

“Some of the new comedy is quite quirky, but it can be just random and unfunny.”

Spontaneous definition of BBC Three. Male, age 25–34, Cardiff, contributing to Trust consultation on service licences.

BBC performance Services

It is too soon for us to make definitive judgements and the assessments below are provisional while we finalise the purpose remits and service licences that in future years will be our key performance assessment tools. They will give us objective evidence with which to measure and, if necessary, to challenge the effectiveness of the BBC in delivering high-quality services that demonstrate innovation, ambition and risk-taking.

Performance assessment

The Governors used to set corporate objectives for management and report on them in the Annual Report. The Trust does not set objectives in this way; instead it sets strategic priorities through purpose remits and we will report progress on these annually. This Annual Report marks the transition between the two systems and therefore includes assessments against last year's Governors' objectives as well as our own assessments of BBC performance.

The Governors set five objectives, three of which were editorial, and we include reports on these in this section. The other two objectives – on driving digital and on value for money – are covered in the Finance and business section. Our views on performance against the five objectives are set out as follows:

- Programme strategy (page 17)
- Impartiality (page 22)
- Accountability (page 24)
- Value for money (page 28)
- Driving digital (page 30)

Part Two contains information covering a range of facts and figures about the BBC's broadcasting activities. This year the information has been expanded, at our request, to show the information by individual service. This reflects our commitment to greater transparency. The data will, in future years, contribute objective evidence to assist our assessment of BBC performance.

BBC in the wider media market

No broadcaster has escaped the enormous changes sweeping through the industry over the last 15 years or so. These changes have brought in their wake audience fragmentation, intensified competition, an increasingly complex media landscape and heightened audience expectations. The BBC has responded to these forces by developing new services – digital channels on television and radio and extensive online services – and continues to reshape itself in order to take advantage of new technological developments on behalf of the public.

At the same time, the BBC has to remember that its core broadcast audiences still depend on the channels and networks that existed well before the current spate of change began. The challenge for the BBC is to continue to supply high-quality, innovative programming to these audiences, while finding the financial and creative resources to satisfy rapidly developing audience expectations elsewhere.

Given the diversity and plurality of its audiences, the BBC will never be able to meet all the expectations of every licence fee payer, but a close understanding of audience expectations will inform the strategic priorities we set for the BBC.

It is an important principle that the BBC should service all licence fee payers. We are pleased to note that some 94% of adults in the UK use BBC services and that the BBC's audience approval scores have remained reasonably steady over the last few years. That said, the BBC's total market share of all TV and radio consumption – at around 43% – is in gentle decline.

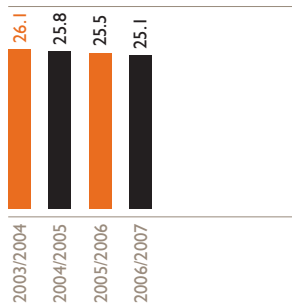
Detailed facts and figures on the performance of BBC services can be found on pages 64 to 75 in Part Two

94%

of adults in the UK use BBC services

Source: Pan BBC Tracking Study. Claimed reach, age 15+, 2006/2007

TV viewing: average amount of hours per week



Source: BARB, TNS/Infosys, age 4+

A key message from our work with the public is that audiences want the BBC to be more innovative. They value fresh and new ideas – and feel that the BBC could be doing more to deliver them. This is a challenge for the BBC that we will pursue vigorously in the year to come.

Television

Broadcasters of traditional linear television¹ are now under great pressure. Weekly television viewing of the BBC and the commercial channels has fallen on average by one hour over the past three year period. Audiences are shrinking as viewers – particularly the young (see box) – are attracted by new offerings elsewhere. Competition for this shrinking audience continues to intensify with the launch of new channels, and further competition comes from the growth of on-demand viewing through personal video recorders (PVRs) and online services. We expect this trend to intensify when the BBC launches its own on-demand television service via the BBC iPlayer later this year (see page 7).

BBC One and BBC Two have been unable to escape the long-term decline in reach suffered by nearly all established television channels. But against an acutely competitive background BBC Television has done well to continue to appeal to very large numbers of viewers with BBC One and BBC Two, and to increase the reach and appeal of BBC Three and BBC Four.

We are pleased to note that viewers still regard BBC One as the highest quality mixed-genre television service; that viewers' overall approval of BBC One and BBC Two is stable; and that approval is growing for BBC Three and BBC Four. Many BBC television programmes score well in terms of audience appreciation.

