024	2022/23	£38	£0	£0	£0	£38
			2021/22	£38	£0	£0	£0	£38
Elan Closs Stephens ⁸	20/07/2017	19/01/2024	2022/23	£43	£0	£0	£0	£43
			2021/22	£43	£0	£0	£0	£43
Total non-executive directors			2022/23	£469	£12	£0	£0	£481
			2021/22	£444	£7	£0	£0	£451
Executive directors								
Tim Davie ⁹	01/09/2020	n/a	2022/23	£525	£3	£0	£0	£528
			2021/22	£494	£2	£26	£0	£522
Charlotte Moore ¹⁰	01/09/2020	31/08/2024	2022/23	£442	£2	£29	£0	£473
			2021/22	£425	£2	£39	£0	£466
Leigh Tavaziva ¹¹	01/02/2021	31/01/2025	2022/23	£417	£0	£0	£0	£417
			2021/22	£400	£0	£0	£0	£400
Fran Unsworth ¹²	01/04/2019	27/01/2021	2022/23	£0	£0	£0	£0	£0
			2021/22	£280	£2	£0	£0	£282
Deborah Turness ¹³	05/09/2022	04/09/2024	2022/23	£233	£0	£0	£0	£233
			2021/22	£0	£0	£0	£0	£0
Total executive directors			2022/23	£1,617	£5	£29	£0	£1,651
			2021/22	£1,599	£6	£65	£0	£1,670
Total Board			2022/23	£2,086	£17	£29	£0	£2,132
			2021/22	£2,043	£13	£65	£0	£2,121

1 Fees are shown pro-rata where members left or joined during the year

2 Taxable benefits car allowance, private medical insurance/legacy allowance and other taxable expenses The Chairman and the Director-General have used the services of a car and driver for business purposes only

3 Richard Sharp resigned from his role as Chairman on 28 April 2023 and left the BBC on 27 June 2023 He received a fee of £160,000 per annum, set by the DCMS, as Chairman of the BBC Board This was donated to charity by the BBC, paid after National Insurance Contributions, and administered through the BBC payroll giving scheme

4 Tanni Grey-Thompson stepped down from the Board and left the BBC on 31 December 2021 and therefore received no remuneration in 2022/23

5 Tom Ilube stepped down from the board and left the BBC on 30 June 2021 and therefore received no remuneration in 2022/23

6 Steve Morrison stepped down from the BBC Board on 2 January 2022 He remained a Director BBC Commercial Board until stepping down from the role on 24 March 2023

7 Nicolas Serota was appointed for a second term which began on 3 April 2021

8 Elan Closs Stephens' initial term of appointment as Member for Wales was extended by the DCMS to run until 19 January 2021 She was appointed to a second term which began on 20 January 2021 This was extended until 19 January 2024 She was subsequently appointed as Acting Chair for a period of 12 months or until the appointment of a new permanent Chair, whichever is sooner

9 Tim Davie joined the Board as CEO, BBC Studios on 3 April 2017 His ex-officio term began when he was appointed as Director-General He opted out of active membership of the CAB 2011 section in 2021 and is not currently contributing to a BBC pension

10 Charlotte Moore was appointed for a second term which began on 1 September 2022

11 Leigh Tavaziva was appointed for a second term which began on 1 February 2023

12 Fran Unsworth stepped down from the Board on 27 January 2021 and therefore received no remuneration in 2022/23

13 Deborah Turness joined the Board on 5 September 2022

Governance

Remuneration report continued

The table below provides full details of the remuneration received by all BBC Executive Committee members for 2022/23, compared to the previous year. Remuneration for members shown below relates solely to the period of time when they served on the Executive Committee. For full annual amounts, please refer to the Disclosures section on page 97.

BBC Executive Committee members (audited)

Details of remuneration received (values in £000s)

	Date appointed to Committee	Year	Base pay ¹	Taxable benefits	Pension related single figure ²	Performance related	Total
Tim Davie ³	01/11/2012	2022/23	£525	£3	£0	£0	£528
		2021/22	£494	£2	£26	£0	£522
Charlotte Moore	06/07/2016	2022/23	£442	£2	£29	£0	£473
		2021/22	£425	£2	£39	£0	£466
Leigh Tavaziva	01/02/2021	2022/23	£417	£0	£0	£0	£417
		2021/22	£400	£0	£0	£0	£400
Fran Unsworth ⁴	01/01/2018	2022/23	£0	£0	£0	£0	£0
		2021/22	£280	£2	£0	£0	£282
Kerris Bright	18/06/2018	2022/23	£367	£0	£0	£0	£367
		2021/22	£360	£0	£0	£0	£360
Tom Fussell ⁵	01/09/2020	2022/23	£450	£0	£0	£388	£838
		2021/22	£421	£1	£0	£210	£632
Jonathan Munro ⁶	28/01/2022	2022/23	£142	£0	£14	£0	£156
		2021/22	£60	£0	£6	£0	£66
Gautam Rangarajan	01/06/2018	2022/23	£217	£0	£47	£0	£264
		2021/22	£210	£0	£44	£0	£254
June Sarpong ⁷	01/11/2019	2022/23	£36	£0	£0	£0	£36
		2021/22	£225	£0	£0	£0	£225
Bob Shennan ⁸	08/04/2019	2022/23	£0	£0	£0	£0	£0
		2021/22	£310	£2	£44	£0	£356
Rhodri Talfan Davies	01/01/2021	2022/23	£279	£0	£48	£0	£327
		2021/22	£263	£0	£44	£0	£307
Alan Dickson ⁹	17/12/2022	2022/23	£87	£0	£0	£0	£87
		2021/22	£0	£0	£0	£0	£0
Deborah Turness ¹⁰	05/09/2022	2022/23	£233	£0	£0	£0	£233
		2021/22	£0	£0	£0	£0	£0
Uzair Qadeer ¹¹	27/02/2023	2022/23	£29	£22	£0	£0	£51
		2021/22	£0	£0	£0	£0	£0
Alice Macandrew ¹²	30/01/2023	2022/23	£51	£0	£0	£0	£51
		2021/22	£0	£0	£0	£0	£0
Total Executive Committee		2022/23	£3,275	£27	£138	£388	£3,828
		2021/22	£3,448	£9	£203	£210	£3,870

1 Base pay is shown pro-rata where members left or joined during the year

2 Employee pension contributions are ordinarily made via a salary sacrifice arrangement as an employer contribution, with a corresponding reduction in salary. Base salaries for executive directors have not been adjusted to reflect the impact of salary sacrifice to enable like-for-like comparison with prior years before salary sacrifice was introduced. The pension-related single figure is generally calculated at 20 times the increase in the accrued pension over the year net of inflation, less the directors' defined benefit contributions, plus the employer's defined contributions. This is also shown in detail in the defined benefits pension prospective entitlements table.

3 Tim Davie opted out of active membership of the CAB 2011 section in 2021 and is not currently contributing to a BBC pension arrangement.

4 Fran Unsworth left the BBC on 27 January 2022 and therefore received no remuneration in 2022/23.

5 Tom Fussell's role is funded entirely by the BBC's commercial revenues and not paid for, or subsidised by, the licence fee. Payment of any bonus is subject to the achievement of performance targets. Two-thirds of the bonus is paid shortly after the end of the financial year 2022/23, with one-third deferred for up to three years.

6 Jonathan Munro was appointed interim Director of BBC News and Current Affairs and joined the Executive Committee on 28 January 2022. He stepped down from the Executive Committee on 5 September 2022 when Deborah Turness joined the BBC as CEO, News.

7 June Sarpong left the BBC on 30 September 2022.

8 Bob Shennan left the BBC on 31 March 2022 and therefore received no remuneration in 2022/23.

9 Alan Dickson was appointed Chief Financial Officer and joined Executive Committee on 17 December 2022.

10 Deborah Turness was appointed CEO, News and joined the Executive Committee on 5 September 2022.

11 Uzair Qadeer was appointed Chief People Officer and joined the Executive Committee on 27 February 2023. Benefits relate to an agreed relocation package.

12 Alice Macandrew was appointed Group Corporate Affairs Director and joined the Executive Committee on 30 January 2023.

Total remuneration – Board and Executive Committee (audited)

Total remuneration (values in £000s)	2022/23	2021/22
Total Executive Committee (including Board executive directors)	£3,828	£3,870
Board non-executive directors	£481	£451
Total annual remuneration	£4,309	£4,321

Defined benefit pension prospective entitlements (values in £000s)

	Age at 31 March 2023	Section	Accrued pension 31 March 2023 (or retirement/ leaving the Board if earlier)	Accrued pension 1 April 2022 (or joining the Board if after)	Director DB contributions (via salary sacrifice) 2022/2023	Pension related single figure
Charlotte Moore	54	New benefits	43	39	12	29
Gautam Rangarajan	51	CAB 2011	29	25	10	47
Rhodri Talfan Davies	52	CAB 2011	30	26	10	48
Alan Dickson	55	Old benefits	35	34	2	0

Comparative pay across the BBC

The Committee agreed that from 2021/22, the ratio of the Director-General's earnings to the lower quartile, median and upper quartile pay of UK employees would be voluntarily disclosed annually. This brings the BBC disclosure in line with listed companies who report their CEO pay ratio compared to UK employees under the Large and medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 ('Regulations').

The company has chosen Option A to identify employees at the lower quartile, median and upper quartile and their respective pay and benefits, including pension contributions, as this is recognised as the most accurate and typically considered the market best practice approach to use. All full-time UK public service broadcasting employees as at the financial year end have been included in the reporting, with employees ranked based on their remuneration as at the end of the 2022/23 financial year.

The table below sets out the total pay and benefits value received by employees identified at the lower quartile, median and upper quartile as at 31 March 2023.

2022/23	25th Percentile	50th Percentile	75th Percentile
Total Pay and Benefits	£43,399	£57,194	£75,491
Pay	£39,604	£49,305	£60,325

Director-General ratio

The pay ratio is broadly consistent with the prior year. The Committee is satisfied that it is consistent with the pay progression and reward policies for our UK PSB employees.

Year	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2023	12.1:1	9.2:1	7.0:1
2022	12.8:1	9.7:1	7.3:1

Governance

Remuneration report continued

The table below provides a summary of the changes to the Director-General's cash earnings for 2022/2023 versus the change in pan-BBC median earnings over the same period.

	2022/23 (values in £000s)	Change from 2021/22
Director-General earnings	525	0%
Pan-BBC median earnings	49.3	1%

The calculation of pan-BBC earnings excludes pension contributions and the Executive Committee's earnings.

The data assumptions included in our reporting are as follows:

Element	Description
Base salary	We have used the full-time equivalent, as at year end, as the salary figure to rank our employees. Basic salary amounts also include any increased, temporary, allowances for attachments within other departments/roles within the organisation.
Allowances and benefits	This includes a range of location, role-based, allowances and employee benefits included on a pro-rata basis for part-time colleagues.

Severance

No severance was paid to executive directors during the year ended 31 March 2023.

Outside interests

With the prior agreement of the Director-General, executive members of the BBC Board may hold remunerated external directorships. The prime purpose of the external directorship should be to support personal and career development and thereby give back to the BBC.

Remuneration which arises from external directorships may be retained by the individual, but is subject to formal approval. Executive directors may also hold non-remunerated posts outside the BBC. No more than one to two days per month are permitted to fulfil all external duties.

The BBC's commercial businesses

During 2022/23, the BBC had staff employed with three main commercial subsidiaries:

- BBC Studios (including BBC Global News)
- BBC Studioworks
- UKTV

Remuneration within the commercial subsidiaries is subject to the BBC's governance and approval processes. The remuneration policy for the subsidiaries includes the contractual provision of an annual bonus available to eligible staff, including directors, and it varies between commercial entities. The full costs of base pay and annual bonus are self-funded by the commercial revenues of each subsidiary company and are not subsidised by the licence fee.

BBC Studios Company Bonus Scheme

The Remuneration Committee has oversight of the design and outturn of the BBC Studios Company Bonus Scheme.

Following a review of the scheme, the Committee agreed to increase the weighting of EBITDA as the sole financial measure, to include a measure for achievement of targets associated with the Senior Leader Index (measured at a company level), and to increase the weighting of individual personal objectives based on the BBC Studios strategy. The personal objectives will continue to be shared with the Committee annually.

The measures and respective weightings for the 2022/23 scheme were as follows:

- EBITDA, weighted 60%
- Senior Leader Index, weighted 10%
- individual personal objectives, weighted 30%

As a result of the review of the bonus, the Committee also agreed to increase the bonus opportunity at target and stretch performance for Senior Executive Committee and Senior Leader participants in the scheme. This brings individual total compensation closer to market levels and will help to ensure BBC Studios has the ability to attract and retain key talent needed to deliver the strategy agreed by the Board. There is a deferral aspect of the bonus, with one-third deferred for up to three years, for the most senior participants only.

2022/23 results

For 2022/23, the financial measure (EBITDA) exceeded the target set for stretch performance, resulting in a maximum payment for this element of the bonus. The result of the leadership measure (Senior Leader Index) was above the threshold level for payment, but just below target. The Remuneration Committee reviewed the performance of the CEO, Studios against his personal objectives, and he was assessed as having performed at the highest level. The combination of Company results and personal performance resulted in a bonus award of 86.25% (£388,125) to the CEO, BBC Studios in respect of the year's performance. One-third of this total payment will be deferred over the subsequent three years.

Pay disclosures

Report from the BBC Remuneration Committee of people paid more than £178,000 from licence fee revenue in the financial year

Each year, since 2017, the BBC has been required to publish in the Annual Report and Accounts a list of those individuals, both on-air and off-air, who received more than £150,000 from licence fee revenue in the year. We also publish additional detail of the specific work that individuals appearing on-air carried out for the remuneration they received.

When the BBC's Royal Charter was published by the Government in 2016 it included, at clause 65, a specific formula by which the £150,000 level should be amended, as of June 2022. The clause states that:

The following indexation formula is to be used to vary the amounts specified in article 37 (Annual Report) on 1st June 2022 and 1st June 2026: $(CPIA / CPIB) \times 100$

Where: CPIA represents the Consumer Price Index all items index figure for the month before the proposed variation is to be made; and CPIB represents the Consumer Price Index all items index figure for the month before 1st January 2017.

The clause was drafted in order to recognise that pay inflation over time would result in increasing numbers of individuals coming into the disclosure, so the adjustment at the mid-point of the Charter ensures that the threshold for disclosure keeps pace with market changes.

Using the calculation set out in the Charter the threshold for disclosure has moved to £178,000 and the following pages set out all individuals above this level. The disclosure is calculated and published in the same way as in previous years. Meanwhile we continue to operate in markets where competition for talent and pay inflation rates overall pose significant challenges.

For this transitional year only, we are publishing below aggregate details showing what a disclosure at £150,000 would look like compared with 2021/22. We are also publishing below aggregate details showing the total number of people in disclosure in 2017/18 (the first year that these disclosures were published), and the aggregate totals of the lists on the following pages.

	2017/18 – over £150k			2021/22 – over £150k			2022/23 – over £150k			2022/23 – over £178k		
	On-air	Off-air	Total	On-air	Off-air	Total	On-Air	Off-Air	Total	On-air	Off-air	Total
Total	64	92	156	74	105	179	87	133	220	68	67	135
Women	22 (34%)	32 (35%)	54 (35%)	33 (45%)	48 (46%)	81 (45%)	37 (43%)	71 (53%)	108 (49%)	28 (41%)	32 (48%)	60 (44%)

On-air talent pay tables

Individuals on this list are shown by category: News, Radio, Sport and presenters who work regularly across multiple parts of the BBC including Television. These figures include payments from licence fee revenue during the year ended 31 March 2023 for services provided in the year. These figures exclude any recharges, amounts paid and investments into programmes made by our commercial entities – for example BBC Studios. Payments made by independent producers, royalties, repeat fees, contractual and other recoverables and expenses are also excluded. Programme commitments have been drawn from contractual commitments or other patterns of work and have generally been stated to the nearest ten. These have been consistently disclosed for each principal programme or genre. Single episodes have been excluded, unless this represents a significant part of an individual's work.

Governance

Pay disclosures continued

On-air talent

Principal programme	Name	Programme commitments	Pay
News and Current Affairs <i>Today</i>	Amol Rajan	c. 80 presentation days <i>Amol Rajan Interviews</i> Television documentaries Radio 4 <i>Rethink</i> Media Editor (to December 2022)	£335,000-£339,999
	Mishal Husain	c. 135 presentation days c. 20 presentation days for BBC One <i>Today Debates</i> for Radio 4	£315,000-£319,999
	Justin Webb	c. 140 presentation days <i>Americast</i> podcast	£280,000-£284,999
	Nick Robinson	c. 140 presentation days <i>Political Thinking</i> podcast	£275,000-£279,999
	Martha Kearney	c. 140 presentation days	£260,000-£264,999
<i>World at One</i>	Sarah Montague	c. 180 presentation days Cover for <i>HARDTalk</i>	£245,000-£249,999
<i>PM</i>	Evan Davis	c. 200 programmes <i>The Bottom Line</i> on Radio 4	£280,000-£284,999
<i>BBC News at Six and BBC News at Ten</i>	Huw Edwards	c. 180 presentation days for BBC One News Specials	£435,000-£439,999
	Sophie Raworth	c. 180 presentation days for BBC One Sunday Morning programme Television documentaries	£365,000-£369,999
	George Alagiah	c. 180 presentation days for BBC One	£335,000-£339,999
	Clive Myrie	c. 135 presentation days for BBC One BBC News Channel Television documentaries International deployments	£285,000-£289,999
<i>BBC News at One, BBC News at Six and BBC News at Ten</i>	Reeta Chakrabarti	BBC One bulletins BBC News Channel Location work	£215,000-£219,999
<i>Question Time</i>	Fiona Bruce	c. 40 episodes of <i>Question Time</i> c. 25 presentation days for BBC One	£395,000-£399,999
<i>Newsnight</i>	Victoria Derbyshire	c. 60 presentation days (from September 2022) BBC News Channel and BBC One bulletins (to September 2022) <i>Any Questions</i> <i>UkraineCast</i> podcast	£295,000-£299,999
	Kirsty Wark	c. 105 presentation days News specials <i>Start the Week</i> on Radio 4	£280,000-£284,999
<i>BBC Breakfast</i>	Charlie Stayt	c. 180 presentation days	£190,000-£194,999
	Jon Kay	c. 130 presentation days (from July 2022) News Correspondent and cover for <i>BBC Breakfast</i> (to July 2022)	£185,000-£189,999
	Sally Nugent	c. 180 presentation days	£178,000-£184,999
<i>Sunday with Laura Kuenssberg</i>	Laura Kuenssberg	c. 30 programmes Television documentaries <i>NewsCast</i> podcast Political Editor (to May 2022)	£305,000-£309,999
<i>HARDtalk</i>	Stephen Sackur	<i>HARDtalk</i> interviews	£190,000-£194,999
<i>BBC World News</i>	Yalda Hakim	BBC World News presentation Television documentaries	£178,000-£184,999
	Matthew Amroliwala	BBC World News and BBC News Channel presentation	£178,000-£184,999

Principal programme	Name	Programme commitments	Pay
News and Current Affairs			
(continued)			
<i>On-air editors and correspondents</i>	Ros Atkins	Analysis Editor <i>Outside Source</i> presentation <i>Ros Atkins On the Week</i> <i>The Media Show</i> for Radio 4	£260,000-£264,999
	Faisal Islam	Economics Editor Cover for <i>Newsnight</i>	£230,000-£234,999
	Jeremy Bowen	Middle East Editor	£230,000-£234,999
	Katya Adler	Europe Editor <i>Today</i> presentation	£225,000-£229,999
	Chris Mason	Political Editor (from May 2022) <i>Any Questions</i> for Radio 4 (to June 2022)	£225,000-£229,999
	Sarah Smith	North America Editor	£220,000-£224,999
	Fergal Keane	Special Correspondent	£215,000-£219,999
	Simon Jack	Business Editor Cover for <i>Today</i> on Radio 4	£210,000-£214,999
	Lyse Doucet	Chief International Correspondent	£205,000-£209,999
	Mark Easton	Home Editor	£195,000-£199,999
	Jonny Dymond	Royal Correspondent <i>The World This Weekend</i> on Radio 4 Cover for <i>PM</i> and <i>The World at One</i> on Radio 4 <i>World Questions</i> Radio documentaries and podcasts	£195,000-£199,999
	Orla Guerin	International Correspondent	£178,000-£184,999
	John Simpson	World Affairs Editor <i>Unspun World with John Simpson</i>	£178,000-£184,999
	Radio		
BBC Radio 1	Greg James	c. 220 Radio 1 Breakfast Show <i>Rewinder</i> on Radio 4 <i>Radio 1's Big Weekend</i>	£395,000-£399,999
BBC Radio 2	Zoe Ball	c. 210 editions of <i>The Zoe Ball Breakfast Show</i> Radio 2 Terry Wogan tribute	£980,000-£984,999
	Ken Bruce	<i>Radio 2 Mid Morning Show</i> <i>Radio 2 Eurovision</i> and <i>PopMaster Special</i>	£390,000-£394,999
	Steve Wright	c. 120 editions of <i>Steve Wright in the Afternoon</i> c. 50 editions of <i>Sunday Love Songs</i> c. 10 Radio 2 specials	£360,000-£364,999
	Scott Mills	c. 95 editions of Radio 2 show (from November 2022) c. 90 editions of Radio 1 show (until November 2022) c. 20 editions of <i>Scott Mills and Chris Stark Show</i> on Radio 5 live Cover on Radio 1 and Radio 2 Radio 1's Big Weekend Radio 2 Jubilee Weekend	£300,000-£304,999
	Jeremy Vine	c. 230 Daily show <i>Radio 2 All Stars</i>	£285,000-£289,999
	Sara Cox	c. 230 editions of Radio 2 <i>Drivetime Show</i>	£285,000-£289,999
	Trevor Nelson	c. 180 editions of <i>Rhythm Nation</i> c. 50 Weekend Shows on Radio 1Xtra 1Xtra Birthday Party <i>Lamont Dozier at the BBC</i> <i>Radio 1 All Stars</i>	£240,000-£244,999
	Jo Whiley	c. 150 editions of Radio 2 Evening Show <i>Radio 2 All Stars</i> ; <i>Radio 2 Piano Room</i> <i>Things You Didn't Know About Pop</i>	£230,000-£234,999

Governance**Pay disclosures continued**

Principal programme	Name	Programme commitments	Pay
Radio (continued)			
BBC Radio 4	Emma Barnett	c. 110 editions of <i>Woman's Hour</i> c. 20 editions of <i>Newsnight</i>	£185,000-£189,999
BBC Radio 5 Live	Nicky Campbell	c. 110 editions of 5 Live <i>Breakfast Show</i> c. 110 editions of <i>Your Call</i> c. 90 editions of 5 Live <i>Nicky Campbell Show</i>	£295,000-£299,999
	Rachel Burden	c. 200 editions of 5 Live <i>Breakfast Show</i> c. 20 editions of <i>BBC Breakfast Cover for Your Call</i>	£195,000-£199,999
	Colin Murray	c. 170 editions of 5 Live <i>Colin Murray Show</i> c. 40 editions of 5 Live <i>Fighting Talk</i>	£185,000-£189,999
	Rick Edwards	c. 230 editions of 5 Live <i>Breakfast Newscast</i> podcast <i>Pick of the Week</i> Radio 4 Podcast <i>Radio Hour</i>	£178,000-£184,999
BBC 6 Music	Lauren Laverne	c. 210 editions of 6 Music <i>Breakfast Show</i> c. 40 <i>Desert Island Discs</i> on Radio 4	£390,000-£394,999
	Craig Charles	c. 210 editions of 6 Music weekday afternoon show c. 50 editions of <i>The Craig Charles Funk and Soul Show</i> c. 10 Radio 2 shows 6 Music weekday afternoon show	£178,000-£184,999
Multiple stations	Stephen Nolan	<i>The Nolan Show</i> on Radio Ulster <i>Nolan Live</i> on BBC 1 (NI) 5 Live <i>Stephen Nolan Show</i>	£400,000-£404,999
Sport			
Men's football	Gary Lineker	<i>Match of the Day: Premier League, FA Cup and World Cup 2022;</i> <i>Sports Personality of the Year</i>	£1,350,000-£1,354,999
	Alan Shearer	<i>Match of the Day: Premier League, FA Cup and World Cup 2022</i>	£445,000-£449,999
	Jermaine Jenas	<i>Match of the Day: Premier League, FA Cup and World Cup 2022</i> MOTDx	£190,000-£194,999
Men's and Women's football	Alex Scott	<i>Football Focus, Women's Super League, World Cup 2022, UEFA Women's Euro 2022</i> <i>Sports Personality of the Year</i>	£185,000-£189,999
Cricket	Jonathan Agnew	TV and Radio cricket (Test, one-day and Twenty20 series); BBC Cricket Correspondent	£185,000-£189,999
	Michael Vaughan	TV and Radio cricket (Test, one-day and Twenty20 series)	£178,000-£184,999
Tennis	John McEnroe	Wimbledon	£205,000-£209,999
	Sue Barker	Wimbledon and Queen's	£185,000-£189,999
Multiple sports	Mark Chapman	c. 120 editions of 5 Live <i>Sport Match of the Day 2</i> Football World Cup 2022 Challenge Cup and Rugby League World Cup 2022	£325,000-£329,999
	Gabby Logan	Football Football World Cup 2022 UEFA Women's Euro 2022 Athletics Rugby Union European Championship Commonwealth Games <i>Sports Personality of the Year</i>	£240,000-£244,999
	Clare Balding	Boat Race Ride London Burghley and London International Horse Show Eastbourne and Wimbledon Commonwealth Games European Championship <i>Sports Personality of the Year</i> c. 20 Radio 4 programmes	£178,000-£184,999

Multiple genres and television

There are a small number of individuals who have pre-existing multi-year relationships with BBC commissioning. Payments from BBC Studios have been removed from the disclosure, and they may also receive payments from independent producers. We also include in this section presenters who spend close to 50% of their time in more than one of TV, Radio, News and Sport.

Principal programme	Name	Programme commitments	Pay
Radio and Television	Naga Munchetty	c. 180 <i>BBC Breakfast</i> presentation days c. 140 5 live <i>Naga Munchetty Shows</i>	£335,000-£339,999
	Tina Daheley	<i>Radio 2 Breakfast Show</i> Cover for <i>Jeremy Vine</i> BBC One News Bulletins BBC Breakfast <i>Cultural Frontline</i> for BBC World Service	£240,000-£244,999
Radio and Sport	Jason Mohammad	BBC Radio Wales (Monday-Wednesday) <i>Match of the Day Wales</i> <i>Final Score</i> Commonwealth Games BBC Radio 2 (<i>Good Morning Sunday</i>)	£255,000-£259,999
Television and Podcasts	Louis Theroux	BBC fee for a range of programmes and series	£200,000-£204,999
Television	Mary Berry	BBC fee for a range of programmes and series	£215,000-£219,999

Governance

Pay disclosures continued

Senior executives

We publish on our website the pay and expenses for all senior leaders earning over £178,000 in the BBC's public services. Under the terms of our Charter, we are required to publish a report from the Remuneration Committee listing all senior executives of the BBC paid more than £178,000 from licence fee revenue for services in the financial year, set out in pay bands. These figures exclude any recharges or amounts paid from our commercial entities.

Pay	Name	Role
Director-General		
£525,000-£529,999	Tim Davie	Director-General
Executive Committee		
£440,000-£444,999	Charlotte Moore	Chief Content Officer
£415,000-£419,999	Leigh Tavaziva	Group Chief Operating Officer
£365,000-£369,999	Kerris Bright	Chief Customer Officer
£275,000-£279,999	Rhodri Talfan Davies	Director, Nations
£235,000-£239,999	Alan Dickson	Chief Financial Officer
£230,000-£234,999	Deborah Turness	CEO, News and Current Affairs
£215,000-£219,999	Gautam Rangarajan	Group Director, Strategy and Performance
Corporate Functions		
£315,000-£319,999	Sarah Jones	Group Legal Counsel
£225,000-£229,999	John Shield	Director of Communications
£220,000-£224,999	Balram Veliath	Director, Quality, Risk and Assurance
	Shirley Cameron	Director of Revenue and Customer Management
	Eddy Datubo	Director of Operations and Transformation
£215,000-£219,999	Joanna Abeyie	Head of Creative Diversity
£205,000-£209,999	Peter Ranyard	Director, Corporate Legal
£200,000-£204,999	Peter Johnston	Director of Editorial Complaints and Editorial Reviews and Senior Project Director
£195,000-£199,999	Clare Sumner	Director, Policy
£190,000-£194,999	David Curley	Group Corporate Finance Director
	Phil Harrold	Company Secretary and Chief of Staff
	Irene Asare	HR Director, News
£185,000-£189,999	David Jordan	Director, Editorial Policy and Standards
	Sophie Garnham	Director, Commercial Rights and Business Affairs
	Andrew Kaczor	Finance and Operations Director, COO Group
	Sarah Gregory	HR Director, Nations
£178,000-£184,999	Sarah Burns	HR Director
	Alan Bainbridge	Director of Workplace
Technology Group and Product Group		
£310,000-£314,999	Storm Fagan	Chief Product Officer
£305,000-£309,999	Peter O'Kane	Chief Technology Officer
£245,000-£249,999	Sinead Greenaway	Director, Broadcast and End User Technology
£215,000-£219,999	Andy Baker	Director, Technology Operations
£210,000-£214,999	Jatin Aythora	Director, Research and Development
£195,000-£199,999	Kieran Clifton	Director, Distribution and Business Development
	Ellie Runcie	Chief Design Officer
£185,000-£189,999	Richard Cooper	Director, Digital Distribution
	David Andrade	Director, Product Engineering
£178,000-£184,999	Pushpa Reddy	Director, Product Management

Pay	Name	Role
Marketing and Audiences		
£190,000-£194,999	Paul Davies	Director, Marketing and Audiences
	Nick North	Director, Audiences
£178,000-£184,999	Justin Bairamian	Director, BBC Creative
Nations		
£178,000-£184,999	Sarah Calcott	Chief Operating Officer
Content		
£270,000-£274,999	Kate Phillips	Commissioning Director
£265,000-£269,999	Patricia Hidalgo	Director, Children's and Education
£240,000-£244,999	Dan McGolpin	Director, iPlayer and Channels
	Fiona Campbell	Channel Controller
£230,000-£234,999	Barbara Slater	Director of Sport
£220,000-£224,999	Graham Ellis	Controller, BBC Audio
£210,000-£214,999	Jon Petrie	Commissioning Director
£205,000-£209,999	Lucy Richer	Senior Commissioning Editor (Drama)
	Mohit Bakaya	Commissioning Director, Radio
£200,000-£204,999	Jonathan Wall	Commissioning Director, Radio
	Lorna Clarke	Commissioning Director, Radio
£195,000-£199,999	Eva Yates	Commissioning Director
£190,000-£194,999	Clare Sillery	Senior Head of Factual Commissioning
	Gaynor Holmes	Commissioning Editor Drama
£185,000-£189,999	Lindsay Currie	Head of Channel Management
	Heidi Dawson	Controller, Radio
£178,000-£184,999	Alan Davey	Controller, Radio
	Philip Bernie	Head of Sport
	David Pembrey	Chief Operating Officer, Content
	Catherine Catton	Senior Head of Factual Commissioning
	Suzy Klein	Senior Head of Factual Commissioning
News and Current Affairs		
£305,000-£309,999	Jonathan Munro	Interim Director of News and Current Affairs/Deputy CEO of News and Director of Journalism
£205,000-£209,999	Naja Nielsen	Senior News Controller
£200,000-£204,999	Liliane Landor	Senior News Controller
£178,000-£184,999	Joanna Carr	News Controller
Former Staff		
£240,000-£244,999	Glyn Isherwood	CFO Project Director
£220,000-£224,999	Craig Parfitt	Interim Chief Financial Officer

Comptroller and Auditor General's opinion on pay disclosures

Independent Assurance Report to the Board of the British Broadcasting Corporation, acknowledging that Parliament also places reliance on the Group Accounts and Report

I have conducted independent assurance procedures on the disclosures included in the British Broadcasting Corporation (BBC) Annual Report arising from the requirement under the Royal Charter for the continuance of the BBC (the Royal Charter) to publish the names of all senior executives of the BBC paid more than £178,000 from licence fee revenue in that financial year; and the names of all other staff of the BBC paid more than £178,000 from licence fee revenue in that financial year set out in pay bands for the year-ended 31 March 2023. The original threshold for disclosure of £150,000 has been adjusted by inflation to £178,000 on 1st June 2022, as set out by Clause 65 of the Royal Charter.

These disclosures comprise the Pay Disclosures as set out on pages 97 to 103 of the BBC's Annual Report (the subject matter) (the "Pay Disclosures").

My work is conducted in accordance with International Standards on Assurance Engagements (ISAE) 3000 Assurance Engagements Other Than Audits or Reviews of Historic Financial Information.

Respective responsibilities of the BBC Board and the Comptroller and Auditor General

For the reporting year covered by this report, the BBC Board was responsible for publishing information required by the Royal Charter as follows:

- the names of all senior executives of the BBC paid more than £178,000 from licence fee revenue in that financial year; and
- the names of all other staff of the BBC paid more than £178,000 from licence fee revenue in that financial year set out in pay bands for the year-ended 31 March 2023.

I am responsible for providing an opinion on whether, in all material respects, the subject matter is complete and accurate and has been properly prepared in accordance with the basis set out therein.

In conducting this work, my staff and I have complied with the Financial Reporting Council's Revised Ethical Standard 2019. I am independent of the BBC in accordance with the ethical requirements that are relevant to my procedures. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

My staff and I have applied International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

My approach

I have performed a reasonable assurance engagement as defined in ISAE 3000. A reasonable assurance engagement is to perform such procedures as to obtain information and explanations which I consider necessary to express an opinion on whether, in all material respects, the Pay Disclosures (the subject matter) are complete and accurate and have been properly prepared in accordance with the basis set out therein.

My work consisted of:

- Understanding the process adopted by the BBC to derive the Pay Disclosures, in particular the completeness and accuracy of information used;
- Testing the completeness of disclosures, including:
 - Cross-reference to my BBC Group audit procedures relating to payroll and expenditure;
 - Comparison to the prior year and my understanding of the BBC;
 - Review of individuals paid in the subsequent month who have been paid close to the disclosure threshold in 2022/23;
- Agreement of staff disclosure to payslips or, where staff are not paid via BBC payroll, agreement of spend back to other evidence such as contracts;
- Agreement of the spend per individual paid more than £178,000 of licence fee revenue into the appropriate salary banding;
- Review of the accompanying commentary for reasonableness and clarity around the basis of disclosure.

Inherent limitations

My assurance procedures have been designed to provide reasonable assurance. The objective of a reasonable assurance engagement is to reduce engagement risk to an acceptably low level in the circumstances of the engagement as the basis for a positive form of expression of my conclusion. It does not, however, eliminate this risk entirely. In particular, in preparing the disclosures, the BBC Board is required to make a number of judgements which inherently introduces an element of risk.

My work has been undertaken so that I might state to the BBC Board and Parliament those matters I am required to in this report and for no other purpose.

Opinion

Based on the results of my procedures, in my opinion, in all material respects the Pay Disclosures included on pages 97 to 103 are complete and accurate and have been properly prepared in accordance with the basis set out therein. This opinion has been formed on the basis of the matters outlined elsewhere in this independent assurance report.

Gareth Davies

Comptroller and Auditor General
National Audit Office

157-197 Buckingham Palace Road
London
SW1W 9SP

30 June 2023

Nominations Committee report

Board appointments

The Board Nominations Committee is responsible for making recommendations on appointments to the Board (with the exception of the Chairman and the nations' members) and Board Committees.

The members of the Committee have remained the same this year and it is comprised of: the Chairman of the BBC, Richard Sharp; Director-General, Tim Davie; the senior independent director, Nicholas Serota; and, non-executive directors Elan Closs Stephens and Shirley Garrood.

This year the full Nominations Committee has met five times. The Committee's non-executives also met without the Chairman present on three occasions during the year, as part of their review of his declarations of personal interests whilst at the BBC. That review was ongoing at the end of the financial year and the findings were published on 11 May 2023. The Nominations Committee considers and reviews the independence of Board members annually, including any conflicts of interest, which this year it undertook in April.

The Committee is responsible for oversight of governance matters relating to the operation of the Board and its sub-committees. As part of this role Nominations Committee commissions an annual evaluation review of the operation of the BBC Board and its sub-committees. A significant element of the Committee's work this year was reviewing the findings from the 2021/22 review and producing an action plan based on the recommendations, which was approved by the full Board in June.

In addition to its responsibility for nominating appointments to the Board, the Committee is also responsible for nominating members to the sub-committees of the Board, and its main commercial subsidiaries. A significant amount of work this year has related to ensuring an effective committee structure and membership, something which the Board Evaluation Review commissioned for 2022/23 has taken as its focus.

In response to a recommendation in the Board Evaluation Review, the Nominations Committee also commissioned a review of its strategic risk functions across both the public service and commercial arm of the BBC for further consideration by the Board.

In terms of nominated appointments, this year the Committee worked with a representative of the Editorial Guidelines and Standards Committee ("EGSC") on the recruitment and appointment of that Committee's external editorial advisers, fulfilling a recommendation by the Serota Review into the BBC's editorial processes, governance and culture. Following a full and open competition, Caroline Daniel and Michael Prescott were formally appointed as Editorial Advisers to EGSC at the June meeting of the Board. Nominations Committee also recommended two re-appointments: that of Mai Fyfield as a non-executive on the BBC's Commercial Board for a further three years until 31 July 2025 and Leigh Tavaziva, Chief Operating Officer, as an executive member of the BBC Board for a further two years until 31 January 2025. The Nominations Committee has also led the recent recruitment process for two new non-

executives to the Board, candidates for which were still to be appointed at the close of the financial year.

The Nominations Committee also recommended changes to the composition and membership of the Commercial Board to allow for an increased number of non-executive members and proposed the appointment of Ian Griffiths, Clare Hungate and Gary Newman as non-executive members. These appointments were formally approved at the December meeting of the Board to commence on 2 April 2023. The increasing importance of the BBC's Commercial Board and its position within the BBC's broader governance structure was recognised by Nominations Committee and reflected by the Committee's recommendation that the Board should create an honorary title of Deputy Chair, as an additional title for the Chair of the BBC Commercial Board. The Board approved this recommendation at its December meeting and the Chair of the Commercial Board, Damon Buffini, was appointed as the first Deputy Chair of the BBC.

Richard Sharp
Chairman
27 June 2023

Board and Committee attendance

Apr 22-Mar 23	Board	Audit and Risk Committee	Fair Trading Committee	Nominations Committee	Remuneration Committee	Editorial Guidelines and Standards	Nations Committee – England	Nations Committee – Scotland	Nations Committee – Wales	Nations Committee – N. Ireland
Number of meetings for the period	9	5	3	7	4	8	3	3	3	3
Non-executives										
Richard Sharp	9			4 of 4	3			3		
Shumeet Banerji	8	5								
Damon Buffini	9									
Shirley Garrood	8	4		6						
Robbie Gibb	9				4	8	3			
Muriel Gray	9		3		4			3		
Ian Hargreaves	9		3			8			3	
Nicholas Serota	9			7		8	3			3
Elan Closs Stephens	8	5		7					3	3
Executives										
Tim Davie	9			4 of 4		7				
Charlotte Moore	8									
Leigh Tavaziva	9									
Deborah Turness*	6 of 6					4 of 5				

This table does not include extraordinary meetings or business conducted offline

* Deborah Turness joined the Board in September 2022

Governance

Audit and Risk Committee report

I am pleased to introduce the annual report of the BBC Audit and Risk Committee (ARC) for 2022/23. The role of the Committee is to assist the Board in providing oversight of corporate governance within the BBC, particularly with respect to financial reporting, internal control and risk management. During the year the Committee has sought to fulfil this responsibility by ensuring a wide and relevant Committee agenda, applying thorough review and scrutiny to agenda topics and, where appropriate, seeking the advice of subject matter experts.

The Committee met five times during the year, and I worked with very experienced Committee members who have provided valuable insight and support: Shumeet Banerji, and Elan Closs Stephens who joined as a member from April 2022.

The Committee has received effective advice from BBC teams, notably the Company Secretariat, Finance, and the Quality, Risk and Assurance function as well as from the NAO, on behalf of the Comptroller and Auditor General, as the BBC's external auditors. I am satisfied, as a result, that the Committee has had the necessary skills and support in place to discharge its duties properly. During the year an external review of the Committee's effectiveness was undertaken, as part of the Board's overall review. The findings and recommendations from that work will be presented to the Committee in 2023/24.

Our work-plan and activity for this year has been comprehensive, and in line with the purpose of the Committee. Key activities in this area have been:

- overseeing the BBC's relationship with the NAO, including approving their audit plan, reviewing their assessment of risk and accounting judgements, receiving updates on progress with their work and monitoring the implementation of actions arising from their work. A review of external audit effectiveness was undertaken by the Committee;
- reviewing on behalf of the Board, the BBC's Annual Report and Accounts, challenging management on their actions and judgements, and on any major findings from the external audit;
- assessing, through reports and assurances from management, the regularity of the reported BBC accounts and the BBC's viability and going concern statements;
- receiving independent assurance reports on the operation and effectiveness of BBC's control environment, ensuring that management are taking appropriate and timely action in response;

- providing oversight of the BBC's risk framework and operational risks on behalf of the Board. During the year a review of the Board and ARC's respective responsibilities for risk oversight was undertaken, with the Board taking responsibility for strategic risk oversight;
- on behalf of the Board, the Committee continued to oversee the composition and performance of the BBC's critical projects;
- monitoring the work and quality of the Internal Audit team. 41 audits and assurance reviews were completed as part of a risk-based plan, with 128 improvement actions raised (improvement actions are tracked to completion by the Committee).

During my period as Committee Chair, I have sought to ensure that the agendas and topics reviewed by the Committee continue to evolve in line with changes to the BBC's risk profile and obligations.

In 2022/23, the Committee enhanced its review of the BBC's major change initiatives. Alongside, regular and thorough status reporting by management, we now receive the outcome of independent project assurance activity undertaken by a specialist team. This provides an additional perspective and supports our review and challenge to management. We have continued with our regular deep dives into critical projects, including for this year, the BBC's ambitions to achieve Net Zero, commitments on Diversity and Inclusion and the strategically significant Across the UK initiative.

As I reported last year, we now ensure that one Committee meeting per year has a specific focus on reviewing the BBC's commercial operations. This has continued to be effective in making sure the Committee gives sufficient scrutiny to commercial governance and controls. The BBC Studios Chief Operating Officer attended the meeting.

Cyber and technology risk has continued to be a topic for in-depth review by the Committee, with regular presentations from the Chief Technology Officer on current and emerging risks and mitigations. The Committee considers these updates alongside the outcome of independent assurance activity. Other risk areas that have been a focus for our deeper dives this year have included data governance, mandatory training and safeguarding.

Overseeing the integrity and effectiveness of the BBC's Whistleblowing process has been a long-standing Committee priority and it has been pleasing to observe the continued investment and effort in this area, including initiatives to build awareness across the BBC and improve access for wider groups of stakeholders, for example, freelancers and third parties. Where appropriate, independent third-parties are used to advise on whistleblowing processes and provide expertise for investigations, including investigations into allegations about on-air talent.

Of course, every year is likely to bring challenges that may not have been foreseen. In my prior reports, I have updated on the Committee's role in monitoring the impact of the pandemic. I am thankful that this has not needed to be a priority for 2022/23, although the Committee is kept updated on the impact of agile working on the operating environment via Internal Audit reports. However, the crisis in Ukraine remains and the Committee has been active in monitoring the risks arising from the BBC's continued operations in both Ukraine and Russia. More recently, the potential impact of tax enquiries on the BBC's activities in India has been a focus for the Committee.

Looking forward, I would expect the challenges around emerging technology, including the use and impact of artificial intelligence to be amongst the areas of focus for the Committee, alongside the wider economic and external risk landscape.

This is my final year as Chair of the Committee. I have been pleased to work alongside very able and dedicated Committee members and BBC staff. I have been impressed by their commitment and expertise. I am satisfied that throughout my tenure the Committee has continued to support the BBC in delivering value for licence fee payers.

Shirley Garrood
Chair, Audit and Risk Committee
27 June 2023

Committee Overview

Role

The Audit and Risk Committee's Terms of Reference set out the Committee's responsibilities in more detail. The Board approved these in September 2018 and were reviewed by the Committee in December 2022. They can be read on our website: bbc.co.uk/aboutthebbc/whoweare/bbcboard/auditandrisk/arc-tor-dec-2022.pdf.

The remit of the Committee is to review and maintain oversight of the BBC's corporate governance, particularly with respect to financial reporting, internal control and risk management. To gain this assurance, the ARC has responsibility for reviewing and overseeing:

- the effectiveness of the BBC Group's internal control and risk management processes;
- key risks facing the BBC Group and the actions being taken to mitigate those risks to an acceptable level;
- the activities and risks of the BBC's commercial subsidiaries, ensuring that risks are acceptably managed, and that assurance is independent and sufficient;
- the actions and judgements of management in relation to the BBC's Annual Report and Accounts and related formal statements;
- the work of the BBC's Internal Audit function and its effectiveness, meeting with Internal Audit senior management privately to discuss issues as necessary;
- the BBC's critical projects, including the composition of the critical projects portfolio;
- BBC responses to the Public Accounts Committee and Value for Money reports by the National Audit Office, giving due consideration to Parliament's expectations of the management of BBC resources;
- the external auditors' proposed audit scope, ensuring no unjustified restrictions or limitations are made, meeting separately with the external auditors to discuss any matters the Committee or the auditors believe should be discussed privately;
- the external auditor's independence, quality control procedures and steps taken by the auditor to respond to changes in regulatory and other requirements;
- the BBC's systems for the detection and prevention of fraud and corruption; and
- whistleblowing arrangements by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, illegality or other matters. The committee has overseen continued investment in this area. For more detail on our whistleblowing processes, see page 60.

Membership

The ARC comprises three non-executive members, of whom one must have recent and relevant financial experience. The members who served during the 2022/23 financial year were:

- Shirley Garrood (Committee Chair)
- Sumeet Banerji (appointed January 2022)
- Elan Closs Stephen (appointed April 2022)

Richard Sharp who served as a temporary member of the Committee, stepped down in March 2022. The Committee Chair, Shirley Garrood's term on the BBC Board finished on 2 July 2023, after the signing of the Annual Report and Accounts.

The appointment process for a successor is underway.

Shirley Garrood, the Committee chair during 2022/23, has significant, recent and relevant financial experience. In addition, all of the members who served on the Committee during the year are individuals who hold or have held senior positions in similar sized organisations and have the experience and skills to fulfil their responsibilities. When appropriate, the skills and experiences of members are augmented with advice from internal and external professionals – for example on matters such as developments in financial reporting and sustainability.

The Chairman of the Board, the Director-General, the Group Chief Operating Officer, the Group Chief Financial Officer and the Director of Quality, Risk and Assurance are invited to attend meetings along with senior representatives from Internal Audit, Risk Management and the National Audit Office, as the BBC's external auditors.

The Committee also meets privately, without any member of management present, with Internal Audit and the external auditors, on a regular basis.

The Committee regularly assesses its own effectiveness. In 2022/23 the work of the Committee was part of the external review of BBC Board effectiveness, conducted by Chris Saul. The findings and recommendations from that review will be presented to the Committee in 2023/24.

Meetings

The Committee met five times during 2022/23, at key times in the reporting and audit calendar.

Minutes from the meetings are made available to the Board and summary minutes are published on the BBC website: bbc.co.uk/aboutthebbc/whoweare/bbcboard/auditandrisk. Additionally, the Chair of the Committee reports back to the Board after each meeting on any issues where action or improvement is required.

Governance

Audit and Risk Committee report continued

Financial statements and integrity of financial reporting

The Committee reviewed the integrity of the financial statements of the BBC. In doing so it:

- identified, through discussion with both management and the external auditors, the key risks of misstatement within the BBC's financial statements, including those areas where significant financial judgements were required, and which have influenced the financial statements;
- discussed these risks with the external auditors as part of the agreement of the audit plan and at the conclusion of the audit of the financial statements; and
- reviewed and challenged detailed papers received from management on those areas requiring significant financial judgement, taking account of the views of the external auditor.

Set out below are the key areas of judgement and how the Committee has addressed them.

Revenue recognition

There is a risk that income is not recognised correctly in line with financial reporting standards. The nature of the risk varies between licence fee revenue in the public service and commercial income. Licence fee revenue is treated as grant-in-aid due from DCMS on the basis that amounts receivable from licence fee payers will be paid across.

Commercial revenue is more complex, with a number of different revenue streams including revenue associated with the production of programmes, sale of content to global broadcasters, advertising revenue, subscription income and revenue from the sale of physical and digital products. The complexity of contractual terms may require judgements in assessing when revenue can be recognised, which is based on the delivery of performance obligations and when control is transferred to the customer. Contracts are assessed for compliance with IFRS Revenue.

Committee response – The Committee receives reports from management on any material or particularly complex judgements. With regard to BBC Studios, the Committee was updated on significant changes to BBC Studios contracts impacting revenue recognition. The Committee considers that the BBC's existing financial control systems should ensure that income is properly treated in the financial statements and has confidence that management understand the risks in this area and have suitable controls in place.

Property

The BBC holds a significant property portfolio, which continues to be rationalised in order to reduce costs. The estate includes properties held under freehold and those held under leases. Buildings which have been sub-let or which are available for sub-let may be classified as investment properties. Judgements relate to the future intentions for any vacant buildings and the related timescales. This can change the appropriate accounting treatment and affect the carrying value on the balance sheet.

During the year, the following changes took place:

Assets held for sale: Swains Lane was classified as held for sale at 31 March 2022. The property was sold in December 2022 and a £2 million gain will therefore be recognised this year. Caversham, previously classified as an asset held for sale (£6 million), has seen delays in the planning applications process and consequently the sale completion is now not expected until September 2023. Other properties also held for sale at 31 March 2023 include Elstree (£26 million) and Maida Vale (£2 million).

London Broadcasting House: Broadcasting House is owned by Daunus Limited. The BBC holds a 20% interest in this company whose sole purpose is to hold this investment property for rental income received from the BBC. The investment held in Daunus is complex and therefore the classification of this as a joint venture requires judgement.

The BBC also has a series of cash flow fixing swaps that change the BBC's inflation-linked rental payments for Broadcasting House into a flatter revised cash flow profile through to 2045 which also encompass the headlease repurchase. The year-end valuations (£376 million asset and £481 million liability) reflect the discounted present value of future cash flows and is sensitive to movements in SONIA and RPI rates.

Committee response – The Committee reviewed reports from management, which explained the treatment for the most significant buildings, including the projected timescales for future activity and rationale for treatment. The Committee was satisfied that the treatment of properties within the financial statements was consistent with management intention and in line with international financial reporting standards.

With regard to London Broadcasting House, the Committee reviewed reports from management on the commencement of these arrangements and received updates on the likely impact for market movements at each year end. The Committee was satisfied that the treatment of the investment and cash flow swaps within the financial statements was consistent with management intention and in line with international financial reporting standards.

Programme assets

The BBC holds a significant amount of assets within inventories and intangibles (programme rights for future sale), including programmes under production, payments made in advance to acquire future rights to broadcast/sell and completed programmes that are ready to be made available to audiences. These assets are recognised at cost but assessed at each year end for their recoverability. Judgement is required in determining both the recoverability of these assets and the period over which, programme rights in particular, should be amortised.

Programme expenditure within PSB is mainly recognised in full on first transmission to a linear channel. With audience consumption habits changing, and licensing periods being extended, an annual review is completed to ensure the amortisation profile remains reasonable. The 2022/23 review determined that it was appropriate for the current profile to continue, a review of the year end programme asset balance is completed each year to identify any material programmes that might be an exception.

Committee response – The Committee was satisfied that management's assessment of programme assets, including the impairment assessments performed, is in line with international financial reporting standards.