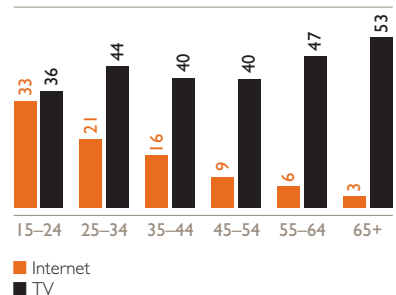
The question is whether or not this strong competitive response overall has been achieved at the cost of creative and cultural ambition. Our research suggests that audiences feel strongly that the BBC should be more innovative (see purpose remit research, page 11). This is something we will investigate over the coming year as part of our work on licence fee reprioritisation. We will also consider the role of each BBC television channel, how the portfolio of channels fits together and how it should work in a fully digital environment.

Young adults

The dramatic changes in the broadcast audience are nowhere more apparent than in the changing media behaviour of young adults (16–34). They are taking up new technologies and switching away from old ones at a faster rate than many older people, whose viewing behaviour often remains unchanged and based around four or five channels. Young adults watch less television than older groups, they listen to less radio and they consume more online services and other non-broadcast screen offerings such as games. As the chart shows, for 15–24s the internet is almost as popular a source of entertainment as television. It is important that the BBC finds ways to remain relevant to these younger age groups.

Despite the lower than average level of use of BBC services, young adults have a higher than average level of approval of the BBC. This may reflect the relatively low numbers who actually pay the licence fee in their households. But it may be that they are less likely to share older audiences' perception of the BBC having been better in the past – young people are more likely than the population as a whole to think the BBC is innovative.

TV and internet as a source of enjoyment % who agree (by age)



Source: Purpose Remit Survey, age 15+. BMRB February 2007

¹Linear television is defined as scheduled programming. Non-linear television includes on-demand viewing via Personal Video Recorders.

56%

fewer programmes in 2006/2007 had an average audience of 10 million+

Source: BARB, TNS/Infosys, age 4+. All TV Channels, UK. Minimum 10 minute duration (2006/2007 compared with 2005/2006)

Radio

The competitive forces that have reshaped UK television in the last 15 years were first felt by UK radio 40 years ago, when the launch of the pirate radio stations prompted the BBC radically to reshape its radio portfolio into Radios 1, 2, 3 and 4. This coincided with the launch of BBC local radio. The broad strategy followed by BBC Radio, then and since, of creating tailored networks with a clear public service role for specialist audiences, has proved extremely successful. BBC Radio continues to attract a high share of listening, with a strong lead over commercial radio, although, as with television, reach to younger audiences is in long-term decline, both for the BBC and for the commercial sector.

By the end of the year, more than half the adult population (58%) claimed either to own a DAB digital radio set or to have listened to digital radio via a digital TV or the internet. But sales of DAB radio sets have been relatively slow with an estimated 4.7 million units sold to date, and reach to individual digital-only radio services remains correspondingly low: the leading digital-only radio service The Hits (owned by Emap) has a weekly reach of just 2% of the adult population. Although the development of digital radio has been relatively slow to date, the arrival of a second national digital multiplex next year may further stimulate commercial competition and the digital radio market.

Online

The BBC spotted the public service potential of the internet at a very early stage and was instrumental in establishing it in the UK as a medium for high-quality news and information. bbc.co.uk has become one of the BBC's most successful services, used by an average of 15.6 million adults each month in the final quarter of 2006/2007 – an increase of more than 2.5 million people in 12 months.

The BBC's online services now face intense competition, nationally and internationally, but bbc.co.uk remains the leading UK website offering information, entertainment and educational content. The development of bbc.co.uk as a source of on-demand BBC television and radio is likely to cement its position as a key channel through which the BBC delivers its Public Purposes.

Programme strategy

The Governors set management a series of programme strategy objectives for 2006/2007. These were:

- translating Creative Future into service strategies and pan-BBC proposals
- reducing the volume of repeats on BBC One in peak-time to below 8.5% in 2006/2007
- continuing to increase overall investment in original UK comedy and drama
- refreshing BBC One's early evening output.

We are pleased with the progress made so far with Creative Future, the Director-General's large-scale project to develop an underlying editorial strategy for the BBC for the next six years. This is underpinning the work on reprioritisation following the licence fee settlement. Key themes are refreshing drama on BBC One, factual on BBC Two, and the overall provision for children and teenagers.

While we support the focus on the young, we have pressed for similar attention to be paid to all underserved audience groups. The challenge is not to create new output specifically for these audiences, but to find ways to reconnect them to mainstream BBC output.

The Governors' target for reducing repeats in BBC One peak-time was met. The 2006/2007 figure was 8.4% (down from 8.9% in 2005/2006). Valuable work has been done to improve understanding of audience attitudes to repeats in general (see box on page 18) and we support management's approach. The priority must be to create outstanding, ambitious and innovative programmes. Properly-managed repeats release resources to fund these landmark programmes – which, themselves, are likely to bear repeating.

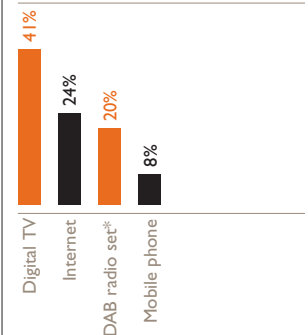
The objective of continuing to increase overall investment in original UK comedy and drama was achieved. Investment in comedy rose by 5% in 2006/2007 to £87.6million and a further 9.1% increase is proposed for 2007/2008. Lead times in drama are longer, so while investment here rose by only 3.4% to

BBC Radio: share of listening 2006/2007



Source: RAJAR. Adults aged 15+

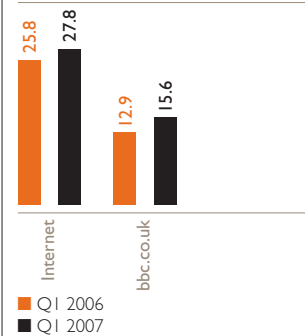
How people listen to digital radio services



Source: RAJAR. Claimed usage among adults age 15+. March 2007.

*Have a DAB digital radio set at home

Users of internet and bbc.co.uk (millions)



Source: TNS. Adults age 16+ in internet homes, UK. Claimed monthly reach

78%

of the population watch
BBC One in an average week

Source: BARB, TNS/Infosys, age 4+. At least
15 consecutive minutes, 2006/2007

£268.2million in 2006/2007, management is proposing a further 16.4% increase in 2007/2008.

In response to the Governors' final programme strategy objective – refreshing the early evening output on BBC One – management experimented with a trial run of *The One Show* and this has been commissioned as a regular anchor point in the BBC early evening schedule from spring 2007.

What audiences think about repeats

BBC research suggests that while audiences dislike some kinds of repeats they value others. Peak-time repeats on BBC One are disliked, but 'narrative repeats' are popular. (Narrative repeats are shown shortly after the original broadcast – often off peak, or on a different channel. Audiences value them as a chance to catch up on a missed programme before the next episode is shown.) Likewise digital transfers, where a programme first broadcast on one of the BBC's digital channels is re-broadcast on BBC One or BBC Two, enable people without digital access to view those programmes.

Audience fragmentation is increasing the value of repeats. Rising numbers of channels make it more likely that a programme will be missed because of schedule conflicts, and audiences increasingly expect repeats in order to catch up. In the long term, on-demand viewing may well reduce the value of repeats, particularly narrative repeats. But until on-demand is well-established, the value of repeats is likely to go on rising.

This evidence suggests the best way forward is to continue to minimise repeats in peak-time on BBC One, but to increase levels of narrative repeats and develop a well co-ordinated programme of repeats across the portfolio of services. The repeats policy must make sense to audiences and avoid the kinds of repeats they dislike. As on-demand develops, the policy may have to change to reflect changing audience behaviour.

Television

BBC One remains the BBC's flagship service. For many members of the public it is the BBC. Viewers' expectations are extremely high and, while programmes such as *Planet Earth* may exceed these standards, the channel has to work hard to match these expectations. Although 42% of viewers of the channel agree strongly that it offers high-quality programmes, a rather lower proportion – 29% – rate it highly for being "original and different".

BBC One viewers expect a very high level of first-run, original programming and we have asked the Executive to retain the commitment to decrease repeats in peak-time in the channel's Statement of Programme Policy for the coming year.

BBC One's overall reach is falling. Over the last three years it has lost five points, falling to 78% of the population in 2006/2007. Some of BBC One's most popular programming is coming under pressure. Reach to soaps such as *EastEnders* has fallen by ten percentage points over the three years and audience perceptions of BBC One as "best for soaps" have weakened. We are pleased to note, however, that reach to current affairs is growing – aided, in part, by moving *Panorama* to a new peak-time slot on Monday nights. We fully endorse the objective set by the Governors that both the prominence and the appeal of serious current affairs should be restored. BBC One's Statement of Programme Policy makes clear that we expect the channel's current affairs output to uphold the highest standards of impartiality and rigour; to invest in long-term investigations, and to reflect a broad variety of opinions and experiences. *Panorama* is to use its peak-time slot to bring high-quality coverage of a wide range of current affairs topics to its broad audience.