BBC Defined Benefit Pension Scheme

The pension scheme accounting valuation has a net pension asset on the balance sheet of £695 million for the BBC's defined benefit pension scheme. Critical judgements are required regarding the assumptions used in calculating this position. Changes in these assumptions can result in large swings in the final numbers disclosed. The BBC implements a hedging strategy with the objective of minimising the impact of variations in the accounting valuation of the pension scheme. The assumptions used for the latest accounting valuation are based upon the recommendations of independent actuaries and are within an acceptable range.

The 2022 actuarial valuation has reduced the deficit contribution payment profile and employer contribution percentage that will affect future periods.

Committee response – The Committee was satisfied that the assumptions used in the financial statements relating to the pension scheme were reasonable, appropriate to the BBC and supported by independent actuarial specialists. The Committee noted the reduction in the pension scheme valuation and was satisfied with the explanations and analysis provided by management and the scheme advisers.

Employment and taxation provisions and Contingent Liabilities

A number of employment and taxation-related provisions exist where the BBC has a present obligation as a result of a past event that is probable and can be reliably measured. Provisions have been made historically for potential future tax settlements including IR35 and other employment status provisions. A full review has been conducted of these, given the most up-to-date position with HMRC, resulting in an increase to the provision of £15.5 million, to £29 million.

This includes amounts to, or on behalf of, presenters concerning the use of Personal Service Companies (PSCs). This part of the provision has been previously subject to an audit qualification of the regularity opinion as payments were considered to be ex-gratia and outside of activities specified by the charter. While the increase in this part of the provision represents irregular expenditure, the NAO concluded that this does not require another qualification of their regularity opinion.

A potential contingent liability has been identified following the commencement of the India government tax survey on BBC activities in India in February 2023. The BBC has co-operated in full, and will continue to do so, with all requests made to it including document and information requests, supported by its external legal and tax advisers.

Committee response – The Committee received reports on matters which could result in the recognition of potential liabilities and discussed the level of provisions where appropriate with management. Management confirmed that they have applied a consistent approach to the identification, recognition and release of provisions across the BBC Group. The Committee is satisfied with the level of provisions carried and the disclosure in respect of those provisions.

Capital projects

The BBC undertakes multiple capital projects at any one time, which contribute to the overall strategy of the BBC. An assessment over the appropriateness of capitalisation, along with the valuation of any capitalised asset, is required. If a material capital project cannot be completed on time, or will not derive future benefit to the BBC, this could trigger an impairment charge. Reports from management were reviewed, which explained the status of major capital projects and the approach taken to assess whether any impairment charge was required.

Committee response – The Committee was satisfied that management's assessment of capital projects, including whether any impairment is appropriate, is in line with international financial reporting standards.

Consolidation risk

The BBC is a complex group consisting of many entities from across the world, some with different year end dates, functional currencies and accounting policies. Trade occurs between members which also requires identification for elimination on consolidation. The consolidation of such a large organisation therefore holds a degree of inherent risk of misstatement.

Committee Response – The Committee reviewed this risk and will monitor progress on actions to improve the consolidation process during 2023/24.

Ukraine and Russia

The risk of payments to sanctioned banks has been reviewed. The BBC has sought legal advice to ensure that payments to staff and suppliers are legitimate. Payments are subject to senior review and approval. Due to the current situation with Ukraine and Russia, a sanctions working group has operated throughout the year with a focus on overseeing alerts, monitoring sanction changes and the implementation of new screening processes. Notifications have been made to relevant authorities, where required by the legislation

The finance teams continue to review all assets and liabilities to identify if any impairments or provisions are required. Nothing material has been identified to date. The BBC holds a lease on one Bureau site, in Moscow, which may become onerous depending on how the situation in that country evolves.

Committee response – The Committee acknowledges that this is a sensitive area. It is satisfied that the BBC's approach to date has been well considered and proportionate.

Capita Cyber incident

Capita Group were subject to a cyber incident in March 2023. Capita have informed the BBC that no TV Licensing customer data was affected by the cyber incident. The BBC continues to work with Capita with a focus on any necessary actions to reinforce Capita's cyber security environment. The BBC have reported the incident to the ICO for information purposes. Based on the known information there was no financial impact from this incident.

Committee response – The Committee are satisfied with management's assessment that no BBC related personal data was affected and that actions are being taken to further strengthen Capita's cyber security environment.

Post reporting date events

In early June 2023, the BBC was informed by its supplier IBM that their contractor, Zellis, had been affected by a vulnerability in third-party software it uses. This led to a data breach affecting several organisations, including the BBC. The breach has been reported to the Information Commissioners Office. Zellis manage the payroll process for the BBC and therefore hold personal data about BBC employees and individuals engaged by the BBC on a PAYE basis.

Committee Response – Management have briefed the Committee on the activities undertaken and planned to mitigate the impacts associated with this risk. The Committee will continue to monitor the BBC's response to this event.

Management confirmed to the Committee that they were not aware of any material misstatements or immaterial misstatements made intentionally to achieve a particular presentation.

The auditors reported any misstatements that they had found in the course of their work and confirmed that no material amounts remain unadjusted. The Committee can confirm that it is satisfied that the external auditors have fulfilled their responsibility with diligence and professional scepticism.

After reviewing the presentations and reports from management and consulting where necessary with the external auditors, the Committee is satisfied that the financial statements appropriately address the critical judgements and key estimates (both in respect to the amounts reported and the disclosures). The Committee is also satisfied that the significant assumptions used for determining the value of assets and liabilities have been appropriately scrutinised, challenged and are sufficiently robust.

The Committee also reviewed how the Group financial statements are positioned within the wider Annual Report. To assist this review, reports from management and from Internal Audit and the external auditors were considered, covering:

- the quality and acceptability of accounting policies, including their compliance with accounting standards;
- compliance with legal and regulatory requirements;
- the clarity of disclosures and their compliance with relevant reporting requirements; and whether the Annual Report as a whole is fair, balanced and understandable and provides reliable information necessary to assess the BBC's performance and strategy.

Governance

Audit and Risk Committee report continued

Effectiveness of internal controls and risk management framework

Internal controls assurance

The Committee reviewed the effectiveness of the BBC's system of internal controls, on behalf of the Board. To make this assessment the Committee relied primarily on the findings from independent assurance activity across the Group. Specific areas that were also considered during the year included:

- attestations to the Board from Executive Committee members on controls within their business areas. For 2022/23 this process has been enhanced with the ongoing development of a controls self-assessment;
- the themes from internal audit activity, questioning representatives of Internal Audit on the outcomes and observations from their work. A summary of internal audit activity is presented annually that highlights trends and root causes. Key findings from every audit, including assurance ratings and corrective actions, are reviewed by the Committee;
- progress on the completion of actions from independent assurance activity, including actions from internal and external audits and NAO value for money reviews. This is an area followed up at every meeting to ensure that agreed actions in respect of any weaknesses found are being properly addressed;
- further follow-up and scrutiny over the completion of any improvement plans or agreed actions for areas which are considered high profile or have received critical assurance findings;
- regular progress reviews of critical projects provided by the BBC Transformation Office. The Committee also reviewed selected projects in more depth, with relevant senior management in attendance;
- reports on whistleblowing along with the mechanisms in place to minimise and prevent incidents of wrong-doing. Independent advice is used where appropriate, for example with regard to matters relating to allegations against on-air talent;
- review and approval of the BBC's Modern Slavery statement and review of the approach for ensuring compliance.

The Committee is satisfied that the information presented by management, and the responses received to questions and further enquiries, is sufficient for the Board to make its assessment that the overall level of effectiveness of internal controls and risk management is adequate.

Risk management and Compliance

The Committee considered the processes for managing significant risks within the BBC.

It exercised this duty by, on a quarterly basis, reviewing risk reporting that included performance of key risk metrics across strategic, operational and compliance areas.

The ARC also considered any risks trending outside of appetite and the management actions to develop, improve and remediate controls as required.

In particular, the Committee reviewed reports and challenged management on the BBC's major strategic, operational and compliance risks; reviewed the governance arrangements for risk reporting and oversight and considered the BBC's risk appetite in risk areas. Furthermore, the Committee reviewed emerging risks that have the potential to impact the BBC, including papers on the outcome of horizon scanning exercises.

The Committee also received a compliance dashboard at every meeting. For further detail please see the Principal Risks report on the next page.

Effectiveness of Internal Audit

The BBC Audit and Assurance function maintained its independent reporting line into the Chair of the ARC and conducted a programme of internal audits aligned to the principal risks facing the BBC. The work of the team is a regular item at each meeting which the Director of Internal Audit presents. During the year the Committee has:

- approved the plan of work for the coming year, ensuring that it is risk based and strikes a balance between providing assurance over core business processes and areas of emerging strategic risk;
 - considered the findings from audit activity, focusing on audits with unsatisfactory outcomes and management's plans to address these, with remediating activities tracked to completion; and
 - considered the resource requirements for Internal Audit and its capability.
- In addition, the Committee Chair meets with the Director of Internal Audit and the Director of Quality, Risk and Assurance on a regular basis outside of formal Committee meetings.

The Committee continues to monitor the structure of the Internal Audit function and the operation of the current resourcing model, with a proportion of audits provided by an external partner. The Committee is satisfied that this arrangement continues to function well.

In line with good practice an independent assessment of the Internal Audit function's effectiveness has been conducted within the last 5 years, with recommendations implemented.

External Audit and the National Audit Office (NAO)

Under the 2016 Charter and Agreement, the Comptroller and Auditor General, and thereby the NAO of which he is head, is appointed the BBC's statutory auditor for the duration of the Charter period.

The Committee oversaw the relationship with the NAO, including the scope, approach and independence of their work. Specific areas of focus this year have included:

- the external audit process, including the reporting requirements of regularity and propriety.
- the NAO's assessment of areas of audit risk or judgement. For 2022/23 this aligned to the areas of risk and judgement reported by management. Key risk areas concerned judgements and estimations of: property, defined benefit schemes, revenue recognition, programme assets and the treatment of matters relating to events arising such as Ukraine and India.
- audit findings and the BBC's implementation of the NAO's recommendations from the 2022/23 external audit; and
- a formal review conducted by the Committee of the effectiveness of the external audit.

The NAO also undertakes value for money studies of the BBC's non editorial activities. During 2022/23 the NAO completed its review of the BBC's Digital Strategy. The overall findings from this review were positive and recognised that the BBC has set out a clear vision for how it intends to use digital technology to improve the services it offers to audiences and that overall the BBC's digital products are performing well against better-funded media organisations. It also noted that, to maintain its successes to date and to achieve its targets for market share, the BBC will now need to fully develop its digital-first plans and realistically consider whether it has the resources it needs for this next challenge.

The ARC reviewed the BBC's response to the NAO's findings and will oversee the tracking and implementation of improvement actions. Recommendations to evolve governance structures and details within the strategic plans, and to consider further how to move between broadcast and internet services in the future, are in progress.

Non-audit services

As one of the safeguards over the independence of external audit, the Committee has developed, and oversees, the BBC's policy on the commissioning of the external auditors to provide non-audit services.

The NAO has stated that it does not provide non-audit services. Irrespective of this, the NAO would not be considered for work which might compromise its ability to give independent opinion on the BBC's financial statements. Recruitment from the NAO into any senior management position in the BBC would require the prior approval of the ARC.

Our principal risks

Risks affect the ability of the BBC to fulfil its Charter obligations and deliver our public purposes. Our approach to risk management aims to support the delivery of our strategic ambitions and operational objectives.

Risk management within the BBC

At a time of continuing international geopolitical crisis and domestic strain, the BBC continues to deliver on its public purposes.

Audiences in the UK and across the world have continued to rely on the BBC to be informed, educated and entertained, despite intense competition from global players. Support for the BBC’s mission and public purposes remains high, with 8 in 10 adults in the UK believing that the BBC provides a valuable public service for people in the UK.

The external environment has brought significant risks and challenges to the BBC e.g. geo-political crisis continue to pose safety and security risks to our staff including journalist safety. The macro-economic environment has put financial pressure on our costs whilst the licence fee is flat.

We continue to deliver on our strategic priorities of impartiality, high-impact content, digital services and growing our commercial income.

The extraordinary pace of change in the external media environment, requires the BBC to change and transform into a modern, lean and effective business.

Our approach to managing risk across the BBC is by setting out standards and responsibilities for the principal risks faced by the BBC. These help define the level of risk (our risk appetite) we are willing to undertake in our business, responsibilities of key management and governance of risk management activities.

Our risk management framework is designed to help the business to manage both strategic risks arising from our strategic priorities, operational risks arising from our day to day business operations and compliance risks arising from the need to adhere to legal and regulatory requirements.

1. How we manage risk

The BBC uses a top-down and bottom-up approach to ensure that key strategic, operational and compliance risks facing the BBC are identified, assessed and managed appropriately.

Corporate risk taxonomy

The BBC has developed a risk taxonomy to support the business to identify strategic, operational and compliance risks. The taxonomy aids the completeness of risk identification and facilitates aggregation and consistency within our risk reporting.

Risk metrics

Our operational risks are tracked using quantitative risk metrics, targets and qualitative risk appetite statements.

Divisional and functional risk registers

Divisions and functions maintain local risk registers. Each risk is allocated to a risk owner, who is responsible for the day to day management of the risks, mitigations and controls. Risk registers are discussed and updated at divisional meetings with significant risks escalated to a corporate level.

Risk governance and reporting

The Audit and Risk Committee (ARC) assists the BBC Board in providing oversight of corporate governance within the BBC, particularly with respect to financial reporting, internal control and risk management.

The BBC Board and the BBC ARC, reviews the BBC’s principal risks and conducts regular deep dives into specific risk areas in the year.

The BBC Executive Committee is responsible for the operational management of the BBC including risk management activities.

The BBC Operations Committee, which is a sub-committee of the Executive, has focused on monitoring key operational, risk, compliance and project related activities including the improvement of internal controls, overseeing remedial activities and conducting deep dives on specific risk areas.

Risk deep dives

Deep dives enable a more detailed discussion into specific risk areas with risk owners presenting risk outlook, the current status of the risk and mitigation activities.

Risk deep dives conducted by the BBC Operations Committee include health and safety, cyber security, safeguarding, data governance, programme supply and digital product delivery. The BBC Operations Committee also undertook detailed reviews of key projects including sustainability, Diversity and Inclusion, Across the UK (project to move programming spend and production to other parts of the UK), Birmingham Digbeth (relocation of BBC Birmingham), and East Bank (relocation from the BBC’s current live music studios to Stratford, East London).

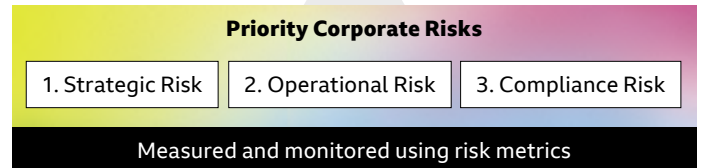
The BBC ARC undertook ‘deep dives’ into topical or high priority risk areas in the year including: information security and cyber threat landscape; mandatory training data governance; compliance with sanctions regimes; India legal and regulatory compliance issues; international compliance risk and also undertook an annual review of Operational and Compliance risks in BBC Studios. The BBC ARC also reviewed detailed project performance reviews of East Bank; Diversity and Inclusion; E20 (re-development of the EastEnders site); and sustainability Net Zero programme.

During the year, Deloitte were engaged to assess the oversight of Strategic and Operational risks by the Board and ARC, and make recommendations for improvement. The findings have been implemented.

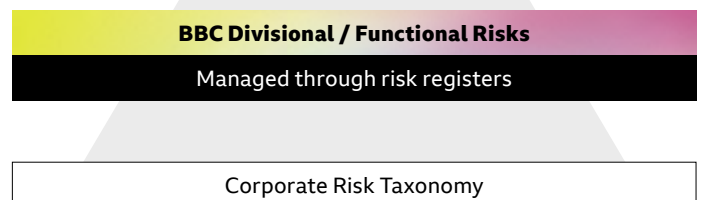
Assessing the effectiveness of risk management and internal control

The Board uses the mechanisms above, as well as the work of internal and external audit and assurance, and the work of the Audit and Risk Committee to help it assess the effectiveness of the system of risk management and internal control across the BBC, in order to make its assessment that the overall level is adequate.

Top-down risk management



Bottom-up risk management



Governance

Our principal risks continued

Emerging risks

Emerging risks are unforeseen threats which may develop or those which already exist but whose impacts are difficult to quantify. They are considered over short, medium and longer-term timeframes.

The Corporate Risk Management team, in collaboration with the Divisions, Strategy and Performance team and other subject matter expert teams scan the internal and external environment in order to identify emerging risks for the BBC.

Emerging risks are categorised into external/market facing, political, legal and regulatory, operational and technology. Such risks are monitored and tracked through our existing risk framework.

The types of emerging risks we have considered and continue to monitor include: the increasing prevalence of Artificial Intelligence (AI), machine learning tools and their impact on content creation, editorial as well as corporate function activities; the impact of expected regulatory changes, with the Media Bill and the Online Safety Bill progressing through parliament; and the impact on the BBC of the current higher inflationary macro-economic environment in light of the current licence fee settlement.

Enhancements made in 2022/23

We continue to enhance the robustness of how we manage risk and this year we have:

- Refreshed our principal risks through a series of BBC Operations Committee workshops.
- Enhanced our risk ownership model.
- Conducted a review with external input to assess our approach to managing and governing strategic risks including roles and responsibilities of the BBC Board, the BBC Executive Committee, the BBC ARC, the BBC Operations Committee and the BBC Commercial Board.
- Enhanced our risk governance with BBC Operations Committee focusing on business operations including risk management activities and change and transformation projects on a rotational basis.

Priorities for 2023/24

For strategic risks, we are planning to implement improvements to assessing, monitoring and reporting of these risks.

For operational risks, we plan to review and refresh our risk appetite statements, metrics and targets for operational risk areas, as required.

We will continue to provide support to manage compliance risks relating to our international operations and bureaux.

2. Our risk framework

We have a four step process to support the business to manage risks within our day-to-day activities.



1. Identify

- Corporate risks are identified and assessed by the BBC Operations Committee with risk owners assigned to each risk.
- The BBC Board and the BBC ARC provide input during the annual review of principal risks.
- Divisional level risks are identified based on consideration of factors with the largest potential to impact Divisional strategy and objectives.
- Emerging risks are identified via scanning of upcoming areas of interest, threats and opportunities by BBC Corporate Risk Management team in conjunction with BBC Strategy and other subject matter expert teams.

3. Manage

We use a three lines of defence model to manage risks:

- Risk owners in the Divisions and functions manage risk and ensure the effective operation of mitigations and controls.
- Risk owners in consultation with the BBC Executive Committee set the risk appetite of operational risk areas.
- The Corporate Risk Management team monitors risks including whether risks are in or out of appetite.
- Audit and Assurance provides independent assurance on key business risks, as appropriate and based on their audit plan.

2. Analyse

- We analyse the likelihood of each identified risk crystallising given mitigations in place.
- We assess the potential impact taking into account financial, reputational, legal and regulatory, operational and health and safety considerations.
- Collectively this analysis allows us to determine whether additional mitigation is needed given our risk appetite.

4. Monitor and report

- Divisional leadership teams review risks and mitigating controls
- The BBC Operations Committee receives a report on the strategic, operational and compliance risks every two months.
- The BBC Executive Committee receives a monthly risk update.
- The BBC ARC receives a quarterly risk report covering key strategic, operational, compliance and emerging risks. Risk deep dives are conducted into specific areas in each committee.
- The BBC Board receives a quarterly risk update report on key strategic, operational, and compliance risks.

3. Our principal risks

The BBC Board has carried out an assessment of the principal risks facing the Group, including those that would threaten its business model and future performance.

The impact of these risks is considered when developing the BBC's viability statement. The principal risks and uncertainties faced by the Group are set out below:

Risk classification key:

- Strategic risk
Operational risk

Public purposes key:

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

Strategic priorities key:

- A Impartiality
B High impact content
C Extracting more from online
D Building the BBC's commercial income

Key to risk movement:

Movement in risk during 2022/23:

- ^ Risk has increased in year
> Risk has remained static in year
v Risk has decreased in year

Strategic risks

1. Structural change in audience behaviour, accelerated by digital competition

Risk: Failure to adapt to the accelerating transition from broadcast TV and radio to digital formats including subscription video on demand (SVOD) and web-based content.

Potential impact: Audience levels fall due to audiences using alternative services, reducing the BBC's public service value.

Risk owner: Director of Strategy and Performance

2022/23 direction: ^

Public purposes: 1 2 3 4 5

Strategic priorities: B C D

2022-23 activities undertaken:

- Delivered original, distinctive British titles across our video and audio genres e.g. Happy Valley, The Traitors as well as unique podcasts e.g. I'm Not a Monster - The Shamima Begum Story.
Delivered one of the biggest years in live music (Glastonbury), live sport (women's Euros, men's FIFA world cup) and played a major role in moments of the highest national importance.
Set out a significant investment plan into premium video content for the next five years.

Residual risk and 2023/24 planned activities:

- Implementation of our re-investment plan into premium video in iPlayer and joining up and growing our digital product portfolio.
Making improvements in personalisation and user experience of our digital offerings. Product development of the BBC News app. For BBC Sounds, focus on podcast windowing, podcast acquisitions, short-form podcasts and Sounds-only programming. Visualise more audio content.

Key risk metrics:

- Audience metrics including reach, breadth and time spent with the BBC by differing demographics including younger audiences, people from Black, Asian and ethnically diverse backgrounds, nations and regions.
Unmatched viewing trends (consumption of non-broadcast content on TV sets i.e. SVOD or gaming) measured.

Governance

Our principal risks continued

2. Programme supply and competition for creative and on-air talent

Risk: Insufficient supply of programmes and inability of the BBC to attract and retain creative and 'on-air' talent, prevents the BBC from being able to maintain the quality and breadth of its content offering.

Potential impact: Reduced overall audience levels due to content not being attractive to certain audiences.

Risk owner: Chief Content Officer

2022/23 direction: ➤

Public purposes: 2 3 4 5

Strategic priorities: B D

2022/23 activities undertaken:

- Developed a pan-content supply strategy which focuses on strengthening our ability to compete for ideas and create centres of excellence.
- Developed a clear strategy to retain key talent, nurture new talent and maintain a strong talent pipeline.
- Secured additional funding for production and talent initiatives, including the implementation of our creative diversity commitment, which invests in diverse and inclusive content.
- Enabled a consistent approach to talent contracting and remuneration.

Residual risk and 2023/24 planned activities:

The risk of not attracting the best ideas and talent to be addressed by:

- Increasing sector engagement via a range of activities including producer briefings, genre director meetings with suppliers.
- Partnering with skills agencies, other broadcasters and suppliers to ensure focused skills development.
- Establishing an 'On-Air Talent Group' working across Content, News and Nations.

Key risk metrics:

- Number of Talent Bursaries and Schemes.
- Across The UK – percentage of TV commissioning spend out of London and % spend within the Nations.
- Qualifying Indie content.
- Utilisation of the creative D&I fund.

3. Impartiality

Risk: Failure to provide impartial, accurate and trusted content including news. Impartiality is of increased political and audience salience both in the UK and globally, especially in a context of widespread disinformation and divided opinions. Polarised public debate, declining trust in institutions and the influence of social media makes impartiality more difficult to achieve.

Potential impact: Failure to deliver impartial, and accurate content including news may erode trust and result in audience dissatisfaction and loss in the UK and globally.

Risk owner: Director BBC Editorial Policy and Standards

2022/23 direction: ➤

Public purposes: 1 3 4 5

Strategic priorities: A B

2022/23 activities undertaken:

- Delivered the 10-point Impartiality and Editorial Standards Action Plan following the 2021 Serota Review.
- Embedded impartiality processes and standards with leaders at all levels.
- Clear requirement to make content in line with Editorial Guidelines.
- Impartiality training given to staff and freelancers.
- BBC Board commissioned impartiality review on Taxation and Public Expenditure completed. First content review of programme editorial standards including impartiality also completed.
- Strengthened the Editorial policy team with a particular focus on news and current affairs and factual content.
- Impartiality complaints are subject to both Executive Complaints Unit and Ofcom adjudication. Guideline breaches are reported up to and including the BBC Board. Serious editorial breaches also reported to the BBC Board.

Residual risk and 2023/24 planned activities:

The risk of unbiased reporting and misinformation are being addressed by:

- A further programme of Thematic Reviews and Content Reviews will be completed.
- Launch of BBC Verify, a team and a brand, that will use tools and techniques to investigate, source and verify information, video and images.
- The rollout of impartiality training will continue.

Key risk metrics:

- Impartiality training completion levels.
- Impartiality tracking survey.
- Upheld complaints.
- Serious editorial breaches.
- Audience survey results.

4. Pace of digital product delivery

Risk: Failure to accelerate the pace of change in our digital portfolio and therefore not meeting audience needs.

Potential impact: Audiences are unable to obtain sufficient value from our online propositions, resulting in the BBC losing market share to other SVOD providers and thereby less able to deliver public value in a digital world.

Risk owner: Chief Product Officer

2022/23 direction: >

Public purposes: 1 3

Strategic priorities: B C D

2022/23 activities undertaken:

- Digital strategy, underpinned by a road map and targets, to increase the BBC’s digital maturity, in support of the BBC’s Value for All strategy.
- Developed our product capabilities focusing on providing users with a personalised experience behind sign-in.
- Investment in technology to simplify current architecture and underpin a single, modular platform.
- Upskilling of leaders to ensure confidence in the digital environment.
- Enhancement of the BBC’s data management and tracking capabilities and increased data integration.

Residual risk and 2023/24 planned activities:

Enhancing user experience in line with competition will be addressed by:

- Improving the digital product offering including mobile experience at the right pace.
- Testing and roll out of a new BBC News app that offers a richer, tailored experience.
- Deliver agile methods and ways of working and making available supporting resources for all staff involved in the digital transformation.

Key risk metrics:

- Weekly signed in users for BBC’s digital platforms.
- % of BBC audience using the BBC’s digital platforms.
- Time to market for new product propositions.

Governance

Our principal risks continued

Operational risks

1. Our finances

Risk: Inability to deliver our expected outcomes due to financial constraints arising from:

- Reduced licence fee collection levels due to increased evasion, demographic change impacting household numbers or audiences 'opting out' of our content.
- Being unable to successfully control production and administrative costs.
- Failure to realise the expected commercial benefits from our commercial entities

Potential impact: A reduction to content and products offered and/or a reduction in investment in our strategic objectives (including our digital platforms), which would likely adversely impact our ability to reach audiences.

Risk owner: Chief Financial Officer

2022/23 direction: ➤

2022/23 activities undertaken:

- Close monitoring of licence fee collection, evasion, including reduction in household growth rates and changes in audience media consumption.
- Robust budgeting and expenditure tracking for content production.
- Quarterly monitoring of commercial debt covenants (actual and forecast).
- Robust controls over spend on overheads to ensure they are kept as low as possible, prioritising spend to content and services.
- Scrutiny of the BBC's financial position at the BBC Board, BBC ARC, BBC Commercial Board, BBC Executive Committee and the BBC Operations Committee.
- Annual going concern and viability reviews to assess ongoing financial stability.
- Regular reporting to external stakeholders e.g., Ofcom, DCMS, pension trustees etc.

Residual risk and 2023/24 planned activities:

Adverse impact of the licence revenues and inflationary pressures on our supply chain are being addressed by:

- Introducing a new savings programme out to 2027/28.
- Finalised the 2022 actuarial defined benefit pension scheme where the settlement is sustainable for the BBC and also safeguards the pension scheme members.

Key risk metrics:

- Collection rates for licence fee revenue.
- Delivery of savings programmes.
- Budgeted overhead levels.
- Metrics on commercial entities performance including sales, EBITDA.
- Compliance with Department of Media, Culture and Sport debt levels.
- Performance of the BBC defined benefit pension scheme.

2. Organisational strain

Risk: Failure to manage the pace of organisational change that creates a risk that our people are placed under significant operational strain.

This is underpinned by an accelerated pace of transformation within each of the BBC's Divisions, introducing bold, long-lasting initiatives and structural innovation, creating a leaner and simpler organisation and ensuring every area is delivering Value for All.

Potential impact: Adverse impact on productivity, staff wellbeing, and a heightened potential of industrial action.

Risk owner: Chief People Officer

2022/23 direction: ➤

2022/23 activities undertaken:

- Effective staff communications, with engagement monitored via staff surveys.
- Open and effective way of working with the Unions.
- Placing utmost importance on the wellbeing of BBC staff by creating a safe environment, committed to hybrid working.
- Whistleblowing hotline in place to enable the reporting of behavioural concerns and investigations conducted where appropriate.
- Local operational business continuity plans in place.
- Co-ordinate change activities to avoid multiple industrial relations risks occurring at the same time in the same place.

Residual risk and 2023/24 planned activities:

Productivity and staff engagement related risks arising from significant change are being addressed by:

- Dialling up communications efforts to tell integrated stories about HR's work and offerings repeatedly and engagingly under the umbrella of employee experience.
- Looking to utilise voluntary redundancy wherever possible to rebalance staffing requirements.
- Leveraging technology to ensure employees are engaged and can focus on productive work.

Key risk metrics:

- Employee Satisfaction Survey Results.
- Uptake of wellbeing resources.
- Monitoring of whistleblowing hotline.
- Completion rates of training courses.
- Days lost through industrial action.

3. Attraction and retention of staff

Risk: Failure to attract and retain staff needed to achieve the Value for All strategy.

Potential impact: Inability to retain and hire staff impacts on productivity, staff engagement, morale and wellbeing.

Risk owner: Chief People Officer

2022/23 direction: ➤

2022/23 activities undertaken:

- Implementation of an improved recruitment and onboarding system and processes.
- Commenced the BBC’s core apprentice programme.
- Continued focus on the Senior Leadership Index Programme; a consistent way of measuring, valuing and supporting our leaders and holding them accountable for their performance.
- Continue the myConversation approach to staff performance and development focussing on goals and the link to strategy, expanding career and development opportunities and introducing new activities to ensure sustained high performance.
- Delivered the annual pay review.

Residual risk and 2023/24 planned activities:

Continued focus on our leadership and Diversity and Inclusion to be addressed by:

- Continue to attract disabled talent through the Extend programme, with ringfencing roles in place.
- Creating an inclusive culture which attracts and retains diverse talent.
- Introduction of a new leadership development offer to set out consistent expectations and support for team leaders through to senior leaders.
- Expansion of the Leadership Index Programme and BBC Values-based 360 feedback , enabling us to measure, value and support our leaders and senior managers holding them accountable for their performance.
- Continued dedicated focus on D&I efforts to ensure engagement with all staff.

Key risk metrics:

- Employee retention, turnover and reason for leaving.
- Staff from Black, Asian and ethnically diverse backgrounds , disability, gender, LGBTQ+ representation in leadership roles and all staff.
- D&I targets incorporated into the Senior Leader Index.
- Employee Satisfaction Survey results.

4. Editorial risk

Risk: Inability to prevent the release of Content that is not impartial or compliant with the BBC’s Editorial Guidelines.

Potential impact: Breach of standards which may result in loss of trust in the BBC and reputational damage.

Risk owner: Director BBC Editorials Policy and Standards

2022/23 direction: ➤

2022/23 activities undertaken:

- Regular communication to editorial staff on the need for content to be compliant with Editorial Guidelines as promoted by the Editorial Standards and Complaints Committee.
- Editorial guidelines and accompanying specific guidance maintained by the Editorial policy team, are easily accessible for all staff and independent production companies.
- Implementation of a simplified set of procedures for fast-track complaints and self-initiated investigations.
- Procedures to ensure compliance with Ofcom requirements, supported by monitoring and reporting.
- Creation of a new whistleblowing pathway for all editorial concerns.
- Reporting of complaints and whistleblowing disclosures to the BBC ARC and to the Editorial Guidelines and Standards Committee.

Residual risk and 2023/24 planned activities:

- Embedding the changes to editorial standards from the Serota Review into our Business as Usual (BaU) activities will remain the priority including
- Tracking complaints, investigation results and whistle blower disclosures to identify any trends or learning points beyond the specific matters raised.
- Editorial Guidelines and social media guidance to be reviewed and updated.

Key risk metrics:

- Upheld complaints.
- Serious editorial breaches.
- Ofcom decisions.

Governance

Our principal risks continued

5. Health, safety and security

Risk: Failure to protect the health, safety, security, and wellbeing of our people, contributors and visitors, including those to whom we owe a duty of care.

Potential impact: Failure in our ability to look after the physical and/or mental health of our people, journalists, contributors and visitors may have a reputational, regulatory or financial consequence to the BBC.

Risk owner: Chief Operating Officer

2022/23 direction: ➤

2022/23 activities undertaken:

- Policies and procedures in place for safety and safeguarding including checklists to follow when engaging with independent production companies.
- Training and awareness courses for safety and safeguarding. Specialised training for staff deploying into or having oversight of High Risk activities.
- Incident management systems to monitor safety incidents including remedial actions.
- Additional specialised support for teams operating in High Risk territories.
- Assurance framework is in place to test safeguarding arrangements.

Residual Risk and 2023/24 planned activities:

- Managing safety at high risk events and productions, international deployments into high risk zones and embedding safeguarding across the Divisions will continue to remain in focus. Activities planned include
- Introduction of a new operating model for safety.
- Review and re-design of safeguarding and high risk training including for international staff.
- Launch an incident reporting platform for safeguarding.

Key risk metrics:

- Training completion rates.
- Number of RIDDOR reportable incidents including near misses.
- Number of serious incidents.
- Number of safeguarding concerns raised.
- Levels of non-conformance arising identified during assurance visits and inspections.
- Open actions for improvement arising from the assurance visits and inspections.

6. Change and transformation

Risk: Ineffective management of change programmes impacting the delivery of strategic or operational goals of the BBC.

Potential impact: Delays to critical change initiatives impacts the BBC's ability to deliver against key strategic and operational objectives as well as impacting financial sustainability and staff morale.

Risk owner: Director of Transformation

2022/23 direction: ➤

2022/23 activities undertaken:

- Monitoring of project status, risk and mitigations by the Transformation Office
- BBC Operations Committee provides oversight and challenge to major projects. For the Critical Projects Portfolio (CPP), additional quarterly scrutiny is provided by the BBC Executive Committee and the BBC ARC.
- The Project Assurance function focuses on assuring both delivery risk and providing value to licence fee payers. Assurance is evidence based and includes both point in time reviews and ongoing structured assurance across the BBC change portfolio.
- Dedicated, skilled project teams applying project management disciplines.

Residual risk and 2023/24 planned activities

Increased focus on the impact of inflation and the wider macro-economic environment. Activities include:

- Close scrutiny over construction projects will be increased as market volatility for construction materials and services remains a key risk.
- Greater use of market intelligence provided through a variety of third-party subject matter experts.

Key risk metrics:

- Number of projects with a 'Red' RAG status.
- Projects at risk of falling behind planned timelines.
- Financial exposure for projects with budgetary risk.
- Projects that are resource constrained.
- Projects that are at risk of not realising benefits.

7. Compliance with international laws and regulations

Risk: Failure by the BBC’s offices and operations internationally to comply with legislation and regulations, internal policies and other standards.

Potential impact: Compliance breaches could result in potential investigations, financial penalties and liabilities, loss of trust and reputational damage.

Risk owner: Chief Operating Officer – BBC News

2022/23 direction: ▲

2022/23 activities undertaken:

- International bureaux manual published and available to all bureaux managers.
- Strengthened financial controls over key financial processes.
- Ethical Trade due diligence embedded in tendering processes for key suppliers, Ethical Trade Checklist used for local suppliers.
- New Code of Conduct published, with associated communications, supporting a culture of integrity and compliance.
- Revised Mandatory Training covering key compliance areas including anti-bribery, financial crime, fair trading, competition law, diversity and inclusion and equality.
- International compliance risks considered monthly at the Compliance Committee meetings and at the quarterly International News Steering Group.

Residual risk and 2023/24 planned activities:

Compliance challenges in international markets which may impact news reporting and our local staff to be managed by:

- Undertaking a review of the structures of our overseas entities.
- Updating Compliance Self-Assessment (CSA) questionnaires
- Introducing local risk registers raising the visibility of compliance issues.
- Implementation of a remedial plan to adhere to local laws and regulations in India.

Key risk metrics:

- Mandatory training completion levels.
- Tax proceedings and updates on ongoing cases.
- Compliance self-assessment results.
- ‘RAG’ status of open risks.
- Open Internal Audit recommendations.

8. Technology resilience

Risk: Inability to provide a resilient broadcasting service across all our distribution channels.

Potential impact: Potential to compromise our output to our audiences and the potential to compromise our obligations to maintain broadcast and network resilience.

Potential to compromise technology and services which enable our effective organisational performance

Risk owner: Chief Technology Officer

2022/23 direction: ➤

2022/23 activities undertaken:

- Resilience is designed into the BBC’s systems, services and supporting infrastructure, ensuring no single point of failure in our critical systems. This multi-layered approach is a core component of the BBC’s business continuity capability.
- The operational performance of our broadcast and online services is continuously monitored using a range of metrics. Targets for our critical services form part of our contractual agreements with key partners.
- Well-rehearsed business continuity and disaster recovery plans are in place.

Residual risk and 2023/24 planned activities:

Legacy infrastructure and significant dependencies on critical third parties is being addressed by:

- Targeted investment in systems and infrastructure upgrades to mitigate risks associated with legacy technology.
- Ongoing rehearsal of our business continuity and disaster recovery plans to support our preparedness in response to UK National Risk Register risks.

Key risk metrics:

- Service availability, accuracy and quality.
- The volume and criticality of incidents.
- Performance against internal and contractually agreed targets.
- Monitoring against service level agreements of key third party suppliers.

Governance

Our principal risks continued

9. Cyber security

Risk: Failure to prevent a cyber incident, such as a ransomware attack at the BBC, and/or a key third-party supplier.

Potential impact: Compromise to the availability, integrity and confidentiality of BBC information (including personal and other sensitive data), resulting in reputational and financial damage, non-compliance with legal and regulatory requirements and the effectiveness of our organisational performance.

Risk owner: Chief Information Security Officer

2022/23 direction: ▲

2022/23 activities undertaken:

Our multi-layered approach to reducing the likelihood of exploitation includes:

- Ongoing monitoring of our threat landscape, supported by cyber threat assessments/tests across internal and external third-party systems that inform our mitigation plans and risk profile.
- Cyber protection capability is in place across the BBC estate, to increase our ability to detect, block where possible, respond and recover from malicious activity.
- Ongoing vulnerability management to detect and manage threats and to remove vulnerabilities to the BBC's estate.
- Data protection capability is in place across the BBC, to manage risk, protect our personal and sensitive data, and minimise the impact from malicious activity.
- Mandatory Data Protection and Cyber Security training courses for all BBC staff.
- Rehearsal of our security incident response plans to test the effectiveness of our corporate incident management framework for specific scenarios.

Residual risk and 2023/24 planned activities:

Constantly evolving nature of cyber risk landscape including impact on our key third parties and the risks associated with human error and behaviour. This is managed by:

- A staff information security culture and awareness programme to promote personal cyber security awareness.
- Ongoing programme of work to assess the risk profile of our core infrastructure and services.
- Implementing enhanced preparedness plans in response to this year's heightened cyber risk profile.

Key risk metrics:

- Type, volume and criticality of cyber incidents.
- The status of security patch management.
- Mandatory training compliance completion rates.
- Completion of internal and external assurance.

10. Environmental sustainability and climate change

Risk: Failure to achieve the decarbonisation levels that we have set out in our 2030 Net Zero commitments or to achieve the content aspirations set out in our Climate Content Pledge.

Potential impact: Negative public, audience, talent and employee perception in these areas as a result of us:

- Not meeting our Net Zero and Climate Change Content Commitments.
- Failing to match the levels of environmental action shown by other broadcasters.

Risk owner: Group Sustainability Director

2022/23 direction: ➤

2022/23 activities undertaken:

- Sustainability Net Zero is classified as a critical project with documented governance, targets and reporting.
- Implemented a sustainability data platform to enable performance management and tracking.
- Sustainability training in place for all staff.

Residual risk and 2023/24 planned activities:

Consistent implementation of the plan in the divisions will be assisted by:

- Commencing process to implement infrastructure decarbonisation plan by the introduction of, e.g. heat pumps and EV charging.
- Developing Scope 3 business case.
- Develop long-term targets to reach Net Zero and finalising the transition plan.
- Collaborating on the development of an industry 'breakthrough strategy' with roadmaps and targets.

Key risk metrics:

- Scope 1, 2, and 3 Green House Gas emissions targets.
- Sustainability training completion rates.
- Achievement of targeted travel emission reductions.
- Content with albert certifications.

Further details of our sustainability-related activities can be found in the environmental sustainability pages from page 66.

Viability statement

In accordance with the UK Corporate Governance Code, the BBC Board has assessed the prospects of the Corporation over a longer period than the minimum 12 months required by the ‘Going Concern’ provision.

The three-year plan covering the period to 31 March 2026 has been considered by the BBC Board. A three-year horizon is considered appropriate as this is in line with the BBC’s budgeting and planning process. The three-year plan considers cash flows as well as the financial covenants and credit facilities.

Key assumptions underpinning the three-year plan, and the associated cash flow forecast, are the licence fee settlement that set the financial parameters for the BBC from 2023/24 to 2027/28 and the Charter and Agreement that protects a licence fee until 2027 along with the delivery of additional savings identified and the BBC Pension Scheme deficit recovery payments agreed with the pension scheme Trustees. This process provides the confidence for future year cash projections and the Board is comfortable with the projected levels. Additional quarterly cash management reporting has been introduced to ensure risk management is a key priority.

In addition to the budget process, a robust assessment of the principal risks facing the Corporation, as described in the Annual Report and Accounts from page 111, has been undertaken, including those that would threaten its business model, future performance, solvency or liquidity. For 2023/24, the continuing changing economic and market conditions uncertainties require stringent management to deliver the BBC purposes within the funding available, consequently, we conducted additional financial stress testing and sensitivity analysis, considering income at risk as well as our response to the recent Licence Fee settlement. The government has recently released a white paper looking at the Charter renewal in 2027/28 which is being considered, but is beyond the period of this review.

Sensitivity analysis has been undertaken in relation to the cash flow to model the potential effects should principal risks actually occur, individually or in combination. The peak borrowing requirement was calculated by modelling a combination of severe but plausible risks (see the following table), however with the inclusion of mitigations, the cash flows remained within the borrowing limit throughout the three-year period.

Taking account of the BBC Group’s current cash position, budgeted cash projections, principal risks and the aforementioned sensitivity analysis, the Board has a reasonable expectation that the Corporation will be able to continue in operation and meet its liabilities as they fall due over the three-year period of the assessment.

Risk	Scenario modelled	Mitigation modelled
An increase in Evasion	The current economic environment could impact renewals and purchase of licences. Modelled – an increase in evasion above the rate included in forecasts.	We have explored a number of high-level mitigations, consistent with delivering the BBC’s Value for All strategy and maximising return on investment.
A decrease in Television Penetration (TVP)	Changes in audience behaviour and acceleration in the rate of TVP decline. Modelled – a decrease in TVP above the rate included in forecasts.	This would prioritise non-audience-facing activity such as restricting and/or delaying capital expenditure and delaying restructuring spend, as well as exploring alternative commercial proposals. Ultimately, initiatives could include sharing more content
Savings risk	Modelled – the impact of savings plans not being fully achieved.	between services, reducing content spend overall and shifting genre mix.
Commercial risk	Modelled – the commercial income assumptions in forecasts are not achieved.	

Governance

Commercial Board report

I have enjoyed my first year as Chair of the new Board of BBC Commercial Limited which now encompasses BBC Studios, a global content studio with channels and streaming, and provider of studio facilities BBC Studioworks.

The BBC's commercial activities play an increasingly vital role in bringing in additional funding beyond the licence fee and in promoting British talent and creativity around the world. Commercial growth now forms a core part of Group strategy.

The Commercial Board's role is to bring its global expertise to the scrutiny of these activities and to guide the executive teams of each business to achieve the very best results for and on behalf of the BBC.

In April 2022, the commercial governance and oversight function, formerly known as BBC Commercial Holdings Limited, became BBC Commercial Limited. It widened its non-executive experience particularly to include those with senior-level global and digital backgrounds.

At its inception, non-executive newcomers to the Board comprised of myself, Gunjan Bhow, formerly of Walgreens Boots Alliance and The Walt Disney Studios, and Bhav Singh, founder and CEO of digital learning group Sandbox & Co, formerly of Pearson and ViacomCBS, alongside existing non-executive member and ex-Sky executive Mai Fyfield.

On 1 April 2023, we welcomed Claire Hungate, previously CEO of Warner Bros TV Production UK and now President and COO of esports organisation Team Liquid, along with former Chairman and CEO of Fox Television Group Gary Newman and former ITV and Kantar CFO Ian Griffiths.

In March 2023, Steve Morrison and long-time BBC Board (and BBC Trust) member Elan Closs Stephens stepped down. They both leave with our thanks for all their hard work. I would personally like to commend Elan for her shrewd and meticulous oversight of the Board in its previous iteration.

We met 12 times during the year. Board members considered regular updates on financial and business performance, reviewing forecast results and debating proposed budgets and targets for the coming year. The NAO, as the external auditor, compiled audit planning and completion reports for our consideration, and the Audit and Risk Committee carried out its annual session on control and governance issues, which was attended by Studios senior management.

Performance across BBC Commercial has been strong, and it is clear to us that there is a sound basis for further growth.

BBC Studios goes from strength-to-strength, with record sales of £2 billion and EBITDA of £240 million evidence of continuing global demand for its high-quality content. Its storytelling won awards and brought people together, from *Frozen Planet II*, which reached 20.5 million unique viewers in the UK across its first run on BBC One, RTS-winning drama *Sherwood* and *Dancing with the Stars*, extending to 61 territories worldwide.

The Board gave detailed consideration to a long-term strategy plan to drive growth at BBC Studios, which now aims to double the business from 2021/22 to 2028. We discussed BBC Studios' strategy for growing and acquiring intellectual property and brands; its targets for investment across content, services – in particular those in digital including News – and talent, as well as tactics to maximise performance of linear channels. We also approved a series of additions to the BBC Studios suite of Production Labels and Invested Indies across both the scripted and unscripted genres.

In the year, BBC Studioworks achieved sales of £41 million and EBITDA of £5 million. It won new business from productions across the creative sector and launched its new purpose-built studio in Glasgow's Kelvin Hall. We considered plans to invest in new equipment and facilities for future growth, as well as approving the addition of four UK sound stages to its sales portfolio. The business operates in a very competitive marketplace, but has solid growth plans in place to build its talent and operations.

As a result of these performances, the BBC's commercial businesses collectively paid dividends of £152 million to Commercial Ltd, increasing the cash held to £207 million and supporting a 2022/23 dividend declaration of £198 million to the BBC Group. The overall Commercial Group has an aggregate net cash balance of £84 million which provides a strong foundation moving forward.

The scale of growth we are considering for our commercial activities is ambitious, requiring executive teams to utilise all their proven resources of creativity and agility. It may also require an increase in debt levels to fund growth initiatives. Overall, the position of BBC Commercial provides a real moment of opportunity for the BBC as a whole and the Board is looking forward to playing a role in the realisation of that ambition.

Damon Buffini

Chair of the BBC Commercial Board and non-executive director of the BBC
27 June 2023

Editorial Guidelines and Standards Committee report

Audiences rightly expect the BBC to produce the best content to the highest editorial standards. The role of the Editorial Guidelines and Standards Committee (EGSC) is to ensure the BBC meets the standards set in its Editorial Guidelines and that the BBC is accountable through its complaints process. As a sub-committee of the BBC Board, EGSC reports to the Board on current and emerging editorial risks, it monitors the BBC's approach to mitigating against disinformation, it implements any recommendations by the Board on editorial standards, and it is the interface between the BBC and Ofcom on editorial standards.

This year, the EGSC commissioned the Executive to review its Editorial Guidelines, and agreed that due accuracy and due impartiality should continue to apply to all BBC output. This places a greater obligation on the BBC than on other broadcasters, but being impartial and accurate are at the heart of what the BBC stands for. It is therefore appropriate that these principles should continue to apply to all output, wherever it is produced and however it is consumed. The Committee was also fully briefed on the establishment of a review, by John Hardie, into use of social media by non-news freelancers. The review will make recommendations to the Executive and these will be reflected in the new Guidelines.

Much of this year's work has involved ensuring the implementation of the Serota Review. The EGSC has received regular reports on the work of the Serota Implementation team which was tasked by the Director-General to deliver the 39 Serota Review recommendations and the Executive's Impartiality ten-point plan. We are pleased to report that all recommendations and impartiality plan objectives have been implemented. The specific recommendations relating to the work of the EGSC have been taken forward: we have appointed two external Editorial Advisers to the Committee, and discussion of editorial issues and risk are now regular items at each EGSC meeting. The Committee's Terms of Reference have been amended to reflect these changes. The EGSC will continue to monitor implementation and ensure the commitments are being met.

Following the Serota Review and Impartiality plan, the BBC has created an Editorial Standards learning hub which houses over 30 hours of editorial learning content to support the maintenance of editorial standards. As of 31 March 2023, 97.2% of BBC staff have completed impartiality training.

A key recommendation of the Serota Review was the establishment of Thematic Reviews. EGSC was tasked with oversight of the production of these Reviews by the BBC Board, including recommending topics for review and developing terms of reference for Board approval. The Reviews are conducted independently of the BBC and are an important way of monitoring impartiality at the BBC. The first Thematic Review on taxation, public spending, Government borrowing and debt, led by Andrew Dilnot and Michael Blastland, was published in January 2023. EGSC was kept across developments throughout the year including research methods, stakeholder interviews and emerging issues. Since publication of the Review, EGSC has received updates from the Executive on implementation of the findings of the Review and this is something we will continue to monitor. Going forward, the ambition is to conduct two reviews a year.

The 'BBC First' system of complaints handling falls within the scope of the Government's mid-term review of the BBC and was reviewed in Ofcom's June 2022 report into *How Ofcom regulates the BBC*. As the Committee responsible for the oversight of the complaints process, the EGSC has actively engaged with both DCMS and Ofcom on this. The BBC has complied with all of Ofcom's new Determinations in relation to complaints handling, including the publication of 'not upheld' findings on due impartiality and due accuracy complaints; and we have introduced changes to our complaints process to make it simpler to use and more transparent. These changes are in addition to the ones we reported in the last Annual Report. EGSC will continue to engage with Ofcom on the regulation of complaints and editorial standards and members of Ofcom's standards team and EGSC will meet on a six-monthly basis from now on.

The BBC received 229,123 complaints at stage 1 of the complaints process in 2022/23. This was a reduction of 204,449 on last year, largely due to the number of complaints received that year about coverage of the death of HRH The Duke of Edinburgh. The Executive Complaints Unit (ECU) dealt with 1,199 complaints at stage 2 of the BBC's complaints process in 2022/23. The ECU found the BBC in breach of editorial standards on 43 occasions. The EGSC receives details of all complaints and discusses breaches and any issues they raise with the Executive. These complaints figures are also reported to the BBC Board.

The KPIs set by Ofcom for answering complaints at stage 1 and 2 of the 'BBC First' complaints process (stage 3 is an appeal to Ofcom, where relevant) were met for stage 1. 97% of complaints at stage 1 were handled within 10 working days against a target of 93%. 35% of complaints at stage 2 were concluded within 20 working days for standard stage 2 complaints and 35 working days for complex stage 2 complaints against a target of 80%.

The reason for not meeting KPIs at stage 2 was almost entirely due to one particularly complex case which attracted an unprecedentedly large number of complaints. This was explained to EGSC and the BBC Board at the time, and accepted.

In the financial year 2022/23, Ofcom found the BBC in breach of the Broadcasting Code on three occasions. Two 'uphelds' related to complaints which went directly to Ofcom under Privacy and Fairness and not through the BBC First system, but one, for Impartiality, had been through the BBC system. Ofcom also gave its opinion on two BBC online articles. Any breach of editorial standards is gravely disappointing and something the EGSC takes very seriously. We have discussed the findings in detail with the Executive. We also noted that this was the first Impartiality breach since Ofcom became the BBC's regulator for impartiality and accuracy in 2017.