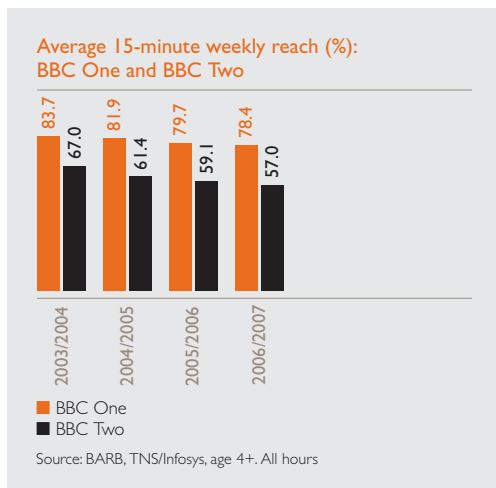
BBC One entertainment can polarise audience opinion. Some viewers feel that entertainment formats make the channel feel more modern and youthful; others are highly critical of celebrity-based entertainment, believing it to be derivative and unworthy of the channel. We believe strongly that all BBC services, including BBC One, should demonstrate innovation and creative ambition. We accept that this implies a degree of risk-taking, and recognise that the impact of 'misses', as well as of 'hits', is greater on BBC One than on any other BBC service.

Management's review
of the services can
be found in Part Two

The audience to **BBC Two** has fallen faster than BBC One's over the last four years, with particular decline among younger adults, although this rate of decline seems to have slowed.

The channel's factual output has performed strongly – including *Top Gear* (two episodes of which attracted average audiences of more than 8 million), *Coast*, *Springwatch* and *The Apprentice* (now moved to BBC One). BBC Two is performing relatively well in attracting audiences to its peak-time output in a highly competitive market. The challenge is to manage this without losing faith with the channel's commitment in its Statement of Programme Policy to show programmes of depth and substance that broaden and challenge viewers' horizons.

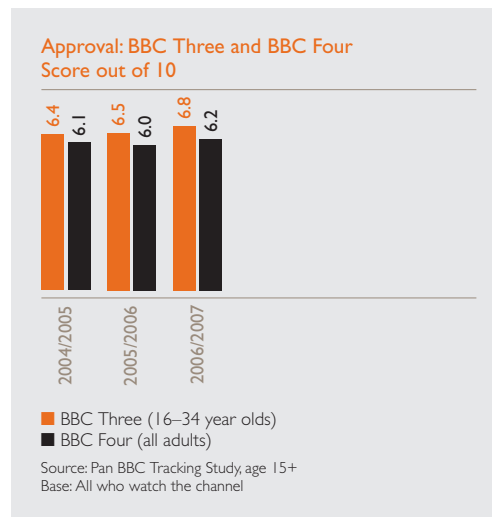
One of the findings of our service licence consultation was that viewers think of BBC Two in a different way from BBC One. In the coming year we will consider its 'fit' with other BBC television channels.



BBC Three has grown in popularity. It now reaches 17.6% of the population in digital television homes and approval is up. One in five 16–34 year olds watches the channel and it has developed a reputation as a testing ground for new comedy. The changing media behaviour of the young is a critical issue for the BBC and BBC Three's role in fulfilling the needs of this audience is something we will consider in setting the BBC's strategic priorities. We agree with the Executive's view that there is a debate to be had about some of the channel's programme titles.

BBC Four is also becoming more popular: It now reaches 7.1% of the population in digital television homes – a good performance for a digital channel. However, reach is not the only objective for BBC Four. High quality must remain the touchstone for the channel and the challenge for BBC Four is to keep faith with its original vision of being "a place to think".

We will aim to gain a better understanding of the role BBC Three and BBC Four should play in the BBC's portfolio of television services as digital switchover approaches. We also want to understand better the transfer policies between the BBC's digital and terrestrial channels, where there is a trade-off between retaining the distinctiveness of the channels and getting best value for money by showing programmes on more than one channel.



BBCi offers a broad range of non-linear television output accessed via the red button. We note management's comments on its ease of use but are aware that the Governors were concerned about speed of response times and we have asked management to monitor users' perceptions of quality and usability as more content is added to the service.

CBBC and **CBeebies** are performing strongly in particularly competitive markets. There are now 18 dedicated children's channels available in the UK but, overall, children are watching less television as they turn to other forms of entertainment. In this context, we note the

BBC Three has the third highest average weekly reach, out of 280+ non-terrestrial TV channels. **BBC Four** is ranked 16th

Source: BARB, TNS/Infosys, age 4+ in multi-channel homes. All hours, 2006/2007

18

dedicated children's TV channels in the UK

Source: BARB

63%

of 15–29 year olds who listen to Radio 1 do not tune in to any other BBC Radio service

Source: RAJAR, 2006/2007

popularity of the children's content on bbc.co.uk. 56% of 7–15 year olds in the UK with internet access claim to have used CBBC online.

CBeebies is still the most popular children's channel in its broadcast hours (0600–1900) with a 7% share of viewing² among children aged 4–14 in digital television homes. Despite increased competition, the channel continues to reach around 16% of this age group in digital TV homes. CBeebies is also seen as very innovative – half of its adult viewers agree strongly with the statement that it offers “programmes with new ideas and different approaches”. One weakness in the schedule has been provision for the 4–6 age group and we are pleased to note in the CBeebies 2007/2008 Statement of Programme Policy a plan to improve reach among this age group by introducing new programming.

CBBC is also still popular relative to competitors. Adults recognise that it provides a distinctive service, in terms of being British, offering a range of live action programmes and also that it has some educational value for children.

The Trust acknowledges that, in the overall children's television market in the UK, commissioning of original content is declining. The BBC's role in investing in UK programming therefore grows in importance and this is something we will take into account in our licence fee reprioritisation work.

Radio

Radio 1 and **Radio 2** continue to perform well. Overall, reach to Radio 1 is growing, as is the network's audience share as people listen for longer. Our audience research shows that listeners particularly appreciate the presenters on Radio 1 and Radio 2. However we note the Ofcom ruling against two Radio 1 presenters for offensive language and we are reassured by the Executive's decision to tighten regulation here. Radio 2 remains the UK's most listened-to station with more than 13 million listeners and it continues to have a high level of approval among its listeners.

However, there are some underlying concerns.

²Share of viewing = the percentage of a total viewing audience watching over a given time. 7% of all children watching television in digital TV homes between 0600 and 1900 are watching CBeebies. Source: BARB, TNS/Infosys 2006/2007

Radio 1 remains a key route for the BBC to reach the young – 53% of its audience do not listen to any other BBC radio service, rising to 63% for young listeners (15–29). But reach to 15–29s has fallen for the second year and, although this is an issue across the radio industry, Radio 1's decline is more pronounced. However, increased listening via digital platforms, especially among Radio 1's target 15–29 audience, may counter this over time.

Our Service Licence consultation showed that the distinctiveness of Radio 1 and Radio 2 is of particular concern for commercial operators. In finalising the purpose remits and reviewing the service licences, we will consider whether these services could do more to clarify the sources of their distinctiveness and contribution to the BBC's Public Purposes.

Over the year, talent costs have emerged as a significant issue for BBC Radio, and a source of concern to the public and commercial operators. We have built this into our forward plan of value-for-money studies (see page 51).

Radio 3 has seen a decline in reach over the last few years although share remains stable. In contrast, on-demand listening to its output has grown, although we decided not to approve the download of free classical music as we believed that the public value gained could be outweighed by the loss to consumers in the commercial market. In early 2007 a number of schedule changes were made and we await with interest the impact of these on the network's overall performance.

We note the aim of **Radio 4** to modernise without losing core listeners and, in particular, its aim to refresh some of its output in order to broaden its appeal. The service continues to be highly rated among its listeners, and rated the best service for high-quality programmes. In the final quarter of 2006/2007 the network recorded its highest share of listening for a decade.

The slight decline in the audience for **Radio Five Live** is, in the view of its management, largely attributable to the network's dependence on medium wave listening. We note that it is facing increasing competition for sports rights, including

the loss of the exclusive rights to Premiership football coverage.

In general the **BBC digital radio services** are increasing their reach and maintaining a solid performance when compared with commercial stations. By the end of 2006/2007, BBC digital radio services reached almost 8% of adults (up from 4.5% at the end of 2005/2006). **BBC 7's** blend of original programming and content from the archives has proved popular, and it has the third highest reach of all digital-only radio services in the UK. **BBC Asian Network** and **IXtra** target specific, relatively underserved audience groups. Despite the narrower target audience, we feel that the performance of the stations could be stronger: Reach to **IXtra**, for example, has shown relatively modest growth during the past year. However, we note **IXtra's** Statement of Programme Policy for 2007/2008 prioritising an improvement in reach through a refreshment of the schedule – although this should not be achieved at the cost of lowered public service ambition.

English local radio provides a highly valued service of local news and information for audiences who can sometimes feel underserved by the rest of the BBC. BBC English local radio attracts more than 7.5 million adults in an average week, although with some decline in reach over time. The service faces some difficult challenges – striving for broad appeal among the target audience of over 50s while maintaining distinctiveness within local markets and within the BBC radio portfolio.

We welcome efforts to refresh and modernise **BBC Radio Scotland**. The challenge is to achieve this while remaining fully distinctive in the Scottish broadcasting landscape. **BBC Radio Wales** achieved a record share (12.9%) in the final quarter of 2006/2007.

Despite a slight fall in reach and share, we note early results from audience research undertaken by management that show listeners to **BBC Radio Ulster/BBC Radio Foyle** give the service the highest scores among BBC's nations radio services for delivering the Public Service Broadcasting characteristics of high-quality, innovative, challenging and engaging programming.