In addition to the 43 ECU 'upheld' findings in 2022/23, the following serious editorial breaches were identified by the Executive in the course of the year:

BBC Somali Service – the service broadcast an interview with an Islamist scholar, Sheikh Aden Sunne, from the breakaway state of Somaliland. There had been unconfirmed reports that he had joined proscribed organisation al-Shabab and that he could become its leader. BBC Somali service did not make the mandatory referral to the Director, Editorial Policy and Standards in advance of bidding for an interview with the cleric, or at any point before the interview was broadcast or published online. This was in breach of the BBC Editorial Guidelines. The interview also fell below the impartiality standards of the Editorial Guidelines. The story and video were removed from the website. The Somali team has been reminded of the requirements of the Editorial Guidelines, including the protocol for mandatory referrals.

Governance

Editorial Guidelines and Standards Committee report continued

BBC Cymru Wales broadcast and published a report regarding the National Eisteddfod and its Chief Executive. The report carried unfounded allegations regarding the Eisteddfod and its Chief Executive's interaction with the local community of Tregaron which had hosted the Eisteddfod in 2022.

All iterations of the story were taken down from BBC Online and BBC Sounds. BBC Wales wrote to the Chief Executive and Festival apologising for its coverage. This apology was broadcast on the BBC Radio Cymru Drive news programme, *Post Prynhawn*, on the same night and it was posted on the BBC's Corrections and Clarifications site.

BBC Wales News and Current Affairs conducted a thorough investigation into its commissioning and production practices. An action plan was developed and implemented.

The Papers, BBC News Channel – several remarks and reactions from the presenter about the Conservative leadership election in one edition of this programme did not meet the BBC's editorial standards as they gave the audience the opportunity to infer an editorial position on the part of the BBC. There was also insufficient counter and challenge to some of the opinions expressed by guests on the programme.

Following an investigation, the BBC acknowledged on the Corrections and Clarifications site that this was a serious breach of editorial standards. Impartiality discussions, as part of the BBC's appraisal process, are taking place with all Assistant Editors and presenters on the News Channel.

Jhalak Dikhhla Jaa, India – this is the Indian version of *Strictly Come Dancing*, produced by BBC Studios Productions Mumbai for Colors TV network. For the Diwali, the dance took its inspiration from the Indian military response to a terror attack on an Indian army base in Uri Kashmir in 2016. This dance sequence was in breach of a number of guidelines, including harm and offence and impartiality.

A process was put in place for the remainder of the series for referrals in advance to the International Production consultancy team in London. Refresher face-to-face editorial standards training has also been provided to international production offices.

BBC Tyne and Wear – the team mistakenly thought Hollywood actor Will Ferrell had tweeted an apology to Sunderland fans following QPR's defeat to Sunderland. An online article was published based on what transpired to be a fake tweet. The article was also tweeted by BBC News twice and posted on the BBC News Facebook page as well as at BBC North East and Cumbria.

Upon realising the mistake, the article was taken down and a correction was posted on BBC's Corrections and Clarifications site. The team has received further advice and training on identifying parody accounts. Similar sessions will be held with digital teams across BBC England.

All serious editorial breaches are reported to EGSC and the BBC Board.

This has been a very full year for the EGSC. We have welcomed Deborah Turness, CEO BBC News and Current Affairs, to the EGSC as a member and Michael Prescott and Caroline Daniel have joined as independent Editorial Advisers – all have strengthened the range of voices on this Committee and have brought new perspectives to discussions. I would like to thank my fellow Committee members, Robbie Gibb, Tim Davie and Ian Hargreaves, and David Jordan, Peter Johnston and Rizwana Rahmani from the Editorial Policy and Standards team, for their diligent work this year. Ian's term of office as a member of the Board concluded on 31 March and this is therefore his last year as a Committee member. He has been an outstanding member of the Committee, serving as Chair for five years, and we thank him for his lasting contribution to editorial standards.

Nicholas Serota
Chair, Editorial Guidelines and Standards Committee
27 June 2023

Nations Committee reports

The four Nations Committees support the Board in reviewing and monitoring the output and performance of the BBC across the UK. This section provides a report from the Chair on the work of each Committee during the year.

Wales

This has been an exceptionally busy year for BBC Cymru Wales.

Our major festivals made a welcome return. The National Eisteddfod at Tregaron was a joyful event, covered extensively by our teams on television, radio and online. We welcomed the return of the Urdd National Youth Eisteddfod and the Royal Welsh Agricultural Show. And this year the 6 Music Festival came from Cardiff.

We celebrated the centenary of the BBC in Wales with a fascinating exhibition of viewing habits in the National Museum Cardiff. The UK's first National Broadcast Archive was launched in the National Library in Aberystwyth.

BBC Wales Investigates had strong journalistic stories including the programme *Killing in Tiger Bay*. Kayleigh Llewellyn's comedy drama series, *In my Skin*, won BAFTA and RTS awards. Our news team had an extremely busy year. Sport also came under investigation with allegations against the WRU. The men's football team and the women's teams in football and rugby strengthened their grip on audiences across all platforms with their performances.

During the year, the Wales Committee met three times and the BBC's plans for Across the UK were a real focus of discussion. There have been some early successes including the *Early Breakfast Show* on Radio 2 coming from Cardiff and produced by a Cardiff independent, Bengo. I know that our Director, Rhuanedd Richards, will be tireless in seeking new opportunities as we all seek to deliver jobs, enhanced career opportunities and economic growth outside London.

I'm looking forward to our upcoming Committees and hearing from audience members from across Wales.

I was joined on the Committee during the year by Ian Hargreaves, Rhodri Talfan Davies, Rhuanedd Richards and Rhys Evans. I'd like to thank them all as well as everyone who has contributed this year.

Finally our member, Professor Ian Hargreaves, retired this year after six years. We will miss his wisdom and his commitment to the Wales Committee.

More detailed information on the BBC's performance in Wales can be found on page 30 and pages 154-157. To read more about the BBC Wales Committee go to: bbc.com/aboutthebbc/whoweare/bbcboard/wales

Elan Closs Stephens

Chair, Wales Committee
27 June 2023

Scotland

In the face of an extremely financially challenging year, teams across BBC Scotland have worked hard serving our audiences. As Chair of the Scotland Committee, I've been proud to witness first-hand the thoughtful and innovative, though sometimes difficult decisions that have been made to ensure continuity and quality across all platforms.

This year is highly significant, marking both the centenary of the BBC in Scotland and of the first Gaelic broadcast, with special content and events throughout the calendar. In March the 6pm and 10pm network news was presented from Pacific Quay in Glasgow, and Director-General Tim Davie visited the site.

Building on our resolve to serve all of Scotland, the Committee has met in Aberdeen, Edinburgh and Glasgow, with the next due in Inverness, and will continue to move around the country engaging with teams, audiences, and stakeholders. When hearing from a group of audience members from across Scotland, it highlighted our duty to ensure, whilst embracing an exciting digital future for the BBC that connects us to the world, we remain mindful that Nations have cultural specificities that enrich the whole of the UK when shared. Teams across platforms are working hard to bring these alive with entertaining and informative content, including output recognised at the BAFTA Scotland and RTS Television Journalism Awards.

I was joined on the Committee during the year by Richard Sharp, Rhodri Talfan Davies, Steve Carson and Luke McCullough. I would like to thank them all, and acknowledge our outgoing Chairman Richard Sharp for his enthusiastic and helpful contribution.

Over the coming year I look forward to continued contact with audiences, teams and stakeholders as we rebuild the many human connections that were broken during the pandemic. The diversity of culture and opinion across the country is in good health and BBC Scotland is well placed to help celebrate it.

There will doubtless continue to be challenges on all fronts; technical, financial, political and cultural, but I am confident that we have excellent teams in place delivering the high value that audiences rightly expect.

More detailed information on the BBC's performance in Scotland can be found on page 31 and pages 158-161. To read more about the BBC Scotland Committee go to: bbc.com/aboutthebbc/whoweare/bbcboard/scotland

Muriel Gray

Chair, Scotland Committee
27 June 2023

Governance

Nations Committee reports continued

Northern Ireland

Delivering Value for All has continued to be a real focus this year. This work has included digital-first priorities, building services on iPlayer and Sounds and the commissioning of high-impact dramas such as *Blue Lights*. This series is an important example of authentic portrayal and reflects the BBC's Across the UK priorities. *Murder in Paradise*, *Made Up in Belfast* and *The Hotel People* have been amongst the co-commissioning highlights for BBC network television. And these successes have been complemented by the strong performance of the *Assume Nothing* strand and other locally produced output on Sounds.

Northern Ireland had a good year of productions and better production facilities. Belfast was the first part of the BBC outside London to launch a full, new-style set for its 6.30pm television news programme – enhancing the viewing experience for audiences and the programme's editorial possibilities. The redevelopment of Broadcasting House, Belfast is now fully underway. This investment will provide important benefits for BBC output, staff and audiences in Northern Ireland.

There have been challenges, including about funding and service priorities and the need to respond to changes in audience needs and behaviours. The re-positioning of Radio Foyle's work as part of wider structural and scheduling changes led to some concerns. And there were other, sometimes difficult, adjustments across BBC Northern Ireland as a whole. We will keep these changes and their impact under review, taking account of the BBC's wider strategic and editorial ambitions and their benefits for the audiences we serve.

I was joined on the Committee during the year by Nicholas Serota, Rhodri Talfan Davies, Adam Smyth and Mark Adair. I would like to thank them all and congratulate Adam on being appointed as the Director, BBC Northern Ireland and Peter Johnston, his immediate predecessor, on his new role as Director Editorial Complaints and Reviews. I am excited about Adam's vision for our services and the BBC's developing role within the creative life and economy of Northern Ireland.

It has been an honour to continue as Acting Chair of the Northern Ireland Committee. Sir Nick, who is the BBC Board's Senior Independent Director, and I will continue to work tirelessly in supporting the BBC's executive team and staff and all of our audiences in Northern Ireland. Our hope remains that a BBC Board Member can be appointed as soon as possible, thereby ensuring that Northern Ireland is more fully represented at Board level as the BBC Charter provides.

More detailed information on the BBC's performance in Northern Ireland can be found on page 32 and pages 162-164. To read more about the BBC Northern Ireland Committee go to: bbc.com/aboutthebbc/whoware/bbcboard/northernireland

Elan Closs Stephens

Interim Chair, Northern Ireland Committee
27 June 2023

England

The BBC's commitment to impartiality extends beyond the network and nowhere is this more important than in our local-radio and regional news operations that reflect the diversity of voices and opinion across England.

That is why we have committed to strengthening our local online news service, delivering more hard-hitting journalism and investing in new audio output.

Change is hard and it is a time of great change in England. I know it has been a difficult time for many as we have worked through our BBC Local Value for All changes and I would like to thank our teams for their continued hard work.

I know that some of our audience too have had concerns, particularly around local-radio. It is important that we continue to assess the impact of these changes carefully over the coming months.

However, as audiences increasingly turn to digital news content, we believe these changes will offer even greater value to licence fee payers across England, help us better connect with the communities we serve and showcase the outstanding talents of all our staff.

Our plans to create investigative reporting teams across the country will allow us to dive behind the headlines and provide insightful analysis of key local issues across all platforms.

This year it was a huge pleasure to meet the brilliant team working at BBC Radio York. We heard from audiences from across Yorkshire and this gave us a fascinating insight.

I was joined on the Committee during the year by Nicholas Serota, Rhodri Talfan Davies, Jason Horton and Adrian Mills. I'd like to thank our Committee members and everyone who has contributed to our work over the past year.

Notable highlights in our coverage included the Commonwealth Games in Birmingham, which was a fantastic spectacle and our teams online, in television and radio captured all the excitement.

The journey of England's football team in the World Cup and the stunning success of our Lionesses in the UEFA Women's Euro final also helped bring many more communities closer together.

We have a vital role to play as a source of impartial, accurate and trusted news that reflects diversity of opinion, provides high-quality entertainment and celebrates the very best our country has to offer. Our commitment to strengthen our news service will ensure we continue to be at the heart of community life for years to come.

More detailed information on the BBC's performance in England can be found on page 33 and pages 165-168. To read more about the BBC England Committee go to: bbc.com/aboutthebbc/whoware/bbcboard/england

Robbie Gibb

Chair, England Committee
27 June 2023

Fair Trading Committee report

This report provides detail on the work of the Fair Trading Committee in 2022/23. During the year I sat as a member of the Committee and it was chaired by Ian Hargreaves. Since Ian left the BBC Board in April 2023, and whilst new Board members are being recruited, I have assumed the interim Chair of the Committee until revised Committee roles are in place.

Fair Trading is the way we describe our processes and practices, both within the BBC Group and in dealing with third parties, to ensure that our commercial and public services remain appropriately separate and trade with each other on a market basis. This means that the parts of the BBC which are funded by the licence fee are not able to give a competitive advantage to the BBC's commercial operations or to any other independent production company or other third party with which we deal.

The Fair Trading Committee (FTC) was established by the Board as a means to monitor and assure the appropriate separation between the BBC's public service and commercial activities, in line with the framework for commercial activities set by Ofcom.

The key function of the FTC is to oversee the BBC's compliance with our regulatory obligations for trading and separation between the public service and the commercial subsidiaries. The core responsibilities of the FTC include:

- considering reports on the extent to which the activities of the BBC are consistent with Ofcom's trading and separation requirements and engaging informally with the regulator on an annual basis;
- keeping under review the BBC's compliance with Ofcom's trading and separation regulatory requirements;
- commissioning and receiving the annual independent assurance of compliance controls;
- considering and approving for publication the BBC's statement of operational separation, annual reporting and Group Trading Manual; and
- ensuring that the BBC's transfer pricing methodologies are reviewed regularly.

The trading and separation rules were last updated by Ofcom in April 2023 and are part of Ofcom's framework for the BBC's commercial activities, which regulates the BBC's interaction with the market both through its public service activities and those of its commercial subsidiaries.

The framework requires the BBC to ensure that:

- all commercial activities are undertaken by commercial subsidiaries;
- any subsidiaries must have operational separation from BBC public service;
- it provides goods and services to commercial subsidiaries on arm's length commercial terms;
- subsidiaries achieve a commercial rate of return; and
- the BBC ensures appropriate transparency, monitoring and reporting on the activities of the subsidiaries.

To ensure that these rules are complied with, the FTC oversees and assures the BBC's processes and procedures to ensure that awareness and understanding of the framework is high. To do this, the BBC's Policy team manages a targeted training programme for staff likely to encounter Fair Trading issues. The past year has seen continued strong performance in Fair Trading training compliance, with compliance rates sustained at a high level have increased steadily – 98% for Advanced level training and 95% for Awareness level training as at Q4 22/23.

During the year the Committee were briefed on relevant regulatory and Fair Trading issues, including Ofcom's review of BBC Studios, the transfer of BBC Children's in-house production to BBC Studios, and benchmarking fees for Studios use of the BBC brand. We also noted that there were no relevant complaints in this area received by the BBC.

Our meetings were attended, during the year, by the Director of Policy and the Controller, Regulation, as well as the Group Chief Operating Officer, Head of Commercial Legal and other advisers as necessary. Three Committee meetings were held during the year (see page 105 for the Committee attendance table).

To support the framework, and to assure the BBC's approach to regularity and the use of public funds, the FTC continues to voluntarily commission annual assurance by an assurance provider in accordance with ISAE 3000 (Revised). The Fair Trading Assurance provider's report is on the following page.

The Framework Agreement sets four criteria for the carrying out of the BBC's commercial activities: fit with the Mission and Public Purposes; commercial efficiency; not jeopardising the reputation of the BBC or the value of its brand; and not distorting the market. Having received reports from relevant senior management, and having considered the findings of the Fair Trading Assurance, the Fair Trading Committee is satisfied that all commercial services have met the above criteria for the period 1 April 2022 to 31 March 2023.

Muriel Gray

Interim Chair of the Fair Trading Committee
27 June 2023

Governance

Independent Fair Trading Assurance report to the BBC for the year ended 31 March 2023

Opinion on Fair Trading arrangements

We have assessed, in our role as the BBC's Fair Trading reasonable assurance provider, the system of internal controls established within the BBC to comply with the Fair Trading aspects of Ofcom's Trading and Separation requirements for the year ended 31 March 2023 ('the Fair Trading Arrangements').

In our opinion the BBC has established and applied a system of internal controls that provide reasonable assurance that it has complied with the requirements of the Fair Trading Arrangements for the year ended 31 March 2023.

Responsibilities of the BBC Board

The Board is charged by Ofcom with establishing and operating a system of internal controls designed to ensure compliance with the BBC's Fair Trading Arrangements for the year ended 31 March 2023, including identifying and assessing risks that could threaten Fair Trading and designing and implementing responses to such risks.

Our independence and quality control

We have complied with the independence and other ethical requirements of the ICAEW Code of Ethics, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We applied the International Standard on Quality Management (UK) 1 ("ISQM (UK) 1"), issued by the Financial Reporting Council. Accordingly, we maintained a comprehensive system of quality including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibilities

Our responsibility is to express an opinion on the internal controls established by the BBC to ensure compliance with the Fair Trading Arrangements, based on our assurance work. We performed a reasonable assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information.

We are required to plan and perform our procedures in order to obtain reasonable assurance as to whether the BBC has established and applied a system of internal controls that provide reasonable assurance that it has complied with the requirements of the Fair Trading Arrangements for the year ended 31 March 2023.

We conducted a risk assessment to identify those aspects of the BBC's Trading and Separation control regime that were most likely to result in non-compliance with the Fair Trading Arrangements, and focused our detailed testing on those areas. Individual cases were selected from the BBC's fair trading advice correspondence for review and for each we examined written records and interviewed relevant parties. Our work included examination of transfer pricing and separation arrangements, use of and payment for the BBC brand, and the application of the Royal Charter requirement that the BBC's commercial activities do not, as a result of their relationship with the UK Public Services, non-service activities or trading activities, distort the market or gain an unfair competitive advantage.

Inherent limitations

Every internal control system is subject to limitations, and accordingly the internal controls established by the BBC may not prevent or detect all instances of non-compliance with the Fair Trading Arrangements. Further, because fair trading issues require judgements which ultimately might be tested in a court of law, competition authority or elsewhere, there is always a risk of challenge even where the system of internal controls has been followed and decisions have been taken with the greatest care.

Use of our report

This report has been made solely to the BBC in accordance with our instructions which were agreed with the Fair Trading Committee on behalf of the BBC. Our work has been undertaken so that we might state to the Fair Trading Committee those matters we are required to state to them in an independent assurance report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the BBC for our work, for this report, or for the opinions we have formed.

Deloitte LLP

London, UK
27 June 2023

Statement of Board responsibilities in respect of the Annual Report and Accounts

The Charter requires the BBC to prepare an audited annual report and statement of accounts.

The Board has accepted its responsibility for the preparation of a strategic report, statements of compliance with applicable codes and regulations (including the Board remuneration report) and the statement of accounts which are intended to give a true and fair view of the state of affairs of the BBC and its subsidiaries (the 'Group') and of the income and expenditure for that period. The Board has prepared the accounts in accordance with UK-adopted International Financial Reporting Standards (IFRS). The Board must not approve the statement of accounts (or 'financial statements') unless it is satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and of the surplus or deficit for that period.

In preparing the financial statements, the Board has:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether they have been prepared in accordance with the UK-adopted IFRS; and
- prepared the financial statements on the going concern basis as they believe that the BBC will continue in business.

The Board is responsible for keeping proper accounting records that are sufficient to show and explain the BBC's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements and the Board remuneration report comply with the Charter. It also has a general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the BBC and to prevent and detect fraud and other irregularities.

The responsibilities of the Board for ensuring that the BBC exercises rigorous stewardship of public money, including responsibility for the propriety and regularity of management of the BBC's resources, are set out in article 16 of the Charter.

The Board is responsible for the maintenance and integrity of the BBC's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Board members who held office at the date of approval of the Annual Report and Accounts, whose names and functions are listed in the Governance section of the Annual Report and Accounts, confirm that, to the best of each of their knowledge and belief:

- the financial statements, prepared in accordance with the UK-adopted IFRS, give a true and fair view of the assets, liabilities, financial position and deficit of the Group;
- the Annual Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces; and
- the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for licence fee payers to assess the Group's performance, business model and strategy.

Statement of disclosure of information to auditors

The Board members who held office at the date of approval of the Annual Report and Accounts confirm that, so far as they are each aware, there is no relevant audit information of which the BBC's auditors are unaware; and each Board member has taken all the steps that they ought to have taken as a Board member to make themselves aware of any relevant audit information and to establish that the BBC's auditors are aware of that information.

Going concern

The Board has prepared cash flow forecasts for a period in excess of a year from the date of approval of these financial statements, and have reviewed these forecasts, together with the sensitivities and mitigating factors in the context of available funds.

The Board is satisfied that the BBC is well placed to manage the risks and has adequate resources to continue in operation for at least the next 12 months. As a result, the going concern basis has been adopted in the preparation of the financial statements.

This statement was approved by the Board.



Richard Sharp
Chairman
27 June 2023

PERFORMANCE AGAINST PUBLIC COMMITMENTS



This section sets out our progress towards various public commitments. These commitments come from the Charter and Agreement, our Licence obligations and commitments we have made to deliver services for our audiences.

p.131

Regulatory Compliance

p.132

General Duties

p.134

Access Services

p.135

Contestability

p.135

Network radio supply

p.136

Distribution

p.137

BBC Public Service promotions

Performance against public commitments

Regulatory compliance

This section sets out the BBC’s compliance with the regulatory conditions in Ofcom’s Operating Licence. The BBC met nearly all of its 151 Operating Licence conditions, with two exceptions, shown below.

For condition 2.5A, the quota was not met on three days: 11 July 2022 due to a technical fault, 8 September 2022 as BBC Three was suspended due to Her Majesty the Queen’s passing and 9 September 2022 due to reallocation of resource to cover the passing of Her Majesty the Queen.

For condition 2.21, our hours reflect our published plans to refocus BBC Four as the home of archive and performance, reducing the volume of new arts and music hours on BBC Four and investing more in arts and music programmes on BBC Two.

We have engaged with Ofcom on these operating licence conditions. We do not expect Ofcom to take enforcement action.

The full detail of our compliance with Ofcom’s Operating Licence conditions can be found in our adjoining report *Delivering Our Mission and Public Purposes*. This report also collates our performance against the commitments we made as part of the 2022/23 Annual Plan.

Operating Licence conditions	Quota	Actual	Difference
2.5A: News on BBC Three for 16-34s	News each weekday	No news on three days – 11 July, 8 and 9 September	
2.21: New arts and music programmes	175 hours	131 hours	-44 hours

Other regulatory matters

Changes to the BBC’s UK Public Services and non-service activities

Under the Charter and Agreement, the BBC has to assess whether changes to UK Public Services are material. If the changes are material, we are required to carry out a Public Interest Test, which must then be approved by Ofcom before the change can be made.

In June 2022, the BBC published a consultation on the proposal to expand and improve BBC iPlayer by offering more boxsets and archive, and making more BBC series available on-demand. In September 2022, the BBC Board approved the BBC Public Interest Test deciding that the proposed changes will deliver public value but were not material as they will not have a significant adverse impact on fair and effective competition. In November 2022, after reviewing the plans, Ofcom concluded the BBC’s proposal was not a material change, allowing the BBC to proceed with its plans.

During 2022/23, we have conducted two detailed materiality assessments of changes to UK Public Services or non-service activities:

- A change to increase the BBC’s online local news offer in England, including publishing a greater number of stories and increasing the number of areas covered. The BBC decided the changes were not material. Ofcom confirmed the changes were not material in December 2022.

- A change to Sounds on-demand speech and music, including an expanded podcast acquisition strategy, new formats for short-form, Sounds only radio programmes and expanding the BBC’s flexibility in its distribution arrangements to podcasts already available on BBC Sounds. The BBC decided the changes were not material. Ofcom confirmed the changes were not material in March 2023.

Changes to the BBC’s commercial activities

Under the Charter and Agreement, the BBC has to assess whether changes to its commercial activities are material. There were no relevant changes to the BBC’s commercial activities during this period.

Regulatory complaints

Under the Charter and Agreement, the BBC is responsible for handling complaints, in a BBC First approach. This year we received no complaints regarding competition issues. We have also received no complaints regarding other non-editorial relevant requirements.

Audience satisfaction with the reflection, representation and serving of the diverse communities in the UK

The BBC needs to measure audience satisfaction during the financial year with the reflection, representation and serving of the diverse communities of the whole of the United Kingdom. The survey findings from 2022/23 show that the proportion rating the BBC as effective on these measures outnumbers those saying ineffective by age band, gender, social grade, area of the UK, sexual orientation and amongst white audiences and Black, Asian and minority ethnic audiences and audiences who are disabled and not disabled. In some audience groups, whilst the majority or plurality of people surveyed rated the BBC as effective, this proportion of people saying the BBC was effective can be lower than in their comparator group or the proportion saying ineffective can be higher. This indicates that some audience groups have less satisfaction with the BBC in this regard than others. This year this was the case for C2DE compared with ABC1 audiences and people who are disabled compared with people who are not disabled; and on some measures for Black, Asian and minority ethnic audiences compared with white audiences and men compared with women. There were also differences in Scotland and Wales, and in the North of England compared with the England average.

Performance against public commitments

General Duties

The Charter sets out a number of General Duties that apply to the BBC. This section sets out the BBC's performance against these Duties – the measures for reporting were set out in the BBC Annual Plan for 2022/23.

1. Acting in the public interest

Measure	Achieved
We will publish an Annual Plan and an Annual Report	YES
We will publish the number of complaints upheld where we have failed to comply with the BBC's obligations under the Charter and Agreement or with the Ofcom Operating Framework or World Service Licence	YES – see Other Regulatory Matters
We will publish the number of complaints upheld on BBC editorial matters and overall volumes of complaints made	YES – see Editorial Guidelines and Standards Committee report
We will publish performance measurement data, including data on the fulfilment of the public purposes	YES

2. Engagement with the public

Measure	Achieved
We will publish annually data on audiences' views about the BBC as part of the Annual Report	YES
We will hold around six face-to-face events with audiences and report on the findings in the BBC's Annual Report, four of which will be delivered by the Board's Nations Committees	YES – see Engaging with audiences

3. Market impact

Measure	Achieved
We will publish and consult on any planned material changes	YES – see Other Regulatory Matters
We will publish annually the number of regulatory complaints upheld and actions taken in response	YES – see Other Regulatory Matters
We will publish the number of Ofcom enforcement actions in relation to compliance with the Ofcom Operating Framework in this area	YES – none
We will publish the outcomes of any Public Interest Tests	YES – see bbc.com/aboutthebbc/reports/consultation

4. Openness, transparency and accountability

Measure	Achieved
We will publish an Annual Plan that sets out the BBC's strategic priorities, creative plans, budget and any planned material changes to services	YES – see bbc.com/aboutthebbc
We will publish the following after the relevant event: <ul style="list-style-type: none"> • Minutes of the meetings of the Board • Important decisions concerning changes to the creative remit, work plan and material changes to the UK Public Services, non-service activities and commercial activities • Summary minutes of the meetings of committees of the Board 	YES – see bbc.com/aboutthebbc
We will publish an Annual Report and Accounts, containing a detailed summary of performance against our regulatory quotas; full financial details and accounts; and information required as part of our Equality Information Report	YES
We will continue to publish the salary disclosures required under the Charter, along with our voluntary regime of quarterly salary and expenses disclosure for senior managers	YES – see Remuneration Report

5. Partnership

Measure	Achieved
We will collect and publish performance data on key partnership output and activities, including on the BBC's range of partnerships, range of partners, geographical breadth, and impact	YES – see Partnerships and collaboration

6. Diversity

Measure	Achieved
We will publish detailed diversity data for all our staff, including on socio-economic background, as part of our annual Equality Information Report	YES – see Equality Information report
We will continue to publish gender pay gap information, and analysis of our pay gaps for other groups	YES – see BBC Pay Gap report
We will also publish performance measurement data collected on the fulfilment of our fourth public purpose	YES

7. Technology

Measure	Achieved
We will continue to invest in the BBC's Research and Development (R&D) department in line with the BBC's long-term objectives	YES
We will continue to share our insights from R&D, for example using industry white papers and relevant professional gatherings, including standards bodies. We will use our web and social presence to highlight key messages to a wider audience	YES

8. Stewardship of public money

Measure	Achieved
True and Fair audit opinion from the BBC's external auditors	YES
We will report on our mechanisms for provision of information to the Board and the Audit and Risk Committee on compliance with the Charter, to ensure that the transactions reflected in the BBC's financial statements have been applied to the purposes as intended and conform to the relevant frameworks governing them	YES
We will comply with funding conditions as part of a separate funding agreement, e.g. grant funding for the BBC World Service	YES
We will publish our response to Value for Money reviews conducted by the NAO or other commissioned parties	YES

9. Guidance and best practice

Measure	Achieved
We will audit our voluntary compliance with the UK Corporate Governance Code and principles of good corporate governance based on a general aim of compliance with the Code wherever possible	YES – see Governance
Our Annual Report will set out the BBC's performance against the Code; areas where the Code does not apply to the BBC; areas where the Charter overrides the Code; and areas where the BBC does not comply	YES – see Governance
We will also publish an annual Equality Information Report, in compliance with the Public Sector Equality Duty	YES – see Equality Information Report
An annual statement on licence fee collection will be audited by the NAO and laid before Parliament	YES
We will continue to comply with best practice in offering training on a range of issues such as anti-bribery, data protection and child protection	YES

10. General duties in relation to commercial activities.

Measure	Achieved
The Fair Trading Committee will continue to: keep under review the BBC's compliance with Ofcom's trading and separation requirements; commission an annual independent audit; review, consider and approve the BBC's transfer pricing methodologies; report progress in the BBC's Annual Report; and review the ongoing compliance of the commercial activities with the Four Commercial Criteria	YES – see Fair Trading Committee Report
We will abide by our published policy on material changes to Commercial Activities	YES – see Other Regulatory Matters
Our complaints framework includes a procedure for complaints about a failure to meet any commercial activities requirements	YES
We will publish forthcoming potential material changes to commercial services in the BBC's Annual Plan, subject to issues of commercial confidentiality	YES
We will carry out the commercial test for any proposed material change to our commercial activities, and publish the proposed change once we have done so	YES – None
We will continue to train key staff on compliance with the Fair Trading rules	YES – see Fair Trading Committee Report
We will continue to meet our publication and information provision obligations to Ofcom, detailing the financial performance of our commercial subsidiaries and setting out detailed methodologies for transfer pricing within our group	YES – see Commercial Annual Report and Group Trading Manual
We will publish the number of upheld complaints about compliance with the commercial activities requirements under the Charter and Agreement or in the Ofcom Operating Framework, and our response to such complaints	YES – None
We will publish the number of Ofcom enforcement actions in relation to compliance with the Ofcom Operating Framework in this area	YES – None
The Fair Trading Committee will report annually on its work in the Annual Report and Accounts	YES – see Fair Trading Committee Report

Performance against public commitments

Access Services

Audio described

	Audio described hours		Total hours	Actual for year (%)		Target for year (%)	
	2022/23	2021/22	2022/23	2022/23	2021/22	2022/23	2021/22
BBC One	1,877	1,847	8,736	21.5%	21.1%	20.0%	20.0%
BBC Two	2,290	2,097	8,736	26.2%	24.0%	20.0%	20.0%
BBC Three	1,227	162	3,236	37.9%	30.4%	20.0%	20.0%
BBC Four	1,217	1,020	3,104	39.2%	33.2%	20.0%	20.0%
CBBC	1,464	1,805	4,352	33.6%	36.7%	20.0%	20.0%
CBeebies	1,254	1,114	4,883	25.7%	22.8%	20.0%	20.0%
BBC Scotland	597	510	1,815	32.9%	28.1%	20.0%	20.0%
Linear total	9,926	8,555	34,862				

	Audio described programmes		Total programmes	Actual for year (%)		Target for year (%)	
	2022/23	2021/22	2022/23	2022/23	2021/22	2022/23	2021/22
BBC iPlayer ¹	8,212	See Note 2	58,699 ²	14%	See Note 2	N/A	N/A

Sign interpreted

	Sign interpreted hours		Total hours	Actual for year (%)		Target for year (%)	
	2022/23	2021/22	2022/23	2022/23	2021/22	2022/23	2021/22
BBC One	499	488	8,736	5.7%	5.6%	5.0%	5.0%
BBC Two	467	462	8,736	5.3%	5.3%	5.0%	5.0%
BBC Three	225	30	3,236	7.0%	5.7%	5.0%	5.0%
BBC Four	189	196	3,104	6.1%	6.4%	5.0%	5.0%
CBBC	277	286	4,352	6.4%	5.8%	5.0%	5.0%
CBeebies	256	262	4,883	5.2%	5.4%	5.0%	5.0%
BBC Scotland	100	103	1,815	5.5%	5.7%	5.0%	5.0%
BBC News	510	527	8,736	5.8%	6.0%	5.0%	5.0%
Linear total	2,523	2,354	43,597				

	Sign interpreted programmes		Total programmes	Actual for year (%)		Target for year (%)	
	2022/23	2021/22	2022/23	2022/23	2021/22	2022/23	2021/22
BBC iPlayer ¹	4,484	See Note 2	58,699 ²	7.6%	See Note 2	N/A	N/A

Subtitled

	Subtitled hours		Total hours	Actual for year (%)		Target for year (%)	
	2022/23	2021/22	2022/23	2022/23	2021/22	2022/23	2021/22
BBC One	14,017	14,130	14,029	99.9%	99.9%	100.0%	100%
BBC Two	9,183	9,189	9,185	100.0%	100%	100.0%	100%
BBC Three	3,234	533	3,236	99.9%	100%	100.0%	100%
BBC Four	3,102	3,077	3,104	99.9%	100%	100.0%	100%
CBBC	4,352	4,919	4,352	100.0%	100%	100.0%	100%
CBeebies	4,882	4,882	4,883	100.0%	100%	100.0%	100%
BBC Scotland	1,880	1,914	1,880	100.0%	99.9%	100.0%	100%
BBC Parliament	3,029	2,404	8,736	34.7%	27.5%	N/A	N/A
BBC News	8,733	8,732	8,736	100.0%	100%	100.0%	100%
Linear total	52,412	49,780	58,141				

	Subtitled programmes		Total programmes	Actual for year (%)		Target for year (%)	
	2022/23	2021/22	2022/23	2022/23	2021/22	2022/23	2021/22
BBC iPlayer ¹	50,866	See Note 2	58,699 ²	86.7%	See Note 2	N/A	N/A

Notes

1 For the five main broadcast channels, including nations and regional variants, 100% of content is subtitled, 20% audio-described and 5% signed. This content including subtitles, audio description and signed versions is all made available on BBC iPlayer. BBC iPlayer aggregates those main broadcast channels and other channels for which lower levels of access services are provided, so the overall figures for BBC iPlayer are at a lower level than the main broadcast channels.

2 Figures are for the total number of episodes available on BBC iPlayer excluding S4C and World Service content. There has been methodological change from previous years' reporting. This is because in previous years, additional versions of single programmes (audio described, sign-interpreted) were being counted separately in the total reported programme figure. We now count each programme as a single data point, rather than counting each different version of the same programme. This change in methodology has resulted in a lower total programmes value from previous years' reporting, and an increase in the percentage of programmes counted as having subtitles, however it more accurately reflects the perception of programmes made available to audiences through BBC iPlayer.

3 Due to rounding, some totals may not correspond with the sum of the separate figures.

4 BBC Three only became a linear channel again on 1 February 2022 – hence the low volume of hours in 2021-22 relative to 2022-23.

Contestability

Under the Charter and Agreement, the BBC must secure competition between BBC producers and external producers, whether independent producers or not, for production of television, radio and online content. The levels of contestability has increased for all content types. More information on contestability in television and radio can be found in the BBC Commissioning Supply Report, published alongside this report at: bbc.co.uk/commissioning/documents/bbc-commissioning-supply-report-202223.pdf.

Platform	Target to contest	Contested to date	Completion date	Achieved
TV*	100% of relevant hours	63%	31 December 2027	In progress
Radio**	60% of relevant hours	62%	31 December 2022	Delivered
Online***	100% of relevant spend	80%	31 December 2027	In progress

Notes

* The Agreement requires the BBC to ensure that it secures competition for 100% of relevant television programmes by 31 December 2027. Our outturn is based on the number of hours broadcast or provided on BBC iPlayer in 2022, taking into account commissioning decisions made up to 31 December 2022.

** The Agreement requires the BBC to ensure that for relevant radio programmes it secures competition for at least 60% of relevant broadcasting time by 31 December 2022, this has now been achieved. Our outturn is based on the number of hours broadcast in 2022/23, taking into account commissioning decisions made up to 31 March 2023.

*** The Agreement requires the BBC to secure competition for 100% of relevant online material by 31 December 2027. The BBC has defined relevant online material in a way that adheres to the provisions of the Agreement and has discussed this definition with Ofcom. We measure online contestability by expenditure on content production of relevant online material. Our outturn is based on expenditure in 2022/23.

Network radio supply

The following table shows the levels of all BBC Network radio hours from different suppliers.

	Proportion of all eligible hours produced by independent producers for BBC Network Radio (%)		Proportion of all eligible hours produced by BBC producers for BBC Network Radio (%)	
	2022/23	2021/22	2022/23	2021/22
Radio 1	25.6	25.5	74.4	74.5
1Xtra	19.2	20.1	80.8	79.9
Radio 2	53.0	50.9	47.0	49.1
Radio 3	11.3	11.8	88.7	88.2
Radio 4	16.8	15.2	83.2	84.8
BBC 4 Extra	0.0	0.0	100	100
BBC Radio 5 live and 5 live sports extra	21.8	20.5	78.2	79.5
BBC 6 Music	46.3	36.5	53.7	63.5
BBC Asian Network	35.2	25.2	64.8	74.8
Total	31.0	28.0	69.0	72.0

Notes

Eligible hours excludes Repeats, Simulcasts, Core News, Education/Social Action, Presentation, EBU Output, World Service

Information on our network television supply in 2022/23 is available in the BBC Commissioning Supply Report, published alongside this report at bbc.co.uk/commissioning/documents/bbc-commissioning-supply-report-202223.pdf

Performance against public commitments

Distribution

Distribution of BBC content is key to delivering our mission and public purposes. The Charter requires the BBC to report on how it has made its output and services available to the public. This section sets out our progress this year.

98.5%

Digital Terrestrial Television (DTT) coverage of UK households.

99%

AM/FM coverage of UK household

97.5%

DAB coverage of UK households

98%

satellite availability to UK households

BBC iPlayer is available on

>20,000

types of device overall

BBC Sounds is available on

>20,000

types of device overall

Note

The figures quoted for DTT and DAB relate to coverage for services carried on the BBC's multiplexes. In addition nations and regions radio stations and a small number of HD channels are made available via commercial multiplexes. BBC iPlayer is available on over 420 platforms (groups of devices) and BBC Sounds is available on over 250 platforms (groups of devices)

The BBC distributes its content with the goal of providing its audiences with full and convenient access to the services that are relevant to them. In 2022/23 we have continued to ensure that:

- we provide effectively universal broadcast coverage of our TV and radio services
- the BBC's online video service, iPlayer, is available on more consumer devices (from smart TVs to games consoles and tablets) than any other streaming service in the UK
- live and on-demand audio is widely available for audiences to access across an increasing number of devices

During this financial year the BBC has completed a major programme of development to deliver its services in high definition (HD) with a full range of services now available in this resolution on iPlayer and satellite, and all English regional variants of BBC One available on DTT. The BBC continues to ensure iPlayer and Sounds are available universally and introduce features to improve the experience for the audience. BBC iPlayer and BBC IP channels complemented the launch of BT's new TV devices and through iPlayer, the ability to restart a linear TV channel became available on Sky platforms.

As well as widespread availability and maximising value for the licence fee payer, it is critical that the ways in which BBC services and content are distributed support and protect our public service mission. As internet services increasingly present recommendations based on the audience's historic activity the need for public service has never been more necessary. The BBC's Distribution Policy, published in June 2018 following a public consultation, sets out seven conditions under which the BBC needs to satisfy in order to distribute its UK public services. It continues to guide our distribution agreements to ensure UK public service and creativity remains prominent and relevant in an increasingly competitive and global market, and to ensure vital insights are fed back to the BBC to help the organisation continue to improve its offer.

We are increasingly looking at how the distribution of BBC products and services will evolve as we spend more time online. For example, we are already seeing the distribution landscape change in cars as more new models have an integrated internet connection. Combined with new patterns in the way people spend time in electric vehicles, this opens new opportunities for choice and personalisation. In November 2022, we held the BBC's first Connected Car Conference bringing together broadcasters, car manufacturers and other experts from the supply chain to discuss how we can ensure that audiences can continue to access more, better content in cars of the future.

BBC Public Service promotions

The Agreement between the BBC and the Secretary of State sets out that the BBC must ensure that the promotion of any output of a UK Public Service or any such service in the UK Public Services focuses on output contributing substantially to the fulfilment of the mission and promotion of the public purposes. The BBC must publish information on such promotion, including:

- The number of minutes of promotions in each UK Public Service;
- The time of day of such promotions and;
- Such other information it consider would be in the public interest to publish.

This table sets out the total minutes of promotional material broadcast on each UK Public Service by time period in 2022/23:

	Morning	Daytime	Evening	Overnight	Total
BBC One	483	3,697	2,934	1,599	8,713
BBC Two	1,859	2,250	2,620	1,555	8,284
BBC Three (from Feb 2022)	N/A	N/A	2,929	2,209	5,138
BBC Four	N/A	N/A	2,300	1,273	3,573
CBBC	1,710	3,784	460	N/A	5,954
CBeebies	1,855	3,686	5	N/A	5,546
BBC News	549	1,629	1,429	3,272	6,879
BBC Scotland	2	191	2,788	31	3,012
Radio 1	1,462	2,858	1,166	296	5,782
1Xtra	967	2,254	1,684	189	5,094
Radio 2	1,334	2,668	1,449	1,251	6,702
Radio 3	907	1,564	1,004	0	3,475
Radio 4	1,573	2,934	2,357	303	7,167
BBC 4 Extra	1,766	2,043	2,182	1,385	7,376
BBC Radio 5 live	1,354	2,556	1,820	2,141	7,871
BBC Radio 6 Music	1,251	2,573	1,342	239	5,405
BBC Asian Network	1,015	2,456	1,299	0	4,770
BBC Radio Scotland	1,530	2,686	1,816	0	6,032
BBC Radio Wales	1,870	3,967	2,902	183	8,922
BBC Radio Cymru	1,700	852	0	0	2,552
BBC Radio Ulster and BBC Radio Foyle	546	1,248	1,092	1,028	3,914
BBC Local Radio	N/A	N/A	N/A	N/A	N/A

Notes

Time periods are defined as morning, 6am – 11 59am; daytime, 12pm – 5 59pm; evening, 6pm – 10 59pm; overnight, 11pm – 5 59am. Minutes of promotions on radio here do not include the service trails for the programmes themselves; these figures are included in the following table. The figure for BBC Local Radio is an average figure across all local radio stations in England. Promotions on BBC Parliament, BBC ALBA, BBC Radio 5 live sports extra and BBC Radio nan Gàidheal are not measured due to very low volume and frequency. Quantitative data is not available for promotions on BBC Red Button or BBC Online.

Performance against public commitments

BBC Public Service promotions continued

This table sets out the total minutes of promotion of each platform (i.e. TV, radio or online) promoted on each UK Public Service. 'On Service' refers to minutes of self-promotional material, e.g. BBC One promoting BBC One, 'TV and iPlayer' refers to minutes of TV and iPlayer promos on the channel/service, and 'Radio and Sounds' refers to the minutes of promo for any radio station or BBC Sounds on that channel/service.

	On Service	TV and BBC iPlayer	Radio and BBC Sounds
BBC One	3,615	4,357	741
BBC Two	2,062	5,642	579
BBC Three	3,429	1,455	254
BBC Four	2,131	1,352	89
CBBC	5,895	60	0
CBeebies	5,545	0	0
BBC News	3,974	2,289	616
BBC Scotland	1,238	1,455	22
Radio 1	5,322	756	371
1Xtra	3,937	717	441
Radio 2	3,957	1,461	1,284
Radio 3	2,951	163	361
Radio 4	5,280	846	1,041
BBC 4 Extra	6,184	381	812
BBC Radio 5 live	4,526	1,448	1,699
BBC 6 Music	4,219	434	752
BBC Asian Network	3,605	802	363
BBC Radio Scotland	2,966	1,053	1,103
BBC Radio Wales	4,834	341	1,634
BBC Radio Cymru	5,977	90	2,855
BBC Radio Ulster and BBC Radio Foyle	1,183	1,382	375
BBC iPlayer	95%	0%	5%

Notes

Promotions on BBC Parliament, BBC ALBA, BBC Radio 5 live sports extra and BBC Radio nan Gàidheal are not measured due to very low volume and frequency. Quantitative data is not available for promotions on BBC Local Radio or BBC Red Button. BBC Radio Ulster and BBC Radio Foyle does not include 5 live overnight figures.

This year we have added an Other column for the total minutes of promotion on each platform promoted on each public service. This includes trails such as the Our BBC brand film, the Covid-19 public information films, and corporate messages.

Some BBC podcasts available through BBC Sounds and third-party platforms carry promotional material for other BBC podcast content. Promotional trails, each with a duration of 15-45 seconds, for these podcasts are produced and inserted into other podcasts, at the start, middle and/or end of the audio file. The choice and placement of these trails is at the discretion of the podcast producers, though it is predominantly pre or post-roll. Some stations also trail their own content (e.g. Radio 4 promotes its content on Radio 4 podcasts).

PERFORMANCE DATA PACKS



This section sets out our audience performance for this year, full statistical information for the Public Purposes, plus audience and financial data for Wales, Scotland, Northern Ireland and England.

p.140

BBC Audience
Performance in the UK

p.153

BBC Audience and Financial
Performance across the Nations

Performance data packs

Performance against 2022/23 audience targets

Performance against 2022/23 audience targets

Ensure delivery of value to audiences overall

The reach of the BBC
% of UK adults 16+ who use BBC TV/
iPlayer, Radio or Online on average
per week
Source Compass by Ipsos UK

88%
Target 85-90%

A valued habit with the BBC
% of UK adults 16+ who use the BBC for
5+ days on average per week
Source Compass by Ipsos UK

68%
Target 65-70%

% of UK adults 16+ who use the BBC for
5+ hours on average per week
Source Compass by Ipsos UK

58%
Target 55-60%

% of UK adults 16+ who use two or more
BBC modes on average per week
Source Compass by Ipsos UK

66%
Target 65-70%

Maintain focus on key audience challenges

Young adults

The reach of the BBC
% of UK 16-34s who use BBC TV/iPlayer,
Radio or Online on average per week
Source Compass by Ipsos UK

76%
Target 75-80%

Personal relevance
UK 16-34s' rating of 'the BBC is for me'
(mean score out of 10)
Source Kantar Media

6/10
Target 6/10

Under 16s

The reach of the BBC
% of UK under 16s who use BBC TV/
iPlayer, Radio or Online on average
per week
Source Kids Cross-Media Insight by Ipsos UK

72%
Target circa 70%

**The reach of BBC Children's/
Education services**
% of UK under 16s who use BBC
Children's/Education services on average
per week
Source Kids Cross-Media Insight by Ipsos UK

51%
Target circa 50%

Accelerate activity central to continued and future delivery of value to audiences

Account reach of BBC iPlayer
Average weekly active accounts using
BBC iPlayer
Accounts overall
Source Piano Analytics

13.4m
Target 12.2-12.5m

Under 35 accounts
Source Piano Analytics

4.0m
Target 3.8-4.0m

BBC iPlayer time spent per head per week
Average weekly time spent per head
per week
Source BARB As Viewed All devices~

00:56
h:m
Target 50 mins+*

Rating of BBC iPlayer
Weekly users' rating of BBC iPlayer
(mean score out of 10)
UK adults 16+ weekly users
Source YouGov

8/10
Target 8/10

UK 16-34 weekly users
Source YouGov

8/10
Target 8/10

Account reach of BBC Sounds
Average weekly active accounts using
BBC Sounds
Accounts overall
Source Piano Analytics

4.4m
Target 4.0m+

16-34 accounts
Source Piano Analytics

0.59m
Target 0.57-0.60m

Reach of BBC News Online
% who use BBC News Online on average
per week
UK adults 16+
Source Compass by Ipsos UK

33%
Target 32%+

UK 16-34s
Source Compass by Ipsos UK

32%
Target 32%+

~ This BARB data is new for 2022/23 and is not comparable to previous years' figures

* A 2022/23 target of 1hr+ was originally set, using the BBC's own All-Screens data (modelled from BARB/Piano Analytics) The source of iPlayer time per head data has now moved to new BARB As Viewed (all devices) The target has therefore been restated as BARB measures iPlayer time differently from All-Screens (The iPlayer average weekly time per head figure as measured by All Screens for 2022/23 was 66 mins, so exceeds the 1hr+ target originally set from the All Screens data)

Audience performance by purpose

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

			Source
Overall BBC News reach			
Number of UK adults (16+) who use BBC News services on average per week	2022/23	8 out of 10	Compass by Ipsos UK 16+
	2021/22	8 out of 10	
BBC News reach by platform			
BBC TV Network News and Current Affairs			
% of UK adults who watch BBC TV Network News and Current Affairs on average per week	2022/23	50%	BARB As Viewed All devices 16+ Reach based on 3+ mins~
	2021/22	52%	
BBC Radio Network News and Current Affairs programmes			
% of UK adults who listen to news and current affairs programmes on BBC Network Radio on average per week	2022/23	50%	RAJAR 15+ Reach based on 15+mins
	2021/22	52%	
BBC News Online			
% of UK adults who use BBC News Online on average per week	2022/23	33%	Compass by Ipsos UK 16+
	2021/22	34%	
% of UK 16-34s who use BBC News Online on average per week	2022/23	32%	Compass by Ipsos UK 16-34
	2021/22	33%	
Number of unique UK browsers accessing BBC News Online on average per week	2022/23	37 million	Piano Analytics
	2021/22	38 million	

~ This BARB data is new for 2022/23 and measures all viewing, both linear and on-demand within 28 days, in all households with a TV set and/or a broadband internet connection, across all devices. Therefore it is not comparable to previous years' figures

Perception

		% Effective	% Ineffective	Source
Delivery of the purpose				
% of UK adults who think BBC News and Current Affairs is effective at helping them understand what is happening in the UK/world today	2022/23	67%	14%	Ipsos UK 16+
	2021/22	70%	15%	
% of UK adults who think BBC News and Current Affairs is effective at helping them understand what is happening in their part of the UK	2022/23	60%	18%	
	2021/22	60%	19%	
% of UK adults who think BBC News and Current Affairs is effective at informing them about the day's issues so they can make up their minds	2022/23	60%	17%	
	2021/22	63%	17%	
% of UK adults who think the BBC is effective at providing news and current affairs that is impartial	2022/23	50%	26%	
	2021/22	51%	25%	
% of UK adults who think the BBC is effective at providing news and current affairs that is accurate	2022/23	62%	18%	
	2021/22	63%	18%	
% of UK adults who think the BBC is effective at providing news and current affairs that is trustworthy	2022/23	61%	19%	
	2021/22	63%	20%	
Quality of BBC News by platform				
% of weekly users who say BBC News on TV sets a high standard for quality	2022/23	75%	9%	
	2021/22	76%	8%	
% of weekly users who say BBC News on Radio sets a high standard for quality	2022/23	80%	6%	
	2021/22	82%	7%	
% of weekly users who say BBC News Online sets a high standard for quality	2022/23	77%	8%	
	2021/22	77%	7%	
Weekly users' rating of BBC News Online (mean score/10)				
16+ UK weekly users	2022/23	8 out of 10		YouGov 16+
	2021/22	8 out of 10		
Delivery of the News purpose via iPlayer				
% of weekly users rating iPlayer as effective at helping the BBC to deliver the public purposes News purpose: 16+ UK weekly users		% Effective	% Ineffective	Source
	2022/23	84%	6%	Ipsos UK 16+
2021/22	82%	7%		
News purpose: 16-34 UK weekly users	2022/23	78%	8%	
	2021/22	79%	9%	

Performance data packs

Audience performance by purpose continued

		% BBC	% Next Nearest Named	Source
BBC News in market context				
Of all the news sources (TV, radio, newspaper, magazine, website, app or social media) which one source are you most likely to turn to...				
... if you want impartial news coverage	2022/23	39%	Sky News/ITV News = 6% each	Ipsos UK 953 adults 18+ who follow the news, March 2023
	2021/22	39%	9% Sky News	
... for news you trust the most	2022/23	45%	Guardian/Sky News/ITV News = 6% each	
	2021/22	48%	8% Sky News	
... if you want accurate news coverage	2022/23	47%	8% Sky News	
	2021/22	49%	8% Sky News	

2. To support learning for people of all ages

Experience

				Source
Usage of the BBC overall amongst under 16s				
Under 16s pan-BBC reach				
% of under 16s who use BBC TV/iPlayer, Radio or Online on average per week	2022/23	72%		Kids Cross-Media Insight by Ipsos UK
	2021/22	73%		
Under 16s pan-BBC time				
Length of time under 16s spend with the BBC per head on average per week (hours:mins)	2022/23	04:06		
	2021/22	04:33		
0-6 pan-BBC reach				
% of 0-6s who use BBC TV/iPlayer, Radio or Online on average per week	2022/23	80%		
	2021/22	77%		
7-12 pan-BBC reach				
% of 7-12s who use BBC TV/iPlayer, Radio or Online on average per week	2022/23	65%		
	2021/22	67%		
Usage of BBC Children's/Education services amongst under 16s				
Under 16s				
% of under 16s who use BBC Children's / Education content across TV/iPlayer or Online on average per week	2022/23	51%		Kids Cross-Media Insight by Ipsos UK
	2021/22	53%		
0-6s				
% of 0-6s who use BBC Children's / Education content across TV/iPlayer or Online on average per week	2022/23	69%		
	2021/22	72%		
7-12				
% of 7-12s who use BBC Children's / Education content across TV/iPlayer or Online on average per week	2022/23	41%		
	2021/22	46%		

Perception

			Mean score/10	Source
View of the BBC amongst under 16s				
Perception of BBC by under 16s	2022/23	7 out of 10		Ipsos UK
	2021/22	7 out of 10		

		% Effective	% Ineffective	Source
Delivery of the purpose				
% of parents who think the BBC is effective at supporting children and teenagers with their learning	2022/23	59%	11%	Ipsos UK 16+
	2021/22	60%	17%	
% of UK adults who think the BBC is effective at helping them learn new things	2022/23	60%	18%	
	2021/22	61%	18%	
% of UK adults who think the BBC is effective at exploring subjects that they would know less about otherwise	2022/23	60%	16%	
	2021/22	62%	17%	

BBC learning by content

			Source
% of responses rating BBC TV programmes they have watched as helping them to learn something new	2022/23	72%	Pulse by GfK 16+*
	2021/22	72%	
% of responses rating non-BBC TV programmes they have watched as helping them to learn something new	2022/23	59%	
	2021/22	58%	
% of responses rating BBC radio programmes they have listened to as helping them to learn something new	2022/23	68%	
	2021/22	69%	
% of responses rating non-BBC radio programmes they have listened to as helping them to learn something new	2022/23	55%	
	2021/22	52%	

* Pulse is a panel of c 20,000 UK nationally representative respondents. Panellists take a daily survey rating BBC and non-BBC content they consumed yesterday. Figures shown are the average over the financial year across all content they have rated. Video-on-demand players were added to Pulse in November 2022 so these are included in the 2022/23 figures.