We recognise concerns about the continuing lack of provision of the national radio stations on DAB, as raised by the BBC Audience Councils of Wales (BBC Radio Wales) and Northern Ireland (BBC Radio Foyle). We will take these concerns into consideration as part of our wider licence fee reprioritisation work. We were encouraged by the welcome from Audience Council Scotland for the relaunched **Radio nan Gàidheal**. The service now runs continuously throughout the evening and has expanded its output.

Journalism

The Governors set management some impartiality objectives for 2006/2007. These were:

- ensuring the BBC meets the highest standards of accuracy, fairness and impartiality
- responding to the Governors' independent reviews of impartiality to ensure strong editorial processes and training.

For the public, news remains the most fundamental service provided by the BBC. Recent research commissioned by the Trust (see page 11) shows that audiences place a high value on the BBC setting the standard for high-quality journalism. As Trustees we place very great importance on the BBC continuing to offer accurate, impartial and independent news and current affairs, and through our Editorial Standards Committee (see page 43) we will ensure that the focus on impartiality begun by the Governors is sustained.

In assessing performance against the Governors' impartiality and independence objectives, we judge that in overall terms BBC journalism in the past year has risen to the constantly difficult challenge of meeting the high standards of accuracy, fairness and impartiality expected by audiences, and that substantial progress has been made in implementing recommendations from the Governors' impartiality reviews.

Audience research indicates that perceptions of the BBC's impartiality remain stable over time. Research by Ipsos-MORI (Q1 2007) reports 76% of respondents saying they trust BBC news

808k

adults listen to BBC 7 in an average week

Source: RAJAR, Age 15+, Q1 2007

7.5m

adults listen to the BBC's local radio services in England in an average week

Source: RAJAR, Age 15+, 2006/2007

76%

of adults say they trust BBC news programmes

Source: Ipsos-MORI (Q1 2007)

80%

of adults access BBC News on TV, radio or online in an average week

Source: Pan BBC Tracking Survey. Claimed usage age 15+, 2006/2007

programmes the most to give a fair, informed and balanced view on important issues and events. Overall, 53% rate the BBC as "fair and impartial", against 18% who believe it is "biased" (compared with 57% and 16% in Q1 2006).

Coverage of the Middle East has been a particular focus for action by management to strengthen editorial processes. An enhanced role has been developed for the Middle East Editor; there has been a co-ordinated plan to improve current affairs coverage; and there has been regular monitoring of output by the senior editorial adviser.

Last summer's conflict between Israel and Hezbollah fighters in Lebanon posed a major test of BBC impartiality and tested the BBC's ability to convey complex information to diverse audiences. The coverage drew more than five thousand complaints, many alleging bias – in both directions. A specially-commissioned audience survey for BBC News reported that a majority believed the BBC had provided the best coverage of the conflict, with 64% trusting it and 11% distrustful. On a scale of 1–10, the BBC coverage scored 6.7 in terms of being "fair and balanced". This compares with a normal score of 6.3 for "BBC News is impartial".

A study, *Safeguarding Impartiality in the 21st Century*, was commissioned by the Governors in conjunction with BBC management and was taken over by the Trust and the BBC Executive (see box, right). A separate study was commissioned of impartiality in BBC reporting of business (see box on page 23).

BBC News across television, radio and online reaches 80% of adults, but audiences for news programmes on BBC television and radio have fallen in recent years. This reflects the rise of alternative news sources such as the internet, mobiles and free newspapers, but also changing attitudes among younger and less well off audiences who seem to be becoming less interested in keeping up with the news on a regular basis. We note, however, that the appeal of regional television news has been relatively robust and that audiences appear to have a strong interest in news about local issues.

Weekly unique users of bbc.co.uk/news have risen by 72% in two years, to 6 million at the end of 2006/2007. Usage of news on bbc.co.uk has increased so rapidly that it now regularly exceeds

the level of previous 'spikes' in usage such as the July 2005 London bombings. News is by far the most popular part of bbc.co.uk and we note that the BBC's online news offering continues to develop and innovate in order to serve the public better.

The BBC's continuous television news service, **BBC News 24**, is now the clear market leader in terms of reach, and viewers rate it highly in terms of quality. We are pleased to see from analysis of its output that its news agenda remains distinctive and our work with audiences shows that there is appreciation of the channel's breadth of agenda, its coverage of significant international news, and its reporting from across the UK.

Safeguarding Impartiality in the 21st Century

Impartiality, one of the cornerstones of BBC editorial values, is coming under increasing pressure as the nature of politics – and of technology – changes and as audience involvement grows. In response to this the Governors commissioned a fundamental review of BBC impartiality. The results were published in June 2007.

Research commissioned for the project shows that the public value and demand BBC impartiality. It underpins the public trust in the BBC without which the BBC cannot function. Impartiality depends on accuracy, balance, context, distance, evenhandedness, fairness, objectivity, open-mindedness, rigour, self-awareness, transparency and truth. Crucially it is about breadth of view and completeness. It should not be an excuse for insipid programme-making.