BBC Bitesize

			Source
Experience			
Primary pupils			
% of primary school pupils who use Bitesize	2022/23	65%	DJS
	2021/22	64%	
Secondary pupils			
% of secondary school pupils who use Bitesize	2022/23	77%	
	2021/22	75%	
Number of unique UK browsers accessing Bitesize on average per week	2022/23	1.5 million	Piano Analytics
	2021/22	1.8 million	
Perception			
% of under 16 users who say Bitesize helps them understand their studies/learning more	2022/23	85%	DJS
	2021/22	82%	
% of secondary school users who say Bitesize helps them to achieve better grades	2022/23	64%	
	2021/22	65%	
	% Effective	% Ineffective	Source

Delivery of the Learning purpose via iPlayer

% of weekly users rating iPlayer as effective at helping the BBC to deliver the public purposes				
Learning purpose: 16+ UK weekly users	2022/23	83%	5%	Ipsos UK 16+
	2021/22	82%	6%	
Learning purpose: 16-34 UK weekly users	2022/23	81%	8%	
	2021/22	78%	10%	

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

			Source
Usage of the BBC overall amongst adults			
Pan-BBC reach			
% of UK adults who use BBC TV/iPlayer, Radio or Online on average per week	2022/23	88%	Compass by Ipsos UK 16+
	2021/22	90%	
Pan-BBC time			
Length of time UK adults spend with the BBC per head on average per week (hours:mins)	2022/23	16:41	Estimated from BARB As Viewed (all devices), RAJAR, Piano Analytics, ONS 16+
	2021/22	17:30	

Performance data packs

Audience performance by purpose continued

			Source
Usage of the BBC by platform amongst adults			
BBC TV/iPlayer			
% of UK adults who watch BBC TV/iPlayer on average per week	2022/23	69%	BARB As Viewed All devices 16+ Reach based on 15+ mins~
Length of time UK adults spend with BBC TV/iPlayer per head on average per week (hours:mins)	2022/23	06:56	
BBC Radio			
% of UK adults who listen to BBC Radio on average per week	2022/23	58%	RAJAR 16+ Reach based on 15+ mins
	2021/22	62%	
Length of time UK adults spend with BBC Radio on average per week (hours:mins)	2022/23	08:34	
	2021/22	09:09	
BBC Online			
% of UK adults who use BBC Online on average per week	2022/23	60%	Compass by Ipsos UK 16+
	2021/22	61%	

~ This BARB data is new for 2022/23 and measures all viewing, both linear and on-demand, in all households with a TV set and/or a broadband internet connection, across all devices Therefore it is not comparable with previous years' figures

Perception

		% Effective	% Ineffective	Source
Delivery of the purpose				
% of UK adults who think the BBC is effective at providing content/ services that set a high standard for quality	2022/23	66%	14%	Ipsos UK 16+
	2021/22	67%	14%	
% of UK adults who think the BBC is effective at providing content/ services that set a high standard for creativity	2022/23	61%	15%	
	2021/22	61%	17%	
% of UK adults who think the BBC is effective at providing content/ services that are distinctive	2022/23	59%	15%	
	2021/22	61%	15%	
% of UK adults who think the BBC is effective at providing content/ services that set a high standard for originality	2022/23	59%	17%	
	2021/22	59%	17%	
% of UK adults who think the BBC is effective at providing content/ services that cater for a wide range of tastes	2022/23	61%	15%	
	2021/22	63%	16%	
BBC quality and distinctiveness by platform				
BBC TV/iPlayer programmes				
% of users who say BBC TV/iPlayer sets a high standard for quality	2022/23	74%	9%	
	2021/22	73%	12%	
% of users who say BBC TV/iPlayer is distinctive	2022/23	71%	10%	
	2021/22	69%	10%	
% of users who say BBC TV/iPlayer sets a high standard for originality	2022/23	70%	10%	
	2021/22	68%	10%	
BBC Radio/podcasts				
% of users who say BBC Radio/podcasts sets a high standard for quality	2022/23	69%	9%	
	2021/22	71%	8%	
% of users who say BBC Radio/podcasts is distinctive	2022/23	66%	10%	
	2021/22	68%	9%	
% of users who say BBC Radio/podcasts sets a high standard for originality	2022/23	67%	10%	
	2021/22	67%	10%	
BBC Online				
% of users who say BBC Online sets a high standard for quality	2022/23	69%	9%	
	2021/22	67%	10%	
% of users who say BBC Online is distinctive	2022/23	65%	9%	
	2021/22	63%	11%	
% of users who say BBC Online sets a high standard for originality	2022/23	63%	10%	
	2021/22	62%	11%	

BBC distinctiveness by content

			Source
% of responses rating BBC TV programmes as different	2022/23	77%	Pulse by GfK 16+*
	2021/22	77%	
% of responses rating non-BBC TV programmes as different	2022/23	75%	
	2021/22	74%	
% of responses rating BBC radio programmes as content they wouldn't hear anywhere else	2022/23	77%	
	2021/22	78%	
% of responses rating non-BBC radio programmes as content they wouldn't hear anywhere else	2022/23	65%	
	2021/22	63%	

* Pulse is a panel of c 20,000 UK nationally representative respondents. Panellists take a daily survey rating BBC and non-BBC content they consumed yesterday. Figures shown are the average over the financial year across all content they have rated. Video-on-demand players were added to Pulse in November 2022 so these are included in the 2022/23 figures.

		% Effective	% Ineffective	Source
Delivery of the Creativity purpose via iPlayer				
% of weekly users rating iPlayer as effective at helping the BBC to deliver the public purposes				
Creativity purpose: 16+ UK weekly users	2022/23	86%	6%	Ipsos UK 16+
	2021/22	84%	6%	
Creativity purpose: 16-34 UK weekly users	2022/23	79%	8%	
	2021/22	80%	9%	

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

		% Effective	% Ineffective	Source
Delivery of the purpose				
% of UK adults who think the BBC is effective at reflecting people like them	2022/23	54%	22%	Ipsos UK 16+
	2021/22	54%	24%	
% of UK adults who think the BBC is effective at providing content/services relevant to them	2022/23	58%	20%	
	2021/22	58%	21%	
% of UK adults who think the BBC is effective at reflecting the part of the UK they live in	2022/23	53%	21%	
	2021/22	54%	22%	
% of UK adults who think the BBC is effective at catering for the part of the UK they live in	2022/23	54%	20%	
	2021/22	55%	21%	
% of UK adults who think the BBC has programmes, content and services that raise awareness of the different ways of life and perspectives in UK society	2022/23	62%	15%	
	2021/22	59%	19%	

Delivery of the Reflect/represent/serve purpose via iPlayer

% of weekly users rating iPlayer as effective at helping the BBC to deliver the public purposes

Reflect/represent/serve purpose: 16+ UK weekly users	2022/23	79%	7%	Ipsos UK 16+
	2021/22	77%	8%	
Reflect/represent/serve purpose: 16-34 UK weekly users	2022/23	79%	7%	
	2021/22	74%	10%	

By audience group

Experience

		Male 16+	Female 16+	16-34	35-54	55+	ABC1 16+	C2DE 16+	White 16+	Black, Asian and minority ethnic 16+	Disabled 16+	Not Disabled 16+	Source
Pan-BBC reach													
% of each audience group who use BBC TV/iPlayer, Radio or Online on average per week	2022/23	88%	88%	76%	88%	97%	89%	86%	90%	73%	90%	87%	Compass by Ipsos UK 16+
	2021/22	90%	90%	81%	89%	98%	92%	88%	92%	77%	91%	90%	
BBC TV/iPlayer													
% of each audience group who watch BBC TV/iPlayer on average per week	2022/23	67%	71%	42%	69%	88%	70%	67%	71%	53%	77%	68%	BARB As Viewed All devices 16+ Reach based on 15+ mins~
Length of time each audience group spends with BBC TV/iPlayer per head on average per week (hours:mins)	2022/23	06:29	07:22	02:08	05:09	11:54	06:46	07:09	07:27	03:30	10:21	06:29	
BBC Radio													
% of each audience group who listen to BBC Radio on average per week	2022/23	60%	57%	44%	57%	70%	65%	50%	61%	41%	56%*	62%*	RAJAR 16+ Reach based on 15+ mins
	2021/22	64%	60%	47%	60%	75%	68%	55%	65%	45%	(62%)*	(65%)*	
Length of time each audience group spends with BBC Radio on average per week (hours:mins)	2022/23	08:40	08:28	03:21	07:12	13:38	09:25	07:30	09:22	03:25	08:49*	09:15*	
	2021/22	09:22	08:58	03:38	07:34	14:44	09:56	08:12	09:57	04:02	(09:53)*	(09:41)*	
BBC Online													
% of each audience group who use BBC Online on average per week	2022/23	66%	55%	61%	65%	55%	66%	51%	61%	56%	54%	63%	Compass by Ipsos UK 16+
	2021/22	68%	53%	62%	64%	56%	69%	49%	61%	58%	53%	63%	

~ This BARB data is new for 2022/23 and measures all viewing, both linear and on-demand, in all households with a TV set and/or a broadband internet connection, across all devices Therefore it is not comparable with previous years' figures

* In the RAJAR survey, whether people are disabled or not disabled is self-defined. The disability question was extended in Jan-Mar 2022 to include mental health for the first time. This means that 2022/23 figures are not directly comparable with the previous year's figures

Perception

		Male 16+	Female 16+	16-34	35-54	55+	ABC1 16+	C2DE 16+	White 16+	Black, Asian and minority ethnic 16+	Disabled 16+	Not Disabled 16+	Source
% of each audience group who think the BBC informs, educates and entertains people in the UK/them	2022/23 Effective	66%	70%	66%	70%	69%	73%	63%	69%	61%	62%	69%	Ipsos UK 16+
	2022/23 Ineffective	15%	11%	13%	13%	12%	12%	15%	13%	16%	17%	13%	
	2021/22 Effective	66%	70%	64%	67%	72%	75%	59%	69%	62%	64%	69%	
	2021/22 Ineffective	16%	12%	13%	16%	13%	12%	16%	14%	17%	17%	14%	
% of each audience group who think the BBC is effective at reflecting people like them	2022/23 Effective	53%	56%	53%	56%	54%	58%	50%	55%	49%	45%	56%	
	2022/23 Ineffective	24%	19%	22%	21%	22%	20%	23%	21%	25%	32%	20%	
	2021/22 Effective	51%	57%	50%	51%	59%	58%	48%	54%	47%	46%	55%	
	2021/22 Ineffective	26%	22%	24%	26%	22%	23%	25%	24%	27%	28%	24%	
% of each audience group who think the BBC is effective at providing content/services that set a high standard for quality	2022/23 Effective	64%	67%	63%	66%	67%	70%	60%	67%	55%	58%	67%	
	2022/23 Ineffective	17%	11%	12%	14%	14%	13%	15%	13%	19%	19%	13%	
	2021/22 Effective	65%	69%	64%	63%	72%	75%	57%	68%	57%	63%	68%	
	2021/22 Ineffective	16%	12%	14%	16%	13%	11%	17%	14%	16%	16%	14%	

p.30 For Purpose 4 audience performance in Wales.

p.31 For Purpose 4 audience performance in Scotland.

p.32 For Purpose 4 audience performance in Northern Ireland.

p.33 For Purpose 4 audience performance in England.

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

Perception

		% Effective	% Ineffective	Source
Delivery of the purpose % of UK adults who think that the BBC is effective at reflecting the UK to the world	2022/23	63%	14%	Ipsos UK 16+
	2021/22	63%	14%	

Audience performance across the UK

Audience performance of BBC Online: overview

Usage of BBC Online

			Source
% of UK adults who use BBC Online on average per week	2022/23	60%	Compass by Ipsos UK 16+
	2021/22	61%	
Average weekly active accounts – all accounts	2022/23	20.6m	Piano Analytics All accounts
	2021/22	18.5m	

		% Effective	% Ineffective	Source
Delivery of the mission and purposes overall via BBC Online				
% of weekly users rating BBC Online as effective at helping the BBC to deliver the mission				
Mission overall: 16+ UK weekly users	2022/23	81%	9%	Ipsos UK 16+
% of weekly users rating BBC Online as effective at helping the BBC to deliver the public purposes				
Purposes overall: 16+ UK weekly users	2022/23	81%	8%	Ipsos UK 16+

BBC Online by product

BBC News online

Experience

			Source
BBC News Online average weekly reach			
% of UK adults who use BBC News Online on average per week	2022/23	33%	Compass by Ipsos UK 16+
	2021/22	34%	
% of UK 16-34s who use BBC News Online on average per week	2022/23	32%	Compass by Ipsos UK 16-34
	2021/22	33%	

Perception

			Source
Weekly users' rating of BBC News Online (mean score/10)			
16+ UK weekly users	2022/23	8 out of 10	YouGov 16+
	2021/22	8 out of 10	

BBC Sport Online

Experience

			Source
BBC Sport Online average weekly reach			
% of UK adults who use BBC Sport Online on average per week	2022/23	17%	Compass by Ipsos UK 16+
	2021/22	19%	
% of UK 16-34s who use BBC Sport Online on average per week	2022/23	14%	Compass by Ipsos UK 16-34
	2021/22	15%	

Perception

			Source
Weekly users' rating of BBC Sport Online (mean score/10)			
16+ UK weekly users	2022/23	8 out of 10	YouGov 16+
	2021/22	8 out of 10	

BBC iPlayer Experience

			Source
Average weekly active accounts using BBC iPlayer			
Accounts overall	2022/23	13.4 million	Piano Analytics
	2021/22	12.1 million	
Under 35 year olds' accounts	2022/23	4.0 million	
	2021/22	3.8 million	
BBC iPlayer streaming time			
Average weekly hours played through iPlayer	2022/23	50.4 million	Piano Analytics/ Sky catch-up data
	2021/22	44.5 million	
BBC iPlayer time per population head			
Length of time UK population spends with iPlayer on average per week (hours:mins)	2022/23	00:56	BARB As Viewed All devices~
	2021/22	00:47	
Length of time UK 16-34s spend with iPlayer on average per week (hours:mins)	2022/23	00:47	
	2021/22	00:47	
% of all BBC TV viewing that is delivered by BBC iPlayer	2022/23	15% (all) / 37% (16-34)	

~ This BARB data is new for 2022/23 and is not comparable to previous years' figures

Perception

		16+	16-34	Source
Weekly users' rating of BBC iPlayer (mean score/10)				
UK weekly users	2022/23	8 out of 10	8 out of 10	YouGov 16+
	2021/22	8 out of 10	8 out of 10	
		% Effective	% Ineffective	Source
Delivery of the mission and purposes overall via iPlayer				
% of weekly users rating iPlayer as effective at helping the BBC to deliver the mission and public purposes				
Mission overall: 16+ UK weekly users	2022/23	85%	8%	Ipsos UK 16+
	2021/22	81%	10%	
Mission overall: 16-34 UK weekly users	2022/23	78%	13%	
	2021/22	77%	15%	
Purposes overall: 16+ UK weekly users	2022/23	86%	6%	
	2021/22	83%	7%	
Purposes overall: 16-34 UK weekly users	2022/23	83%	8%	
	2021/22	79%	9%	

BBC Sounds Experience

		All	16-34	Source
Average weekly active accounts using BBC Sounds				
	2022/23	4.4m	587k	Piano Analytics
	2021/22	3.8m	570k	
		All		Source
BBC Sounds streaming time				
Average weekly hours played through Sounds	2022/23	15.3m		Piano Analytics
	2021/22	13.3m~		

~ Owing to measurement changes, the 2021/22 figure has been restated this year to 13.3m average weekly hours from 13.2m in the 2021/22 BBC Annual Report and Accounts









Perception

			Source
Weekly users' rating of BBC Sounds (mean score/10)			
16+ UK weekly users	2022/23	8 out of 10	YouGov 16+
	2021/22	8 out of 10	

Audience performance across the UK

Performance by service: UK-wide services

Television performance by service

Network television		Content (£m) We spent a total of £1,824 million on these services in 2022/23	Reach (%) UK population who use the service on average per week	Time spent watching a channel weekly (hh:mm) Length of time the average viewer spent on average per week with the service	Costs per user hour How much it costs to deliver each service for each hour used
	BBC One is our flagship service and the UK's most popular television channel. It unites and inspires the nation with high-quality programmes across a range of genres that includes news and current affairs, drama, comedy, entertainment and factual.	£1,204m 2021/22: £1,212m	55%	07:05	9p
	BBC Two is a mixed-genre channel with programmes of depth and substance. It includes the greatest amount and range of knowledge-building programming on the BBC, complemented by distinctive comedy, drama and arts programming.	£340m 2021/22: £327m	34%	03:05	9p
	BBC Three is constantly innovating to provoke thought and to entertain audiences from 16 year olds to 30-somethings with original comedy, drama and factual programming that celebrates new British talent.	£95m 2021/22: £22m*	4%	01:20	34p
	BBC Four aims to be British television's most intellectually and culturally enriching channel, offering an ambitious range of UK and international arts, music, culture and factual programmes.	£21m 2021/22: £22m	8%	01:41	4p
	The CBBC channel offers a distinctive mixed schedule for 6-12 year olds, with mainly UK programmes served in a stimulating, creative and enjoyable environment.	£67m 2021/22: £68m	1%	02:22	39p
	CBeebies provides a mix of high-quality, mostly UK-produced, programmes designed to encourage learning through play in a consistently safe environment for children under six.	£29m 2021/22: £30m	4%	04:35	4p
	The BBC News Channel is a 24-hour impartial and independent news service offering breaking news, analysis and insight. It provides fast and comprehensive coverage of local, UK and international events as they unfold.	£66m 2021/22: £57m	8%	03:21	7p
	BBC Parliament is the UK's only channel dedicated to politics. It shows debates and committees from Westminster, Holyrood, Stormont, Cardiff Bay and Strasbourg as well as political programmes from across the UK.	£2m 2021/22: £1m	1%	01:46	5p

Reach definition 15+ minutes consecutive for all services and audiences aged 4+

Sources BARB As Viewed All devices (TV reach and time per viewer – all channels include their simulcast HD channel where applicable)

N B This BARB data is new for 2022/23 and measures all viewing to the channel, both linear and on-demand, in all households with a TV set and/or a broadband internet connection, across all devices. It does not include viewing pre-TX or beyond 28 days. It is not comparable with previous years' figures. Cost per user hour data includes viewing on the TV set and other devices and also comes from BARB As Viewed this year for the first time so is not comparable with the previous years' figures. This data does include viewing pre-TX and beyond 28 days. CBBC amongst its target audience of 6-12 year olds reach was 6% and time spent per viewer was 03:00 (based on 15+ min reach). Based on 3+ minute reach, reach was 9% of 6-12 year-olds and time spent per viewer was 01:58.


CBeebies amongst its target audience of 0-6 year olds (measured as children aged 4-6 and housepersons with children aged 0-3) reach was 24% and time spent per viewer was 05:28 (based on 15+ min reach). Based on 3+ minute reach, reach was 34% of 0-6 year-olds and time spent per viewer was 03:51.

Three-minute reach for BBC News Channel and BBC Parliament – in line with industry standards – would be 11% and 1%, respectively (13% and 2% amongst 16+ population)

* BBC Three linear channel launched in February 2022 and therefore lower comparative content spend is presented for 2021/22

The BBC Three Cost per User Hour figure in the table is based on viewing to the BBC Three channel, BBC Three content on iPlayer and BBC Three channel content shown on other BBC TV channels

16-34 BBC Three brand performance~

	Consumption Average weekly minutes viewed by 16-34s	Reach (%) UK 16-34s who use the service on average per week	Time spent watching a channel weekly (hh:mm) Length of time the average viewer spent on average per week with the service
 <p>BBC Three is constantly innovating to provoke thought and to entertain audiences from 16 year olds to 30-somethings with original comedy, drama and factual programming that celebrates new British talent.</p>	<p>116,755,563 2021/22: 112,361,282</p>	<p>6% 2021/22: 6%</p>	<p>02:05 2021/22: 02:11</p>

~ BBC Three brand performance includes viewing to the linear channel, BBC Three content on iPlayer and BBC Three content shown on BBC One Source BARB As Viewed (all devices) On-platform consumption 2021/22 restated based on changes to calculation method



Sir David Attenborough watching *Frozen Planet II*

Audience performance across the UK

Performance by service: UK-wide services continued

Radio performance by service

Network radio		Content (£m) We spent a total of £298 million on these services in 2022/23	Reach (%) UK population who use the service on average per week	Time spent listening to a service weekly (hh:mm) Length of time the average listener spent on average per week with the service	Costs per user hour How much it costs to deliver each service for each hour used
BBC RADIO 1	BBC Radio 1 broadcasts a distinctive mix of new music and entertainment for 15-29 year olds, as well as providing tailored news, documentaries and advice campaigns for young adults.	£39m 2021/22: £36m	14% 2021/22: 15%	06:13 2021/22: 06:29	2p 2021/22: 1p
BBC RADIO 1XTRA	BBC Radio 1Xtra plays the best in contemporary black music, with a strong emphasis on delivering high-quality live music and supporting new artists.	£10m 2021/22: £9m	1% 2021/22: 1%	04:11 2021/22: 04:05	6p 2021/22: 5p
BBC RADIO 2	BBC Radio 2 broadcasts a unique mix of music and speech programmes covering a diverse mix of live pop and rock, comedy, documentaries and religious output, as well as running social action campaigns to over 14 million listeners.	£50m 2021/22: £47m	25% 2021/22: 26%	11:12 2021/22: 11:10	1p 2021/22: 1p
BBC RADIO 3	BBC Radio 3 centres on classical music, around which it provides a broad spectrum of jazz, world music, arts programmes, religion and drama. There is a strong emphasis on musical performance across the UK.	£34m 2021/22: £35m	3% 2021/22: 4%	07:23 2021/22: 07:34	5p 2021/22: 4p
BBC RADIO 4	BBC Radio 4 is a mixed-speech radio station, offering in-depth news and current affairs and a wide range of other speech programmes including drama, readings, comedy, factual and magazine programmes.	£88m 2021/22: £85m	18% 2021/22: 19%	11:19 2021/22: 11:21	1p 2021/22: 1p
BBC RADIO 4 EXTRA	The digital-only network is the principal outlet for the BBC's archive of speech entertainment, including comedy, drama and readings.	£3m 2021/22: £3m	3% 2021/22: 4%	07:19 2021/22: 07:23	0.4p 2021/22: 0.4p
BBC RADIO 5 LIVE	BBC Radio 5 live broadcasts continuous news and live sports coverage, bringing major news stories and sports events to its listeners as they happen, and providing context through wide-ranging analysis and discussion.	£50m 2021/22: £50m	9% 2021/22: 10%	06:04 2021/22: 05:53	3p 2021/22: 3p
BBC RADIO 5 SPORTS EXTRA	BBC Radio 5 live sports extra brings a greater choice of live action to sports fans by extending live coverage of various sporting events.	£3m 2021/22: £3m	2% 2021/22: 2%	03:34 2021/22: 02:53	1p 2021/22: 1p
BBC RADIO 6 MUSIC	BBC Radio 6 Music is a digital radio station that entertains lovers of popular music with a service that celebrates the alternative spirit of popular music from the 60s to the present day, complemented by music news and documentaries.	£14m 2021/22: £12m	5% 2021/22: 5%	10:01 2021/22: 09:56	1p 2021/22: 1p
BBC RADIO ASIAN NETWORK	BBC Asian Network offers speech and music appealing to British Asians, with a focus on news and current affairs. It broadcasts mainly in English, but does offer some programmes in other languages.	£7m 2021/22: £7m	1% 2021/22: 1%	05:33 2021/22: 05:03	5p 2021/22: 6p

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

Sources: RAJAR (Radio reach and time per listener)

Radio 1 amongst 15-29 year olds reach was 23% and time spent per listener was 05:35

Radio 1Xtra amongst 15-24 year olds reach was 3% and time spent per listener was 02:29

Radio 2 amongst 35+ year olds reach was 31% and time spent per listener was 12:01

Asian Network amongst Asians under 35 reach was 8% and time spent per listener was 04:47 Ethnicity definitions in RAJAR: Asian = White and Asian, Indian, Pakistani, Bangladeshi, any other Asian background

BBC PERFORMANCE ACROSS THE NATIONS

p.154

Wales

p.158

Scotland

p.162

Northern Ireland

p.165

England

The BBC in Wales

Audience performance

The BBC is the most used brand for media in Wales – used by 91% of adults in Wales on average per week in 2022/23 and steady on 2021/22. In video and audio, the BBC is the

leader in Wales. Reflecting the UK-wide picture, BBC listening levels are down year-on-year in Wales, more so than the UK average. However, usage of Sounds and also

iPlayer are both up. On average, 52% of adults in Wales consume BBC Wales content per week across BBC TV/iPlayer, BBC Radio and BBC Online.

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

Wales adults 16+

Experience: Usage of the BBC amongst adults in Wales

			Source
Pan-BBC reach			
% of adults in Wales who use BBC TV/iPlayer, Radio or Online on average per week	2022/23	91%	Compass by Ipsos UK 16+
	2021/22	90%	
BBC TV/iPlayer			
% of adults in Wales who watch BBC TV/iPlayer on average per week	2022/23	72%	BARB As Viewed (all devices)/ BBC calculations 16+ Reach based on 15+ mins~
Length of time adults in Wales spend with BBC TV/iPlayer per head on average per week (hours:mins)	2022/23	07:43	
BBC Radio			
% of adults in Wales who listen to BBC Radio on average per week	2022/23	64%	RAJAR 16+ Reach based on 15+ mins
	2021/22	70%	
Length of time adults in Wales spend with BBC Radio per head on average per week (hours:mins)	2022/23	10:51	
	2021/22	12:11	
BBC Online			
% of adults in Wales who use BBC Online on average per week	2022/23	60%	Compass by Ipsos UK 16+
	2021/22	66%	
BBC iPlayer			
Average weekly active accounts in Wales using BBC iPlayer	2022/23	599k	Piano Analytics All accounts
	2021/22	528k	
BBC Sounds			
Average weekly active accounts in Wales using BBC Sounds	2022/23	204k	Piano Analytics All accounts
	2021/22	163k	
BBC Wales content across BBC TV, Radio and Online			
% of adults in Wales consuming BBC Wales content on average per week	2022/23	52%	Compass by Ipsos UK 16+



~ BARB As Viewed regional breaks started in August 2022. Therefore the 2022/23 figures are modelled using BARB As Viewed (all devices) and BARB 28 days as viewed data and are not comparable with previous years' figures

Perception

		% Effective	% Ineffective	Source
% of adults in Wales who think the BBC informs, educates and entertains people in the UK/them	2022/23	64%	18%	Ipsos UK 16+
	2021/22	71%	14%	
% of adults in Wales who think the BBC is effective at reflecting people like them	2022/23	50%	29%	
	2021/22	50%	26%	
% of adults in Wales who think the BBC is effective at providing content/ services that set a high standard for quality	2022/23	61%	18%	
	2021/22	68%	12%	

Wales-only services

Dedicated services for Wales

The BBC in Wales		Content (£m) We spent a total of £28m on these services in 2022/23	Reach (%) Wales population who use the service on average per week	Time spent listening to a service weekly (h:m) Length of time the average listener spent on average per week with the service	Costs per user hour (p) How much it costs to deliver each service to individual users
 RADIO WALES	BBC Radio Wales is a speech-led service for adults, which offers a wide range of genres and reflects the issues, events, culture and interests of the people of Wales.	£14m 2021/22: £14m	12% 2021/22: 14%	08:41 2021/22: 07:47	10p 2021/22: 9p
 RADIO CYMRU	BBC Radio Cymru is a speech and music radio service for Welsh speakers, which offers a wide range of genres and reflects the issues, events, culture and interests of the people of Wales.	£14m 2021/22: £13m	19% 2021/22: 22%	15:21 2021/22: 16:17	17p 2021/22: 12p

Reach definition: 15+ minutes for all services and audiences aged 15+
 RAJAR (Radio reach and time per listener; data based on total survey area – TSA)
 BBC Radio Cymru: RAJAR data (reach and time per listener) based on 'Understand Welsh'. BBC Radio Cymru reaches 5% of the overall 16+ population in Wales who listen for 12:02 a week on average.

Dedicated TV content for Wales

			Source
BBC Wales TV content			
% in TV homes in Wales who view BBC Wales TV content on average per week	2022/23	36% (4+) / 41% (16+)	BARB 28-days as broadcast Reach based on 3+ mins
	2021/22	39% (4+) / 45% (16+)	
BBC TV News for Wales			
% of adults in TV homes in Wales who view dedicated news services on BBC TV on average per week	2022/23	34% (16+)	BARB 28-days as broadcast 16+ Reach based on 3+ mins
	2021/22	37% (16+)	

The BBC in Wales

Financial performance

Estimated income from each nation

These numbers are estimated as figures for each nation have been calculated by applying the proportion of licenced premises to the total number of licences in force. The exact number of licences in force varies on a daily basis. The number of licenced premises are different to the number of licences in force as, in some cases, a premises may need more than one licence. Figures exclude concessionary licences for those living in residential care.

	2022/23 £m	2021/22 £m
Estimated income		
UK	3,740	3,800
Wales	187	190

The fee for a standard household TV licence is £159.00. The licence fee income received contributes towards programmes made across the whole of the UK and the world. These programmes are consumed in each nation in addition to the nation's local services outlined below.

Expenditure by service

Direct and indirect spend relating to programmes produced in the nation.

	2022/23 £m	2021/22 £m
Network content		
TV (inc. Sport and Children's)	72	57
Radio	6	3
Online	3	4
Total network spend	81	64
Local content		
BBC One	29	30
BBC Two	7	5
BBC Radio Wales	14	14
BBC Radio Cymru	14	13
Online and Red Button	13	11
Total local spend	77	73
National Orchestra of Wales	5	5
S4C	22	24
Development	1	1
Distribution	22	21
Total	208	188



The Pact

Local opt-out hours[^] (including repeats) on BBC One and BBC Two

	2022/23 Hours	2021/22 Hours
Drama, Comedy, Entertainment, Music and Arts	65	63
Daily, Weekly News and Current Affairs	342	367
Sport and Leisure	162	155
Education, Factual and Religion	213	165
Total	782	750

[^] Television content commissioned specifically for audiences in the nation

S4C*

	2022/23 Hours	2021/22 Hours
Drama, Comedy, Entertainment, Music and Arts*	220	173
Daily, Weekly News and Current Affairs	297	295
Sport and Leisure	96	152
Education, Factual and Religion	1	11
Total	614	631

* This represents the television programmes commissioned, produced and funded by BBC Wales and supplied to S4C (excluding programmes commissioned directly by S4C from other producers)
The total of hours for 2022/23 include 73 hours of repeats (2021: 101 hours). This includes repeats where BBC Wales has incurred a charge associated with the transmission of the programmes

BBC Radio Wales

	2022/23 Hours	2021/22 Hours
News and Current Affairs	2,207	2,217
General	5,512	5,219 ¹
Total	7,719	7,436

¹ 2021/22 Radio Wales hours have been restated to include an additional 197 hours of sport split hours (7,436 up from 7,239). Split hours are where alternative broadcasts are available to the main broadcast (typically where different sports commentaries are available in different parts of Wales or on different frequencies)

BBC Radio Cymru

	2022/23 Hours	2021/22 Hours
News and Current Affairs	1,469	1,515
General	6,464	6,153
Total	7,933	7,668

Headcount

Average headcount reflects those individuals employed to directly support the service produced in Wales

	2022/23 Number	2021/22 Number
Average number of persons employed in the year	878	876

Average headcount of individuals based in Wales across all services including support functions

	2022/23 Number	2021/22 Number
Average number of persons employed in the year	1,109	1,086

The BBC in Scotland

Audience performance

The BBC is the most used brand for media in Scotland – used by 87% adults in Scotland on average per week in 2022/23 and broadly steady on 2021/22.

In video and audio, the BBC is the leader in Scotland. Reflecting the UK-wide picture, BBC listening levels are down year-on-year in Scotland, more so than the UK average. Usage of iPlayer and Sounds are both up though.

On average, 58% of adults in Scotland consume BBC Scotland content per week across BBC TV/iPlayer, BBC Radio and BBC Online.

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

Scotland adults 16+

Experience: Usage of the BBC amongst adults in Scotland

			Source
Pan-BBC reach			
% of adults in Scotland who use BBC TV/iPlayer, Radio or Online on average per week	2022/23	87%	Compass by Ipsos UK 16+
	2021/22	88%	
BBC TV/iPlayer			
% of adults in Scotland who watch BBC TV/iPlayer on average per week	2022/23	68%	BARB As Viewed (all devices)/ BBC calculations 16+ Reach based on 15+ mins~
Length of time adults in Scotland spend with BBC TV/iPlayer per head on average per week (hours:mins)	2022/23	07:23	
BBC Radio			
% of adults in Scotland who listen to BBC Radio on average per week	2022/23	52%	RAJAR 16+ Reach based on 15+ mins
	2021/22	58%	
Length of time adults in Scotland spent with BBC Radio per head on average per week (hours:mins)	2022/23	07:08	
	2021/22	07:57	
BBC Online			
% of adults in Scotland who use BBC Online on average per week	2022/23	59%	Compass by Ipsos UK 16+
	2021/22	61%	
BBC iPlayer			
Average weekly active accounts in Scotland using BBC iPlayer	2022/23	1.0m	Piano Analytics All accounts
	2021/22	936k	
BBC Sounds			
Average weekly active accounts in Scotland using BBC Sounds	2022/23	341k	Piano Analytics All accounts
	2021/22	290k	
BBC Scotland content across BBC TV, Radio and Online			
% of adults in Scotland consuming BBC Scotland content on average per week	2022/23	58%	Compass by Ipsos UK 16+





~ BARB As Viewed regional breaks started in August 2022. Therefore the 2022/23 figures are modelled using BARB As Viewed (all devices) and BARB 28 days as viewed data and are not comparable with previous years' figures

Perception

		% Effective	% Ineffective	Source
% of adults in Scotland who think the BBC informs, educates and entertains people in the UK/them	2022/23	64%	17%	Ipsos UK 16+
	2021/22	66%	10%	
% of adults in Scotland who think the BBC is effective at reflecting people like them	2022/23	50%	24%	
	2021/22	55%	25%	
% of adults in Scotland who think the BBC is effective at providing content/services that set a high standard for quality	2022/23	60%	18%	
	2021/22	66%	15%	

Scotland-only services

Dedicated services for Scotland

The BBC in Scotland		Content (£m) We spent a total of £74m on these services in 2022/23	Reach (%) Scotland population who use the service on average per week	Time spent watching or listening to a service weekly (h:m) Length of time the average viewer or listener spent on average per week with the service	Costs per user hour (p) How much it costs to deliver each service to individual users
	The BBC Scotland Channel features a mix of documentary, popular factual and entertainment, comedy, drama, news and current affairs and sport programming reflecting Scottish life and culture.	£35m 2021/22: £37m	13% 2021/22: 55%	01:25 2021/22: 03:28	19p 2021/22: 25p
	BBC ALBA offers, to Gaelic speakers and learners, a distinctive range of originated programming that reflects and supports Gaelic culture, identity and heritage.	£10m 2021/22: £9m	50% 2021/22: 20%	03:23 2021/22: 06:10	31p 2021/22: 8p
	BBC Radio Scotland is a speech-led service for adults. Mixed genre programming reflects the diversity of Scottish culture and covers national and international issues and events relevant to listeners across the country.	£25m 2021/22: £24m	17% 2021/22: 56%	06:29 2021/22: 07:39	9p 2021/22: 23p
	BBC Radio nan Gàidheal offers a comprehensive speech and music radio service for Gaelic speakers. Mixed genre programming reflects the diversity of Scottish culture and, from a Gaelic perspective and through the medium of the Gaelic language, covers national and international issues and events relevant to listeners across the country.	£4m 2021/22: £4m	53% 2021/22: 56%	06:39 2021/22: 07:39	28p 2021/22: 23p

BBC Scotland Reach definition 15+ minutes consecutive and audiences 4+ in Scotland
Source BARB As Viewed (all devices) / BBC calculations

N B BARB As Viewed data in the nations started in August 2022 therefore the reach and time per user figures are modelled using BARB As Viewed (all devices) and BARB 28 days as viewed. This data is therefore not comparable with previous years' figures. This data does include viewing pre-TX and beyond 28 days
Cost per user hour data includes viewing on the TV set and other devices and also comes from BARB As Viewed this year for the first time so is not comparable with the previous years' figures. The Cost per User Hour figures in the table are based on viewing to the BBC Scotland channel, BBC Scotland content on iPlayer and BBC Scotland channel content shown on other BBC TV channels. For viewing to the BBC Scotland channel and BBC Scotland content on iPlayer only, the Cost per User Hour of the channel is 47p

BBC ALBA TRP PRAEG Panel based on Gaelic community 16+ in Scotland. BBC ALBA reaches 7% of the overall 16+ population in Scotland who use the service for 01:57 a week on average (source TNS Kantar Scottish Opinion Survey based on adults aged 16+ in Scotland)

BBC nan Gàidheal TRP PRAEG Panel based on Gaelic community 16+ in Scotland

BBC Radio Scotland Reach definition 15+ minutes and audiences aged 15+ RAJAR (Radio reach and time per listener; data based on total survey area – TSA)

Dedicated TV content for Scotland

			Source
BBC Scotland TV content			
% in TV homes in Scotland who view BBC Scotland TV content on average per week	2022/23	45% (4+) / 50% (16+)	BARB 28-days as broadcast Reach based on 3+ mins
	2021/22	50% (4+) / 56% (16+)	
BBC TV News for Scotland			
% of adults in TV homes in Scotland who view dedicated news services on BBC TV on average per week	2022/23	38% (16+)	BARB 28-days as broadcast 16+ Reach based on 3+ mins
	2021/22	44% (16+)	

The BBC in Scotland

Financial performance

Estimated income from each nation

These numbers are estimated as figures for each nation have been calculated by applying the proportion of licenced premises to the total number of licences in force. The exact number of licences in force varies on a daily basis. The number of licenced premises are different to the number of licences in force as, in some cases, a premises may need more than one licence. Figures exclude concessionary licences for those living in residential care.

	2022/23 £m	2021/22 £m
Estimated income		
UK	3,740	3,800
Scotland	304	311

The fee for a standard household TV licence is £159.00. The licence fee income received contributes towards programmes made across the whole of the UK and the world. These programmes are consumed in each nation in addition to the nation's local services outlined below.

Expenditure by service

Direct and indirect spend relating to programmes produced in the nation.

	2022/23 £m	2021/22 £m
Network content		
TV (inc. Sport and Children's)	81	68
Radio	3	3
Online	4	4
Total network spend	88	75
Local content		
BBC One	37	34
BBC ALBA	10	9
BBC Scotland	35	37
BBC Radio Scotland	25	24
BBC Radio nan Gàidheal	4	4
Online and Red Button	10	10
Total local spend	121	118
National Orchestra	6	5
Development	10	8
Distribution	37	35
Total	262	241



Local opt-out hours[^] (including repeats) on BBC One

	2022/23 Hours	2021/22 Hours
Drama, Comedy, Entertainment, Music and Arts	55	52
Daily, Weekly News and Current Affairs	392	424
Sport and Leisure	124	130
Education, Factual and Religion	78	73
Total	649	679

[^] Television content commissioned specifically for audiences in the nation

BBC Scotland

	2022/23 Hours	2021/22 Hours
Drama, Comedy, Entertainment, Music and Arts	446	456
Daily, Weekly News and Current Affairs	362	397
Sport and Leisure	214	207
Education, Factual and Religion	861	868
Total	1,883	1,928

BBC ALBA

	2022/23 Hours	2021/22 Hours
Drama, Comedy, Entertainment, Music and Arts	601	592
Daily, Weekly News and Current Affairs	214	215
Sport and Leisure	258	221
Education, Factual and Religion	944	1,008
Children's	562	545
Total	2,579	2,581

Radio Scotland

	2022/23 Hours	2021/22 Hours
News and Current Affairs	2,952	3,084
General	5,439	5,522
Total	8,391	8,606

Radio nan Gàidheal

	2022/23 Hours	2021/22 Hours
News and Current Affairs	516	637
General	4,356	4,303
Total	4,872	4,940

Headcount

Average headcount reflects those individuals employed to directly support the service produced in Scotland

	2022/23 Number	2021/22 Number
Average number of persons employed in the year	981	962

Average headcount of individuals based in Scotland across all services including support functions

	2022/23 Number	2021/22 Number
Average number of persons employed in the year	1,236	1,225

The BBC in Northern Ireland

Audience performance

The BBC is the most used brand for media in Northern Ireland – used by 84% adults in Northern Ireland on average per week in 2022/23. The year-on-year dip is attributable to smaller audiences in Northern Ireland for the big events of

2022/23. BBC listening levels in Northern Ireland are broadly steady year-on-year though in contrast to the UK overall, which is down. In video and audio, the BBC is the leader in Northern Ireland. Usage of iPlayer and Sounds are both up year-on-year.

On average, 60% of adults in Northern Ireland consume BBC Northern Ireland content per week across BBC TV/iPlayer, BBC Radio and BBC Online – the highest level of consumption of nations/regions dedicated content in the UK.

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

Northern Ireland adults 16+

Experience: Usage of the BBC amongst adults in Northern Ireland

			Source
Pan-BBC reach			
% of adults in Northern Ireland who use BBC TV/iPlayer, Radio or Online on average per week	2022/23 2021/22	84% 91%	Compass by Ipsos UK 16+
BBC TV/iPlayer			
% of adults in Northern Ireland who watch BBC TV/iPlayer on average per week	2022/23	67%	BARB As Viewed (all devices)/ BBC calculations 16+ Reach based on 15+ mins~
Length of time adults in Northern Ireland spend with BBC TV/iPlayer per head on average per week (hours:mins)	2022/23	06:09	
BBC Radio			
% of adults in Northern Ireland who listen to BBC Radio on average per week	2022/23 2021/22	55% 58%	RAJAR 16+ Reach based on 15+ mins
Length of time adults in Northern Ireland spend with BBC Radio per head on average per week (hours:mins)	2022/23 2021/22	07:05 07:07	
BBC Online			
% of adults in Northern Ireland who use BBC Online on average per week	2022/23 2021/22	62% 59%	Compass by Ipsos UK 16+
BBC iPlayer			
Average weekly active accounts in Northern Ireland using BBC iPlayer	2022/23 2021/22	303k 273k	Piano Analytics All accounts
BBC Sounds			
Average weekly active accounts in Northern Ireland using BBC Sounds	2022/23 2021/22	97k 83k	Piano Analytics All accounts
BBC Northern Ireland content across BBC TV, Radio and Online			
% of adults in Northern Ireland consuming BBC Northern Ireland content on average per week	2022/23	60%	Compass by Ipsos UK 16+



~ BARB As Viewed regional breaks started in August 2022. Therefore the 2022/23 figures are modelled using BARB As Viewed (all devices) and BARB 28 days as viewed data and are not comparable with previous years' figures

Perception

		% Effective	% Ineffective	Source
% of adults in Northern Ireland who think the BBC informs, educates and entertains people in the UK/them	2022/23	64%	14%	Ipsos UK 16+
	2021/22	67%	8%	
% of adults in Northern Ireland who think the BBC is effective at reflecting people like them	2022/23	53%	20%	
	2021/22	57%	16%	
% of adults in Northern Ireland who think the BBC is effective at providing content/services that set a high standard for quality	2022/23	61%	15%	
	2021/22	67%	10%	

Northern Ireland-only services

Dedicated services for Northern Ireland

The BBC in Northern Ireland		Content (£m)	Reach (%)	Time spent listening to a service weekly (h:m)	Costs per user hour (p)
		We spent a total of £20m on these services in 2022/23	Northern Ireland population who use the service on average per week	Length of time the average listener spent on average per week with the service	How much it costs to deliver each service to individual users
 	BBC Radio Ulster is a speech-led service, providing a mix of programmes that reflect news, events and community life in all its different aspects and diversity.	£20m 2021/22: £18m	30% 2021/22: 34%	10:54 2021/22: 10:48	8p 2021/22: 6p

Reach definition: 15+ minutes and audiences aged 15+
 RAJAR (Radio reach and time per listener; data based on total survey area – TSA)

Dedicated TV content for Northern Ireland

	2022/23	2021/22	Source
BBC Northern Ireland TV content % in TV homes in Northern Ireland who view BBC Northern Ireland TV content on average per week	43% (4+) / 49% (16+)	46% (4+) / 53% (16+)	BARB 28-days as broadcast Reach based on 3+ mins
BBC TV News for Northern Ireland % of adults in TV homes in Northern Ireland who view dedicated news services on BBC TV on average per week	43% (16+)	48% (16+)	BARB 28-days as broadcast, 16+ Reach based on 3+ mins



Blue Lights

The BBC in Northern Ireland

Financial performance

Estimated income from each nation

These numbers are estimated as figures for each nation have been calculated by applying the proportion of licenced premises to the total number of licences in force. The exact number of licences in force varies on a daily basis. The number of licenced premises are different to the number of licences in force as, in some cases, a premises may need more than one licence. Figures exclude concessionary licences for those living in residential care.

	2022/23 £m	2021/22 £m
Estimated income		
UK	3,740	3,800
Northern Ireland	98	99

The fee for a standard household TV licence is £159.00. The licence fee income received contributes towards programmes made across the whole of the UK and the world. These programmes are consumed in each nation in addition to the nation's local services outlined below.

Expenditure by service

Direct and indirect spend relating to programmes produced in the nation.

	2022/23 £m	2021/22 £m
Network content		
TV (inc. Sport and Children's)	38	25
Radio	1	2
Online	2	2
Total network spend	41	29
Local content		
BBC One	23	25
BBC Two	4	4
BBC Radio Ulster/Foyle	20	18
Online and Red Button	8	8
Total local spend	55	55
Distribution	13	12
Total	109	96

Local opt-out hours[^] (including repeats) on BBC One and BBC Two

	2022/23 Hours	2021/22 Hours
Drama, Comedy, Entertainment, Music and Arts	35	48
Daily, Weekly News and Current Affairs	381	382
Sport and Leisure	96	96
Education, Factual and Religion	240	219
Total	752	745

[^] Television content commissioned specifically for audiences in the nation

BBC Radio Foyle/Ulster

	2022/23 Hours	2021/22 Hours
News and Current Affairs	3,396	3,316
General	4,559	4,675
Total	7,955	7,991

Headcount

Average headcount reflects those individuals employed to directly support the service produced in Northern Ireland

	2022/23 Number	2021/22 Number
Average number of persons employed in the year	620	609

Average headcount of individuals based in Northern Ireland across all services including support functions

	2022/23 Number	2021/22 Number
Average number of persons employed in the year	665	646

The BBC in England

Audience performance

The BBC is the most used brand for media in England – used by 88% adults in England on average per week in 2022/23. In video and audio, the BBC is the leader in England. Usage of iPlayer and Sounds are both up year-on-year. On average, 50% of adults in

England consume BBC England content per week across BBC TV/iPlayer, BBC Radio and BBC Online.

There are differences in the proportion of adults rating the BBC as effective at

reflecting people like them depending on the region of England or the UK nation they live in – the BBC's Across the UK plan is focused on narrowing gaps in perceptions of portrayal.

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

England adults 16+

Experience: Usage of the BBC amongst adults in England

		England	North of England	Midlands	South of England	London	Source
Pan-BBC reach							
% who use BBC TV/iPlayer, Radio or Online on average per week	2022/23	88%	89%	86%	92%	83%	Compass by Ipsos UK 16+
	2021/22	90%	91%	90%	94%	86%	
BBC TV/iPlayer							
% who watch BBC TV/iPlayer on average per week	2022/23	69%	69%	70%	72%	65%	BARB As Viewed (all devices)/ BBC calculations 16+ Reach based on 15+ mins~
Length of time spent with BBC TV/iPlayer per head on average per week (hours:mins)	2022/23	06:54	06:55	07:06	07:47	05:47	
BBC Radio							
% who listen to BBC Radio on average per week	2022/23	59%	56%	62%	68%	50%	RAJAR 16+ Reach based on 15+ mins
	2021/22	62%	59%	65%	72%	54%	
Length of time spent with BBC Radio per head on average per week (hours:mins)	2022/23	08:38	07:58	09:00	10:59	06:49	
	2021/22	09:10	08:28	09:47	11:43	07:02	
BBC Online							
% who use BBC Online on average per week	2022/23	60%	59%	56%	61%	65%	Compass by Ipsos UK 16+
	2021/22	60%	58%	55%	63%	67%	
BBC iPlayer							
Average weekly active accounts in England using BBC iPlayer	2022/23	10.7m	3.0m	2.6m	2.6m	2.5m	Piano Analytics All accounts
	2021/22	9.6m	2.7m	2.3m	2.3m	2.3m	
BBC Sounds							
Average weekly active accounts in England using BBC Sounds	2022/23	3.7m	950k	915k	1.1m	815k	Piano Analytics All accounts
	2021/22	3.1m	780k	749k	884k	720k	
BBC England content across BBC TV, Radio and Online							
% of adults in England consuming BBC England content on average per week	2022/23	50%	53%	47%	58%	41%	Compass by Ipsos UK 16+

~ BARB As Viewed regional breaks started in August 2022. Therefore the 2022/23 figures are modelled using BARB As Viewed (all devices) and BARB 28 days as viewed data and are not comparable with previous years' figures

The BBC in England

Audience performance continued

Perception

		England 16+	North of England 16+	Midlands 16+	South of England 16+	London 16+	Source
% who think the BBC informs, educates and entertains people in the UK/them	2022/23 Effective	69%	65%	68%	76%	71%	Ipsos UK 16+
	2022/23 Ineffective	12%	12%	13%	9%	15%	
	2021/22 Effective	68%	65%	69%	68%	72%	
	2021/22 Ineffective	14%	16%	15%	13%	12%	
% who think the BBC is effective at reflecting people like them	2022/23 Effective	55%	49%	54%	59%	62%	
	2022/23 Ineffective	21%	23%	21%	19%	20%	
	2021/22 Effective	54%	54%	52%	54%	55%	
	2021/22 Ineffective	24%	23%	25%	23%	24%	
% who think the BBC is effective at providing content/services that set a high standard for quality	2022/23 Effective	67%	63%	66%	69%	68%	
	2022/23 Ineffective	13%	12%	14%	11%	15%	
	2021/22 Effective	67%	65%	65%	69%	72%	
	2021/22 Ineffective	14%	14%	16%	13%	12%	

England-only services

Dedicated services for England

The BBC in England		Content (£m) We spent a total of £123m on these services in 2022/23	Reach (%) England population who use the service on average per week	Time spent listening to a service weekly (h:m) Length of time the average listener spent on average per week with the service	Costs per user hour (p) How much it costs to deliver each service to individual users
LOCAL BBC RADIO	BBC Local Radio is a primarily speech-based service of news, information and debate, with a strong emphasis on interactivity.	£123m 2021/22: £117m	11% 2021/22: 15%	07:29 2021/22: 06:36	6p 2021/22: 5p

Reach definition: 15+ minutes and audiences aged 15+
RAJAR (Radio reach and time per listener; data based on total survey area – TSA)

Dedicated TV content for England

		England	North of England	Midlands	South of England	London	Source
BBC England TV content							
% in TV homes in England who view BBC England TV content on average per week	2022/23	30% (4+) / 34% (16+)	31% (4+) / 35% (16+)	30% (4+) / 34% (16+)	34% (4+) / 39% (16+)	25% (4+) / 29% (16+)	BARB 28-days as broadcast Reach based on 3+ mins
	2021/22	33% (4+) / 38% (16+)	34% (4+) / 39% (16+)	33% (4+) / 37% (16+)	36% (4+) / 42% (16+)	28% (4+) / 32% (16+)	
BBC TV News for English regions							
% in TV homes who view dedicated news services for the Nation/region on BBC TV on average per week	2022/23	32% (16+)	33% (16+)	32% (16+)	37% (16+)	27% (16+)	BARB 28-days as broadcast 16+ Reach based on 3+ mins
	2021/22	35% (16+)	37% (16+)	35% (16+)	39% (16+)	29% (16+)	



Ralph and Katie

The BBC in England

Financial performance

Estimated income from each nation

These numbers are estimated as figures for each nation have been calculated by applying the proportion of licenced premises to the total number of licences in force. The exact number of licences in force varies on a daily basis. The number of licenced premises are different to the number of licences in force as, in some cases, a premises may need more than one licence. Figures exclude concessionary licences for those living in residential care.

	2022/23 £m	2021/22 £m
Estimated income		
UK	3,740	3,800
England	3,137	3,186

The fee for a standard household TV licence is £159.00. The licence fee income received contributes towards programmes made across the whole of the UK and the world. These programmes are consumed in each nation in addition to the nation's local services outlined below.

Expenditure by service

Direct and indirect spend relating to programmes produced in the nation.

	2022/23 £m	2021/22 £m
Network content		
TV (inc. Sport and Children's)	1,366	1,327
Radio	282	273
Online	170	188
Total network spend	1,818	1,788
Local content		
BBC One	94	93
BBC Local Radio	123	117
Online and Red Button	15	15
Total local spend	232	225
National Orchestra	20	15
Development	61	49
Distribution	125	117
Total	2,256	2,194

Local opt-out hours[^] (including repeats) on BBC One

	2022/23 Hours	2021/22 Hours
Drama, Comedy, Entertainment, Music and Arts	5	1
Daily, Weekly News and Current Affairs	3,643	3,707
Sport and Leisure	21	19
Education, Factual and Religion	76	34
Total	3,745	3,761

[^] Television content commissioned specifically for audiences in the nation

BBC English Regions

	2022/23 Hours	2021/22 Hours
General	230,943	233,061

Headcount

Average headcount reflects those individuals employed to directly support the service produced in England

	2022/23 Number	2021/22 Number
Average number of persons employed in the year	2,346	2,308

Average headcount of individuals based in England across all services including support functions

	2022/23 Number	2021/22 Number
Average number of persons employed in the year	12,775	12,994

FINANCIAL STATEMENTS



Financial statements

Comptroller and Auditor General's Certificate and Report on the Group Financial Statements

The Certificate and Report of the Comptroller and Auditor General to the Board of the British Broadcasting Corporation, acknowledging that Parliament also places reliance on the Group Accounts and Report

Opinion on financial statements

I certify that I have audited the financial statements of the British Broadcasting Corporation (BBC) Group for the year ended 31 March 2023. The financial statements comprise the BBC Group's:

- Consolidated balance sheet as at 31 March 2023;
- Consolidated income statement, Consolidated statement of comprehensive income, Consolidated cashflow statement and Consolidated statement of changes in equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the consolidated financial statements:

- give a true and fair view of the state of the BBC Group's affairs as at 31 March 2023 and of its deficit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the Royal Charter for the continuance of the British Broadcasting Corporation and Secretary of State directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of the BBC Group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. This included appropriate safeguards, including Engagement Quality Review, to address familiarity risk where one of the Engagement Directors has been associated with the audit for 6 years.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

The framework of authorities that has been considered in the context of my opinion on regularity is:

- the Royal Charter for the continuance of the British Broadcasting Corporation and the agreements issued thereunder on 7 November 2016 and 26 May 2022; and
- other agreements the BBC has entered into with Government Ministers.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the BBC Group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

My evaluation of the BBC Board's assessment of the BBC Group's ability to continue to adopt the going concern basis of accounting included understanding and assessing risks to future revenue streams and the BBC Group's ability to access borrowings and take other mitigating actions to manage cash-flows. I also considered my wider understanding of the environment in which the BBC Group operates which may have implications for the ability to adopt the going concern basis of accounting.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the BBC Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the BBC Board's reporting on how it has applied the UK Corporate Governance Code, I have nothing material to add or draw attention to in relation to the BBC Board's statement in the financial statements about whether the Board considered it appropriate to adopt the going concern basis of accounting.

My responsibilities and the responsibilities of the BBC Board with respect to going concern are described in the relevant sections of this certificate.

Overview of my audit approach

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditor, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of the audit of the financial statements as a whole, and in forming my opinion thereon. I do not provide a separate opinion on these matters.

This is not a complete list of all risks identified through the course of my audit. I have not, for example, included information relating to the work I have performed around the presumed risk of fraud through management override of controls, where my work has not identified any matters to report.

The key audit matters were discussed with the Audit and Risk Committee; its report on matters that it considered to be significant to the financial statements is set out on pages 106 to 110.

As a result of the implementation of the revised ISA (UK) 315: Identifying and Assessing the Risks of Material Misstatement, I made the following changes to the key audit matters compared to my prior year's audit:

- I identified a new significant risk around consolidation processes and scope of the consolidation. This includes the judgement on whether the investment in Daunus is correctly classified as a joint venture, which was previously covered in the Complex Property Transactions risk (Daunus Ltd was set up as part of the 2016/17 refinancing of the London Broadcasting House sale and lease back arrangement); and
- I separated out a risk around the accounting for Fontus Cash Flow Swaps from the prior year's risk on Complex Property Transactions (Fontus cash flow swaps were set up as part of the 2016/17 refinancing of the London Broadcasting House sale and lease back arrangement). The Complex Property Transactions risk is now focused on the valuation and reporting of leases.

Revenue recognition – Licence fee

Licence fee revenue – £3,740 million (2021/22: £3,800 million) – refer to note B1

Description of risk

The BBC's primary source of revenue is derived from the BBC Television Licence Fee (the licence fee). The licence fee is set by the Secretary of State for Culture, Media and Sport in accordance with the 2016 Royal Charter for the Continuation of the BBC; the current licence fee settlement ends in 2027/28.

I consider that there may be an incentive to manage and report licence fee revenue in ways that meet stakeholders' expectations. This might involve the BBC or other parties involved in the licence fee revenue collection and reporting process. I consider that there is a heightened risk around the year end of revenue recognition being managed to achieve particular results and this has been a key focus of my testing in this area.

How the scope of my audit responded to the risk

In relation to the licence fee revenue recognised in the BBC Group's consolidated financial statements, I have assessed the reasonableness of the BBC's licence fee revenue recognition policy. I have substantively tested the amounts and the timing of licence fee revenue funding paid to the BBC by the Secretary of State for Culture, Media and Sport as well as its associated disclosures.

Given that the licence fee revenue and balances recorded in the BBC Television Licence Fee Trust Statement (the Trust Statement) provide an authoritative expectation as to the related licence fee revenue and balances recorded in the consolidated financial statements, I have carried out audit procedures on the BBC Licence Fee Unit collection systems and processes and on related transactions and balances reported in the Trust Statement, which I also audit. These included obtaining assurance on the accuracy, completeness and occurrence of licence fee revenue recorded in the Trust Statement by using IT audit procedures on key licence fee collection systems, testing controls and a sample of in-year transactions and year-end balances. I have also obtained assurance over the proper operation of cut-off by examining evidence showing cash receipts and licences issued around the year end.

Key observations

The outcomes of the procedures I performed in response to this risk were satisfactory. I noted no material issues arising from my work.

Revenue recognition – Commercial

Commercial revenue from contracts with customers – £2,129 million (2021/22: £1,731 million) – refer to note B1

Description of risk

There are several sources of revenue within the BBC's commercial subsidiaries where I deem the recognition of revenue to be complex and involve management judgement and therefore to present a higher risk of fraud or misreporting, including revenue recognition being managed to achieve particular results or to meet stakeholder expectations.

The revenue streams I have considered subject to the most risk include:

- Content and format licensing income: this income is derived from complex contracts licensing intellectual property, requiring significant judgement around revenue recognition.
- Advertising revenue: these contracts are managed externally by third parties and not billed in line with the financial year. Therefore, accrued advertising revenues are subject to a degree of estimation.
- Revenue associated with productions: although most production revenue is generated from within the BBC Group, a material amount is derived from external commissions. Large production contracts are complex with multiple performance obligations which require a degree of judgement under IFRS 15 to determine the timing of delivery.

I consider that there may be an incentive to manage and report commercial revenue in ways that meet stakeholders' expectations. This might involve revenue collection and reporting processes. Since the BBC Commercial Group has achieved positive revenue performance against its plans. I consider that there is a heightened risk around the completeness of revenue being recorded in the current period. There is an incentive to postpone revenue recognition into future periods in order to manage the consistency of performance over time. This has been a key focus of my testing in this area

How the scope of my audit responded to the risk

I have carried out work to understand the nature of the BBC Group's commercial revenues, including reviewing contractual documentation and management reporting, making enquiries of management responsible for BBC commercial activities (both within the UK and at significant territories overseas, both by value and by risk). I have assessed the reasonableness of revenue recognition policies adopted by the BBC's commercial subsidiaries, focusing my attention on the highest risk and most significant revenue streams.

My testing included: undertaking detailed analysis of key revenue streams and identifying transactions with the greatest risk for further analysis, reviewing significant revenue contracts to understand the key features and confirming that they have been treated appropriately in the financial statements, assessing the appropriateness of management's judgements with regards to the phasing and timing of revenue recognition; and, considering transactions arising around the year-end, for evidence of delivery and licence period start dates.

For the most significant revenue streams, a sample of contracts have been substantively tested to ensure that the accounting reflects the substance of the contract, taking an integrated approach to encompass both income statement and balance sheet impacts arising from contractual transactions.

I reviewed recoverability by assessing the nature of contractual arrangements, confirming amounts received after the reporting date, and reviewing management's assessment of the need to provide for non-recovery. I have also reviewed disclosures made to confirm these are in accordance with accounting standards.

Key observations

The outcomes of the procedures I performed in response to this risk were satisfactory. I noted no material issues arising from my work.

Financial statements

Consolidation processes and scope

Description of risk

The production of BBC Group financial statements requires multiple levels of consolidation of entities within the Group, identification of consolidation adjustments and elimination of intra-group transactions. The complexity of the group structure, the volume and value of required adjustments and the manual nature of the consolidation processes increases the risk of material misstatement.

There is also a risk around the scope of consolidation as management judgement is often required in determining which entities are required to be consolidated into the Group, rather than treated as joint ventures, associates or investments. This applies primarily to the BBC's investment in Daunus Ltd, which was set up as part of the 2016/17 refinancing of the London Broadcasting House sale and lease back arrangement. Management have assessed that the investment represents a joint venture and that it is not a subsidiary controlled by the BBC. This is a significant judgement.

Key observations

The outcomes of the procedures I performed in response to this risk were satisfactory. I noted no material issues arising from my work.

How the scope of my audit responded to the risk

I have reperformed the BBC Group consolidation to ensure it has been undertaken appropriately, including sub-consolidations in the commercial entities. I have also tested the accuracy and completeness of consolidation adjustments and intra-group eliminations.

In respect of Daunus Ltd, through review of contractual information, management information, financial statements of Daunus Ltd and Board minutes, I concluded that there had been no changes to the existing arrangement and that Daunus Ltd continues to be correctly classified as a Joint Venture.

Programme asset accounting

Programme-related assets and other inventory: £1,020 million (2021/22: £1,111 million) – refer to note E1

Description of risk

The BBC Group recognises assets in respect of costs associated with making or acquiring a programme. These assets are then released to cost of sales in the Consolidated Income Statement as programmes are delivered (BBC Studios Productions Limited) or transmitted (Public Service Broadcaster).

The valuation of programme assets is a highly material estimate in the accounts, and there is a significant amount of judgement over the initial value, release to cost of sales and the impairment of these assets. There is a risk that the approach to valuation will result in material misstatement of the balance sheet, or that the processes to identify impairment of programme assets are not sufficient to identify material overstatement of the balance sheet.

Key observations

The outcomes of the procedures I performed in response to this risk were satisfactory. I noted no material issues arising from my work.

How the scope of my audit responded to the risk

I have assessed the policy adopted by management in respect of programme assets as a key accounting judgement, including an assessment against the relevant accounting standards and the wider practice within the media industry. I substantively tested a sample of programme assets to confirm that these had been accounted for in accordance with the policy adopted by management.

I understood and evaluated the approach to managing production costs and identifying indicators of impairment and considered potential indicators of impairment of programme assets through my wider understanding of the business. This included a review of Board Minutes, considering wider information, and holding discussions with the programme and production accounting teams to assess the controls over programme spend.

Valuation of defined benefit pension scheme assets

Defined benefit pension scheme asset: £14,675 million (2021/22: £19,745 million) – refer to note D6

Description of risk

The valuation of the defined benefit pension scheme assets reported in the accounts is highly judgemental, and changes to market assumptions can result in material changes to the valuation. Pension assets include equities, bonds, repurchase agreements, property, alternative investments and other assets. There is also a longevity swap contract in place for this pension scheme which is held at fair value. The valuations for some of these assets are inherently subjective and require a significant level of estimation in selecting appropriate valuation methodologies and assumptions. Given these factors, and the quantum of the assets, I have assessed the valuation of the pension scheme assets as a significant risk of material misstatement to my audit.

How the scope of my audit responded to the risk

I have obtained an understanding of the BBC's pension scheme arrangements and assessed the processes and controls used by management to value and account for pension scheme assets.

To audit the pension scheme assets, I have taken assurance from the work of the BBC pension scheme auditors. The scheme auditors used their in-house valuations experts to consider whether the methodology and assumptions used in valuing these assets were reasonable. I reviewed the results of the procedures carried out by the scheme auditors to assess if they were sufficient for the purposes of my audit. I have also commissioned additional specified procedures from the pension scheme auditors to ensure that all assets material to the BBC Group have been audited, and that where assets are held in unquoted formats, appropriate benchmarks, control reports and fund manager statements have been reviewed to challenge or verify year end valuations. The totality of this work by the pension scheme auditors, with my team's review of this work, provides assurance over the valuation of the Scheme assets, which is a key input to the pension scheme calculation reported by the BBC Group.

I have also commissioned experts to consider the assumptions and methodology used in valuing the assets were reasonable in relation to the longevity swap contract.

I have tested the accounting entries to the underlying work performed by the BBC's actuaries and reviewed disclosures made to confirm these are in accordance with the accounting standards.

Key observations

The outcomes of the procedures I performed in response to this risk were satisfactory. I noted no material issues arising from my work.

Valuation of defined benefit pension scheme liabilities

Defined benefit pension scheme liability: £13,973 million (2021/22: £18,496 million) – refer to note D6

Description of risk

The valuation of the defined benefit pension scheme liabilities reported in the accounts is highly judgemental, and changes to actuarial assumptions, such as discount rate, inflation and mortality rates, can result in material changes to the valuation. The IAS 19 valuation of the pension scheme liability was carried out by external actuarial experts commissioned by the BBC. Due to the triennial valuation, I also identified a risk around the accuracy and completeness of the membership data used in the valuation of the pension scheme liability. Given these factors, and the quantum of pension scheme liabilities, I have assessed the valuation of the pension scheme liabilities as a significant risk of material misstatement to my audit.

How the scope of my audit responded to the risk

I have obtained an understanding of the BBC's pension scheme arrangements and assessed the processes and controls used by management to value and account for pension scheme liabilities.

Using actuarial experts, I have assessed the reasonableness of the method, model, data and key assumptions used by the BBC's actuaries in determining the pension scheme liability, benchmarking them against other schemes; and I have assessed the nature and appropriateness of BBC context-specific assumptions and challenged these where appropriate. I have assessed the expertise and independence of the BBC's actuaries. I have also carried out procedures to test the accuracy and completeness of membership data used in the pension scheme liability valuation.

I have tested the accounting entries to the underlying work performed by the BBC's actuaries and reviewed disclosures made to confirm these are in accordance with the accounting standards.

Key observations

The outcomes of the procedures I performed in response to this risk were satisfactory. I noted no material issues arising from my work.

Financial statements

Accounting for FONTUS cash flow swaps

Cash flow swaps financial assets: £376 million (2021/22: £412 million) – refer to note G5

Cash flow swaps financial liabilities: £481 million (2021/22: £580 million) – refer to note G5

Description of risk

The BBC entered into an agreement involving cash flow swaps as part of the 2016/17 refinancing of the London Broadcasting House sale and lease back arrangement. The valuation of the FONTUS cash flow swap assets and liabilities requires significant management judgements, and changes to assumptions can result in material changes to the valuation. Therefore, I have assessed it as a significant risk of material misstatement for my audit.

Key observations

The procedures I performed in response to this risk were satisfactory. I noted no material issues arising from my work.

How the scope of my audit responded to the risk

Using experts, I have assessed the reasonableness of the method, model, data and key assumptions used in determining the FONTUS cash flow swap assets and liabilities. I have reviewed the relevant disclosures to confirm these are in accordance with the accounting standards and that the values disclosed are in line with the output from the model used to value these assets and liabilities.

Complex Property Transactions

Obligations under leases: £1,718 million (2021/22: £1,737 million) – refer to note F2

Description of risk

As part of my risk assessment, I noted that over 80% of the obligations under leases relate to just four properties: London Broadcasting House, White City, Pacific Quay and Cardiff Central Square. These leases often require judgement around the method, model, data and assumptions used in calculating the value of these lease liabilities. These judgements include a consideration of repurchase options at the end of the lease term and the treatment of contingent rent arrangements. Therefore, I have identified a risk of material misstatement in respect of the valuation of complex leases.

I have also identified a risk of material misstatement in relation to the application of the model used to calculate the value of lease liabilities in remaining (non-complex) leases as the underlying model calculations can be complex.

Key observations

The outcomes of the procedures I performed in response to this risk were satisfactory. I noted no material issues arising from my work.

How the scope of my audit responded to the risk

My procedures included:

- Assessing the design and implementation of key controls relating to the identification and completeness of leases as well as modifications in lease arrangements;
- For complex leases and a sample of non-complex leases, recalculation of lease liabilities, including those entered into in prior periods to confirm that the ongoing accounting treatment remained appropriate;
- For complex leases, considering the reasonableness of inputs into lease calculations and key assumptions and judgements, checking these for consistency and contradictory evidence, through inspection of lease documentation;
- Assessing whether disclosures relating to the accounting policies adopted by management in relation to leases are sufficient.

Application of materiality

Materiality

I applied the concept of materiality in both planning and performing my audit, and in evaluating the effect of misstatements on my audit and on the financial statements. This approach recognises that financial statements are rarely absolutely correct, and that an audit is designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement or irregularity. A matter is material if its omission or misstatement would, in the judgement of the auditor, reasonably influence the decisions of users of the financial statements.

Based on my professional judgement, I determined overall materiality for the BBC Group’s financial statements as a whole as follows:

Materiality	£50 million (2021/22: £50 million)
Basis for determining materiality	Approximately 1% of revenue (2021/22: approximately 1% of revenue)
Rationale for the benchmark applied	I chose Group revenue as the materiality benchmark because, in my professional judgement, revenue is the key driver of the BBC Group’s business; in particular licence fee revenue and Commercial revenue generated by the BBC Group are key drivers of stakeholder interest. Parliament and the public have an interest in the way in which the BBC Group is funded and how it spends its funds. The level of licence fee revenue and Commercial revenue determines the resources available to the BBC Group and drives strategic decisions around spending and investment.

Performance Materiality

I set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality of the financial statements as a whole. Group performance materiality was set at 75% of Group materiality for the 2022/23 audit (2021/22: 75%). In determining performance materiality, I have also considered the uncorrected misstatements identified in the previous period.

Other Materiality Considerations

Apart from matters that are material by value (quantitative materiality), there are certain matters that are material by their very nature and would influence the decisions of users if not corrected. Such an example is any errors reported in the Related Parties note in the financial statements. Assessment of such matters needs to have regard to the nature of the misstatement and the applicable legal and reporting framework, as well as the size of the misstatement.

I applied the same concept of materiality to my audit of regularity. In planning and performing my audit work to support my opinion on regularity and in evaluating the impact of any irregular transactions, I considered both quantitative and qualitative aspects that would reasonably influence the decisions of users of the financial statements.

Error Reporting Threshold

I agreed with the Audit and Risk Committee that I would report to it all uncorrected misstatements identified through my audit in excess of £300,000, as well as differences below this threshold that in my view warranted reporting on qualitative grounds. I also report to the Audit and Risk Committee on disclosure matters that I identified when assessing the overall presentation of the financial statements.

Total unadjusted audit differences reported to the Audit and Risk Committee would have increased the net deficit by £2.3 million.

Audit scope

The scope of my Group audit was determined by obtaining an understanding of the BBC Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level.

The BBC Group comprises over 100 subsidiaries, along with a number of associates and joint ventures. There are two levels of consolidation within the BBC Group:

- Level 1: BBC Group, comprising the BBC Public Service Broadcaster (PSB), PSB subsidiaries, and BBC Commercial Group;
- Level 2: BBC Commercial Group, comprising BBC Commercial Limited and subsidiary companies, including, BBC Studios Productions Limited, BBC Studios Distribution Limited and UKTV Media.

This audit opinion relates to the BBC Group, at level 1. My Group audit approach has been designed to enable me to form an opinion on these consolidated financial statements, and my assessment of significant components and the nature of the work I have performed is as follows:

Level 1: BBC Group (key benchmark: income)

Significant components and auditors

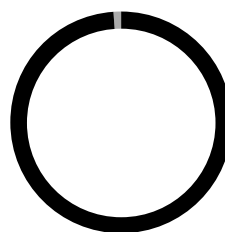
- BBC Public Service Broadcaster (NAO)
- BBC Commercial Group (NAO)

Sampled non-significant components

- None – due to coverage achieved from significant components

Analytical procedures on non-significant components

We performed analytical procedures on the remaining components.



● Significant components	99%
● Other non-significant components	1%

Financial statements

Level 2: BBC Commercial Group (key benchmark: income)

Significant components and auditors

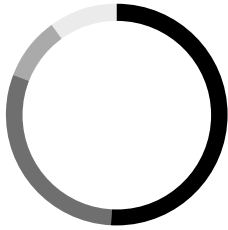
- BBC Commercial Ltd (NAO)
- BBC Studios Distribution Ltd (NAO)
- BBC Studios Productions Ltd (NAO)
- UKTV Media Ltd (NAO)

Sampled non-significant components

- BBC Studios Americas Inc (NAO)
- BBC Studios Ltd (NAO)
- BBC Children's Productions Ltd (NAO)
- Natural History and Factual Productions Ltd (NAO)
- BBC Studios Productions (Clifton) (NAO)
- BBC Grafton House Productions (NAO)
- BBC Comedy Productions (NAO)
- Nice and Accurate Productions Ltd (NAO)
- UKTV Media Holdings (NAO)
- BBC Studios Australia Pty Ltd (Grant Thornton)
- Sid Gentle Films Ltd (Shipleys)
- New Video Channel America (KPMG)

Analytical procedures on non-significant components

I performed analytical procedures on the remaining components.



● Significant components	51%
● Sampled non-significant components	30%
● Other non-significant components	9%
● Components fully scoped out	10%

I am the appointed auditor and have direct involvement in the audit strategy for the BBC Group and all of its significant components. For each of those audits I have appointed Engagement Directors to direct the audit work.

At level 1, I audited the Public Service Broadcaster component as part of the Group audit. I am the auditor of the Commercial Group. Full statutory audit procedures in accordance with local adaptations of International Standards on Auditing have been conducted for the Commercial Group and I have satisfied myself that sufficient work has been undertaken to provide the necessary assurances for my audit opinion on the BBC's Group's consolidated financial statements.

As part of my audit of the Commercial Group, I have issued Group audit instructions to all Level 2 significant components by size and risk and to a sample of non-significant components, which enables me to obtain the necessary assurances required for my audit opinion on the BBC's Group's consolidated financial statements.

For level 2 significant component audits, under the terms of the Group audit instructions I issued and in accordance with my role as appointed auditor of those components, full statutory audit procedures in accordance with local adaptations of International Standards on Auditing have been conducted and I have also satisfied myself that sufficient work has been undertaken to provide the necessary assurances for my audit opinion on the BBC's Group's consolidated financial statements.

For level 2 non-significant components where I have not been appointed as auditor, my team has met with component auditors virtually or in person and assessed the audit strategy, significant audit risks and undertaken a review of the work and findings of the component auditors. I have satisfied myself that sufficient work has been undertaken to provide the necessary assurances for my audit opinion on the BBC's Group's consolidated financial statements.

For level 2 other non-significant components I have undertaken other procedures to gain the necessary assurances for my audit opinion on the BBC Group's consolidated financial statements. This included evaluating and testing the BBC's Group wide controls, performing analytical and enquiry procedures and applying due professional scepticism to address the risk of residual misstatement.

Other Information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate and report thereon. The BBC Board is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters prescribed by the terms of my engagement

Remuneration

In addition to my audit of the BBC Group's consolidated financial statements, the Board has engaged me to audit the information in the Board remuneration report that is described as having been audited, which the Board has decided to prepare as if the BBC were required to comply with the requirements of Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) made under the Companies Act 2006, where relevant.

In my opinion, the parts of the Board remuneration report which I have been engaged to audit have been properly prepared in accordance with Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 where relevant, as if those requirements were to apply to the BBC Group.

The strategic and governance reports

In my opinion, based on the work undertaken in the course of the audit, the Strategic and Governance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the BBC Group and its environment obtained in the course of the audit, I have not identified material misstatements in the Strategic Report or the Governance Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by the BBC Group or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the remuneration report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 have not been made; or
- a corporate compliance statement has not been prepared.

Corporate compliance statement

The terms of my engagement require me to review the BBC Board's statement in relation to going concern, longer-term viability and that part of the Corporate Compliance Statement relating to the BBC Group's compliance with the provisions of the UK Corporate Governance Code specified for my review.

Based on the work undertaken as part of my audit, I have concluded that each of the following elements of the Corporate Compliance Statement is materially consistent with the financial statements or my knowledge obtained during the audit:

- The BBC Board's statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 184;
- The BBC Board's explanation as to its assessment of the entity's prospects, the period this assessment covers and why they feel this period is appropriate set out on page 121;
- The BBC Board's statement on fair, balanced and understandable set out on page 129;
- The BBC Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 111 to 120;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 111; and
- The section describing the work of the Audit and Risk Committee set out on page 106 to 110.

Responsibilities of the BBC Board for the financial statements

As explained more fully in the Statement of the Board Responsibilities in respect of the Annual Report and Accounts, the BBC Board is responsible for:

- maintaining proper accounting records;
- providing me with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing me with additional information and explanations needed for my audit;
- providing me with unrestricted access to persons within the BBC Group from whom I determine it necessary to obtain audit evidence;
- ensuring such internal controls are in place as the BBC Board determines are necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with applicable law and UK adopted international accounting standards;
- ensuring that the Annual Report, which includes the remuneration report, is prepared in accordance with applicable law; and
- assessing the BBC Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the BBC Board either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)).

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the BBC Group's accounting policies, key performance indicators and performance incentives;

Financial statements

- inquired of management, the BBC's Director for Quality, Risk and Assurance and those charged with governance, including obtaining and reviewing supporting documentation relating to the BBC Group's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the BBC Group's controls relating to the BBC Group's compliance with the Royal Charter for the continuance of the British Broadcasting Corporation, the Communications Act 2003 and the Communications (Television Licensing) Regulations 2004, the Companies Act 2006 in so far as it is applicable to the BBC Group, regulations established by the Office of Communications and regulations relating to money laundering and sanctions.
- inquired of management, the BBC's Director for Quality, Risk and Assurance and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations; and
 - they had knowledge of any actual, suspected, or alleged fraud; and
- discussed with the engagement team, including significant component audit teams, and the relevant internal and external specialists, including information technology, corporate finance, actuarial and tax specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the BBC Group for fraud and identified the greatest potential for fraud in the following areas: judgements relating to revenue recognition and profit recognition; posting of unusual journals; complex transactions; and management override of controls, including bias in management's estimation. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the BBC Group's framework of authority and other legal and regulatory frameworks in which the BBC Group operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the BBC Group. The key laws and regulations I considered in this context included the Royal Charter for the continuance of the British Broadcasting Corporation and the Communications Act 2003 and the Communications (Television Licensing) Regulations 2004, the Companies Act 2006 in so far as it is applicable to the BBC Group, regulations established by the Office of Communications, regulations relating to money laundering and sanctions and applicable taxation, health and safety, and employment regulation and legislation.

In addition, I considered the following matters:

- the complex nature of the BBC's property portfolio and related financing arrangements including accounting for property under IFRS 16, which gives rise to significant judgements that may be subject to management bias;
- the risk of fraud in revenue recognition with respect to both licence fee and commercial revenue as well as the judgement involved in impairing their associated receivables;
- the high degree of judgement applied in valuing the defined benefit pension scheme assets and liabilities, which exposes the valuation to a risk of management manipulation or bias; and
- the high degree of management's judgement applied in the valuation of programme assets and potential for management bias in making decisions to impair them.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and tested them to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- in assessing the reasonableness of the accounting treatment applied, as well as considerations of key inputs, model calculations and other methods of estimation, judgements and assumptions, relating to key estimates, I considered whether these indicated any potential bias or manipulation.

I also communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members, including internal and external specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies

Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
London
SW1W 9SP

30 June 2023

Consolidated income statement for the year ending 31 March 2023

	Note	2023 £m	2022 £m
Licence fee income	B1	3,740	3,800
Other income	B1	1,985	1,530
Total income	B1	5,725	5,330
Total operating costs	B1	(5,957)	(5,231)
Share of results of associates and joint ventures	E7	12	25
Group operating (deficit)/surplus		(220)	124
Gains on disposal	C2	11	28
Other gains and losses	C3	(21)	(13)
Net financing income	C4	91	47
(Deficit)/surplus before taxation		(139)	186
Taxation	C5.1	19	20
(Deficit)/surplus for the year		(120)	206
Attributable to:			
BBC		(120)	202
Non-controlling interests		-	4
(Deficit)/surplus for the year		(120)	206

Consolidated statement of comprehensive income for the year ending 31 March 2023

	Note	2023 £m	2022 £m
(Deficit)/surplus for the year		(120)	206
Other comprehensive income:			
Remeasurement on defined benefit pension schemes	D6.1	(648)	1,099
Total items that will not be reclassified to the income statement in the future		(648)	1,099
Currency translation adjustment		12	11
Gain/(loss) on cash flow hedges		13	(14)
Put options released		-	3
Deferred tax charge on financial instruments		(3)	3
Total items that may be reclassified to the income statement in the future		22	3
Other comprehensive (expenditure)/income net of tax		(626)	1,102
Total comprehensive (expenditure)/income for the year		(746)	1,308
Attributable to:			
BBC		(746)	1,304
Non-controlling interests		-	4
Total comprehensive (expenditure)/income for the year		(746)	1,308

Financial statements

Consolidated balance sheet

	Note	As at 31 March	
		2023 £m	2022 £m
Non-current assets			
Intangible assets (including goodwill)	E2	406	420
Property, plant and equipment	E4	433	478
Right-of-use assets	F1	1,506	1,507
Investment properties	E5, F3	31	32
Interests in associates and joint ventures	E7	174	210
Trade and other receivables	H1.2	223	229
Investments		6	4
Derivative financial instruments	G5.2	390	417
Deferred tax assets	C5.5	25	22
Pension assets	D6.1	695	1,241
		3,889	4,560
Current assets			
Programme-related assets and other inventories	E1	1,020	1,111
Trade and other receivables	H1.3	1,159	1,096
Contract assets	H1.1	31	3
Assets classified as held for sale	E6	34	6
Derivative financial instruments	G5.2	11	2
Current tax assets	C5.4	62	88
Investments (cash on long-term deposit)	G2	100	–
Cash and cash equivalents	G1	500	717
		2,917	3,023
Current liabilities			
Trade and other payables	H2.3	(1,153)	(1,087)
Contract liabilities	H2.1	(183)	(312)
Borrowings	G3.1	(8)	(12)
Obligations under leases	F2	(127)	(118)
Provisions	H4	(110)	(94)
Derivative financial instruments	G5.2	(14)	(6)
Current tax liabilities	C5.6	(7)	(14)
		(1,602)	(1,643)
Non-current liabilities			
Trade and other payables	H2.2	(70)	(44)
Contract liabilities	H2.1	(83)	(21)
Borrowings	G3.2	(170)	(170)
Obligations under leases	F2	(1,591)	(1,619)
Provisions	H4	(100)	(55)
Derivative financial instruments	G5.2	(491)	(589)
Deferred tax liabilities	C5.5	(31)	(28)
		(2,536)	(2,526)
Net assets			
		2,668	3,414
Attributable to the BBC:			
Operating reserve	I2	2,617	3,398
Hedging reserve	I2	2	(8)
Translation reserve	I2	47	35
Other reserves	I2	–	(13)
		2,666	3,412
Non-controlling interests		2	2
Total capital and reserves		2,668	3,414

The financial statements were approved by the Board and authorised for issue on 27 June 2023, and signed on their behalf by:



Tim Davie
Director-General



Leigh Tavaziva
Group Chief Operating Officer


Consolidated statement of changes in equity for the year ending 31 March 2023

Note	Operating reserve £m	Hedging reserve £m	Translation reserve £m	Other reserves £m	Total £m	Non-controlling interests £m	Total £m
At 1 April 2021	2,099	3	24	(18)	2,108	2	2,110
Surplus for the year	202	–	–	–	202	4	206
Currency translation adjustment	I2	–	11	–	11	–	11
Cash flow hedges	I2	–	–	–	(14)	–	(14)
Deferred tax on financial instruments	–	3	–	–	3	–	3
Put options exercised	–	–	–	3	3	–	3
Unwinding of discount put options	(2)	–	–	2	–	–	–
Remeasurement of defined benefit pension scheme	D6.1	1,099	–	–	1,099	–	1,099
Total comprehensive income/(loss) for the year	1,299	(11)	11	5	1,304	4	1,308
Dividends declared in year	B5	–	–	–	–	(4)	(4)
At 31 March 2022	3,398	(8)	35	(13)	3,412	2	3,414
Deficit for the year	(120)	–	–	–	(120)	–	(120)
Currency translation adjustment	I2	–	12	–	12	–	12
Cash flow hedges	I2	–	–	–	13	–	13
Deferred tax on financial instruments	–	(3)	–	–	(3)	–	(3)
Unwinding of discount put options	(13)	–	–	13	–	–	–
Remeasurement of defined benefit pension scheme	D6.1	(648)	–	–	(648)	–	(648)
Total comprehensive (loss)/income for the year	(781)	10	12	13	(746)	–	(746)
At 31 March 2023	2,617	2	47	–	2,666	2	2,668

Financial statements**Consolidated cash flow statement for the year ending 31 March 2023**

	Note	2023 £m	2022 £m
Operating activities			
Group (deficit)/surplus before taxation		(139)	186
Depreciation, amortisation and impairment	B6	495	361
Difference between pension charge and cash contribution		(66)	52
Fair value impact of derivatives associated with loans		1	(3)
Fair value impact of other derivatives		(74)	(77)
Loss/(gain) on disposal of tangible and intangible fixed assets		20	(6)
Gain on disposal of associates and joint ventures	C2	(9)	(7)
Gain on other disposals	C2	-	(1)
Other gains and losses		(3)	10
Share of results of associates and joint ventures	E7	(12)	(25)
Financing income (excluding fair value swaps)		(74)	(28)
Financing costs (excluding fair value swaps)		60	56
Decrease/(increase) in programme-related assets and inventories		96	(100)
(Increase)/decrease in receivables and contract assets		(54)	130
Increase in payables and contract liabilities		8	180
Increase/(decrease) in provisions		61	(24)
Cash generated from operations		310	704
Tax received/(paid)		50	(23)
Net cash from operations		360	681
Investing activities			
Interest received	C4	22	3
Financing income relating to swap transactions		14	12
Dividends received from associates and joint ventures	E7	31	15
Dividends paid to non-controlling interests		-	(4)
Proceeds from disposal of property, plant and equipment		2	22
Proceeds from disposal of available for sale investments		-	1
Proceeds from disposal of associates and joint ventures		6	2
Cash placed on long-term deposit	G2	(100)	-
Acquisition of interests in associates and joint ventures		(29)	(4)
Acquisition of subsidiary net of cash acquired		(10)	(64)
Other acquisitions		(16)	-
Purchases of other intangible assets		(245)	(198)
Purchases of property, plant and equipment		(74)	(56)
Net cash used in investing activities		(399)	(271)
Financing activities			
Interest paid	C4	(8)	(4)
Proceeds from increase in borrowings		1	5
Repayments of borrowings		(5)	(1)
Payment of obligations under leases		(165)	(165)
Net cash used in financing activities		(177)	(165)
Net increase in cash and cash equivalents		(216)	245
Cash and cash equivalents at beginning of the year	G1	717	471
Effect of foreign exchange rate changes on cash and cash equivalents		(1)	1
Cash and cash equivalents at the end of the year	G1	500	717

Contents

The structure of these notes to the financial statements include accounting risks and judgements clearly highlighted in each section, explanations of complex terms and the policies are included in the relevant notes as denoted by the book symbol: 

The notes are organised as follows:

		Page
Note A: How the BBC's accounts are prepared		184
Basis of preparation	Basis of consolidation	
Use of estimates and judgements	New and revised accounting standards adopted/not yet adopted	
Going concern		
Note B: The BBC's operations, income and expenditure		186
Income and operating results	Contribution from commercial activities	
Licence fee income	Total operating costs	
Other income	Analysis of operating costs by commercial activities	
Geographical location of non-current assets and income		
Note C: Other profit and loss items		195
Acquisitions	Net financing costs	
Gains/(losses) on disposals	Taxation	
Other gains and losses		
Note D: What the BBC spends on its people		199
Persons employed	Related party transactions with key management personnel	
Employee remuneration	Group pension plans	
Remuneration of the BBC Board	BBC Pension Scheme	
Key management personnel compensation		
Note E: The assets owned by the BBC		207
Programme-related assets and other inventories	Investment properties (owned)	
Intangible assets	Assets classified as held for sale	
Goodwill	Interests in associates and joint ventures	
Property, plant and equipment		
Note F: Leasing activities at the BBC		215
Right-of-use assets	Lease income received as a lessor	
Obligations under leases	Lease expenses recognised in the consolidated income statement	
Investment properties		
Note G: Financing the BBC		219
Cash and cash equivalents	DCMS borrowing limits	
Investments	Financial instruments	
Borrowings		
Note H: Receivables and payables		229
Trade and other receivables and contract assets	Related party transactions	
Trade and other payables and contract liabilities	Provisions and contingent liabilities	
	Long-term commitments not reflected in the balance sheet	
Note I: BBC Structure and other disclosures		234
Interests in associates, joint ventures and subsidiaries	Post balance sheet events	
Reserves		

Financial statements

Notes to the accounts

A. How the BBC's accounts are prepared

This section includes the BBC's policies on how the financial statements have been prepared and what standards have been adopted during the year. Other accounting policies are captured in each of the following sections alongside the relevant notes.

Risk – Consolidation

The BBC is complex group consisting of many entities from across the world, some with different year end dates, functional currencies and accounting policies. Trade occurs between members which also requires identification for elimination on consolidation. The consolidation of such a large organisation therefore holds a degree of inherent risk of misstatement.

Incorporation

The BBC is incorporated in the United Kingdom by Royal Charter.

Statement of accounting policies

The BBC is required to select and apply accounting policies for each type of transaction entered into throughout the year and in the preceding year. An accounting policy sets out the framework for how assets, liabilities, income and expenditure should be accounted for in the financial statements, in accordance with the applicable standard, how those items will be measured and where they are presented in the statement of total income and expenditure, balance sheet and statement of cash flows.

Basis of preparation

These consolidated financial statements for the BBC have been prepared in accordance with UK adopted IFRS. Additional analysis is also presented to meet regulatory requirements including those prescribed by DCMS, Ofcom and the Charter.

The financial statements are principally prepared on the historical cost basis. Exceptions are noted within the relevant section of the notes.

Where items are sufficiently significant by virtue of their size or nature, they are disclosed separately in the financial statements in order to aid the reader's understanding of the BBC's financial position and performance.

Use of estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates that affect the reported performance and position of the BBC, or areas where assumptions or estimates are significant to the consolidated financial statements.






It also requires management to exercise judgement in applying the BBC's accounting policies. These areas involve a higher degree of judgement or complexity and are therefore drawn out at the front of each note.

In summary, the most significant estimate and judgement areas are:

- Income recognition (Note B);
- Acquisitions (Note C);
- Pension scheme and actuarial assumptions (Note D);
- Property, plant and equipment (Note E);
- Right-of-use assets (Note F);
- Derivative financial assets and liabilities (Note G); and
- Provisions and accruals (Note H).

Risks relevant to the disclosures made are also highlighted at the start of each section and cross-referenced across the Annual Report and Accounts accordingly.

In addition to the consolidation risk mentioned above, the significant risk areas identified are:

-  Income recognition (Note B);
-  Valuation of defined benefit pension scheme (Note D);
-  Complex property transactions (Notes E and F);
-  Valuation of derivatives (Note G);
-  Programme accounting (Note E).

Going concern

The financial statements are prepared on a going concern basis. The Directors believe this to be appropriate for the reasons set out below.

The directors have prepared and reviewed cash flow forecasts for the 24-month period to 31 March 2025, a period in excess of a year from the date of approval of these financial statements.

In the directors' judgement, the key factors in these forecasts are the continuity of the Charter, the current licence fee settlement and the BBC Pension Scheme deficit recovery payments agreed with the pension scheme Trustees along with the delivery of the BBC's savings plans.

The BBC's response to rapidly changing economic and market conditions has been to focus on the safety of staff and the continuation of operations and output, ensuring value for our audiences. However the uncertainty over the economic environment has led BBC management to continue with increased financial stress testing and sensitivity analysis in the financial planning that has been used to support the 2022/23 Going Concern assumption.

See further information in the Viability Statement on page 121 for a robust assessment of the principal risks facing the Corporation, including those that would threaten its business model, future performance, solvency or liquidity. In particular, the directors have applied assumptions relating to the changing risk profile arising as described under principal risk 1, 'Our Finances' to cash flow and budgetary modelling.

The Charter and licence fee give the BBC a secure source of income, however the timing of cash flows is an important factor in the consideration of going concern given the borrowing restrictions agreed with the DCMS for both the PSB Group (£2.2 billion of which £2.0 billion is available to fund leases) and the Commercial Group (currently £800 million of which £200 million is specifically for leases).

The Board remains satisfied with the BBC's funding and liquidity position. The BBC has external funding available, including a £200 million sterling revolving credit facility which expires on 31 March 2025. This facility is currently unutilised. Including leases, PSB net debt at 31 March 2023 was £1,269 million, which equates to headroom of £931 million against the borrowing limit available.

There is a separate facility available to the BBC Commercial Group. At the balance sheet date, the primary sources of funding to the Commercial Group was a £210 million facility with a group of international banks until March 2026 (following two one-year extension options) and a £170 million facility with UK banks until June 2025 (following two one-year extension options). As at the year end the BBC had drawn down £170 million (£168 million net of the impact of interest rate swap transactions) of these two facilities available (2022: £170 million). An increase of £100 million to the £210 million facility was finalised in May 2023 in relation to the borrowing limit increase agreed with the Secretary of State in August 2022.

The directors of the BBC have reviewed the cash flow forecasts and available external borrowing facilities. Together with the sensitivities and mitigating factors in the context of available funds, they expect the BBC to be able to meet its debts as they fall due for the foreseeable future.

As a result, the directors are satisfied that the going concern basis is appropriate for the preparation of these financial statements.

Basis of consolidation

The BBC's financial statements include the results of the BBC and all businesses controlled by the BBC (subsidiaries) together with the BBC's share of the results of businesses over which the BBC has significant influence but not control (associates) and those which the BBC jointly controls (joint ventures).

The BBC accounts for its interests in associates and joint ventures using the equity method. Using the equity method, the BBC presents its interest in associates or joint ventures as a single line item in the balance sheet, measured at the cost of the investment plus the share of the net result, less dividends received. The equity-accounted result for the year is presented as a single line item in the income statement.

Changes in the BBC's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions, being movements between reserves attributable to the BBC and non-controlling interests. A non-controlling interest is the interest in a subsidiary that is not owned, directly or indirectly, by the BBC. The non-controlling interest reflects the amount of the net result for the year and the net assets/(liabilities) which are not attributable to the BBC. The carrying amounts of non-controlling interests are adjusted to reflect any changes in their and the BBC's relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the BBC.

When the BBC loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the net assets of the subsidiary (including attributable goodwill) and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to the income statement or transferred directly to retained earnings as appropriate. The fair value of any interest retained in the former subsidiary at the date when control is lost is regarded as the cost on initial recognition of an investment in an associate or joint venture.

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of each entity of the BBC at an average exchange rate.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into sterling at the rate of exchange ruling at that date. Foreign currency gains or losses arising from the translation of assets and liabilities at these rates of exchange, together with exchange differences arising from transactions settled during the year, are included in the income statement within operating costs. Non-monetary assets and liabilities measured at historical cost are translated into sterling at the rate of exchange on the date of initial recognition.

Financial statements of foreign operations

The assets and liabilities of foreign operations are translated into sterling at the rate of exchange ruling at the balance sheet date. The income and expenses of foreign operations are translated into sterling at average rates of exchange ruling during the financial period, which is a good approximation for the actual rate. Exchange differences arising on translation are recognised directly in the translation reserve.

On disposal of an investment in a foreign operation, the associated translation reserve balance is released to the income statement.

Adoption of new and revised accounting standards

The following new and revised standards and interpretations have been adopted for the first time, as they became effective for this financial year:

- Reference to the Conceptual Framework (Amendments to IFRS 3 Business Combinations). The amendment replaced a reference for the Framework for the Preparation and Presentation of Financial Statements, issued in 1989 with a reference to the Conceptual Framework for Financial Reporting, issued in March 2018 without significantly changing its requirements. In addition, an exception to the recognition principle of IFRS 3 to identify the liabilities assumed in a business combination and an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16). This amendment prohibits a company from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced whilst making that item of property, plant and equipment available for its intended use, for example during a necessary testing or commissioning period.
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37). Clarifying which costs should be considered in assessing whether a contract is onerous.
- Annual Improvements 2018 – 2020. Includes amendments made to IFRS 1, IFRS 9, IFRS 16 and IAS 41.

These have been applied since 1 April 2022 and have not had a significant impact on the results or financial position of the BBC.

New standards and interpretations not yet adopted

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the UK).

- Classification of Liabilities as Current and Disclosure of Accounting Policies (Amendments to IAS 1). This amendment clarifies how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances.
- Definition of Accounting Estimate (Amendments to IAS 8). The amendment introduces the definition of accounting estimates and helps entities distinguish changes in accounting estimates from changes in accounting policies.
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12). This amendment requires companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.
- Insurance Contracts (Amendments to IFRS 17). This amendment sets out the requirements for a company reporting information about insurance contracts it issues and reinsurance contracts it holds.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practical Statement 2). The amendment requires that an entity discloses its material accounting policies instead of its significant accounting policies.

The directors do not expect that the adoption of the standards and interpretations above would have a material impact on the financial statements of the BBC in future periods.

Financial statements

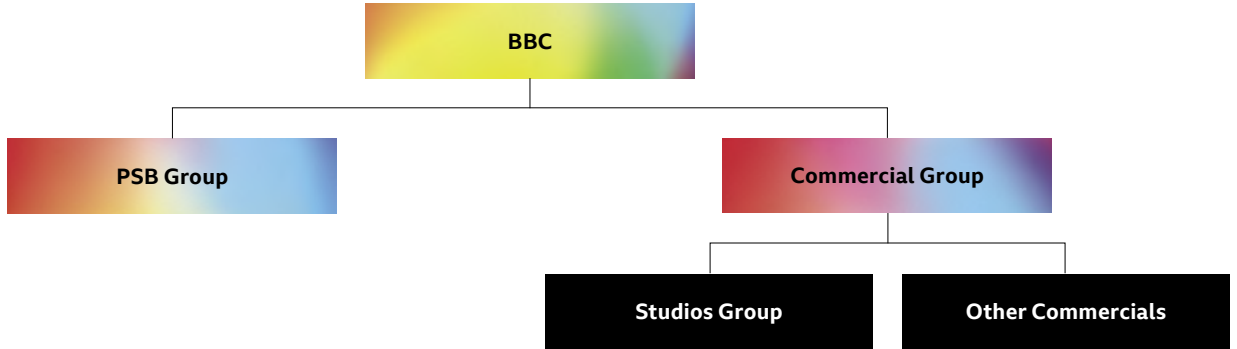
Notes to the accounts continued

B. The BBC's operations, income and expenditure

The BBC Group structure separates its Public Service Broadcasting (PSB) activities from Commercial Group.

The distinction between the segments is important as the BBC must not cross-subsidise its commercial activities through its PSB Group or grant-funded activities.