The BBC has the mechanisms, in its Editorial Policy department and its College of Journalism, to improve its delivery of impartiality. The report recommends their role be extended. The report also recommends clearer editorial supervision of big themed seasons. The rise of celebrity-driven single-issue campaigns presents particular dangers. Newsrooms also need to be fully aware of the ethical issues raised by user-generated content.

6m

weekly unique users of bbc.co.uk/news in 2006/2007

Source: BBC server logs, UK only. Based on cookies

Impartiality of BBC business coverage

As part of their regular programme of impartiality reviews the Governors commissioned an independent panel, chaired by Sir Alan Budd, to assess the impartiality of BBC business coverage. The panel reported in May 2007.

Its overall conclusion was that: "most of the BBC's business output meets the required standards of impartiality". But the panel also said it had seen: "a number of individual lapses and identified some trends which lead to repeated breaches of the BBC's standards".

The Trust welcomed the report. It shared the panel's concern about the BBC's predominant focus on the consumer perspective in business reporting. Audiences were also investors, savers, business owners and employees with a personal and civic interest in understanding the impact of business from a range of perspectives. Impartiality meant providing a complete picture and full breadth of opinion and the BBC had a responsibility to deliver this.

The Trust will discuss the panel's recommendations with management when they have had an opportunity to consider the report and respond.

Online

Our work with audiences shows that **bbc.co.uk** is valued for its ease of use, for the reliability of the information it offers, and for its breadth. News, sport and children's are the most popular offerings – although we expect that there will be growing demand for on-demand output when BBC iPlayer is launched.

Our remit for BBC iPlayer sets the Executive the objective of using the service to maintain the reach, consumption level and value for money of the BBC's radio and television output, and of increasing the impact of BBC programmes. The remit makes it clear that BBC iPlayer should give the public greater choice and control over how they consume BBC programmes, and increase viewing of niche and specialist

programming. By achieving these aims, BBC iPlayer should help maintain the perceived relevance of the BBC to licence fee payers as their patterns of media consumption change.

Use of the internet continues to change and develop at great speed – social networking and content sharing, for example, are increasingly important to many users. BBC online services must remain relevant in this rapidly changing environment and we look forward to engaging with management on their ideas for development of **bbc.co.uk**. We will review the service later this year (see box below).

Trust review of **bbc.co.uk**

The Trust is committed to carrying out in-depth reviews of all BBC public services at least once every five years and we will regularly publish an up-to-date schedule of forthcoming reviews. In March 2007 we decided to review **bbc.co.uk**, the BBC's online service. Our decision honours a commitment made by the Board of Governors in 2004, following the DCMS review of BBC Online, that another review should be carried out after three years.

We will launch the review in early summer 2007 with a period of public consultation on the current scope and performance of **bbc.co.uk**. We will seek responses from the public and from the BBC's other stakeholders, including commercial operators, and we will commission research where necessary. We will also ask the BBC Executive to submit a public response to the review.

We will then consider the evidence gathered during our review and draw conclusions. We will make public our findings and any resulting actions, such as changes to the service and variations to its service licence.

BBC jam, the online educational service for school-age children, was suspended in March 2007. For the background to this, see box on page 7.

Impartiality should not be an excuse for insipid programme-making

Source: Safeguarding Impartiality in the 21st Century

News, sport and children's are the most popular online content on **bbc.co.uk**

233m

people watch or listen to
BBC World Service (target
for 2006/2007 = 210 million)

Source: BBC Global News

183m

people listen to BBC World
Service radio (target for
2006/2007 = 163 million)

Source: BBC Global News

BBC World Service

No licence fee funding goes to **BBC World Service**, which is funded through a parliamentary Grant-in-Aid. The Trust's role is to agree and publish long-term objectives in agreement with the Foreign and Commonwealth Office, and to approve high-level strategy.

We note that the World Service has increased its overall reach ahead of target. However, we also note that target reach among 'influencers' (opinion formers and decision makers – a priority audience for the World Service) was not met in all key markets. We are keen to understand the needs of this audience better.

The Trust's Audiences and Performance Committee commissioned independent research into six language services – Arabic, Persian, Swahili, Bengali, Hindi and English for Western Europe. The overall response was positive. Reputation and reliability were perceived as strong, and audiences mostly found the World Service to be trustworthy, in-depth and educational. The research identified a need to make global issues more relevant locally and to encourage further participation in global debate.

In the coming year the World Service will launch an Arabic television service and it has plans for a Farsi equivalent the following year. We will monitor delivery of these new services to ensure that they contribute to the BBC's Public Purposes alongside the existing service portfolio.