The PSB part of the BBC receives licence fee income for the purpose of making content available for licence fee payers. PSB Group therefore owns many programme titles which have the potential to generate additional income through a more commercial market, for example airing across other platforms, merchandising, etc.



The commercial arm of the BBC Group is used to trade within that commercial market. They are self-funded and operate independently to the PSB arm of the BBC Group. The profits generated are distributed back to PSB, through dividends and programme investment, thereby contributing towards the funding of PSB activities.

The notes in this section provide information on the performance in the year for each segment of the BBC Group.

The BBC's operating segments are reported in a manner consistent with the internal reports provided to the BBC Board, who are responsible for making strategic decisions, allocating resources and assessing performance of the operating segments. They are noted as:

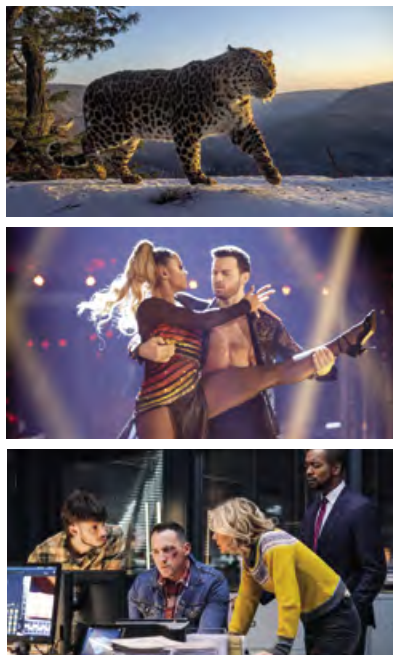
PSB Group

PSB is responsible for the BBC Public Service activities and provides a wide range of programmes to audiences across the UK on television, radio and digitally and across the world via its World Service provision. Examples of some of its well known services are:



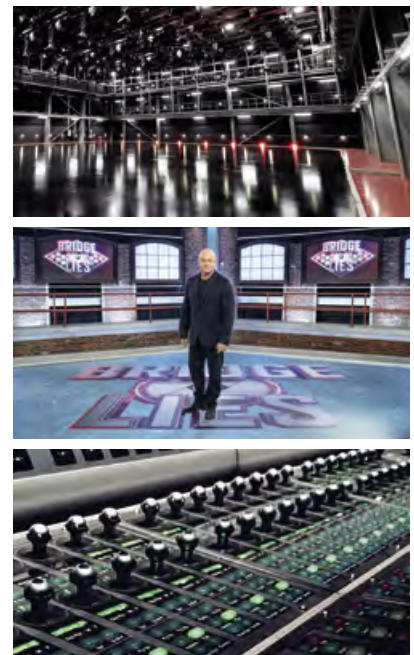
Studios Group

The Studios Group is the BBC's production and distribution business. It creates, invests in, develops, produces, commercialises and distributes content which sits at the heart of the BBC schedule as well as across multiple platforms and around the world, delivering value back to the licence fee consumer through support for programme funding and cash dividends. Examples of some of its well-known brands are:



Other commercials

Aggregated for reporting purposes consisting of BBC Studioworks Limited and the non-trading parent companies. BBC Studioworks provides studios and post-production services to all major UK broadcasters and production companies.



B. The BBC’s operations, income and expenditure continued

BBC Children’s Productions Limited moved to the Studios Group on 1 April 2022. BBC Children’s Productions Limited was recognised within the Other Commercials segment historically.

Group adjustments reflect eliminations required for trading activity between the segments detailed above.

Information regarding reporting segment total assets and liabilities, financing income/cost and taxation is not reported to the Board.

Disclosures on the PSB Group expenditure can be found within the Strategic Report. Key policies adhered to are:

- Spend by BBC service shows the cost to the licence fee payer of providing the relevant service and therefore excludes any costs funded by a co-producer.
- For BBC Online, the service spend reflects the incremental costs of getting content to audiences unless the content is specifically commissioned for this service.

This means the costs reported against individual services are not necessarily equivalent to the costs which would be incurred by such a service on a stand-alone basis.

The prices charged for the services provided between PSB Group and the commercial activities are determined on an arm’s length basis in accordance with Ofcom’s Trading and Separation Obligations and the BBC published transfer pricing methodologies.

Also included within this section is additional information to comply with Ofcom’s Commercial and Trading Reporting requirements.



Risk – Income recognition

There is a risk that income is not recognised correctly in line with financial reporting standards. The nature of the risk varies between licence fee income in the public service and commercial income.

The BBC mitigates this risk by ensuring good financial controls are in place, and regularly reviewing material areas or complex judgements relating to income recognition (see page 108).

Judgement – Income recognition

Income recognition in the BBC’s Commercial Group can be complex with a number of different income streams including sale of content to global broadcasters, subscription income and income from the sale of physical and digital products. The complexity of individual contractual terms may require the BBC to make judgements in assessing when the criteria for recognising income have been satisfied, particularly whether the BBC has sufficiently fulfilled its obligations under the contract to allow income to be recognised.

Financial statements

Notes to the accounts continued

B. The BBC's operations, income and expenditure continued

B1 Income and operating results

2023	Note	PSB Group £m	Studios Group £m	Other Commercials £m	Intra-group eliminations £m	Group £m
Licence fee income	B2	3,740	–	–	–	3,740
Total income from contracts with customers	B3.2	198	2,088	41	(474)	1,853
Grant income		98	–	–	–	98
Rental and associated income		37	1	–	(12)	26
Other income		6	1	1	–	8
Total other income		339	2,090	42	(486)	1,985
£ Total income	B3.1	4,079	2,090	42	(486)	5,725
Depreciation and amortisation	B6	(156)	(275)	(6)	2	(435)
Other operating costs		(4,286)	(1,744)	(51)	559	(5,522)
Total operating costs	B7	(4,442)	(2,019)	(57)	561	(5,957)
Share of results of associates and joint ventures	E7	–	12	–	–	12
Group operating (deficit)/surplus		(363)	83	(15)	75	(220)
Gain on disposal	C2	2	9	–	–	11
Other gains and losses	C3	–	(20)	(1)	–	(21)
Operating segment result		(361)	72	(16)	75	(230)
Financing income	C4					151
Financing costs	C4					(60)
Net financing income	C4					91
Deficit before taxation						(139)
Taxation	C5.1					19
Deficit for the year						(120)

On 1 April 2022, BBC Children's Productions Limited transferred from Other Commercials to the Studios Group.

The tables in this section demonstrate how each of our different operating segments have performed over the past 12 months and how we internally monitor and report our results. The Commercial segments (Studios Group and Other Commercials) will be aiming to maximise their long-term operating profits to provide Commercial returns back to the BBC Group. The PSB operating segment is closely monitored on its effective use of the licence fee and the public services it provides. Its primary obligation is delivering value for all audiences.

B. The BBC's operations, income and expenditure continued**B1 Income and operating results** continued

2022	Note	PSB Group £m	Studios Group £m	Other Commercials £m	Intra-group eliminations £m	Group £m
Licence fee income	B2	3,800	–	–	–	3,800
Total income from contracts with customers	B3.2	178	1,627	104	(498)	1,411
Grant income		98	–	–	–	98
Rental and associated income		26	1	–	(13)	14
Other income		5	2	–	–	7
Total other income		307	1,630	104	(511)	1,530
£ Total income	B3.1	4,107	1,630	104	(511)	5,330
Depreciation and amortisation	B6	(162)	(195)	(5)	3	(359)
Other operating costs		(3,909)	(1,346)	(111)	494	(4,872)
Total operating costs	B7	(4,071)	(1,541)	(116)	497	(5,231)
Share of results of associates and joint ventures	E7	–	25	–	–	25
Group operating surplus/(deficit)		36	114	(12)	(14)	124
Gain on disposal	C2	20	8	–	–	28
Other gains and losses	C3	–	(13)	–	–	(13)
Operating segment result		56	109	(12)	(14)	139
Financing income	C4					103
Financing costs	C4					(56)
Net financing income	C4					47
Surplus before taxation						186
Taxation	C5.1					20
Surplus for the year						206

On 1 July 2021 the BBC Global News Group, with the exception of the international news channel, transferred into the Studios Group. The international news channel transferred into the PSB Group on the same day.

B2 Licence fee income

Income from television licences is treated as an amount due from the DCMS. This represents the value of licences issued in the year, less a deduction for refunds, cancellations and estimated impairment of licence fee sales debt.

The BBC collects the licence fee on behalf of the Government's consolidated fund. Licence fee income is then drawn down from the consolidated fund by DCMS and passed to the BBC as grant-in-aid.

	Licence fee 2023 £	Licences in force as at 31 March 2023 '000	Total income 2023 £m	Licence fee 2022 £	Licences in force as at 31 March 2022* '000	Total income 2022 £m
Colour	159.00	23,236	3,718	159.00	23,670	3,777
Monochrome	53.50	4	–	53.50	4	–
Concessionary – Blind	79.50	70	6	79.50	70	6
Concessionary – Other	7.50	115	1	7.50	118	1
Quarterly payment scheme premium			15			16
Total paid-for licences		23,425	3,740		23,862	3,800
BBC funded**		947	–		946	–
£ Total licences/licence fee income		24,372	3,740		24,808	3,800

* The 2021/22 Licences in Force restated to update estimates contained within Accommodation for Residential Care (ARC) concessionary licences and BBC Funded ARC licences which had been distorted by Covid impacts

** Primarily relates to free licences issued to anyone over 75 who receive Pension Credit. Licence holders who are over 75 and resident in an Accommodation for Residential Care (ARC) scheme or an ARC scheme with Preserved Rights are also eligible for a free licence

During the year 3 million (2022: 3 million) colour licences were issued under the quarterly payment scheme at a premium of £5 each (2022: £5).

Financial statements

Notes to the accounts continued

B. The BBC's operations, income and expenditure continued

B3 Other income

Income from contracts with customers

Income is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Income recognition is based on the delivery of performance obligations and an assessment of when control is transferred to the customer. The complexity of individual contractual terms may require the BBC to make judgements in assessing when the triggers for income recognition have been met, particularly whether the BBC has sufficiently fulfilled its obligations under the contract to allow income to be recognised.

Income is recognised either when the performance obligation in the contract has been performed ('point in time') or 'over time' as control of the performance obligation is transferred to the customer. A performance obligation must meet one of the three criteria in IFRS 15 Revenue to meet 'over time' recognition. The default category, if none of these criteria are met, is 'point in time' recognition. Further detail on the category of income recognition for each income stream can be found below.

IFRS 15 provides more comprehensive guidance for contracts to licence intellectual property, or contracts where licence of intellectual property is a significant component. Each performance obligation is identified and evaluated as to whether it represents a right to access the content (income recognised over time) or represents a right to use the content (income recognised at a point in time) and all three of the criteria referred to above must be met to meet the definition of a 'right to access' licence. The majority of the Group's contracts to licence intellectual property have defaulted to a 'right to use' licence and the recognised at a 'point in time'.

Content and format sales

Licence fees from programme content and programme formats are recognised on the latter of the start of the licence period (taking into account any holdback dates) or when the Group's performance obligations have been satisfied. For content sales the performance obligation will generally be to deliver the associated programme to the customer, therefore income is recognised 'episodically' – on delivery of each episode. For format sales, there are two performance obligations – to provide the format 'bible' and in some cases production assistance. Income is allocated to each of these performance obligations based on stand-alone selling prices and recognition at the two separate 'points in time'. The payment terms are over the term of the contract.

Production income

Production income is recognised on delivery of the related programme or on a stage of completion basis, depending on the nature of the contract with the customer. Income is recognised either when the performance obligation in the contract has been performed ('point in time' recognition) or 'over time' as control of the performance obligation is transferred to the customer. The payment terms are over the term of the contract.

Subscription fees

Subscription fees on pay channel platforms and from subscriptions to print and online publications and services are recognised as earned, pro-rata over the subscription period. The performance obligation is to provide the subscription service over the period of the contract. This performance obligation meets the definition of 'right to access' as the customer simultaneously receives and consumes the benefits as the Group provides the service. Therefore, subscription fee income is recognised 'over time'. Minimum guarantees related to subscription fee income are recognised pro-rata straight line over the contract life, in line with 'over time' recognition. The payment terms are quarterly in arrears.

Advertising income

Advertising income is recognised on transmission or publication of the advertisement. The performance obligation is satisfied at this 'point in time' – when each advertisement occurs. The payment terms are over the term of the contract.

Consumer products

Income generated from the sale of consumer products (merchandising) is recognised at the time of delivery. Income from the sale of goods is stated net of deductions for actual and expected returns based on management judgement and historical experience. The performance obligation is delivery of the products and therefore income is recognised at a 'point in time'. The payment terms are over the term of the contract.

Royalties

Royalty income arising from sales and usage-based royalties are recognised at the later of when the subsequent sales or usage occurs, or the performance obligation has been satisfied except where there is insufficient data to measure this and then royalty income is recognised on a cash basis. The value of income recognised on a cash basis is immaterial to the accounts. Minimum guarantees related to royalty income are recognised on delivery of the completed content to the customer, with any subsequent royalties recognised as earned. Therefore, royalty income is recognised at a 'point in time'. The payment terms are over the term of the contract.

Grant income

Grants from Government departments are recognised as income in the financial year that they relate to. Grants from other public bodies are recognised as income consistently with the related costs, provided that there is reasonable assurance that the BBC will comply with any conditions attached to the grant and that the grant will be received.

Rental income

Rental income is recognised on a straight-line basis over the term of the lease.

Other income

Other income arises from activities such as the sale of goods, provision of services and granting of licences. Income is measured after deductions for value added tax, any other sales taxes, trade discounts and sales between BBC companies.

The recognition point varies depending on the nature of the revenue stream.

B. The BBC's operations, income and expenditure continued**B3 Other income** continued**B3.1 PSB Income**

	2023			2022		
	External income £m	Intra-group income £m	Total income £m	External income £m	Intra-group income £m	Total income £m
Licence fee income	3,740	–	3,740	3,800	–	3,800
Content and format sales	7	11	18	8	10	18
Production income	33	6	39	32	8	40
Royalties	25	57	82	26	44	70
Advertising income	3	–	3	2	–	2
Consumer products	16	1	17	9	2	11
Other contract income	11	28	39	3	34	37
Total income from contracts with customers	95	103	198	80	98	178
Grant income	98	–	98	98	–	98
Rental and associated income	25	12	37	13	13	26
Other income	6	–	6	5	–	5
Total other income	129	12	141	116	13	129
Total income	3,964	115	4,079	3,996	111	4,107

B3.2 Income from contracts with customers

2023	Note	PSB Group £m	Studios Group £m	Other Commercials £m	Intra-group eliminations £m	Group £m
Income streams						
Content and format sales		18	452	–	(20)	450
Production income		39	984	41	(369)	695
Royalties		82	58	–	(56)	84
Advertising income		3	295	–	–	298
Subscription fees		–	208	–	–	208
Consumer products		17	91	–	(1)	107
Other contract income		39	–	–	(28)	11
	B1, B3.1	198	2,088	41	(474)	1,853
Timing of transfer of goods and services						
At a point in time		132	1,803	–	(433)	1,502
Over time		66	285	41	(41)	351
	B1	198	2,088	41	(474)	1,853

This table details the BBC's external sources of contract income by operating segment and the timing of how the income is received.

2022	Note	PSB Group £m	Studios Group £m	Other Commercials £m	Intra-group eliminations £m	Group £m
Income streams						
Content and format sales		18	344	–	(11)	351
Production income		40	630	84	(404)	350
Royalties		70	60	–	(44)	86
Advertising income		2	294	12	(2)	306
Subscription fees		–	218	8	–	226
Consumer products		11	81	–	(2)	90
Other contract income		37	–	–	(35)	2
	B1, B3.1	178	1,627	104	(498)	1,411
Timing of transfer of goods and services						
At a point in time		111	1,409	60	(452)	1,128
Over time		67	218	44	(46)	283
	B1	178	1,627	104	(498)	1,411

Financial statements

Notes to the accounts continued

B. The BBC's operations, income and expenditure continued

B3 Other income continued

B3.3 Transaction price allocated to the remaining performance obligations

The following table includes income expected to be recognised in the future related to the performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

	2024 £m	2025 £m	2026 £m	Beyond £m
Content and format sales	112	99	79	37
Production income	449	332	415	357
Royalties	22	25	25	28
Advertising income	212	230	228	440
Subscription fees	136	90	7	4
Consumer products	14	15	16	33
	945	791	770	899

This table details the amounts still due under contracts that have not yet been fulfilled. This therefore gives an indication of when that income is expected to be recognised in the future.

The BBC applies the practical expedient allowable by paragraph 121 of IFRS 15 and does not disclose information about the remaining performance obligations that have original expected durations of one year or less.

B3.4 Contract costs

Costs of obtaining long-term contracts and costs of fulfilling contracts

The costs of fulfilling contracts do not result in the recognition of a separate asset because:

- such costs are included in the carrying amount of inventory for contracts involving the sale of goods; and
- for service contracts, income is recognised over time by reference to the stage of completion, meaning that control of the asset is transferred to the customer on a continuous basis as work is carried out. Consequently, no asset for work in progress is recognised.

The Group has taken advantage of the practical exemptions:

- not to account for significant financing components where the time difference between receiving consideration and transferring control of goods (or services) to its customer is one year or less; and
- to expense the incremental costs of obtaining a contract when the amortisation period of the asset otherwise recognised would have been one year or less.

There were no capitalised commission fees or any other material contract costs in the current year or prior year.

B4 Geographical location of non-current assets and income

2023	PSB Group £m	Studios Group £m	Other Commercial £m	Intra-group eliminations £m	Group £m
Non-current assets excluding deferred tax and financial instruments:					
UK	2,309	487	325	144	3,265
America	10	152	–	–	162
Australia	–	10	–	–	10
Rest of world*	32	5	–	–	37
	2,351	654	325	144	3,474
Additions included in non-current assets and investments	76	298	11	–	386
External income:					
UK	4,055	914	42	(486)	4,525
America	12	710	–	–	722
Australia	2	85	–	–	87
Rest of world*	10	381	–	–	391
	4,079	2,090	42	(486)	5,725

B. The BBC's operations, income and expenditure continued**B4 Geographical location of non-current assets and income** continued

2022	PSB Group £m	Studios Group £m	Other Commercials £m	Intra-group eliminations £m	Group £m
Non-current assets excluding deferred tax and financial instruments:					
UK	2,345	509	330	676	3,860
America	11	191	–	–	202
Australia	–	13	–	–	13
Rest of world*	41	5	–	–	46
	2,397	718	330	676	4,121
Additions included in non-current assets and investments	72	259	4	–	335
External income:					
UK	4,084	760	84	(511)	4,417
America	11	374	4	–	389
Australia	1	86	–	–	87
Rest of world*	11	410	16	–	437
	4,107	1,630	104	(511)	5,330

* No individual country within the rest of world category is more than 3% of sales

Non-current assets are the Group's long-term investments where the full value will not be realised within an accounting year.

The allocation of income and non-current assets to geographical segments is based upon the business region in which the income is generated/assets reside.

Further analysis of the Group's income by product or service line is not provided as this information is not routinely reported to the Board.

B5 Contribution from commercial activities

A dividend of £198 million was declared but not paid by BBC Commercial Limited to the PSB Group (2022: £144 million declared and paid).

In the year ended 31 March 2023, the following dividends were declared to BBC Commercial Limited:

- £176 million by BBC Studios (2022: £135 million) of which £146 million was paid at 31 March 2023 (2022: £135 million paid)
- £6 million by BBC Studioworks Limited (2022: £3 million)

The dividends above are not identifiable in the consolidated primary statements as they are eliminated upon consolidation.

A dividend of £4 million was paid to non-controlling interests in the prior year. No dividend was paid in 2022/23.

Financial statements

Notes to the accounts continued

B. The BBC's operations, income and expenditure continued

B6 Total operating costs

The accounting policies for the sections below are detailed within their respective balance sheet notes with the exception of development and research costs.

■ Online and TV development spend funds the near-term development of new platforms and services, particularly for BBC Online. This is primarily focused on new features for existing services and also includes related support and overhead costs.

It is distinct from research department costs which is focused on much longer-term research of new technology and standards that benefit the whole industry.

Total operating costs have been arrived at after charging the following items:

	Note	2023 £m	2022 £m
Intangible fixed assets, property, plant and equipment and other investments			
Depreciation			
• owned assets	E4	74	77
• leased assets	F1, F3	95	92
Amortisation of intangible fixed assets	E2	266	190
Impairment of investments in associates and joint ventures	E7	30	2
Impairment of investments		2	–
Impairment of intangible assets	E2	8	–
Inventories			
Write-downs of programme-related assets recognised as an expense		10	2
Other operating costs			
Staff costs	D2	1,520	1,469
Online and TV development		51	44
Research costs		21	14
Net exchange differences on settled transactions		–	5
Expenses relating to short-term leases	F5	10	17
Audit fees (see below)		3	3
Impairment of trade receivables	H1.4	2	1
Expenses relating to leases of low-value assets, excluding short-term leases	F5	4	–

Research costs are incurred to explore ideas for new programmes or assets, such as BBC iPlayer. Research costs are where the ideas are generated, some of which are then developed further into a plan or design where the costs are then categorised as development.

The Comptroller and Auditor General (C&AG) is the statutory external auditor for the BBC Group. The National Audit Office (NAO) provided external audit services on behalf of the C&AG for the financial years ended 31 March 2023 and 31 March 2022.

The following table presents the aggregate fees for the external audit (including the audit of pay disclosures and other assurance work) undertaken by the NAO which totalled £2,986,000 (2022: £2,853,000).

No additional services were provided by the C&AG or NAO during 2022/23 or 2021/22.

	2023 £m	2022 £m
For the audit of the BBC's annual accounts	1	1
For the audit of subsidiaries of the BBC	2	2
Total fees paid	3	3

Non-audit services with other auditors (primarily taxation compliance services) totalled £316,000 (2022: £100,000).

B7 Analysis of total operating costs by commercial activities

	Studios Group		Other Commercials		Total Commercials	
	2023 £m	2022 £m	2023 £m	2022 £m	2023 £m	2022 £m
Cost of sales	1,585	1,180	39	100	1,624	1,280
Distribution costs	142	162	–	–	142	162
Administration expenses	292	199	18	16	310	215
Total operating costs	2,019	1,541	57	116	2,076	1,657

Analysis of total operating costs for PSB can be found within the Chief Operating Officer's review on page 53.

C. Other profit and loss items

This section provides information relating to the following areas of the income statement:

Acquisitions and disposals

The BBC operates within a competitive market, and in order to ensure the BBC remains competitive and innovative within the market place, commercial decisions can be made to acquire other commercial operations or dispose of existing assets and investments.

Other gains and losses

The BBC generates gains and losses which are unrelated to its normal course of business. These gains and losses are associated with the reclassification of certain financial assets which are separately disclosed.

Net financing costs

The BBC incurs interest and other costs associated with the borrowing of funds which largely relate to bank borrowings, leases and the unwinding of discount rate applied to its longer-term payables. Financing income is largely generated by the BBC on the cash it holds in the bank, including its investments returns during the year and the unwinding of discounts applied to its longer-term receivables. Also included in net financing costs is the fair value movement of financial instruments used to manage the risk of interest rate fluctuations and fix the payment profile of lease repayments. Depending on market movements, these fair value changes could be classified as either income or expense in the year.

Taxation

The BBC's public sector 'free-to-air' broadcasting activities are not subject to taxation. The PSB Group is however liable to taxation on its other activities which yield a taxable profit including rent, royalties and interest receivable. The commercial subsidiaries in the BBC Group are taxed in accordance with tax legislation.

Judgements – Acquisitions

All identified assets and liabilities included within an acquisition are recognised at fair value as at the acquisition date. Fair value is determined by what could be exchanged between knowledgeable, willing parties in an arm's length transaction. Judgement is required in determining the valuation method for each identifiable asset and liability, which is specific for each category based on the most appropriate valuation method – including the cost, income and market approaches. Judgement is also required when assessing the appropriate economic useful lives for assets acquired.

Judgements – Net finance costs

Net finance costs is the difference between the expected return on assets and the interest liabilities. For long-term receivables (where the right to receive consideration exceeds one year) and long-term payables (where the obligation to pay consideration exceeds one year) an effective interest rate is used to discount future cash flows over the life of the contract back to its present value. Judgement is required in determining the value of the effective interest rate so it reflects a current market assessment of the time value of money.

C1 Acquisitions

■ Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given by the BBC in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date. Subsequent adjustments to the fair values of net assets acquired are made within 12 months of the acquisition date where original fair values were determined provisionally. These adjustments are accounted for from the date of acquisition. Transaction costs that the BBC incurs in connection with a business combination, such as legal fees, due diligence fees and other professional and consulting fees, are expensed as incurred. On acquisition, the BBC recognises any non-controlling interest either at fair value or at the non-controlling interest's proportionate share of net assets. When control is obtained in successive share purchases (a 'step acquisition') it is accounted for using the acquisition method at the acquisition date. The previously held interest is remeasured to fair value at the acquisition date and a gain or loss is recognised in the income statement.

■ Acquisitions

All identified assets and liabilities included within an acquisition are recognised at fair value as at the acquisition date.

Firebird Pictures Limited

BBC Studios Distribution Limited previously held a 25% share in Firebird Pictures Limited and on 20th September 2022 purchased an additional stake. This took the shareholding to 100%, thus Firebird Limited became a wholly owned subsidiary of BBC Studios Distribution. The initial investment was revalued at acquisition for a fair value of £6 million compared to a carrying amount of £2 million. As at 31 March 2023, Firebird Films Limited is fully consolidated, recognising goodwill of £0.3 million and removing the amount held as an associate investment of £2 million.

Financial statements

Notes to the accounts continued

C. Other profit and loss items continued

C2 Gains on disposals

	Note	2023 £m	2022 £m
Gain on assets held for sale	E6	2	20
Gain on deemed disposal of associates	C1	4	6
Gain on disposal of interests in joint ventures and associates		5	1
Other gains		–	1
		11	28

Deemed disposal gains and losses were driven by the BBC increasing its investment leading to the reclassification to that of a subsidiary. The entity is therefore consolidated as such, and hence a deemed disposal is recognised for the equity investment previously held.

C3 Other gains and losses

The table below provides a summary of the movements in fair value of certain financial instruments of the BBC.

	2023 £m	2022 £m
Change in fair value of derivative financial instruments	(2)	(3)
Change in fair value of put options over non-controlling interests	–	(10)
Gain on exercising put options	3	–
Other gains and losses	(22)	–
	(21)	(13)

A **derivative** is an asset or liability that derives its value from another asset or liability and is to be settled at a future date. The underlying asset/liability can be any other product such as foreign currency, interest rate, share, index or commodity. The BBC primarily holds forward currency contracts (to fix a future exchange rate) and interest rate swaps (to fix future interest rates charges). The value of derivatives are derived from fluctuations in the underlying asset/liability.

A **put option** issued by the BBC provides the holder the rights, but not the obligation, to require the BBC to buy shares at a future date and price determined by the option agreement.

C4 Net financing costs

Set out below is an analysis of the financing income and expenses incurred in the year. These amounts include interest relating to lease liabilities (see Note F2) and defined benefit pension schemes (see Note D6).

	Note	2023 £m	2022 £m
Financing income			
Interest income		22	3
Unwinding of discounted receivables		16	21
Fair value gains on financial instruments classified as fair value through (deficit)/surplus		77	75
		115	99
Net interest income on pension plan liabilities	D6.3	36	4
		151	103
Financing costs			
Interest expense		(8)	(4)
Fair value losses on financial instruments classified as fair value through (deficit)/surplus		(1)	–
Interest on obligations under leases	F5	(51)	(52)
		(60)	(56)
Net financing income		91	47

C. Other profit and loss items continued**C5 Taxation**

■ The tax charge for the period comprises both tax currently payable and deferred tax. Taxation is recognised in the income statement except to the extent that it relates to items recognised directly in reserves, in which case it is recognised in reserves.

Current tax is the expected tax payable for the year, using tax rates that are enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. In respect of tax currently payable:

- the PSB Group is not liable to corporation tax on any surplus licence fee income or grants received from Government departments; however, it is fully liable for corporation tax on capital gains and on all its other external income. Expenditure on capital assets is not eligible for capital allowances giving rise to temporary differences that would lead to deferred tax assets or liabilities. Movements of fair value adjustments in the income statement give rise to deferred tax balances; and
- the BBC's commercial subsidiaries are liable for corporation tax based on taxable profit for the year.

Current tax assets and current tax liabilities are offset if, and only if, there is a legally enforceable right to set off the recognised amounts; and the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax is provided using the balance sheet liability method on any temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the tax rates expected to apply in the period when the liability is settled or the asset is realised using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

- the same taxable entity; or
- different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

C5.1 Recognised in the income statement

The tax credit for the year, based on the rate of corporation tax of 19% (2022: 19%) comprised:

	Note	2023 £m	2022 £m
Current tax			
UK corporation tax		25	30
Foreign tax		(17)	(25)
Adjustments in respect of prior years		8	11
Total current tax		16	16
Deferred tax			
Origination and reversal of temporary differences		6	(4)
Changes in tax rate		1	8
Adjustments in respect of prior years		(4)	–
Total deferred tax		3	4
Total taxation in the consolidated income statement	C5.2	19	20

C5.2 Reconciliation of taxation expense

	Note	2023 £m	2022 £m
(Deficit)/surplus before tax		(139)	186
(Deficit)/surplus before tax multiplied by standard rate of corporation tax in the UK of 19% (2022: 19%)		26	(35)
Effects of:			
Public service activities			
Public service taxable external income		(12)	(5)
Non-taxable public service activities		(57)	(17)
Commercial activities			
Disallowed expenditure (including goodwill impairment)		16	8
Losses utilised		(5)	–
High-end television tax relief		57	59
Overseas earnings		(13)	–
Tax differential on overseas earnings		2	(9)
Changes in the tax rate		1	8
Adjustments in respect of prior years		4	11
Total tax for the year	C5.1	19	20

Financial statements

Notes to the accounts continued

C. Other profit and loss items continued

C5 Taxation continued

The tax charge is primarily driven by the results of the commercial businesses, as the Group's public sector 'free-to-air' broadcasting activities are not subject to taxation.

C5.3 Factors that may affect future tax charges

The UK corporation tax rate is 19%.

The Chancellor announced on 3 March 2021 that the current corporation tax rate of 19% would increase to 25%, with effect from 1 April 2023. This was substantively enacted on 24 May 2021 and therefore the deferred tax liabilities arising have been recognised using a rate of 25%.

In the UK Government's Spring Finance Bill 2023, legislation introducing a 15% global minimum corporate income tax rate was included, to have effect from 2024 in line with the Organisation for Economic Cooperation and Development's (OECD) Pillar Two model framework.

The detail of the measures and how they are to be accounted for are still being finalised and so it is not possible to accurately quantify the impact for the BBC at this stage.

However, it is not expected that the legislation will have a material impact on the Group tax charge as the jurisdictions in which the Group operates are either not material for the purposes of the legislation or pay effective rates of tax over 15%.

The BBC has applied the mandatory exception to the requirements in IAS 12 that an entity does not recognise and does not disclose information about deferred tax assets and liabilities related to the OECD pillar two income taxes.

C5.4 Current tax asset

The current tax asset totalling £62 million (2022: £88 million) includes £57 million (2022: £59 million) due in respect of industry film and tax credits outstanding on high-end drama, comedy, natural history and factual productions.

C5.5 Deferred tax assets/(liabilities)

	Fixed asset temporary differences £m	Provisions £m	Financial instruments £m	Associates and joint ventures £m	Programme rights £m	Other £m	Net deferred tax (liability)/asset £m
At 1 April 2022	10	18	(3)	(21)	(7)	(3)	(6)
(Charge)/credit to the income statement	(4)	(12)	2	–	–	17	3
Charge to reserves	–	–	(3)	–	–	–	(3)
At 31 March 2023	6	6	(4)	(21)	(7)	14	(6)

Deferred tax asset/(liability) presented within:	2023 £m	2022 £m
Non-current assets	25	22
Non-current liabilities	(31)	(28)
	(6)	(6)

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of taxable or deductible temporary differences, the carry forward of unused losses and/or the carry forward of unused tax credits.

Temporary differences are differences between the carrying amount of an asset or liability in the statement of financial position and its tax base, where the tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

The BBC has unrecognised deferred tax assets arising on capital losses totalling £137 million (2022: £137 million) and, in the prior year, trade losses totalling £23 million. These assets have not been recognised on the basis that there is insufficient certainty that future gains or profits will arise against which the BBC can utilise these losses.

The BBC also has unrecognised deferred tax assets non-trade loan relationship losses totalling £14 million in the prior year. These assets have now been used.

There is no time limit for the utilisation of either of these losses and the position is reviewed annually.

C5.6 Current tax liabilities

Current tax liabilities totalling £7 million (2022: £14 million) are due in overseas jurisdictions.

D. What the BBC spends on its people

The BBC employs a significant number of people. It also provides pension benefits to both current and past employees. This section has two main parts; the first details employee numbers (excluding freelancers and agency staff), staff costs and transactions with members of the BBC Board and BBC Executive Committee who served during the year. The second presents the key information relating to the BBC Group's pension plans.

The analysis provided in the pension notes is based on the IAS 19 Employee Benefits estimate of the scheme's assets and liabilities as at 31 March 2023. This accounting valuation provides a snapshot of the scheme at the year end date and is therefore sensitive to short-term fluctuations within markets.

To ensure the scheme is adequately funded to meet its liabilities, a statutory triennial actuarial valuation is also performed as an appraisal of the fund's assets versus liabilities. This will often differ to the IAS 19 accounting valuation due to the difference in discount rates used to determine the liability. Whilst the actuarial valuation uses discount rates based on gilts, the accounting valuation uses discount rates based on high credit corporate bonds. Generally therefore, the accounting valuation presents a more favourable funding position than that required on an actuarial basis.

Risk – Defined benefit pension scheme

Changes in the assumptions used to calculate the IAS 19 valuation of the BBC's defined benefit pension scheme can result in large swings in the final numbers disclosed. The BBC therefore carries a risk of a material misstatement arising on this highly judgemental area if the assumptions used are not appropriate.

Sensitivity analysis on these assumptions (discount, inflation and mortality rates) is presented in Note D7.5 to reflect the impact of this risk.

The defined benefit pension scheme exposes the BBC to the following actuarial risks:

Risk	Description
Investment risk	Actual returns may differ from expected returns. Investments are diversified, across and within asset classes, to avoid over-exposure to any one asset class or market.
Currency risk	Scheme assets are subject to currency risk because some of the Scheme's investments are held in overseas markets, either as segregated investments or via pooled investment vehicles (PIV). The Trustees limit overseas currency exposure through a currency hedging policy which seeks to partially hedge the major currency exposures (Euro and US dollar).
Counterparty risk	A counterparty may default whilst owing money to the scheme. Collateral is posted by the counterparty for long-term transactions when the valuation of the transaction is favourable to the scheme.
Interest rate risk	A fall in interest rates would cause the present value of liabilities to rise. To mitigate this risk, the scheme's Trustees invest in bonds, derivatives and other investments with predictable long-term cash flows that will tend to rise in price if interest rates fall.
Longevity risk	Longer life expectancy would increase the Scheme's liabilities. The Scheme's Trustees regularly assess the possibility and value of hedging the Scheme's longevity risk. The scheme has also taken out a longevity hedge to cover approximately one third of the pension liability.
Inflation risk	An increase in expected inflation will cause the present value of liabilities to rise if it is not accompanied by a rise in interest rates. To mitigate this risk, the scheme's Trustees invest in index-linked bonds, derivatives and other assets where value is likely to increase if inflation rises.
Liquidity risk	The scheme may not have sufficient liquid assets to allow it to meet its liabilities and other obligations as they fall due. The amount of cash held to pay benefits is assessed well in advance to minimise unforeseen sales and transaction costs and the large majority of the scheme's assets are invested in highly liquid assets.

Judgement – defined benefit pension scheme

Judgement is required when determining the assumptions used in calculating the pension costs and obligations of the BBC's defined benefit schemes. These include the discount rate, inflation rate and mortality.

The BBC mitigates this risk by using assumptions recommended by independent actuarial specialists and seeking approval of these from the Audit and Risk Committee (see page 108).

Financial statements

Notes to the accounts continued

D. What the BBC spends on its people continued

D1 Persons employed

The average full-time equivalent number of persons employed in the year was:

Average	2023			2022		
	Staff excluding apprentices	Apprentices [^]	Total number	Staff excluding apprentices	Apprentices [^]	Total number
PSB Group	17,375	313	17,688	17,738	152	17,890
Studios Group	3,752	45	3,797	3,155	4	3,159
Other commercials	146	–	146	232	–	232
Group total	21,273	358	21,631	21,125	156	21,281

[^] Includes Early Careers and FJAA apprentices

Within the averages above 2,542 (2022: 2,606) part-time employees have been included at their full-time equivalent of 1,670 (2022: 1,683).

In addition to the above, the BBC employed an average full-time equivalent of 1,577 (2022: 1,521) persons on a casual contract.

The full-time equivalent number of persons employed at 31 March was:

At 31 March	2023			2022		
	Staff excluding apprentices	Apprentices [^]	Total number	Staff excluding apprentices	Apprentices [^]	Total number
PSB Group	17,321	364	17,685	17,531	250	17,781
Studios Group	3,950	60	4,010	3,315	16	3,331
Other commercials	145	–	145	140	–	140
Group total	21,416	424	21,840	20,986	266	21,252

[^] Includes Early Careers and FJAA apprentices

D2 Employee remuneration

Other employee benefits

Other short and long-term employee benefits, including holiday pay and long service leave, are recognised as an expense over the period in which they accrue.

Termination benefits

Termination benefits (redundancy costs) are recognised when the BBC has a present obligation as a result of a past event and it's probable that it will result in a payment. This is typically the earlier of when the BBC can no longer withdraw or recognises costs for a restructure.

	Note	2023 £m	2022 £m
Salaries and wages		1,134	1,049
Social security costs		147	134
Pension costs			
Main scheme (defined benefit)	D6.3	163	216
Other schemes	D6.3	76	70
		1,520	1,469

Employee pension contributions made via salary sacrifice are included within pension costs, with a corresponding reduction in salaries and wages.

D3 Remuneration of the BBC Board and BBC Executive Committee

The total emoluments of the members of the BBC Board and BBC Executive Committee are disclosed in the Remuneration Report.

D4 Key management personnel compensation

Key management personnel are those people who have authority and responsibility for planning, directing and controlling the activities of the BBC. This includes members of the BBC Board and BBC Executive Committee, including the non-executive directors (see the BBC Remuneration Report).

At 31 March 2023, 20 individuals were classified as key management personnel (2022: 19).

Information about the BBC's structure, senior staff salaries and expenses are published on the BBC's website.

	2023 £m	2022 £m
Short-term employee benefits	4.7	4.6
Pension benefits	0.1	0.2
	4.8	4.8

D. What the BBC spends on its people continued**D5 Related party transactions with key management personnel**

Ian Hargreaves' daughter, Zola Hargreaves, has been contracted as a researcher on a freelance basis by BBC Wales and received a trivial amount under this contract.

D6 Group pension plans**▣ Defined contribution plans**

The BBC Group's defined contribution pension plans do not give rise to balance sheet pension assets/(liabilities) as there is no ongoing liability for the employer from these plans once the contributions due for the year have been settled.

The amounts charged as expenditure for the defined contribution plans represent the contributions payable by the BBC for the accounting period.

☰ Defined benefit plans

▣ The BBC Group has two defined benefit pension schemes, the BBC Pension Scheme and the Unfunded Scheme.

The BBC Pension Scheme is accounted for within its own financial statements but gives rise to net assets which are included on the BBC Group balance sheet as the BBC bears the risks of investment returns, life expectancies and inflation, which impact the future pension payment amounts. The net position consists of two parts:

- Scheme liabilities: the present value of the future pension payments the BBC is required to pay in respect of employee service performed up to the balance sheet date; and
- Scheme assets: the assets held by the pension fund, into which the BBC pays annual contributions. These assets are used to fund the payments to retired members and to generate returns to fund future pension payments.

The Pension Scheme, of which a significant minority of staff are members, provides benefits based on pensionable pay. The assets of the BBC's Pension Scheme are held separately from those of the BBC.

The Unfunded Scheme gives rise to net liabilities, representing the present value of liabilities expected to be paid to remaining members, and is reported collectively with the BBC Pension Scheme above in the balance sheet.

Pension scheme assets are measured at fair value. Pension scheme liabilities are measured using the projected unit credit method. The present value of scheme liabilities is calculated by discounting estimated future cash outflows at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities.

Should the pension scheme be in a net asset position, under the Pension Scheme rules, the BBC considers that they are entitled to any surplus on the pension scheme in the event that it is wound up. It is the actuarial valuation, as opposed to the IAS 19 estimate, which would be used to determine the amount due if the scheme was wound up.

Remeasurement comprising gains and losses and the return on scheme assets (excluding interest) are recognised immediately in the balance sheet with a charge or credit to the statement of comprehensive income in the period in which they occur.

Remeasurement recorded in the statement of comprehensive income is not recycled through the income statement. When the benefits of a plan are changed the resulting change in benefit that relates to past service is then recognised immediately in the income statement. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

- Current service cost, past service cost and gains and losses on settlements and curtailments;
- Net interest expense or income; and
- Remeasurement.

The current service cost and past service cost are included within operating costs in the consolidated income statement. Curtailments gains and losses are accounted for as past service cost. Net interest expense or income relating to the funded defined benefit pension plans is included within 'finance income' or 'finance costs', as relevant, in the consolidated income statement.

Administration costs directly related to the management of plan assets are deducted from the return on plan assets, which are recorded as remeasurements in the statement of comprehensive income. Other administrative scheme expenses associated with running the scheme are recorded within operating expenses when incurred.

The retirement benefit obligation recognised in the consolidated balance sheet represents the deficit or surplus in the BBC's defined benefit schemes. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the schemes or reductions in future contributions to the schemes.

Financial statements

Notes to the accounts continued

D. What the BBC spends on its people continued

D6 Group pension plans continued

D6.1 Group pension plans

	BBC Pension Scheme 2023 £m	Unfunded Scheme 2023 £m	Total 2023 £m	BBC Pension Scheme 2022 £m	Unfunded Scheme 2022 £m	Total 2022 £m
Surplus/(deficit) in scheme at the start of the year	1,249	(8)	1,241	198	(8)	190
Movement in the year:						
Current service cost	(163)	–	(163)	(216)	–	(216)
Contributions (from employer)	239	–	239	173	–	173
Administration costs incurred	(10)	–	(10)	(9)	–	(9)
Net finance income	36	–	36	4	–	4
Remeasurement (losses)/gains	(649)	1	(648)	1,099	–	1,099
Surplus/(deficit) in scheme at the end of the year	702	(7)	695	1,249	(8)	1,241

Current service cost is the underlying cost to the BBC of pension rights earned by employees during the year.

Net finance income is the net of the expected return on assets and the interest charged on liabilities.

Remeasurement gains and losses arise when the actual performance of the scheme is different from that predicted.

The assumptions for pension scheme liabilities of the Unfunded Scheme are the same as the main scheme. As the scheme is unfunded there are no assets.

D6.2 BBC Pension Scheme financial position

IAS 19 valuation	Note	2023 £m	2022 £m
Scheme assets	D7.6	14,675	19,745
Scheme liabilities	D7.2	(13,973)	(18,496)
Surplus		702	1,249
Percentage by which scheme assets cover liabilities		105%	107%

The **IAS 19 Pensions valuation** takes assets at their market value and discounts the accrued liabilities by reference to the discount rate of an AA-rated corporate.

A deferred tax asset or liability in relation to the scheme does not arise for the BBC because most of the BBC's public service activity is not subject to taxation.

D6.3 Pension charges in the consolidated income statement

	Note	Defined benefit schemes			All schemes £m
		BBC Pension Scheme £m	Unfunded Scheme £m	Defined contribution scheme £m	
2023					
Current service cost	D2	(163)	–	(76)	(239)
Administration costs		(10)	–	–	(10)
Total operating charge		(173)	–	(76)	(249)
Net finance income	C4	36	–	–	36
Net cost in consolidated income statement		(137)	–	(76)	(213)
2022					
Current service cost	D2	(216)	–	(70)	(286)
Administration costs		(9)	–	–	(9)
Total operating charge		(225)	–	(70)	(295)
Net finance income	C4	4	–	–	4
Net cost in consolidated income statement		(221)	–	(70)	(291)

D. What the BBC spends on its people continued**D6 Group pension plans** continued**D6.4 BBC Pension Scheme gains/(losses) in the consolidated statement of comprehensive income**

	2023 £m	2022 £m
Return on plan assets (excluding amounts included within interest)	(5,268)	829
Remeasurement (losses)/gains arising from:		
• Experience adjustments	(1,088)	(523)
• Changes in demographic assumptions	(113)	–
• Changes in financial assumptions	5,820	793
Net (loss)/gain recognised in the consolidated statement of comprehensive income	(649)	1,099

Remeasurement (losses)/gains arise from actual performance being different from that predicted.

Only defined benefit schemes give rise to gains and losses in the statement of comprehensive income/(loss).

D7 BBC Pension Scheme

The BBC Pension Scheme is closed to new entrants. It provides pensionable salary-related benefits on a defined benefit basis.

The Pension Scheme is administered by a fund that is legally separated from the BBC Group. The Trustees of the pension fund are required by law to act in the interest of the fund and of all relevant stakeholders of the scheme. The Pension Scheme Trustees manage the plan in the short, medium and long-term. They make funding decisions based on valuations which take a longer-term view of the assets required to fund the scheme's liabilities.

D7.1 Funding the BBC Pension Scheme

Accounting valuations of the scheme are performed by PricewaterhouseCoopers LLP, consulting actuaries. Formal actuarial valuations are performed by Willis Towers Watson and are undertaken at least every three years. The most recent triennial actuarial valuation as at 1 April 2022 showed a funding shortfall of £841 million. The next formal valuation will be performed as at 1 April 2025.

A recovery plan was agreed between the BBC and the pension scheme Trustees where an additional £50 million contributions will be paid per annum by the BBC through to December 2028.

Contribution rates	Projection 2024 %	2023 %	2022 %
Employer*	42.3/30.0	42.3	42.3
Employee (Old and New Benefits)	7.5	7.5	7.5
Employee (Career Average Benefits 2006)	4.0	4.0	4.0
Employee (Career Average Benefits 2011)	6.0	6.0	6.0

* The employer contribution rate has been reduced to 30.0% following the completion of the triennial actuarial valuation

The member contributions to the scheme are mainly paid via a salary sacrifice arrangement. These have been treated as employer contributions.

On the basis of the pension assumptions above, contributions totalling £169 million are expected to be paid in 2023/24.

Below are the cash flows that have occurred through the BBC Pension Scheme itself. These are recognised in the BBC Pension Scheme's own financial statements as opposed to the BBC's.

	2023 £m	2022 £m
Contributions including additional voluntary (employer and employee)	240	175
Investment income	329	322
Cash inflows	569	497
Payments of pensions and transfers out	(559)	(561)
Expenses	(30)	(36)
Net cash outflow	(20)	(100)

As the scheme is closed to new entrants, the level of contribution from employees will decrease (as members retire, there are no new entrants to replace the reduction in employee contributions).

Financial statements

Notes to the accounts continued

D. What the BBC spends on its people continued

D7 BBC Pension Scheme continued

D7.2 Changes in the fair value of plan liabilities

The key items which affect the movement on plan liabilities are the additional year of pension benefits earned, any gains or losses relating to participants leaving the pension scheme, changes in assumptions made and benefits paid out during the year.

	2023 £m	2022 £m
Opening present value of plan liabilities	18,496	18,727
Current service cost	163	216
Administration cost	10	9
Interest on pension plan liabilities	483	372
Remeasurement losses/(gains):		
• Experience adjustments	1,088	523
• Changes in financial assumptions	(5,820)	(793)
• Changes in demographic assumptions	113	–
Contributions by plan participants	1	1
Benefits paid and expenses	(561)	(559)
Closing present value of plan liabilities	D6.2 13,973	18,496

Changes in demographic and financial assumptions change the estimates used to value the future pension asset/liability.

Demographic assumptions include mortality rates, staff turnover and early retirement.

Financial assumptions encompass items such as discount rate and future salary levels.

D7.3 Plan liabilities principal actuarial assumptions made

The calculation of the scheme liabilities requires a number of financial and demographic assumptions to be made. The principal assumptions used by the actuaries at the balance sheet date were:

Principal financial assumptions	2023 %	2022 %
Rate of increase in salaries	1.0	1.0
Rate of increase in pension payments:		
Old Benefits*	3.5	3.9
New Benefits*	3.4	3.7
Career Average Benefits (2006)*	2.3	2.4
Career Average Benefits (2011)*	2.9	3.5
Inflation assumption (RPI)^	3.5	3.9
Inflation assumption (CPI)^	3.2	3.6
Discount rate	4.7	2.7

* For more information on the different pension arrangements, please refer to the Remuneration Report

^ RPI and CPI are long-term assumptions

The discount rate for the IAS 19 Pensions valuation has been derived with reference to market yields at the end of the reporting period on AA-rated sterling-denominated corporate bonds with maturities consistent with the estimated term of the post-employment benefit obligations. Certain types of bonds are excluded from the calculating model, either because they have unusual features, are relatively small or potential outliers, in order to remove the distortion that might otherwise occur from including unusual, less liquid or potentially misrated bonds. Extrapolation is performed when the profile of the scheme's expected benefit outflow is longer than the cash flows of the available bonds.

The average life expectancy assumptions for members, after retiring at 60 years of age, are as follows:

Principal demographic assumptions	2023 Number of years	2022 Number of years
Retiring today:		
Male	28	27
Female	30	29
Retiring in 20 years:		
Male	29	29
Female	31	31

The mortality assumptions have been selected to reflect the characteristics and experience of the membership of the scheme and are based on those in line with the preliminary funding valuation as at 1 April 2022. The standard 'S3' series of tables, published by the Continuous Mortality Investigation (CMI), reflect recent research into mortality experience in the UK. A subset of these tables has been used for males and females, with a multiplier of 98% for male members and dependents, 100% for female members and 93% for female dependents. For the allowance for future improvements, the CMI 2021 core projection has been adopted with an 'initial addition' of 0.5% and a long-term trend of 1.25% for both males and females.

D. What the BBC spends on its people continued**D7 BBC Pension Scheme** continued**D7.4 Scheme membership analysis and maturity profile**

Principal demographic assumptions	2023 Number	2022 Number
Contributors	6,800	7,215
Pensioners	21,836	21,379
Dependants	4,375	4,363
Deferred pensioners	25,776	26,693

The maturity of a scheme provides an indication of the cash requirements of the scheme and the likely attitude of the Trustees to risk within their investment policy.

The more mature a scheme, the more likely that the Trustees will favour low-risk investments.

As the scheme is now closed to new entrants, the number of contributors will decrease whilst the number of pensioners increase over time.

The total number of scheme beneficiaries as at 31 March 2023 was 45,416 (2022: 46,267).

Membership numbers in the table above are higher as members can hold more than one record. For example, contributing members who have transferred to the Career Average Benefits 2011 section from another section of the scheme may have a deferred pensioner record for their benefits built up in the Old Benefits, New Benefits or Career Average Benefits 2006 sections and a contributing record for their Career Average Benefits 2011 benefits.

The average duration of the benefit obligation at the end of the reporting period is 16 years (2022: 19 years). This number can be subdivided into the duration related to:

- Contributors: 23 years (2022: 24 years)
- Pensioners: 11 years (2022: 12 years)
- Deferred pensioners: 21 years (2022: 23 years)

D7.5 Plan liabilities assumption sensitivities

The sensitivities of the schemes' liabilities to changes in the principal assumptions are set out below:

2023	Assumption used	Movement	Impact on scheme liabilities %	(Increase)/decrease on scheme liabilities £m
Discount rate	4.7%	decrease 0.1%	1.5%	(204)
	4.7%	increase 0.1%	1.3%	183
Retail price inflation rate	3.5%	decrease 0.1%	1.0%	146
	3.5%	increase 0.1%	1.5%	(204)
Mortality rate	See Note D7.3	decrease 1 year	4.0%	557
	See Note D7.3	increase 1 year	3.9%	(539)

2022	Assumption used	Movement	Impact on scheme liabilities %	(Increase)/decrease on scheme liabilities £m
Discount rate	2.7%	decrease 0.1%	2.0%	(368)
	2.7%	increase 0.1%	1.7%	321
Retail price inflation rate	3.9%	decrease 0.1%	1.7%	323
	3.9%	increase 0.1%	1.8%	(330)
Mortality rate	See Note D7.3	decrease 1 year	4.8%	888
	See Note D7.3	increase 1 year	4.9%	(901)

The **discount rate** for the IAS 19 Pensions valuation has been derived with reference to market yields at the end of the reporting period on AA-rated sterling-denominated corporate bonds with maturities consistent with the estimated term of the post-employment benefit obligations. Certain types of bonds are excluded from the calculating model, either because they have unusual features, are relatively small or potential outliers, in order to remove the distortion that might otherwise occur from including unusual, less liquid or potentially misrated bonds. Extrapolation is performed when the profile of the scheme's expected benefit outflow is longer than the cash flows of the available bonds.

The sensitivity analysis presented may not be representative of the actual change in the defined benefit obligation due to the likelihood of some linkage between assumptions.

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

Financial statements

Notes to the accounts continued

D. What the BBC spends on its people continued

D7 BBC Pension Scheme continued

D7.6 Changes in the fair value of plan assets

The key items which affect the movement on plan assets are the additional year of contributions made, changes in the value of the pension plan assets (including the investment return) and benefits paid during the year.

The employee contributions to the scheme by members are mainly paid through a salary sacrifice arrangement. These have been treated as employer contributions.

		2023 £m	2022 £m
Opening fair value of plan assets		19,745	18,925
Interest income on assets		519	376
Remeasurements on plan assets		(5,268)	829
Contributions by employer		239	173
Contributions by plan participants		1	1
Benefits paid and expenses		(561)	(559)
Closing fair value of plan assets	D6.2	14,675	19,745

Remeasurements on plan assets represent the amount by which the assets held by the scheme (such as equities, bonds and property) have performed better or worse than the prior year value.

D7.7 Plan assets

The allocation of assets by the pension fund Trustees is governed by the need to manage risk against the desire for high returns and liquidity needs.

Type of asset	2023		2022	
	£m	%	£m	%
Held at quoted market prices:				
Equities	447	3	1,342	7
Pooled vehicles	100	1	577	3
Repurchase agreements	(2,307)	(16)	(2,753)	(14)
Fixed interest bonds	2,733	19	4,012	20
Index-linked bonds	5,899	40	8,680	44
Derivatives	155	1	83	–
Other assets:				
Property				
• UK	970	7	1,200	6
• Pooled investment vehicles	546	4	565	3
Alternatives*	5,919	40	5,691	29
Cash and other current assets	213	1	348	2
Total assets	14,675	100	19,745	100
Actual return on pension plan assets**	(4,749)		1,205	

* Alternatives are investments in asset classes other than the traditional quoted equities, bonds, property and cash. They include investments in private equity, private credit, hedge funds, infrastructure and renewable energy investments. They are generally illiquid investments as some may require sufficient time to find buyers willing to pay full market value. They are useful for managing risk as they enhance portfolio diversification and potentially reduce risk as their cash flows can be well suited to meeting the scheme's liabilities.

** This constitutes realised (losses)/gains from the receipt of investment income (e.g. dividends and rent), transactions where assets are sold and unrealised fair value changes.

A long-term plan of achieving full funding on a discount rate equal to the yield on liability matching gilts plus 0.5% per annum has been agreed. The scheme's strategic asset allocation is based on the scheme's funding ratio, with the intention of not taking more risk than necessary to return to full funding over the horizon of the plan. Indirect currency risk exposure exists through pooled investment vehicles held in foreign currencies, valued at £3,724 million (2022: £4,425 million).

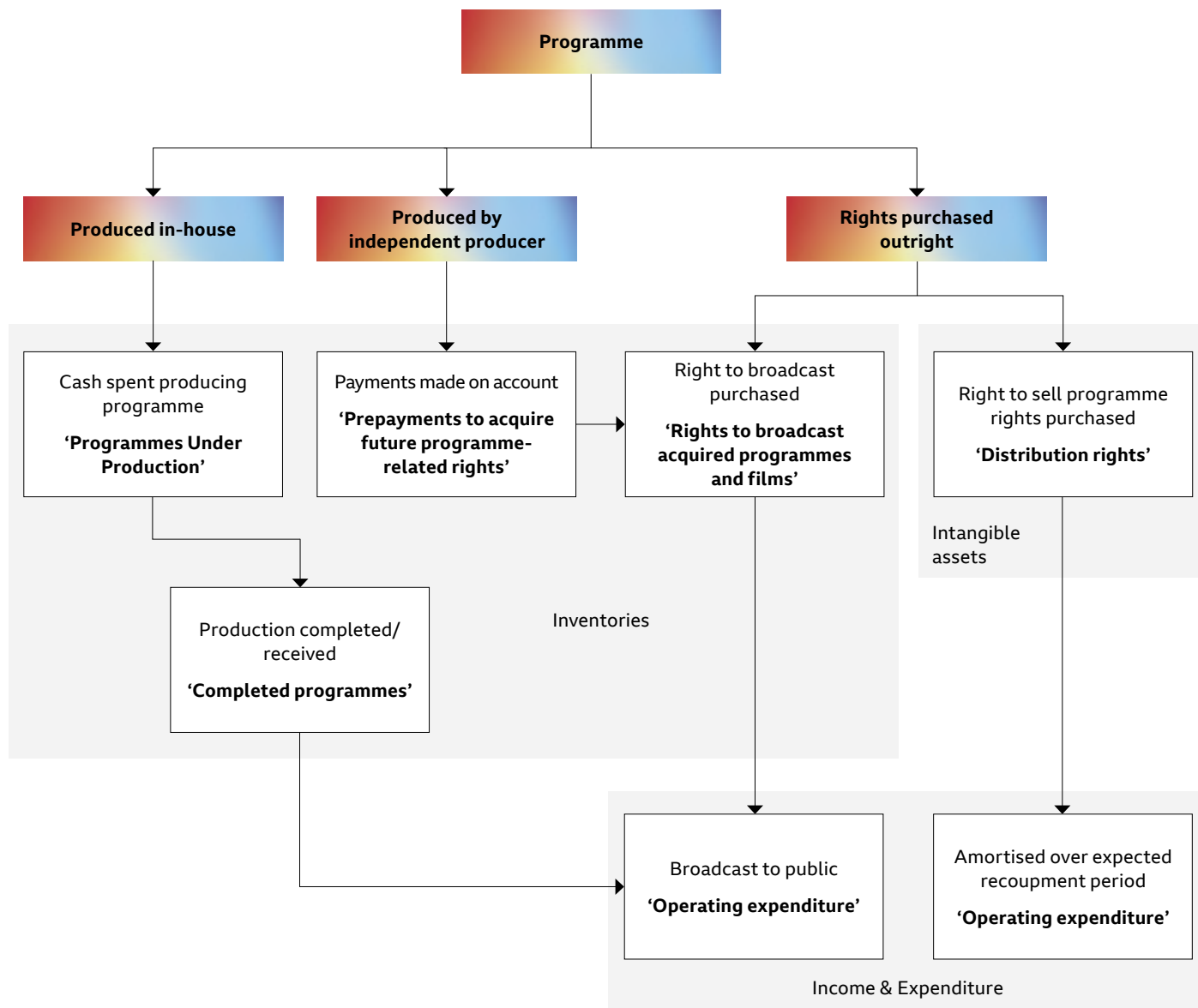
E. The assets owned by the BBC

In providing the range of services to audiences, the BBC makes use of a significant number of assets in its operations. This section sets out the owned assets the BBC intends to continue to use, those to be disposed of and any disposals made during the year. See section F for leased (right-of-use) assets held.

Owned assets can be broadly split into the following sections:

Programme-related assets

Programme assets can be recognised within either inventories or intangible assets as follows:



Financial statements

Notes to the accounts continued

E. The assets owned by the BBC continued

Risk – Programme assets

There is a risk the accounting for programme assets held on the balance sheet may result in a misstatement due to the significant amount of judgements used in the accounting valuation methodologies.

The changing approach to the way viewers consume BBC content (iPlayer vs linear) also adds risk around the timing of the release of these assets to the consolidated income statement and therefore the carrying value held on the consolidated balance sheet at each year end.

Judgement – Carrying value of programme assets

Judgement is required when calculating the carrying value of programme assets (including distribution rights), most significantly when calculating:

- the estimated average marketable life of distribution rights when setting the amortisation profile over these assets.
- the assessment of impairment over the carrying value of all programme assets (inventories and distribution rights).

When programmes are available across multiple platforms judgement is also required to determine when the associated cost should be recognised in the consolidated income statement. The BBC's policy is to recognise the majority of transmission spend from inventories on first transmission and a review is performed at each year end to verify whether this is still appropriate.

As viewers consume more content across digital platforms, however, it's likely that the cost of a programme currently held in inventory should be released over the period of consumption rather than just first transmission. This is therefore something the BBC is monitoring very closely to ensure the correct recognition policy is maintained.

Intangible assets

Intangible assets include goodwill, programme rights (see above), software and carrier agreements.

Judgement – Impairment of goodwill

The determination of whether goodwill is impaired requires an estimation of the value in use of the cash-generating units. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate that reflects current market assessments of the risks specific to the asset and the time value of money, in order to calculate present value. The estimation process is complex due to the inherent risks and uncertainties associated with long-term forecasting. If different estimates of the projected future cash flows or a different selection of an appropriate discount rate or long-term growth rate were made, these changes could materially alter the projected value of the cash flows of the asset, and as a consequence materially different amounts would be reported in the financial statements.

Property-related assets

Property, plant and equipment, furniture and fittings and assets under construction.

Risk – Complex property transactions

Where there are complex property transactions, there is a risk of misstating carrying values due to the valuation methods used, along with external factors, particularly for the areas such as:

- Accounting for properties under IFRS 16 Leases
- London Broadcasting House refinancing and the treatment of Daunus Ltd
- Other property transactions

Judgement – Capital projects

The BBC is completing a number of capital projects for which amounts have been capitalised on the BBC's consolidated balance sheet. The capitalised values are based upon estimates regarding the recoverability of these assets, the achievement of project completion, and the assets being used in the manner intended.

Investments

Balances held to represent the BBC's interest in associates and joint ventures and the results of any sales of operations that have occurred.

Judgement – Classification of investments

The BBC owns numerous investments in other entities and their classification as either subsidiary, associate or joint ventures requires judgement over the control held and consequently how they are accounted for and the valuation attributable to them.

E. The assets owned by the BBC continued**■ Impairment: Non-financial assets**

At each balance sheet date, the BBC reviews the carrying amount (net amount held on the consolidated balance sheet) of those assets that are subject to amortisation, to determine whether there is an indication that any of those assets has suffered any impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. For goodwill, the recoverable amount is estimated each year at the same time. The recoverable amount of an asset is the higher of fair value less costs to sell and value in use. For the purposes of impairment testing, assets are grouped at the lowest level at which they generate separately identifiable cash flows (cash-generating units). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. An impairment loss is recognised in the consolidated income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. Where a cash-generating unit is impaired, the impairment loss will first be allocated to reduce goodwill and then to the other assets of the cash-generating unit on a pro-rata basis, except that the carrying amount of any individual asset will not be reduced below its separately identifiable recoverable amount. Impairment losses in respect of goodwill are not reversed. In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

E1 Programme-related assets and other inventories**🔒 Completed originated programmes, programmes in production and prepayments to acquire future programme-related rights**

■ Programme assets reported as inventory effectively represent the BBC's right to broadcast. The BBC's right to sell programme rights are, however, recognised within intangible assets.

Completed originated programmes and programmes in production are held at cost. Cost includes all direct costs, production overheads and a proportion of other attributable overheads. The proportion of programmes necessarily taking a substantial period of time to produce is small and as such, no borrowing costs are included in cost.

Where, exceptionally, it becomes certain that a programme is unable to be broadcast, the full value of the programme is written off to the consolidated income statement.

Programme development costs are expensed to the income statement until such time as there is a strong indication that the development work will result in a commissioned programme, when any further costs are recognised as programme-related assets.

Originated programmes that are still in production at the balance sheet date are recognised as programmes in production, except that prepayments to acquire future programme-related rights are shown separately where the BBC has made payments to independent producers, or the holders of certain rights (for example, rights to broadcast sporting events), to receive the programme on completion.

■ Rights to broadcast acquired programmes and films

The rights to broadcast acquired programmes and films are recognised at cost. The costs of acquired programmes and films are expensed on first transmission except to the extent that the number of further showings are contractually agreed, when they are expensed according to the expected transmission profile. Assets and liabilities relating to acquired programmes are recognised at the point of payment or commencement of the licence period, whichever is earlier. Agreements for the future purchase of rights whose licence period has not commenced and where there has been no payment by the balance sheet date are disclosed as purchase commitments.

Where the BBC has invested in independent productions, in addition to broadcasting rights, the BBC may obtain rights to future royalties from the sale of rights associated with the production. These residual interests are recognised initially at cost subject to amortisation as royalties are received, and impaired if anticipated royalties do not materialise.

The BBC's main purpose is the provision of services for audiences. As a result the Group's output primarily includes the production of programmes for broadcast and the sale of rights for others to broadcast. This note discloses the amounts for those programmes that are in production, completed programmes that are ready for broadcast but not yet aired and rights secured for broadcast programmes produced independently of the BBC. Inventory for the BBC's commercial activities are also contained in this note.

	2023 £m	2022 £m
Programme-related assets		
Rights to broadcast acquired programmes and films	156	158
Prepayments to acquire future programme-related rights	425	497
Completed programmes	153	159
Programmes in production	283	294
Total programme-related assets	1,017	1,108
Other inventories	3	3
Total programme-related assets and other inventories	1,020	1,111


Financial statements

Notes to the accounts continued

E. The assets owned by the BBC continued

E2 Intangible assets

Programme-related intangible assets

 The BBC's right to sell programme rights is recognised within intangible assets. Programme assets reported as inventory effectively represent the BBC's right to broadcast. Programme rights acquired by the Group are either purchased, generated internally or licensed following the payment of an advance on royalties. Where the Group controls the respective assets and the risks and rewards attached to them, rights are initially recognised at acquisition cost or production cost. The carrying amount is stated at cost less accumulated amortisation and provision for impairment. Amortisation including impairment is charged to the consolidated income statement to match the estimated future economic benefit. This is calculated as the higher of an estimated recoupment profile based on the average historic performance of the overall distribution rights portfolio or the actual recoupment of the specific initial distribution advance. Where the carrying value of any individual set of rights exceeds management's best estimate of future exploitation income, a provision costs borne by third parties. These costs are deferred within current assets and expensed upon recognition of the associated production income. Production income is recognised in accordance with the Group's income recognition policies.

Research and development expenditure – internally generated intangible assets

Expenditure on research activities is written off in the consolidated income statement when incurred. Expenditure on development activities is included on the consolidated balance sheet as an asset only if both of the following conditions are met:

- it is probable that the asset will generate future economic benefits; and
- the development costs of the asset can be measured reliably.

The assets are measured at cost less accumulated amortisation and any accumulated impairment losses. For the PSB Group it is generally unlikely that future economic benefits in the form of cash inflows will be received and as a result, other than assets created for use by the business in delivering its public purposes, development costs are only capitalised by the BBC Group's commercial businesses.

Other intangible assets

Other intangible assets acquired separately by the BBC are stated at cost less accumulated amortisation and any accumulated impairment losses. The identifiable intangible assets acquired as part of a business combination are shown at fair value at the date of acquisition (in accordance with IFRS 3 Business Combinations) less accumulated amortisation and any accumulated impairment losses.

An annual impairment review is conducted using management's best estimates of future income exploitation.

Amortisation

Amortisation is charged to the consolidated income statement on a systematic basis over the estimated useful lives of intangible assets, from the date that they are available for use, unless such lives are indefinite. Amortisation methods, useful lives and residual values are reviewed at each balance sheet date and adjusted if appropriate. The useful lives and amortisation methods of other classes of intangible asset are as follows:

Software	Straight-line	2 to 5 years
Customer relationships	Straight-line	Unexpired term of agreement
Other intangibles: Licences and trademarks	Straight-line	30 years or unexpired return
Other intangibles	Straight-line	3 to 8 years

Amortisation of distribution rights is charged to the income statement to match the average income profile over its estimated average marketable life.

	Goodwill £m	Programme rights £m	Software £m	Customer relationships £m	Other intangibles £m	Total £m
Cost						
At 1 April 2021	60	1,536	270	68	177	2,111
Additions	13	174	20	–	16	223
Disposals	–	(33)	(4)	–	(1)	(38)
At 31 March 2022	73	1,677	286	68	192	2,296
Additions	1	216	28	–	20	265
Disposals	–	(7)	(15)	(5)	(22)	(49)
At 31 March 2023	74	1,886	299	63	190	2,512
Amortisation and impairment						
At 1 April 2021	26	1,454	172	28	37	1,717
Charge for the year	–	136	31	12	11	190
Disposals	–	(26)	(4)	–	(1)	(31)
At 31 March 2022	26	1,564	199	40	47	1,876
Charge for the year	–	213	29	7	17	266
Disposals	–	(6)	(15)	(5)	(18)	(44)
Impairment	8	–	–	–	–	8
At 31 March 2023	34	1,771	213	42	46	2,106
Net book value						
At 31 March 2023	40	115	86	21	144	406
At 31 March 2022	47	113	87	28	145	420

E. The assets owned by the BBC continued**E2 Intangible assets** continued

Amortisation is the reduction reflected in the carrying value of the asset as a consequence of the regular use of that asset by the organisation.

Customer relationships refers to intangible assets that arise from entity acquisitions (e.g. UKTV), which bring a number of carriage agreements with channel networks. These agreements can be secured for a fixed amount of time and are therefore amortised over the individual contract terms on a straight-line basis.

Other intangibles primarily includes intangible assets that arise from entity acquisitions, such as Electronic Programme Guide (EPG) slots, as well as brands and trademarks.

E3 Goodwill**Goodwill**

Goodwill is recorded in the consolidated balance sheet as the difference between the fair value of the consideration transferred by the BBC and the recognised amount of non-controlling interests in the acquiree compared to the fair value of the identifiable assets and liabilities acquired. These are all measured at the date of acquisition. Where the consideration is less than the net assets acquired, the difference is recognised immediately in the consolidated income statement. Goodwill arising on the acquisition of associates and joint ventures is included in the carrying amount of the associate or joint venture and is tested for impairment as part of the overall balance. Goodwill is considered to have an indefinite useful economic life but is tested annually for impairment and is therefore measured at cost less any accumulated impairment losses. For the purposes of impairment testing, the goodwill is allocated to cash-generating units on the basis of those expected to benefit from the relevant business combination.

All goodwill is recognised in Studios Group and allocated by cash-generating unit (CGU) as follows:

	2023 £m	2022 £m
Production companies	32	38
Australian channels business	8	9
	40	47

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group tests goodwill for impairment in the accounting period in which a business combination takes place; thereafter annually, or more frequently if there are indications that goodwill might be impaired. The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions used for these calculations are those regarding discount rates and growth rates. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to each CGU.

Production company

The goodwill balance arose as a result of the acquisition of Firebird Pictures Limited and Voltage TV Productions Limited in the current financial year.

The cash flow projections used in determining value in use for both CGUs are based on the current business plans approved by management, which cover a five-year period, after which cash flows have been extrapolated using an expected long-term growth rate of 1.0% (2022: 1.0%). A discount rate of 11.8% (2022: 7.2%) has been applied to the cash flows.

Australian channels business

Cash flow projections used in the recoverable amount calculation are based on financial budgets approved by management covering a period of five years (2022: five years) and a discount rate of 11.4% (2022: 7.4%). Cash flows beyond the forecast period have been extrapolated using an expected growth rate of -2.0% (2022: -3.0%).

The main assumption on which the forecast cash flows are based is licence fee rates. In forming its assumptions about licence fee rates, the Group has used a combination of long-term trends and recently contracted terms. Management believes that no reasonable change in the key assumptions on which the value in use of this CGU is based would result in an impairment.

Financial statements

Notes to the accounts continued

E. The assets owned by the BBC continued

🏠 E4 Property, plant and equipment

📄 Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

📄 Depreciation

Depreciation is provided to write off the cost of each item of property, plant and equipment, less its estimated residual value, on a straight-line basis over its estimated useful life.

Depreciation methods, estimated useful lives and residual values are reviewed at each reporting date.

The major categories of property, plant and equipment are depreciated as follows:

Land and buildings

Freehold land	Not depreciated	
Freehold buildings	Estimated useful life	50 years
Freehold building improvements	Estimated useful life	10 to 50 years
Leasehold buildings and improvements	Estimated useful life	Shorter of 50 years or life of lease

Plant and machinery

Computer equipment	Straight-line	3 to 5 years
Electrical and mechanical infrastructure	Straight-line	10 to 25 years
Other	Straight-line	3 to 10 years

Furniture and fittings

Straight-line	3 to 10 years
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	Land and buildings* £m	Plant and machinery £m	Furniture and fittings £m	Assets under construction £m	Total £m
Cost					
At 1 April 2021	309	1,121	140	75	1,645
Additions	2	1	1	52	56
Reclassification to asset held for sale	(13)	(8)	–	–	(21)
Brought into service	66	6	–	(72)	–
Disposals	(8)	(56)	(8)	(3)	(75)
Exchange movements	–	1	–	–	1
🏠 At 31 March 2022	356	1,065	133	52	1,606
Additions	2	2	1	69	74
Reclassification to asset held for sale	(35)	(16)	(1)	–	(52)
Brought into service	2	55	3	(60)	–
Disposals	(16)	(73)	(16)	(2)	(107)
At 31 March 2023	309	1,033	120	59	1,521
Depreciation					
At 1 April 2021	172	851	110	–	1,133
Charge for the year	15	56	6	–	77
Reclassification to asset held for sale	(9)	(6)	–	–	(15)
Disposals	(5)	(55)	(8)	–	(68)
Exchange movements	–	1	–	–	1
At 31 March 2022	173	847	108	–	1,128
Charge for the year	16	52	6	–	74
Reclassification to asset held for sale	(12)	(11)	(1)	–	(24)
Disposals	(8)	(68)	(14)	–	(90)
At 31 March 2023	169	820	99	–	1,088
Net book value					
At 31 March 2023	140	213	21	59	433
At 31 March 2022	183	218	25	52	478

* Land and buildings are not separable and therefore reported collectively

E. The assets owned by the BBC continued**E5 Investment properties (owned)**

The majority of investment properties held by the BBC are right-of-use assets (see note F3 for further details, including the BBC's accounting policy). One freehold property, with negligible net book value, is however classified as an investment property.

At 31 March 2023, this property was valued at £3 million (2022: £3 million). The valuation of these investment properties was carried out by independent valuers Lambert Smith Hampton, in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation Professional Standards. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The property, which is leased out under an operating lease, earned an immaterial amount of rental income and incurred an immaterial amount of direct operating expenditure.

E6 Assets classified as held for sale**Assets classified as held for sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through sale rather than continuing use. They are available for immediate sale and the sale is highly probable, normally within the next 12 months.

	2023 £m	2022 £m
Property, plant and equipment held for sale	34	6

The BBC reclassified its Elstree and Maida Vale sites as held for sale at 31 March 2023. The sales on both these properties are expected to complete in 2023/24.

The prior year relates to the sale of Swain's Lane which completed in December 2022 and Caversham which was delayed and is now expected to complete during 2023/24. It consequently remains as held for sale at 31 March 2023.

E7 Interests in associates and joint ventures

This note details the BBC's share of net assets in associates and joint ventures, along with the impact that they have on the consolidated income statement. Details of significant associates and joint ventures along with principal subsidiary undertakings, including their activities, are provided in Note I1.

	2023 £m	2022 £m
Interests in associates	111	152
Interests in joint ventures	63	58
Total interests in associates and joint ventures	174	210
Share of results of associates	15	16
Share of results of joint ventures	(3)	9
Total share of results of associates and joint ventures	12	25

An **associate** is an entity that the BBC has significant influence over, but that does not meet the definition of a joint venture or subsidiary. Significant influence is the power to participate in the financial and operating decisions of an entity but is not control or joint control over those policies.

A **joint venture** is where the BBC has joint control over an entity with another partner(s).

The movements in associates and joint ventures during the year were as follows:

	Associates 2023 £m	Joint ventures 2023 £m	Total 2023 £m	Associates 2022 £m	Joint ventures 2022 £m	Total 2022 £m
At 1 April	152	58	210	149	38	187
Additions	7	22	29	–	4	4
Disposals	(3)	–	(3)	(3)	–	(3)
Share of results	15	(3)	12	16	9	25
Share of losses reclassified to provisions	–	–	–	–	6	6
Adjustment to provision for unrealised profits	1	(6)	(5)	–	(1)	(1)
Dividends receivable	(31)	–	(31)	(15)	–	(15)
Foreign exchange translation gains	10	2	12	7	2	9
Impairment	(40)	(10)	(50)	(2)	–	(2)
At 31 March	111	63	174	152	58	210

See notes C1, C2 and I3 for further details.

Financial statements

Notes to the accounts continued

E. The assets owned by the BBC continued

E7 Interests in associates and joint ventures continued

The Group tests assets for indicators of impairment annually. An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount of the assets are determined from value in use calculations. The key assumptions used for these calculations are those regarding discount rates and growth rates. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to each CGU.

Interests in joint ventures includes £14 million (2022: £14 million) for the Group's investment in Daunus Limited.

New Video Channel America, LLC (NVCA)

The investment in this channel arose from the Group retaining 50.1% ownership in the business partially sold to AMC Networks on 23 October 2014. The Group accounts for its retained interest as an associate as AMC Networks retains operational control (see below for further detail). The cash flow projections used in determining value in use are based on the current business plan approved by management, which covers a five-year period after which cash flows have been extrapolated using an expected long-term growth rate of -5.0% (2022: -5.0%).

A discount rate of 11.7% (2022: 7.5%) has been applied to the cash flows.

As a result of the changes in this market, management made the decision to impair the value of the Group's share in the channel by £20 million (2022: £2 million) following the annual impairment review. The remaining investment balance of £98 million (2022: £138 million) reflects confidence in the channel's future profitability.

The following table presents the Group's share of material associates during the year:

	New Video Channel America LLC 2023 £m	YouView Limited 2023 £m	New Video Channel America LLC 2022 £m	YouView Limited 2022 £m
Non-current assets	114	3	164	4
Current assets	95	10	106	14
Current liabilities	(10)	(11)	(21)	(10)
Non-current liabilities	(2)	(121)	(4)	(118)
Net assets/(liabilities) of material associates	197	(119)	245	(110)
Group's share of net assets of material associates	98	-	138	-
Material associate income	126	23	129	10
Material associate (loss)/profit after tax	(43)	(12)	32	(17)
Share attributable to other parties	21	12	(16)	17
Share of results of material associates	(22)	-	16	-

The following table presents the Group's share of material joint ventures during the year:

	Daunus Limited 2023 £m	Daunus Limited 2022 £m
Non-current assets	937	948
Current assets	76	75
Current liabilities	(75)	(69)
Non-current liabilities	(589)	(611)
Net assets of material joint venture	349	343
Group's share of net assets of material joint ventures	-	-
Material joint venture income	68	62
Material joint venture profit after tax	25	33
Share attributable to other parties	(25)	(33)
Share of results of material joint ventures	-	-

Daunus Limited, a company set up to facilitate the redevelopment and subsequent financing arrangements of London Broadcasting House, prepares its financial statements to a 30 November accounting reference date and under Financial Reporting Standard 102. Adjustments are therefore made to align these to the Group, reducing the BBC's share to nil in the current year. Also see note G5 for further details on the BBC's interest in Daunus Limited.

The Group is unable to receive dividends from Daunus Limited until 2033 due to restrictions mandated within this entity.

F. Leasing activities at the BBC

In providing the range of services to audiences, the BBC makes use of a significant number of assets in its operations, many of which are leased. This section sets out those leased assets, held for both operating purposes and as investment properties and their related liabilities including detail on any additions or disposals to these during the year.

Disclosures have also been made on lease related activity such as income received as a lessor and lease expenses recognised directly within the income statement.

Lease liabilities held by the BBC are subject to certain limits, as agreed with the DCMS and are explained in detail within Note G3. The BBC has remained in compliance with these throughout the year.

Risks – Leasing

The complex nature of some of the BBC's properties and the contractual conditions of leases entered may require judgement in the calculation of the valuation of the related right-of-use assets and lease obligations. Where significant judgements are made, the risk of potential misstatement is also present.

Judgement – Leases

Judgement is required when assessing whether a contract contains a lease, the timing of recognition under IFRS 16 Leases for assets under construction and the appropriate discount rates, etc. to be applied where this is not implicit within the contract.

Leases – initial assessment

At inception of a contract the Group assesses whether a contract contains a lease; defined as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group assesses whether:

- the contract involves the use of an identified asset – either specified explicitly or implicitly – and should be (or represent substantially all the capacity of) a physical asset. If the supplier has substantive substitution rights, then the asset is not identified;
- the Group has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset, which is when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

This predominantly includes land and buildings (both in the UK and overseas) as well as a range of specialised broadcast equipment.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relevant stand-alone prices as determined by the underlying contract.

The Group has a number of options to extend the lease on a right-of-use asset, or to purchase the underlying asset – typically relating to land and buildings, either in the UK or overseas. An assessment of the location and the availability of suitable alternatives has been undertaken in determining the likelihood of exercising these options.

When determining the accounting for a finance lease, the BBC has assessed whether it has the right to use the leased asset at the inception of the lease, or whether this right passes at a later date ('the commencement date').

Where a significant site is being redeveloped, occupation may occur in distinct phases; consequently, the leased asset and liabilities are recognised based on the proportion of the site occupied at each commencement date.


Lease remeasurement

When the lease liability is remeasured a corresponding adjustment is made to the carrying amount of the right-of-use asset. If the carrying value has been reduced to zero then any further reductions are recorded in the consolidated income statement.

Short-term leases

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, which are expensed. This includes laptops and other items of small IT equipment.

F1 Right-of-use assets

 The Group recognises a right-of-use asset upon lease commencement. The right-of-use asset is initially measured at cost, being the initial amount of the lease liability adjusted for any lease payments made before the commencement date, less incentives received.

The right-of-use asset is subsequently depreciated using a straight-line method from the commencement date over the lease term (which is equal to, or shorter than, the asset's useful life). The right-of-use asset is periodically reduced by impairment losses and adjustments for certain remeasurement of the lease liability.

Financial statements

Notes to the accounts continued

F. Leasing activities at the BBC continued

F1 Right-of-use assets continued

	Land and buildings* £m	Plant and machinery £m	Assets under construction £m	Total £m
Cost				
At 1 April 2021	1,982	12	10	2,004
Additions	40	1	11	52
Disposals	(25)	(2)	–	(27)
Transfer to investment property	(1)	–	–	(1)
🏠 Change in contract	22	–	–	22
Exchange movements	1	–	–	1
At 31 March 2022	2,019	11	21	2,051
Additions	9	1	8	18
Disposals	(18)	(5)	–	(23)
Change in contract	86	–	–	86
At 31 March 2023	2,096	7	29	2,132
Depreciation				
At 1 April 2021	455	7	–	462
Charge for the year	88	3	–	91
Disposals	(7)	(2)	–	(9)
At 31 March 2022	536	8	–	544
Charge for the year	92	2	–	94
Disposals	(7)	(5)	–	(12)
At 31 March 2023	621	5	–	626
Net book value				
At 31 March 2023	1,475	2	29	1,506
At 31 March 2022	1,483	3	21	1,507

* Land and buildings are not separable and are therefore reported collectively

F2. Obligations under leases

■ The Group recognises a lease liability upon lease commencement. The lease liability is initially measured at the present value of unpaid lease payments at commencement, discounted using the Group's incremental borrowing rate (unless the interest rate implicit in the lease can be readily determined).

The incremental borrowing rate is the rate of interest that would hypothetically have to be paid to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. A small change in the rate could have a significant impact on the valuation of respective lease liabilities.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments;
- variable payments dependent on an index or rate, measured using the index or rate at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option or lease payments in an optional renewal period that the Group is reasonably certain to exercise and early termination penalties of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in index or rate, change in estimate of the amount expected to be payable under a residual value guarantee, a change in the lease term or a change in the assessment of an option being exercised.

	2023 £m	2022 £m
Leases due within one year	127	118
Leases due after more than one year	1,591	1,619
🏠	1,718	1,737

The ageing of obligations under leases is as follows:

	2023 £m	2022 £m
Within one year	127	118
Between one and five years	489	456
Over five years	1,102	1,163
	1,718	1,737

F. Leasing activities at the BBC continued**F3 Investment properties (right-of-use assets)**

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives of the properties (see depreciation on land and buildings above).

The residual values, useful lives and depreciation method of investment properties are reviewed and adjusted as appropriate, at each balance sheet date. The effects of any revision are included in the consolidated income statement when the changes arise.

	Right-of-use assets £m	
	2023 £m	2022 £m
Cost		
At 1 April	37	36
Reclassification from right-of-use assets	–	1
At 31 March	37	37
Depreciation		
At 1 April	5	4
Charge for the year	1	1
At 31 March	6	5
Net book value	31	32

At 31 March 2023, the BBC held right-of-use investment properties valued at £4 million (2022: £4 million). The valuation of these investment properties was carried out by independent valuers Lambert Smith Hampton, in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation Professional Standards. In estimating the fair value of the properties, the highest and best use of the properties is their current use. The valuation is lower than the carrying amount as a result of the shorter term these properties are currently let over compared to the main lease held by the BBC. The BBC is confident that these properties will continue to be sublet for the duration of the main lease and consequently no impairments have been identified.

The property rental income earned by the BBC from its investment properties, which are leased out under operating leases, amounted to £3 million (2022: £3 million). Direct operating expenses incurred on the investment properties, which generated rental income during the year, amounted to £3 million (2022: £3 million). There were no direct operating expenses incurred on the investment properties which did not generate rental income during the year (2022: nil).

See note E5 for owned investment properties.

Financial statements

Notes to the accounts continued

F. Leasing activities at the BBC continued

F4 Lease income received as a lessor

The Group received finance lease income from finance lease contracts in which the Group acts as a lessor through the consolidated balance sheet against a lease receivable held. The following sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

	2023 £m	2022 £m
Within one year	21	18
Between one and five years	98	87
Over five years	194	199
Total undiscounted finance lease payments	313	304
Unearned finance income	(88)	(92)
Net investment in the lease	225	212

The Group received £25 million (2022: £13 million) of lease income (including service charges) from operating lease contracts in which the Group acts as a lessor. The following sets out a maturity analysis of lease payments to be received after the reporting date. This excludes service charges which are dependent on usage.

	Note	2023 £m	2022 £m
Within one year		7	7
Between one and five years		26	26
Over five years		19	24
Total operating lease payments		52	57

F5 Lease expenses recognised in the consolidated income statement

	Note	2023 £m	2022 £m
Interest on obligations under leases	C4	51	52
Depreciation on leased assets	F3, F1	95	92
Expenses relating to short-term leases		10	17
Expenses relating to leases of low-value assets, excluding short-term leases		4	–
Total lease payments		160	161

G. Financing the BBC

This section contains the notes to the consolidated balance sheet that detail the funding of the BBC as well as information on the financial instruments held.

A financial instrument is a contract that results in one entity recording a financial asset (a contractual right to receive financial assets, e.g. cash) in their accounts and another entity recording a financial liability (a contractual obligation to deliver financial assets to another entity).

⚠ Risk – Valuation of derivatives and other financial instruments

The valuation of derivative financial instruments can be complex. Most notably the following:

- the BBC hold a series of cash flow swaps where the valuation requires judgement with reference to both forward Sterling Overnight Interbank Average (SONIA) and Retail Price Index (RPI) data sets.
- the BBC's interest in Daunus Limited, although held at cost in the financial statements, judgement is required in the calculation of its valuation for disclosure purposes within this section.

Where significant judgements are made, the risk of potential misstatement is also present

Judgement – valuation of financial instruments

The valuation of the BBC's interest in Daunus Limited and the cash flow swaps requires judgement and the use of various market data sets, most notably forward SONIA rates, RPI and discount factors.

Judgement – impairment of financial assets

Financial assets are assessed at each balance sheet date to determine whether there is any objective evidence of impairment. Judgement is required when determining whether there is objective evidence of impairment, such as significant financial difficulty of the counterparty or breach of contract.

G1 Cash and cash equivalents

■ Cash and cash equivalents comprise cash balances and call deposits with maturities of less than three months (short-term deposits). Cash and cash equivalents also include licence fee funds collected on behalf of HM Treasury, which are excluded from the Group's net funds and in respect of which a separate creditor is recognised.

The Group retains significant cash amounts and cash equivalent balances in instant access accounts in order to manage the variation in cash flows required for its operations.

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits earn interest at the respective short-term deposit rates.

	2023 £m	2022 £m
Cash at bank, available on demand	109	154
Short-term deposits	391	563
Total	500	717

Of the total above, £238 million (2022: £573 million) cash and cash equivalents were held by the PSB Group. The remaining balance is held by the Commercial Group.

G2 Investments (cash on long-term deposit)

Current asset investments totalling £100 million (2022: nil) represent cash held on deposit for greater than three months.

G3 Borrowings

■ Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (those necessarily taking a substantial period of time to get ready for their intended use) are added to the cost of those assets, until such time as the assets are ready for their intended use.

Originated programmes can be qualifying assets, but those necessarily taking a substantial period of time to get ready for broadcast are a small proportion of overall programme investment. Any borrowing costs that could be attributed to those programmes are not significant and, therefore, no borrowing costs are capitalised.

All finance income and other borrowing costs are recognised in income and expense in the period in which they are incurred.

G3.1 Borrowings due within one year

	2023 £m	2022 £m
Bank loan	8	12

Financial statements

Notes to the accounts continued

G. Financing the BBC continued

G3 Borrowings continued

G3.2 Borrowings due after more than one year

	2023 £m	2022 £m
Bank loan	170	170

G3.3 Borrowing facilities

Facility	Interest rate	At 31 March 2023		At 31 March 2022		Expiry or review date
		Total available £m	Drawn down at £m	Total available £m	Drawn down at £m	
PSB Group						
Sterling revolving credit facility agreement	SONIA plus the agreed credit adjustment spread of 0.1193%, plus the relevant margin; 0.225% up to 1/3 utilisation, 0.375% between 1/3 and 2/3 and 0.525% over 2/3	200	–	200	–	Mar 2025
Uncommitted money market lines (short-term borrowings)	The interest rates on uncommitted money market lines are determined when traded with the bank	25	–	25	–	Reviewed annually
GBP overdraft	Bank base rate plus 1.5%	5	–	5	–	Reviewed annually
Overdraft*	Bank base rate plus 1%.	1	–	1	–	Reviewed annually
BBC Commercial Limited						
Revolving credit facility agreement	SONIA plus agreed credit adjustment spread of 0.1193% plus the relevant margin; 0.45% up to 1/3 utilisation, 0.6% between 1/3 and 2/3 and 0.75% over 2/3	210	–	210	–	March 2026
Overdraft or money market lines*	Bank base rate plus 1.5%	2	–	2	–	Reviewed annually
Uncommitted money market lines	Interest rate determined when traded with the bank	20	–	20	–	Reviewed annually
Fixed term loan	SONIA plus 1.25%	170	170	170	170	June 2025**
BBC Studios Distribution Limited						
Overdraft*	Bank base rate plus 1% if drawn down in sterling. Bank currency overdraft rate plus a 1% margin if drawn down in other currencies	3	–	3	–	Reviewed annually
Bank loan	Three-month GBP SONIA plus 1.5%	6	6	4	4	July 2023
Bank loan	Three-month GBP SONIA plus 1.5%	4	1	4	4	June 2023
Bank Loan	Three-month GBP SONIA plus 1.0%	1	–	3	3	July 2023
Bank loan	Three-month GBP SONIA plus 1.5%	2	1	1	1	April 2023
Bank loan	Three-month GBP SONIA plus 1.5%	2	–	–	–	October 2023

* The base rate used varies according to the currency drawn. GBP drawings are linked to the Bank of England base rate

** The Group has exercised its final extension option in year, taking the maturity to June 2025. A series of interest rate swaps have been entered to fix the interest rate on this facility to 5.84% from June 2023 to maturity

There have been no defaults or breaches of covenants on these facilities during the year (2022: none).

G4 DCMS borrowing limits

The BBC forms part of the UK's National debt. The BBC is subject to two specific limits to its borrowings, as agreed with the DCMS:

- the Public Service net borrowing limit of £2,200 million is set by the Secretary of State for the DCMS in accordance with the Framework Agreement between the BBC and the DCMS. Of this limit, £2,000 million is specifically for leases; and
- under a direction granted by the Secretary of State for the DCMS a net borrowing limit of £800 million has been set for the BBC Commercial Group. Of this limit, £200 million is specifically for leases.

The commercial element of the BBC borrowing limit will increase to £850 million on 1 April 2025 and then £950 million on 1 April 2026. Of these limits, £200 million will continue to be specifically for leases.

G. Financing the BBC continued**G4 DCMS borrowing limits** continued**G4.1 Analysis of net debt for the DCMS borrowing limits**

	At 1 April 2022 £m	Cash flows £m	Non-cash changes £m	Exchange £m	At 31 March 2023 £m
Total cash and cash equivalents	717	(216)	–	(1)	500
Investments (cash on long term-deposit)	–	100	–	–	100
Loans and loan notes	(182)	5	(1)	–	(178)
Derivatives associated with borrowings	3	–	(1)	–	2
Obligations under leases	(1,737)	165	(146)	–	(1,718)
Net (debt)/funds	(1,199)	54	(148)	(1)	(1,294)
Made up of:					
PSB Group	(1,055)				(1,269)
Studios Group	(85)				(52)
Other Commercials	(59)				27
Net debt	(1,199)				(1,294)

G4.2 Reconciliation of net funds/(debt) to the DCMS borrowing limits

	Public Service Group			BBC Commercial Group*		
	Net funds/(debt) excluding leases £m	Lease borrowings** £m	Net debt £m	Net funds/(debt) excluding leases £m	Lease borrowings** £m	Net debt £m
2023						
Net funds/(debt)	338	(1,607)	(1,269)	86	(111)	(25)
Net borrowing limit	(200)	(2,000)	(2,200)	(600)	(200)	(800)
Headroom	538	393	931	686	89	775
2022						
Net funds/(debt)	573	(1,628)	(1,055)	(35)	(109)	(144)
Net borrowing limit	(200)	(2,000)	(2,200)	(350)	(200)	(550)
Headroom	773	372	1,145	315	91	406

* Under the terms of the DCMS agreement, the BBC Commercial Group must satisfy two financial covenants, which need to be satisfied throughout the respective period. During both the current and prior years, the BBC Commercial Group was in compliance with both these covenants

** Lease borrowings are net of intra-group lease borrowings as these eliminate on consolidation

G5 Financial instruments

The BBC classifies its financial assets and liabilities into one of the following categories:

Measured at amortised cost

- Trade and other receivables/payables
- Contract assets/liabilities
- Cash and cash equivalents
- Investments (cash held on long-term deposit)
- Borrowings

They principally arise from the provision of goods and services, but also incorporate other types of financial assets/liabilities where the objective is to collect or receive contractual cash flows and the contractual cash flows are solely payments of principal and interest.

Measured at fair value through surplus/deficit

For the BBC, this category comprises derivatives. Those in-the-money derivatives are financial assets whilst those out-the-money are financial liabilities.

The BBC does not enter into speculative derivative contracts; however, some derivative financial instruments are used to manage the BBC's exposure to fluctuations in interest rates (interest rate swaps, caps and collars) and foreign currency exchange rates (foreign currency forward contracts and currency options).

Derivative financial instruments, excluding derivatives held as qualifying hedges, are initially recognised at fair value and are subsequently remeasured to fair value at the balance sheet date with movements recorded in the income statement.

- Interest rate swaps, caps and collars: The fair value is the estimated amount that the BBC would receive or pay to terminate the swap, cap or collar at the balance sheet date, taking into account current interest rates, the current creditworthiness of swap, cap or collar counterparties and the creditworthiness of the BBC.
- Foreign currency forward contract rates: The fair value of forward foreign exchange contracts is determined by using the difference between the contract exchange rate and the quoted forward exchange rate at the reporting date from third parties.
- Hybrid contracts: Contains both derivative and non-derivative elements with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

Financial statements

Notes to the accounts continued

G. Financing the BBC continued

G5 Financial instruments continued

Derivatives embedded in hybrid contracts with a financial asset host within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through surplus/deficit.

If the hybrid contract is a quoted financial liability, instead of separating the embedded derivatives, the BBC generally designates the whole hybrid contract at fair value through surplus/deficit.

- **Other investments:** The BBC has strategic investments in listed and unlisted entities which are not accounted for as subsidiaries, associates or joint ventures. These investments were previously classed as available for sale under IAS 39, and are now held at fair value through surplus/deficit.

Measured at fair value through other comprehensive income

Certain derivatives designated as cash flow hedges are recognised at fair value through other comprehensive income.

Where hedge accounting is applied, the BBC has elected to adopt the hedge accounting requirements of IFRS 9 Financial Instruments. The BBC enters into hedge relationships where the critical terms of the hedging instruments and the hedged item match. Hedge effectiveness is determined at the origination of the hedging relationship. Quantitative effectiveness tests are performed at each period end to determine the continuing effectiveness of the relationship. In instances where changes occur to the hedged item which results in the critical terms no longer matching, the hypothetical derivative method is used to assess effectiveness.

The BBC designates certain derivatives as cash flow hedges by documenting the relationship between the hedging instrument and the hedged item, along with the risk management objectives and its strategy for undertaking various hedge transactions. Where the hedge is deemed to have been effective, the effective portion of any changes in the fair value of the derivatives that are designated in the hedge are recognised in other comprehensive income. The accumulated amount in the cash flow hedge reserve is reclassified to profit or loss in the same period as the hedged cash flows affect profit or loss. Any ineffective portion of the hedge is recognised immediately in the income statement.

Impairment of financial assets

Financial assets are assessed at each balance sheet date to determine whether there is any objective evidence of impairment. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in Groups that share similar credit risk characteristics. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. All impairment losses are recognised in the income statement.

Derivatives are complex financial instruments that are usually used to manage risk. Derivative contracts are entered into for a fixed period of time and their value changes during that period in relation to changes in a variable, such as an interest rate, commodity price, credit rating or foreign exchange rate.

The BBC uses the following derivative contracts:

- **Forward foreign currency contracts** are entered into to fix future currency payments/receipts to a set exchange rate. These could be to cover expected future payments, receipts or specific contracts.
- **Interest rate swaps** allow the BBC to fix variable interest rates on borrowings to a fixed rate.
- A **cash flow swap** was entered into for the financing arrangements of London Broadcasting House, exchanging the inflation-linked rent and headlease repurchase payments for a fixed payment schedule out to 2045.

These instruments allow the BBC to manage its liquidity requirements more effectively as the amounts to be paid/received become known.

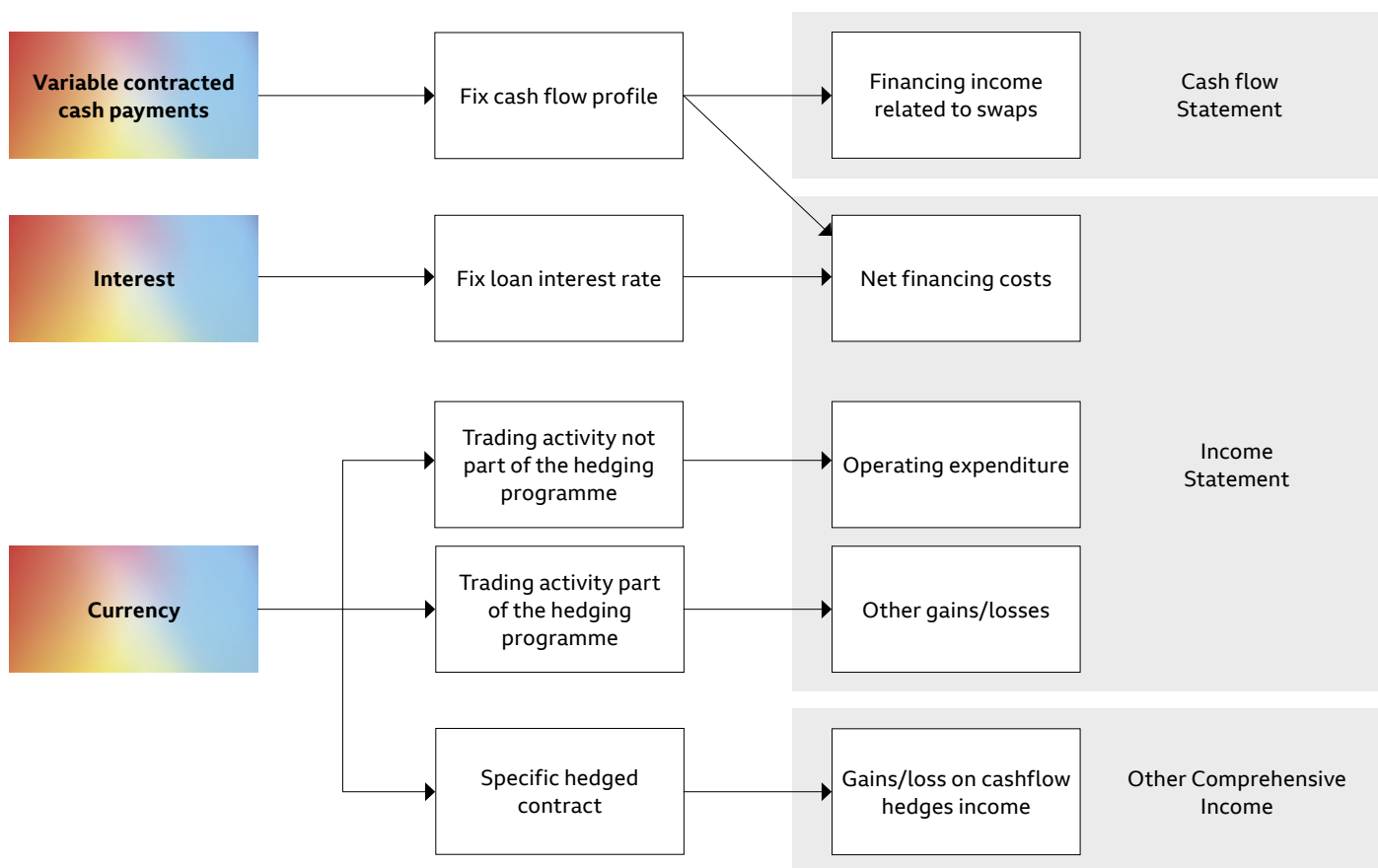
The following terminology is used throughout this section:

- **Credit risk:** the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation.
- **Fair value:** The fair value of an asset is the amount for which the asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.
- **Foreign currency transactions:** As these financial statements are prepared in sterling, the BBC's foreign currency transactions and balances must be translated at appropriate exchange rates, into sterling. This means that variations in exchange rates can cause the valuation of investments to fluctuate, even when there has been no change in the health of the underlying business.

G. Financing the BBC continued

G5 Financial instruments continued

Derivatives are all valued at fair value and movements thereof are recognised as follows:



G5.1 Financial risk management

The BBC’s financial risk management operations are carried out by a BBC Group Treasury function, within parameters defined formally within the policies and procedures manual agreed by the Treasury Management Group, which has delegated authority from the BBC Board.

The BBC Group Treasury function uses financial instruments to raise finance and to manage financial risk arising from the BBC’s operations in accordance with its objectives, which are:

- to ensure the business of the BBC, both PSB Group and Commercial Group, is funded in the most efficient manner and remains compliant with borrowing ceilings;
- to protect the value of the BBC’s assets, liabilities and cash flows from the effects of adverse interest rates and foreign exchange fluctuations; and
- to maximise the return on surplus funds, whilst ensuring sufficient cash is retained to meet foreseeable liquidity requirements.

The BBC takes a risk averse approach to the management of interest rate fluctuations and foreign currency trading and has implemented a clear economic hedging policy to minimise volatility in the financial results. A small number of the forward foreign currency contracts entered into by the BBC were designated as hedging instruments in effective cash flow hedges. Hedge accounting is only applied where there is appropriate designation and documentation.

The BBC is exposed to the following areas of risk arising from financial instruments:

Risk	Exposure arising from	Measurement	Management
Market risk – currency risk	Transactions and balances denominated in foreign currencies	Cash flow forecasting	Forward foreign currency contracts
Market risk – interest risk	Long-term borrowings at variable rates	Projected borrowing requirements	Interest rate swaps, caps and collars
Liquidity risk	Borrowings and other financial liabilities	Rolling cash flow forecasts	Monitoring cash flow forecasts and covenant compliance
Credit risk	Counterparty default on contractual obligations	Credit ratings and ageing analysis	Assessment of financial reliability, collateral and other credit enhancements

Financial statements

Notes to the accounts continued

G. Financing the BBC continued

G5 Financial instruments continued

G5.1 Financial risk management continued

Currency risk

Although the BBC is principally a UK-based organisation, some transactions are undertaken in currencies other than sterling.

The BBC's commercial operations are undertaken in a range of global markets and a significant proportion of Studios Groups' incomes are generated outside the UK, with resulting foreign exchange risk – principally to the US dollar, the euro and the Australian dollar. Due to movements in exchange rates, the amount the BBC expects to receive or pay when it enters into a transaction may differ from the amount that it actually receives or pays when it settles the transaction.

The BBC takes a risk averse approach to the management of currency risk and has implemented clear policy parameters for the use of forward foreign currency contracts to minimise volatility in the financial results. A substantial proportion of the BBC's material net foreign currency exposures are economically hedged.

The BBC's main exposure is to US dollars; however, due to the relative size of this exposure in comparison to the BBC's sterling-denominated business, the BBC does not consider this to be significant. The BBC generally enters into forward currency contracts to manage, or hedge, this currency risk. This allows the BBC to reduce risk by settling transactions at known exchange rates.

The overall income or expenditure to be recognised in relation to contracts denominated in foreign currencies (and the related hedges) is therefore fixed; however, where these contracts span financial years, the recognition of the fair value of the forward currency contracts results in timing gains or losses in each financial year. These timing gains or losses are as a result of market conditions and not variances in underlying contract value.

As the BBC has mitigated its underlying exposure to currency fluctuations there is no requirement to present sensitivity analysis as any potential variation is insignificant.

At 31 March 2023, the BBC had entered into a net commitment to sell foreign currencies amounting to £581 million (2022: £422 million) that mature in the period through to 2025 in order to fix the sterling cost of commitments through this period (mainly euros and US dollars).

The BBC applies hedge accounting for trades taken out by one of its commercial subsidiaries in respect of their forecast foreign currency transactions. Net gains (before tax and non-controlling interests) recognised in the hedging reserve on forward foreign exchange contracts in hedge relationships at 31 March 2023 were £13 million (2022: £14 million net losses). These amounts are recognised in the consolidated income statement in the period when the hedged forecast transaction impacts the income statement.

The ineffective portion recognised in operating costs arising from such hedges was immaterial in both the current and prior year.

Depending on how exchange rates and interest rates move between the time the BBC enters into the transaction and at the year-end reporting date, derivatives can either be profitable ('in the money') or loss-making in their own right. However, the rationale in entering into these derivatives is not to profit from currency markets or interest rate fluctuations, but to provide stability to the BBC's cash flows. Other than where hedge accounting is applied, the movements relating to these derivatives (i.e. where they are either in profit or loss-making) are taken to the BBC's consolidated income statement for the year.

Interest rate risk

BBC Commercial Group has borrowed using its revolving credit facilities at floating rates of interest and then used interest rate swaps to manage the BBC's exposure to interest rate fluctuations and provide greater certainty of cash flows. Interest rate swaps are entered into based on projected borrowing requirements, therefore differences will occur between the notional amount of the swaps and the actual borrowing requirements. By taking out the interest rate swaps the BBC has mitigated underlying exposure to interest rate fluctuations and hence no sensitivity analysis has been presented as any potential variation is insignificant.

Sterling fixed rate borrowings are achieved by entering into interest rate swap transactions; all outstanding swaps mature by the end of June 2024. In total, £170 million (2022: £170 million) of swaps were entered into. The coverage matches (2022: matches) the current level of bank loans of £170 million (2022: £170 million). See Note G3.2 for further details.

Other price risk of financial assets

The BBC invests surplus cash in money market funds and money market deposits, therefore it is not subject to other price risks, such as market price risk.

Liquidity risk

Liquidity risk is the risk that the BBC will not be able to meet its financial obligations as they fall due. The BBC is subject to limits on its borrowings set by the Secretary of State in accordance with the Agreement between the BBC and the DCMS (see Note G3). In order to comply with these limits, together with the terms of any individual debt instruments, the BBC Group Treasury function manages the BBC's borrowings by regularly monitoring cash flow forecasts. The BBC holds its surplus liquidity in term deposit accounts with highly rated financial institutions.

The bank loans of the BBC's Commercial Group are subject to debt covenants based on the BBC's earnings before interest and taxation. The covenants are in respect of net borrowings and net interest coverage. The BBC is active in the monitoring of its debt covenants, which have been met at 31 March 2023.

G. Financing the BBC continued**G5 Financial instruments** continued**G5.1 Financial risk management** continued

The following table sets out the contractual undiscounted cash flows (including interest) of financial liabilities:

2023	Carrying value £m	Total contractual cash flows £m	Less than one year £m	Between one and five years £m	Over five years £m
Non-derivative financial liabilities					
Trade and other payables	(800)	(800)	(733)	(67)	–
Bank loans and overdrafts	(178)	(200)	(18)	(182)	–
Obligations under leases	(1,718)	(2,143)	(173)	(646)	(1,324)
Derivative financial liabilities					
Forward foreign currency contracts – fair value through surplus/deficit	(9)	(9)	(9)	–	–
Forward foreign currency contracts – fair value through other comprehensive income/(loss)	(15)	(15)	(15)	–	–
Cash flow swaps	(481)	(481)	–	–	(481)
2022					
Non-derivative financial liabilities					
Trade and other payables	(744)	(747)	(681)	(66)	–
Bank loans and overdrafts	(182)	(193)	(15)	(178)	–
Obligations under finance leases	(1,737)	(2,029)	(145)	(554)	(1,330)
Derivative financial liabilities					
Forward foreign currency contracts – fair value through surplus/deficit	(7)	(7)	(7)	–	–
Forward foreign currency contracts – fair value through other comprehensive income	(8)	(8)	(8)	–	–
Cash flow swaps	(580)	(580)	–	–	(580)

Credit risk

Credit loss is the risk of financial loss to the BBC if a counterparty defaults on its contractual obligation. Default arises when it is determined that a counterparty is unlikely to pay following the evaluation of objective evidence.

Cash and cash equivalents and derivative financial instruments are held only with banks of A+ to BBB rating. The Group limits its exposure to credit risk by only investing in liquid securities with counterparties that have a minimum credit rating of A-, with a higher minimum rating up to AA- required depending upon duration and amount. Given these high credit ratings, the Group considers it has appropriately mitigated the risk of any counterparty failing to meet its obligations.

The BBC's credit risk management policy in relation to other trade receivables involves regularly assessing the credit quality of customers, taking into account several factors such as their financial position and historical performance. The carrying amount of financial assets included in the financial statements represents the BBC's maximum exposure to credit risk in relation to these assets.

G5.2 Fair value of financial instruments

When calculating the fair value of the BBC's financial instruments (subsequent to the initial recognition), the technique used is determined with reference to the classification in the three-level hierarchy set out below. This disclosure helps to show the level of judgement that the BBC has used in calculating fair values, subsequent to the initial recognition.

Fair value hierarchy levels 1 to 3 are based upon the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted market prices (unadjusted) in active markets;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

No transfers between these categories have occurred during the period.

Financial statements

Notes to the accounts continued

G. Financing the BBC continued

G5 Financial instruments continued

G5.2 Fair value of financial instruments continued

2023	Carrying value			Fair value hierarchy for those carried at fair value or at amortised cost where fair value differs				
	Amortised cost £m	Fair value through surplus/ (deficit) £m	Fair value through other comprehensive income/(loss) £m	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Cash and cash equivalents	500	–	–	500				
Investments (cash on long-term deposit)	100	–	–	100				
Trade and other receivables	973	–	–	973				
Derivative financial assets:								
• Forward foreign currency contracts	–	3	20	23	23	–	–	23
• Cash flow swaps	–	376	–	376	–	376	–	376
• Interest rate swaps	–	2	–	2	–	2	–	2
Other investments	19	–	–	19	–	–	191	191
Investment properties	31	–	–	31	–	–	7	7
Total financial assets	1,623	381	20	2,024	23	378	198	599
Trade and other payables	(800)	–	–	(800)				
Bank loans and overdrafts	(178)	–	–	(178)				
Derivative financial liabilities:								
• Forward foreign currency contracts	–	(9)	(15)	(24)	(24)	–	–	(24)
• Cash flow swaps	–	(481)	–	(481)	–	(481)	–	(481)
Obligations under leases	(1,718)	–	–	(1,718)	–	–	(1,718)	(1,718)
Total financial liabilities	(2,696)	(490)	(15)	(3,201)	(24)	(481)	(1,718)	(2,223)

2022	Carrying value			Fair value hierarchy for those carried at fair value or at amortised cost where fair value differs				
	Amortised cost £m	Fair value through surplus/ (deficit) £m	Fair value through other comprehensive income/(loss) £m	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Cash and cash equivalents	717	–	–	717				
Trade and other receivables	936	–	–	936				
Derivative financial assets:								
• Forward foreign currency contracts	–	4	–	4	4	–	–	4
• Cash flow swaps	–	412	–	412	–	412	–	412
• Interest rate swaps	–	3	–	3	–	3	–	3
Other investments	17	–	–	17	–	–	220	220
Investment properties	32	–	–	32	–	–	7	7
Total financial assets	1,702	419	–	2,121	4	415	227	646
Trade and other payables	(724)	(19)	–	(743)	–	–	(19)	(19)
Bank loans and overdrafts	(182)	–	–	(182)				
Derivative financial liabilities:								
• Forward foreign currency contracts	–	(7)	(8)	(15)	(15)	–	–	(15)
• Cash flow swaps	–	(580)	–	(580)	–	(580)	–	(580)
Obligations under leases	(1,737)	–	–	(1,737)	–	–	(1,737)	(1,737)
Total financial liabilities	(2,643)	(606)	(8)	(3,257)	(15)	(580)	(1,756)	(2,351)

Due to their short-term nature, the carrying value of cash and cash equivalents, cash on long-term deposit, short-term bank loans, trade and other receivables and trade and other payables, is approximately equal to their fair value.

Other investments reflect the Group's £14 million (2022: £14 million) investment in Daunus Limited (joint venture) and other equity investments held. The valuation of this investment is based upon future expected returns to the BBC which also formed part of the arrangement made for the cash flow swap. See page 228 for further detail on this arrangement.

G. Financing the BBC continued**G5 Financial instruments** continued**G5.2 Fair value of financial instruments** continued

Derivative financial assets/(liabilities) are presented in the consolidated balance sheet as follows:

2023	Non-current assets £m	Current assets £m	Current liabilities £m	Non-current liabilities £m	Total £m
Forward foreign currency contracts	12	11	(14)	(10)	(1)
Cash flow swaps	376	–	–	(481)	(105)
Interest rate swaps	2	–	–	–	2
Total derivative financial assets/(liabilities)	390	11	(14)	(491)	(104)

2022	Non-current assets £m	Current assets £m	Current liabilities £m	Non-current liabilities £m	Total £m
Forward foreign currency contracts	2	2	(6)	(9)	(11)
Cash flow swaps	412	–	–	(580)	(168)
Interest rate swaps	3	–	–	–	3
Total derivative financial assets/(liabilities)	417	2	(6)	(589)	(176)

▲ Level 2 – cash flow swap derivatives

Cash flow swaps represent derivative financial assets of £376 million (2022: £412 million) and derivative financial liabilities of £481 million (2022: £580 million) relating to the financing arrangement of London Broadcasting House. These swaps, which expire between 2033 and 2045, are valued with reference to relevant SONIA yield curves, subject to appropriate credit risk adjustments where necessary. As part of the reform of interest rate benchmarks (interbank offered rates – IBORs), an alternative benchmark rate has been applied prospectively to determine a fair value under IFRS 9, with subsequent fair value gains or losses immediately recognised in the statement of profit or loss.

An adjustment of 244 basis points is applied to a specific leg of the swaps to reflect credit risk as the arrangement with the counterparty is not collateralised. These assumptions and inputs are reviewed on an annual basis, along with the completion of sensitivity analysis. If another adjustment of 258 basis points had been used to reflect a reasonably possible change based on market movements during the year, then this would result in a decrease in the net liability of £6 million.

During 2021/22 an adjustment of 233 basis points was applied to reflect credit risk as the arrangement with the counterparty is not collateralised. If another adjustment of 248 basis points had been used to reflect a reasonably possible change based on market movements during that year, this would have resulted in a decrease in the net liability of £9 million.

Level 3 financial instruments

The change in fair value of level 3 financial instruments is reconciled as follows:

	2023		2022	
	Financial assets £m	Financial liabilities £m	Financial assets £m	Financial liabilities £m
At 1 April	227	(1,756)	221	(1,799)
Payments and settlements	–	192	–	169
Unwinding of discount recorded within finance expense	–	(51)	–	(52)
Additions	2	(5)	–	(37)
Disposals	–	2	–	–
Change in fair value recorded in other losses	–	–	–	(10)
Change in fair value	(31)	(100)	6	(27)
At 31 March	198	(1,718)	227	(1,756)

Financial statements

Notes to the accounts continued

G. Financing the BBC continued

G5 Financial instruments continued

G5.2 Fair value of financial instruments continued

Financial assets

Financial assets includes £6 million (2022: £4 million) unquoted equity investments, the fair value amount of the Group's investment in Daunus Limited of £185 million (2022: £216 million) and the fair value amount of investment property of £7 million (2022: £7 million).

In order to facilitate the redevelopment and subsequent financing arrangement relating to London Broadcasting House, the BBC holds an investment in Daunus Limited, which is disclosed within level 3 financial instruments with a fair value of £185 million (2022: £216 million). The BBC holds a 20% (2022: 20%) share of the issued share capital (preferential in nature), due to mature in 2033, at which point the BBC receives certain rights in respect of London Broadcasting House. The BBC's share in Daunus Limited entitles it to the first £90 million (plus RPI from the start of the lease) of any proceeds on termination of the lease. The fair value has therefore been derived from £90 million, inflated by RPI and subsequently discounted to 31 March 2023. The estimated interest rate used was 8.9% (2022: 9.8%) and the rate used to discount the future cash flows was 3.5% (2022: 1.7%). These assumptions and inputs are reviewed on an annual basis, along with the completion of a sensitivity analysis. A change in the adjustment applied to the respective interest rate of +1.0% would result in an increase in the net assets by £2 million (2022: £26 million) whilst a reduction in the respective interest rate of -1.0% would result in a decrease in the net assets of £2 million (2022: £24 million).

The fair value of the investment in Daunus Limited is not included on the consolidated balance sheet as it is equity accounted for through the income statement (see Note E7). This is due to the BBC sharing joint control with other investors, including voting power and right to veto over relevant activities, along with significant shared exposure to variable returns. The original investment made to acquire this entity (£14 million) is still held on the consolidated balance sheet at 31 March 2023 and the Group does not consider this investment impaired given the structure in place. The assumptions relating to Daunus Limited are reviewed on an annual basis, along with the completion of a sensitivity analysis. Whilst the reported profit or loss of Daunus Limited is not a significant input, the decision that Daunus Limited is a joint venture is a significant judgement.

Financial liabilities

Level 3 financial liabilities reflect less than £1 million (2022: £19 million) put options held with some of the Group's associates and joint ventures and finance lease liabilities which primarily relates to the lease of three properties. The vast majority of leases undergo rent reviews on a frequent basis and consequently book value is deemed to also reflect fair value.

H. Receivables and payables

This section contains the receivable and payable related notes to the consolidated balance sheet, such as contract balances, trade and other receivables and payables, any expected credit losses associated with these balances and any provision or contingent liabilities that the BBC may owe in the future. Also included are details on balances/transactions with related parties and any commitments the BBC is expecting to settle in future years.

Judgement – expected credit losses

Judgement is required when determining the recoverability (likelihood of receiving payment) of a contract asset or trade and other receivables. Changes in the credit quality of the receivable together with future considerations around the current state of the UK and overseas economies and any industry-specific issues are all subjective.

Judgement – provisions

Judgements are employed in determining if a past event has given rise to a present obligation that will result in probable payment by the BBC that can be measured reliably. Estimation techniques used can be very complex, especially when there is a wide range of possible outcomes.

Judgement – work in progress accruals

Work in progress accruals arise where a performance obligation has been satisfied but all associated expenditure has yet to be incurred. Judgement is required in estimating the outstanding expenditure required to fulfil the contract.

H1 Trade and other receivables and contract assets

Trade and other receivables and contract assets are recognised initially at transaction price and subsequently at amounts considered recoverable (amortised cost). Estimates are used in determining the level of receivables that will not be collected. These estimates include factors such as historical experience, the current state of the UK and overseas economies and industry specifics. A provision for impairment of trade and other receivables and contract assets is recognised based on the simplified approach using the lifetime expected credit losses. During this process the probability of non-payment is assessed.

This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade and other receivables and contract assets. The most significant trade and other receivable is the licence fee receivable, which represents amounts due from the DCMS for licence fee payments not yet collected but due. The calculation of this balance carries a degree of estimation, however we do not believe that the estimation uncertainty/difference would be material to the accounts. Changes in the carrying amount of the allowance are recognised in the consolidated income statement within total operating costs.

H1.1 Contract assets

	2023 £m	2022 £m
At 1 April	3	4
Balance transferred to trade receivables	(3)	(4)
New contract assets	31	3
At 31 March	31	3
Presented within:		
Current	31	3
Non-current	–	–
	31	3

Contract assets (accrued income) primarily relate to the BBC's right to consideration for work completed but not billed at the reporting date.

H1.2 Trade and other receivables due after more than one year

	2023 £m	2022 £m
Lease receivables	222	210
Trade receivables	1	19
	223	229

Lease receivables relate to a lease of land and buildings, expiring in 2035. The contract was entered into in 2015 with the BBC receiving fixed quarterly receipts, subject to inflation.

Financial statements

Notes to the accounts continued

H. Receivables and payables continued

H1 Trade and other receivables and contract assets continued

H1.3 Trade and other receivables due within one year

	2023 £m	2022 £m
Licence fee receivables	466	480
Accrued income	279	255
Trade receivables	180	172
Prepayments	60	72
VAT recoverable	72	61
Amounts owed by associates and joint ventures	46	15
Other receivables	56	41
	1,159	1,096

Licence fee payers can pay the annual licence fee in several different ways. This can therefore result in a **licence fee receivable** where individual payments run behind usage as well as a licence fee payable where individual payments are running ahead of usage at a given point in time.

H1.4 Expected credit losses

In determining the recoverability of a contract asset or trade and other receivable the BBC considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date, as well as future considerations around the current state of the UK and overseas economies and any industry-specific issues. Receivables are provided for based on the probability of expected credit losses for each receivable.

The Group uses an allowance matrix to measure the expected credit losses of trade receivables from individual customers. Loss rates are based on actual credit loss experience which are adjusted to reflect differences between customer base during the period over which the historical data has been collected, as well as any forward-looking information regarding the company's view of economic and industry-wide conditions over the expected lives of the receivables.

The Group has further reviewed the amounts provided against receivables for expected credit losses, taking into account the potential for increased losses due to uncertainty surrounding the economic recovery. In addition to revisiting historic loss rates, this review assessed if heightened sectoral exposure and uncertainty impacted certain segments of the receivables balances, resulting in a qualitative adjustment being required.

The licence fee income Grant-in-Aid paid by DCMS is based on the recoverable value of TV licences issued in the year. The year end licence fee receivables expected credit loss is estimated based on the value of licence cancellations in the current year, as adjusted to reflect the current and future economic environment.

Included in the BBC's contract assets (see Note H1.1) and trade and other receivables at 31 March 2023 are balances of £33 million (2022: £32 million) which are past due at the reporting date but not impaired. The aged analysis is as shown below:

	2023 £m	2022 £m
Up to three months	23	24
Three to six months	5	3
Over six months	5	5
	33	32

Movements in the BBC's provision for impairment of licence fee receivable, trade receivables and contract assets can be shown as follows:

	2023 £m	2022 £m
At 1 April	35	36
Charge for the year	2	1
Amounts written off as unrecoverable	(1)	–
Amounts recovered during the year	–	(2)
At 31 March	36	35

Amounts charged to the impairment provision are written off when there is no expectation of recovery. Subsequent recoveries of amounts previously written off are credited to the consolidated income statement.

H. Receivables and payables continued**H2 Trade and other payables and contract liabilities**

- Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.
- A contract liability is recognised when payment is received prior to the associated performance obligation being fulfilled. It is released to income when the performance obligation is satisfied.
- Accruals include work-in-progress accruals, which arise in instances where a performance obligation has been satisfied but all associated expenditure has not yet been incurred. The basis of the calculation of such accruals is based upon forecast expenditure required to fulfil the contract.

H2.1 Contract liabilities

	2023 £m	2022 £m
At 1 April	(333)	(191)
Income recognised in the period	304	133
Cash received in advance and not recognised as income during the year	(237)	(275)
At 31 March	(266)	(333)
Presented within:		
Current	(183)	(312)
Non-current	(83)	(21)
	(266)	(333)

Contract liabilities (deferred income) primarily relate to the consideration received from customers in advance of transferring a good or service.

H2.2 Trade and other payables due after more than one year

	2023 £m	2022 £m
Rights creditors	–	3
Other payables	70	41
	70	44

Rights creditors refers to liabilities relating to the rights to broadcast programmes and are expensed in line with the expected transmission profile.

H2.3 Trade and other payables due within one year

	2023 £m	2022 £m
Licence fee payable	257	260
Accruals	262	237
Trade payables	218	187
Rights creditors	127	161
Salaries and wages payables	110	99
Licence savings stamp deposits and savings cards	40	41
Other taxation and social security	32	30
Deferred income	15	16
Amounts owed to associates and joint ventures	10	5
Other payables	82	51
	1,153	1,087

Licence fee payers can pay the annual licence fee in several different ways. This can therefore result in a licence fee receivable where individual payments run behind usage as well as a **licence fee payable** where individual payments are running ahead of usage at a given point in time.

Licence savings stamp deposits and savings cards are made up of TV Licencing stamps which are slowly being redeemed.

Financial statements

Notes to the accounts continued

H. Receivables and payables continued

H3 Related party transactions

The following table represents transactions with related parties excluding key management personnel.

	Associates, joint ventures and other investments		BBC Pension Scheme	
	2023 £m	2022 £m	2023 £m	2022 £m
Rendering of services	84	40	–	–
Receiving of services	(90)	(74)	–	–
Pension contributions	–	–	239	173
Dividends received	31	15	–	–
	25	(19)	239	173

	Amounts owed by related parties		Amounts owed to related parties	
	2023 £m	2022 £m	2023 £m	2022 £m
BBC Pension Scheme	–	1	(1)	(1)
Associates, joint ventures and other investments	46	15	(10)	(5)
	46	16	(11)	(6)

In all transactions, terms were negotiated on an arm's length basis.

The BBC also enters into various transactions with Government and local authorities on an arm's length basis. These transactions include business rates and corporation tax payments.

At 31 March 2023, the BBC had a £1.2 million receivable with BBC Media Action UK (the BBC's international charity which, although legally and financially independent, the majority of Trustees are nominated by the BBC). In the prior year, the BBC had a £0.9 million receivable with this entity.

At 31 March 2022 the BBC was owed £0.3 million (2022: £0.6 million) and due to pay £0.5 million (2022: £0.7 million) to the BBC Pension Scheme.

The BBC also received £0.1 million of income from BBC Children In Need (2022: £0.1 million) during the year.

H4 Provisions and contingent liabilities

The BBC recognises a provision if a past event has given rise to a present obligation that will result in a probable payment that can be measured reliably. Where a provision is determined to be required and there are a range of possible outcomes, estimation techniques are used to calculate the best estimate of the amount required to settle the obligation.

The BBC recognises decommissioning liabilities as part of the initial cost of the asset, discounted to present value. The BBC reassesses whether there has been a change in this liability based on the facts and circumstances at each balance sheet date.

	At 1 April 2022 £m	Charge for the year £m	Utilised during the year £m	Released during the year £m	At 31 March 2023 £m
Property	53	31	–	(4)	80
Taxation, litigation and insurance	56	27	(33)	(7)	43
Restructuring	25	70	(29)	(5)	61
Other	15	15	(4)	–	26
	149	143	(66)	(16)	210
Included in current liabilities	94				110
Included in non-current liabilities	55				100
	149				210

Property

The BBC has obligations to restore leased properties to their original condition at the end of the lease term. Property provisions are made for the cost of such restoration works as determined by the properties' discounted net present value or the market value of the gross square footage.

Taxation, litigation and insurance

Taxation, litigation and insurance provisions relate to ongoing legal, insurance and compensation claims against the BBC. The BBC makes specific provision for its best estimate of any damages and costs which may be awarded. A provision is only made to the extent that the BBC considers it probable that there will be an outflow of economic benefits and the amount can be reliably estimated. There are a number of provisions within this balance, including balances connected to payments to Personal Service Companies that may be required. The timing and value of cash flows associated with these provisions can sometimes be uncertain where we are awaiting the outcome of HMRC reviews.

Restructuring

Restructuring provisions are determined by the probable costs relating to reorganisations, relocations and redundancies in the BBC. The restructuring balance predominantly relates to the redundancies required by ongoing savings strategies.

H. Receivables and payables continued**H4 Provisions and contingent liabilities** continued**Other**

Other provisions include amounts relating to employment matters and other issues arising across the BBC in the normal course of business, none of which are individually material.

Contingent liabilities

From 14 – 16 February 2023 the Indian Income Tax Department conducted a tax survey on the BBC's Indian operations in Mumbai and Delhi. This involved tax surveys carried out at the offices of BBC Global News India Private Limited, BBC Global News Limited, BBC World Service India Private Limited and BBC Studios India Private Limited. The BBC has co-operated in full, and will continue to do so, with all requests made to it including document and information requests, supported by its external legal and tax advisers. As matters are ongoing and have not yet concluded, it is not possible at this stage to identify if in any or all instances a liability exists and/or to quantify any such liability with reasonable certainty.

Contingent liabilities are liabilities that may occur depending on the outcome of an uncertain future event such as the outcome of a pending lawsuit. Contingent liabilities are not accounted for in the financial statements because, unlike provisions, they are not sufficiently certain or cannot be estimated reliably.

H5 Long-term commitments not reflected in the balance sheet – contracts placed for future expenditure

This note shows amounts to which the BBC is contractually committed, but which do not meet the criteria for inclusion in the balance sheet as the goods/services are yet to be received. It includes fixed (but not variable) payments due under outsourcing contracts for the life of those contracts.

Functions covered by these long-term outsourcing contracts include IT support, content distribution and transmission, facilities management and elements of finance support.

	2023 £m	2022 £m
Fixed asset additions	19	20
Programme acquisitions and sports rights	1,265	1,233
Independent programmes	376	290
Other fixed payments on long-term outsourcing arrangements	1,973	2,300
	3,633	3,843

Long-term commitments not reflected in the balance sheet are payable as follows:

	2023 £m	2022 £m
Within one year	1,142	1,129
Between one and five years	2,055	2,268
Over five years	436	446
	3,633	3,843

Financial statements

Notes to the accounts continued

I. BBC structure and other disclosures

This section details the BBC's interests held in associates, joint ventures and subsidiaries, along with the BBC's reserves and details on post balance sheet events.

11 Interests in associates, joint ventures and subsidiaries

The BBC Group holds (directly and indirectly) interests in the associates, joint ventures and subsidiaries listed below which, except where otherwise stated, are incorporated in Great Britain and registered in England and Wales.

11.1 Significant associates and their activities

Name of entity	Place of incorporation and principal place of business	Holding of issued ordinary shares %	Activity
YouView TV Limited	England and Wales	16.7%	Multiplatform broadcasting
New Video Channel America LLC*	United States	50.1%	TV channel operator
3sixtymedia Limited**	England and Wales	10.0%	Production

* Whilst BBC Studios Distribution Limited retains a significant influence over New Video Channel America LLC and has the rights to variable returns, it is not deemed to have control and is therefore recognised as an associate undertaking

** The BBC holds 10% of the total share capital of 3sixtymedia Limited but 20% of the Class A ordinary shares, which gives it significant influence

11.2 Significant joint ventures and their activities

Name of entity	Place of incorporation and principal place of business	Holding of issued ordinary shares %	Activity
BritBox LLC	United States	50%	Digital video subscription
Daunus Limited*	England and Wales	20%	Property

* The BBC holds 20% of the total share capital of Daunus Limited but 66% of the voting rights. Other shareholders retain certain veto rights and therefore this entity is recognised as a joint venture

11.3 Subsidiary undertakings

Name of entity	Registered address
Directly owned commercial subsidiaries: (all 100% owned unless stated)	
BBC Commercial Limited	1 Television Centre, 101 Wood Lane, London W12 7FA
BBC Property Limited	Wogan House, 1st Floor, 99 Great Portland Street, London W1W 7NY
BBC Property Investment Limited	
BBC Property Development Limited	
Centre House Productions Limited	
BBC News Limited	
BBC Free to View (Satellite) Limited	
BBC Free to View Limited	
BBC Media Applications Technologies Limited	
BBC Subscription Television Limited	
BBC Investments Limited	
DSHS Limited	
BBC Digital Programme Services Limited	
BBC World Service Trading Limited	Broadcasting House, Portland Place, London W1A 1AA
BBC World Service Holdings Limited	
BBC Brasil do Comunicado	Rua Libero Badaro 488, 80 andar City of Sao Paulo Brazil
BBC East Asia Relay Company Limited (99% owned)	30th Floor Jardine House One Connaught Place Hong Kong
BBC World Service Hong Kong Limited	31st Floor, Citicorp Centre, 18 Whitefield Road, Hong Kong
BBC Pakistan (Pvt) Limited	House 28, Street 8, Sector F-7/3, Islamabad
BBC Morocco SA	Angle avenue Mohamed V et rue El Khalil, 3ème étage, appartement 9 Rabat, Morocco
BBC Tanzania Limited (99% owned)	Plot no. 265/266 Mikocheni Dar Es Salaam
BBC Ukraine LLC (99.9% owned)	42/44 Shovkoychna Str, 01004, Kyiv
BBC Kyiv LLC	
BBC World Service India Private Limited (99.9% owned)	5&6th Floor Hindustan Times House Kasturba Gandhi Marg New Delhi
BBC News (Asia Bureau) Pte Limited	8 Wilkie Road #03-01, Wilkie Edge, Singapore 228095
British Broadcasting Corporation Nigeria Ltd	Heritage Place 21, Lugard Avenue, Ikoyi Lagos, Nigeria
BBC Korea Ltd	Seoul Square (8th Floor), 416 Hangang-daero, Jung-gu, Seoul, Korea
BBC DRC SARL	95 C, Avenue de la Justice, Quariter Lemera, Commune de la Gombe
BBC Bangladesh Ltd (99% owned)	Noor Tower (14th Floor), 110, BUCR. Dutta Road, Dhaka – 1205, Bangladesh
BBC Africa Burundi SPRL	Building Maison de la Biblique au Burundi, 2 Etage, en face de Par, Avenue de la Mission, Rue St Michel, Bujumbura – Burundi

I. BBC structure and other disclosures continued**I1 Interests in associates, joint ventures and subsidiaries** continued

Name of entity	Registered address
Indirectly owned commercial subsidiaries: (all 100% owned unless stated)	
BBC Studios Limited	1 Television Centre, 101 Wood Lane, London W12 7FA
BBC Studios Distribution Limited	
2 entertain Limited	
2 entertain Management Limited	
2 entertain Video Limited	
BBC Video Limited	
MCI Music Publishing Limited	
Demon Music Group Limited	
Crimson Productions Limited	
F-Beat Records Limited	
Demon Records Limited	
Devil's Peak Distribution Limited (92% owned)	
BBC Earth MD (WWD) Limited	
BBC Earth Productions (Life) Limited	
BBC Earth Productions Limited	
BBC Earth Productions (Africa) Limited	
BBC Earth Productions (Giant Films) Limited	
Earth Film Productions Limited	
BBC Magazine Holdings Limited	
BBC Studios Corporate Services Limited	
BBC Studios Investments Limited	
BBC Studios Drama Productions Limited	
Tonto Films and Television Limited	
BBC Studios Channel Investments Limited	
Mortimer Productions Limited	
UK Programme Distribution Limited	
BEEB Rights Limited (88% owned)*	
BBC Global News Limited	
BBC World Distribution Limited	
BBC.com Limited	
BBC Studios Productions Limited	
BBC Grafton House Productions Limited	
BBC Comedy Productions Limited	
BBC Natural History and Factual Productions Limited	
BBC Natural History Giant Screen Limited	
Nice and Accurate Productions Limited	
BBC Studios Productions (Clifton) Limited	
BBC Children's Productions Limited	
BBC Studios Productions (Kidnapped) Limited	
BBC Studios Productions (Time2) Limited	
BBC Global News Holdings Limited	
UKTV Media Holdings Limited	10 Hammersmith Grove, London W6 7AP
UKTV Media Limited	
BBC Studioworks Limited	Room N101, Neptune House, BBC Elstree Centre, Clarendon Road, Borehamwood, Hertfordshire WD6 1JF
Baby Cow Productions Limited (75% owned)	1 Television Centre, 101 Wood Lane, London W12 7FA
Baby Cow Productions (Changing Ends) Limited (75% owned)	
Baby Cow Manchester Limited (75% owned)	
Baby Cow Productions (Chivalry) Limited (75% owned)	
Baby Cow Productions (Hunderby) Limited (75% owned)	
Baby Cow Productions (Partridge) Limited (75% owned)	
Baby Cow Productions (Red Dwarf) Limited (75% owned)	
Baby Cow Films Limited (75% owned)	
Alan Partridge Limited (75% owned)	
Baby Cow Animation (Warren) Limited (75% owned)	
Baby Cow Animation (Wussywat) Limited (75% owned)	
Baby Cow Productions (Witchfinder) Limited (75% owned)	
Baby Cow Animation Limited (75% owned)	

* BBC Studios Distribution Limited holds 88.4% of issued share capital but the non-controlling shareholders have no right to distributions

Financial statements

Notes to the accounts continued

I. BBC structure and other disclosures continued

I1 Interests in associates, joint ventures and subsidiaries continued

Name of entity	Registered address
Clerkenwell Films Limited	
Uncle Steve Limited	
House Productions Limited	
House Conclave Limited	
House LAL Limited	
House Pictures Limited	
House Ref Limited	
House Sherwood Limited	
House Six Four Limited	
Devil's Peak Distribution Limited (92% owned)	
Philomena Lee Limited (75% owned)	
Quite Funny Films Limited	
Quite Persuasive Films Limited	
Quite Scary Films Limited	
Recall TV Limited	
TFW Productions Limited	
Two+Two=5 Limited	
Lost Child Limited (75% owned)	
The Last Holiday Limited (75% owned)	
Sid Gentle Films Limited	1 Television Centre, 101 Wood Lane, London W12 7FA
Sid Gentle Films (Corfu) Limited	
Sid Gentle Films (Costello Jones) Limited	
Sid Gentle Films (Extraordinary) Limited	
Sid Gentle Films (Extraordinary 2) Limited	
Sid Gentle Films (Gaiman) Limited	
Sid Gentle Films (KE2) Limited	
Sid Gentle Films (KE3) Limited	
Sid Gentle Films (KE4) Limited	
Sid Gentle Films (Killing Eve) Limited	
Sid Gentle Films (Ragdoll) Limited	
Sid Gentle Films (SS-GB) Limited	
Sid Gentle Films (TD4) Limited	
Sid Wild Films Limited	
Sid Gentle Films (The Durrells) Limited	
As Yet Unnamed Limited	
Consent Productions Limited	
Firebird Pictures Limited	
Mitrageous Limited	
Small Pier Productions Limited	
House Starve Acre Limited	
EHV Films limited	
Voltage TV Productions Limited	
Wilder (UK) Productions Limited	
Lookout Point Limited (92% owned)	Hammer House, 113-117 Wardour Street, London, United Kingdom W1F 0UN
A Suitable Company Limited (92% owned)	
AMP 1 Limited (92% owned)	
Evergreen Television Limited (92% owned)	
Off Stone Productions Limited (92% owned)	
Lookout Point (DP) Production Limited (92% owned)	
Lookout Point (FUMP) Limited (92% owned)	
Lookout Point Management Limited (92% owned)	
Lookout Point (T&T) Limited (92% owned)	
LOOKOUT POINT (LES MISERABLES) Limited (92% owned)	
LOOKOUT POINT (SHIBDEN) Limited (92% owned)	
Lookout Point (LT5) Limited (92% owned)	
Lookout Point Acquisition Limited (92% owned)	
Lookout Point (The Collection) Limited (92% owned)	
Lookout Point (HV3) Limited (92% owned)	
White Hart Lane Productions Limited (92% owned)	
BBC Taobh Na H-Aibhne Limited	Wogan House, 1st Floor, 99 Great Portland Street, London W1W 7NY
BBC Studios Canada Limited	145 King Street West, Suite 740, Toronto ON M5H 1JH, Canada

I. BBC structure and other disclosures continued**I1 Interests in associates, joint ventures and subsidiaries** continued

Name of entity	Registered address
BBC Studios Productions (Clifton) Canada Inc	40 King Street West, Suite 2100, Toronto ON M5H 3C2, Canada
BBC Studios Singapore Private Limited	12-08/08 Shal Tower, 100 Beach Road, Singapore 189702, Singapore
BBC Studios Japan Limited	Tokyo Club Bldg., 10F, 3-2-6 Kasumigaseki, Chiyoda-ku, Tokyo 100-0013, Japan
BBC Studios Productions Nordics ApS	Mosedalvej 14, 2500 Valby, Denmark
BBC.com US, Inc	c/o Corporation Trust Centre, 1209 Orange Street, Wilmington 19801, United States
BBC Studios France	18-20 Quai du Point du Jour, Bat. A, 92100 Boulogne-Billancourt, France
BBC Studios Benelux B.V.	Worldwide Channels Europe B.V., Weesperplein 4b, 1018 XA Amsterdam, Netherlands
BBC Studios Channel Investments (Ontario) Limited	Toronto Dominion Bank Tower, Toronto Dominion Center, Toronto, ON M5K 1E6, Canada
BBC Studios Americas Inc BBC Studios Americas (401) k Plan – Trustees	1120 Avenue of the Americas, 5th Floor, New York, NY 10036-6700, United States
Adjacent Productions, LLC Bad Wolf Productions LLC BBC Studios Reality Productions LLC Global Hybrid Productions LLC Lime Grove Productions LLC Sun Never Sets Productions LLC WNT Productions LLC Studios Competition Productions LLC	10351 Santa Monica Boulevard, Los Angeles, CA 90025, United States
BBC Studios Americas Investments Inc	The Corporation Trust Company, Corporation Trust Centre, 1209 Orange Street, Wilmington 19801, United States
BBC Studios Australia Holdings Pty Limited BBC Studios Australia Pty Limited BBC Studios Australia BB Pty Limited BBC Studios Productions Australia Pty Limited	Level 1, 35-51 Mitchell Street, McMahon's Point NSW 2060, Australia
BBC Studios Germany GmbH Erste Weltweit Medien GmbH	Kaiser-Wilhelm-Ring 17-21, 50672 Köln, Germany
BBC Worldwide Holdings B.V.	Prins Bernhardplein 200, 1097 JB Amsterdam, Netherlands
BBC Studios India Private Limited	Construction House A Wing, 401 – 4th Floor, Off Linking Road, 24th Road, Khar (W), Mumbai 400 052, India
BBC Studios Africa (Pty) Limited	Office 003H3 Ground Floor, 10 Melrose Boulevard, Melrose Arch, Melrose North 2196, South Africa
BBC Studios Intermediadora de Programadora Estrangeira Ltda	Rua Ferreira de Araujo, 741, Andar 1, Pinheiros, São Paulo SP 05.428-002, Brazil
BBC Studios Polska Sp. z o.o.	Pl. Bankowy 1, 00-139 Warszawa, Poland
BBC Studios Mexico S.A de C.V.	Calle Andres Bello 10 Piso 10, Chapultepec Polanco, Delg. Miguel Hidalgo, Ciudad de Mexico CP 11560, Mexico
Worldwide Knowledge (Beijing) Business Consulting Company Limited	Unit 7, Floor 9, West Tower, Genesis Building, 8 Xinyuan South Road, Chaoyang District, Beijing 100027
BBC Studios Productions (Africa) (Pty) Limited	24 18th Street, Menlo Park 0081, Maxars House, 5 St Davids Place, Parktown 2193, South Africa
Rapid Blue Pty Limited	263 Oak Avenue, Ferndale, Randburg, Johannesburg, 2194, South Africa
Rapid Blue Production Nigeria Limited (99% owned)	1 Hotsports Drive, Via Kudirat Abiola Road, Oregun, Lagos, Nigeria
Rapid Blue Africa Limited	7 Sowemimo Street, GRA Ikeja, Lagos, Nigeria
Rapid Blue Formats Limited (38% owned)	1 Bamako Street, Omole Phase 1, Ojodu Lagos, Nigeria
BBC Global News (Japan) Limited	Tokyo Club Bldg., 3-2-6, Kasumigaseki, Chiyoda-ku, Tokyo, 100-0013, Japan
BBC Global News (Singapore) Private Limited	#12-08/08 Shaw Tower, 100 Beach Road Singapore 189702, Singapore
BBC Global News (India) Private Limited	Unit No. 301, 3rd Floor, D-2, Southern Park, District Centre, Saket, New Delhi, 110017, India

Financial statements

Notes to the accounts continued

I. BBC structure and other disclosures continued

I1 Interests in associates, joint ventures and subsidiaries continued

Name of entity	Registered address
BBC Global News US LLC	Corporation Service Company, 80 State Street, Albany, New York, 12207-2543, United States
The Office Production Pty Limited	Level 1, 35-51 Mitchell Street, McMahons Point 2060, Sydney, Australia
LLC BBC Holding LLC BBC R News	Bakhrushina Street 32, bldg. 1, Moscow, 115054, Russian Federation
BBC Lebanon LLC	Aref Law. Snoubra, Itani St., Chahine Bldg, First Floor, PO Box 135207

I2 Reserves

Operating reserve

The operating reserve reflects accumulated profits to date.

Hedging reserve

The hedging reserve is used to record the effective portion of cumulative net changes in the fair value of cash flow hedging instruments, related to hedged transactions that have not yet occurred (net of tax). During the current year, losses of £17 million were removed from the hedging reserve and debited to income in the income statement (2022: £6 million gains).

Translation reserve

The translation reserve is used to record exchange differences arising from the retranslation of the net assets and results of overseas subsidiaries. This includes all foreign exchange differences arising since the transition to IFRS, from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the BBC's net investment in foreign subsidiaries.

Other reserves

Other reserves include the fair value of put option liabilities arising on acquisition of subsidiaries and the difference between the cost of investment and net assets of entities acquired which are held under common control.

I3 Post balance sheet events

In June 2023, the BBC was informed by its supplier IBM that their contractor, Zellis, had been affected by a vulnerability in third-party software it uses which led to a data breach affecting the BBC. Zellis manage the payroll process for the BBC and therefore hold personal data about BBC employees and individuals engaged by the BBC on a PAYE basis. The Group has been working closely with the supplier to investigate the extent of the breach and support affected individuals. The matter has also been reported to the Information Commissioner's Office, and we will continue to keep it updated.

The triennial valuation of the BBC Pension Scheme completed post year end. See note D7.1 for further details. There have been no other significant events affecting the Group since the year end.

Additional information

Index

Subject index	Page number
Access services	134
Across the UK	3, 6, 11, 49, 54, 72, 106, 111
Audience engagement	46
BBC Studios	75
BBC Studioworks	83
BBC World Service	39
Chairman's statement	7
Charitable work	71
Committee reports	89, 105, 106, 122, 123, 125, 126, 127
Consultations	65
Corporate compliance	87
Digital-first	6, 11, 43, 49, 54, 81, 110
Director-General's statement	8
Environmental sustainability	66
Equality information report	58
Financial statements	169
Governance structure	86
Operations	47
Our People	54
Partnerships and collaboration	72
Pay disclosures	97
Pay Gap report	61
Performance against public commitments	130
Performance data packs	139
Principal risks	111
PSB expenditure	53
Public purposes	12
Remuneration	89
Trading fairly	127
Value for All	4, 6, 8, 9, 11, 46, 48, 49, 51, 54, 55, 86, 115, 126
Value for audiences	42
Viability Statement	121

Additional information

Image credits

Front cover

Eurovision – BBC/James Stack

Contents page

Dodger – BBC/Universal International Studios Limited/
Simon Ridgeway
Death in Paradise – BBC/Red Planet Pictures/
Denis Guyenon
Doctor Who – BBC Studios/James Pardon

Page 7

Richard Sharp – BBC/Alistair Heap
Doctor Who – BBC Studios

Page 8

Tim Davie – RTS/Richard Kendal

Page 9

Jubilee sketch with Paddington Bear – BBC/Studio Canal
Dame Deborah James – BBC/Sebastien Bowen

Page 10

Happy Valley – BBC/Lookout Point/Matt Squire

Page 11

Avoidance – BBC/RangaBee Productions/Colin Hutton
SAS Rogue Heroes – BBC/Kudos/Robert Viglasky

Page 14

BBC News studio gallery – BBC/Jeff Overs

Page 16

Sunday with Laura Kuensberg – BBC

Page 17

#Newsbab van – BBC

Page 18

Dick Whittington's Cat – BBC/Kieron McCarron

Page 20

Frozen Planet II – BBC Studios

Page 21

Ocean Adventure Prom – BBC/Guy Levy
CBeebies Bedtime Stories – BBC/James Stack

Page 22

The English – © Drama Republic/BBC/Amazon Studios/
Diego López Calvin

Page 24

The Jubilee Pudding – BBC/Sidney Street Productions/
Nicky Johnston

Page 25

The Real Mo Farah – BBC/Atomized Studios/Andy Boag
Sports Relief Allstars – BBC/Comic Relief/Jacqui Black

Page 26

Happy Valley – BBC/Lookout Point/Matt Squire
The Traitors – BBC/Studio Lambert Associates/
Mark Mainz

Page 27

Owain Wyn Evans – BBC/Patrick Olnier

Page 28

Am I Being Unreasonable – Boffola Pictures/James Pardon

Page 30

Transfer – BBC

Page 31

2022 Commonwealth Games – Team Scotland
Mayflies – BBC/© Synchronicity Films/Jamie Simpson

Page 32

Blue Lights – BBC/Gallagher Films/Two Cities Television/
Steffan Hill

Page 33

Minute of Me – BBC
The Kidnapping of Stephanie Slater – BBC

Page 34

Sherwood – BBC/House Productions/Matt Squire

Page 35

BBC Cymru Wales HQ – BBC
Better – Sister Pictures

Page 36

Waterloo Road – BBC/Wall To wall/Rope Ladder Fiction/
Helen Williams

Page 38

Lyse Doucet – BBC/Lee Durant

Page 40

Dars – BBC/Robert Timothy
Reporting Iran: Inside BBC Persian – BBC

Page 41

Royal visit April 2022 – BBC/Jeff Overs

Page 44

Red Nose Day – BBC/Comic Relief/James Stack

Page 45

BBC iPlayer – BBC
BBC Sounds – BBC

Page 46

Huw Edwards – BBC/Jeff Overs

Page 47

Strictly Come Dancing – BBC/Guy Levy

Page 48

Leigh Tavaziva – BBC/Guy Levy

Page 49

The English – © Drama Republic/BBC/Amazon Studios/
Diego López Calvin

Page 54

Mayflies – BBC© Synchronicity Films/Jamie Simpson

Page 56

Tess Foster – BBC/Tess Foster

Page 57

Apprentice Hub cohort 2022 – BBC

Page 60

Wild Isles – BBC/Silverback Films/Lily Moffatt

Page 65

Waterloo Road – BBC/Wall To wall/Rope Ladder Fiction/
Vishal Sharma

Page 67

The Green Planet – BBC Studios/Paul Williams

Page 69

Laura Weinrother – BBC

Page 70

Loading pallets – © Community Wood Recycling

Page 71

Patrick Mulehi and Ekusi – BBC Media Action/
Vivian Achwa

Page 72

East Bank Education programme – BBC/Jay Whitehead

Page 73

REASON team – REASON/Department for Culture,
Media and Sport

Page 74

Am I Being Unreasonable – Boffola Pictures/Alistair Heap

Page 75

Frozen Planet II – BBC Studios
Waterloo Road – BBC/Wall To wall/Rope Ladder Fiction/
Helen Williams

Page 76

Tom Fussell – BBC/Rachel Manns

Page 77

Bluey – BBC Studios/Ben Sklar

Page 79

Happy Valley – BBC/Lookout Point/Matt Squire

Page 80

Prehistoric Planet – Apple TV+

Page 81

Chuck D – BBC Studios/PBS/Richard Rafferty

Page 83

Strictly Come Dancing – BBC/Guy Levy

Page 84

Broadcasting House – BBC/Jeff Overs

Page 85

Richard Sharp – BBC/Alistair Heap
Dame Elan Closs Stephens – BBC/Alistair Heap
Tim Davie – BBC/Alistair Heap
Shumeet Banerji – BBC/Alistair Heap
Sir Damon Buffini – BBC/Alistair Heap
Shirley Garrod – BBC/Alistair Heap
Sir Robbie Gibb – Photo courtesy of KekstCNC
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Charlotte Moore – BBC/Guy Levy
Sir Nicholas Serota – BBC/Alistair Heap
Leigh Tavaziva – BBC/Adam Lawrence
Deborah Turness – BBC/Ray Burmiston

Page 88

Tim Davie – BBC/Alistair Heap
Kerris Bright – BBC/Guy Levy
Alan Dickson – BBC/Robert Timothy
Tom Fussell – BBC/Adam Lawrence
Alice Macandrew – BBC/Ray Burmiston
Charlotte Moore – BBC/Guy Levy
Uzair Qadeer – BBC/Ray Burmiston
Gautam Rangarajan – BBC/Guy Levy
Rhodri Talfan Davies – BBC/Patrick Olnier
Leigh Tavaziva – BBC/Adam Lawrence
Deborah Turness – BBC/Ray Burmiston

Page 131

The Traitors – BBC/Studio Lambert &
All3Media International

Page 140

The Gold – BBC/Tannadice Pictures/Sally Mais

Page 153

Frozen Planet II – BBC Studios/Alex Board

Page 157

The Pact – BBC/Little Door Productions/Simon Ridgeway

Page 161

Granite Harbour – BBC/LA Productions/
Robert Pereira Hind

Page 165

Blue Lights – BBC/Gallagher Films/Two Cities Television/
Steffan Hill

Page 169

Ralph and Katie – BBC/ITV Studios

Page 171

Mastermind – BBC/Hindsight/Hat Trick Productions/
Philip Magowan/Press Eye

Page 189

Frozen Planet II – BBC/Sergey Gorshkov
Strictly Come Dancing – BBC/Guy Levy
Silent Witness – BBC Studios/Kieron McCarron
Kelvin Hall Studio – BBC Studioworks
Bridge Of Lies – BBC/STV/Graeme Hunter
Mixer – BBC Studioworks

Back cover

Eurovision – BBC/James Stack

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Telephone

The comment line: 03700 100 222

Other queries: 03700 100 123

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