Audiences

The Governors set the objective for 2006/2007 of improving BBC accountability to audiences. The Governance Unit was asked to:

- conduct a major public survey of attitudes towards the BBC
- work with the Audience Councils to build their profile and develop an action plan to engage more widely with audiences.

BBC management were asked to:

- develop new service strategies in response to Creative Future, ensuring that all audiences are well served, and focus on improving perceptions of audiences less favourable towards the BBC.

We are encouraged by the progress made towards achieving the Governors' accountability objective. BBC management have reflected the aims of this objective in their Creative Future project, one aim of which is to ensure that the BBC is relevant to all audiences. This has taken account of the needs of currently less well served audiences including the young and those on lower incomes.

Over the year management showed a very welcome focus on understanding audiences. Initiatives include a cross-media study looking at how and where the BBC currently delivers value to audiences, and a series of Audience Festivals encouraging BBC staff to learn more about those they are trying to reach.

As BBC Trustees, representing the interests of the public, we are committed to understanding and engaging with audiences ourselves. Our research programme includes a very large scale survey of 10,000 adults in the UK. We began this project earlier this year. As part of our work developing purpose remits, the research agency BMRB interviewed some 4,500 people to discover their attitudes to the BBC, what they thought were important roles for the BBC, and how well they felt the BBC was performing. (For more on this, see page 11.) The findings, as they come through, will feed into our work on reprioritisation.

You can find out more about the BBC World Service in its own Annual Review – also available on bbc.co.uk

The new Charter establishes Audience Councils and gives them an important role in the new governance of the BBC. The Trust has developed an Audience Council Protocol, setting out the role and responsibility of the Councils, and set up an Audience Councils Committee as a forum for the exchange of ideas (see page 34). For the Audience Councils' own performance assessment see box, right.

The Committee is currently developing outreach and promotion plans for each Council. Work is also under way to seek the views of the public on how they want to be consulted and involved in the Trust's decision-making processes, and Audience Councils will play a key role in this. For an example of one Council's consultative approach see the box on minority language provision below.

Minority language provision

Through its engagement with the public, the Audience Council for Northern Ireland identified particular audience concerns about output in Irish and Ulster-Scots. As a result it held a local consultation and this will inform the Trust's deliberation on provision for indigenous minority languages across the UK.

The two-stage consultation aims to understand audience needs and concerns and to identify key priorities for minority language provision by BBC Northern Ireland over the next three to five years. There will be a second consultation in summer 2007 after the Trust has published its emerging thinking, and the results will inform the Trust's final decision later in the year.

Audience Councils' assessment of BBC performance

The role of Audience Councils as defined in the Charter is to bring the diverse perspectives of licence fee payers to bear on the work of the Trust through the Councils' links with many different communities within the UK. Each of the four Councils, covering England, Wales, Scotland and Northern Ireland, review BBC performance in their nation and discuss their assessments with the Trust at an annual meeting.

At the annual meeting in April 2007 some of the key issues identified included:

- BBC network news coverage of devolved issues – there was some dissatisfaction in Scotland, Wales and Northern Ireland with the accuracy and range of BBC network news coverage of devolved issues.
- BBC network news coverage of regional stories in England – Audience Council England questioned the tendency of BBC network news to 'parachute in' nationally known names to cover regional stories at some cost to accuracy and provision of local context.
- Cultural representation on BBC network output – all four Councils expressed concern over the level and quality of representation of the UK's nations and regions in BBC network output.
- Levels of network commissions from the nations and regions – the Councils in Scotland, Northern Ireland and England pressed for a greater share of network contributions from their nation.
- Digital provision – all four Councils raised concerns over the limited availability of some digital services in their nation.

Where appropriate, the editorial issues will be taken account of as the Trust finalises purpose remits and commissions purpose plans from the Executive. Other issues will be taken forward through the Trust's regular programme of reviews and progress reports. For example, the next impartiality review will consider the impartiality of nations and regions journalism.

All four Audience Councils raised concerns over the limited availability of some digital services in their nation

The Trust has agreed that the next impartiality review will look at issues around nations and regions journalism

70%

of licence fee payers would miss the BBC if it were not there

Source: Purpose Remit Survey, Age 15+
BMRB, February 2007

Other significant findings from the Trust's own work with audiences include:

- Although the BBC's overall approval ratings remain stable – and ahead of ITV, Channel 4 and on a par with Sky – approval varies somewhat among different demographic groups. We will work to understand these results more fully.
- When we asked audiences if the BBC caters equally for all parts of the UK, only a minority agreed. The feeling is stronger the further away from London people live. This has been a long-standing concern of audiences, and is not limited to the BBC – many other national bodies also experience this. This is something we will work to understand more fully and seek to take account of in our work on licence fee reprioritisation.
- When audiences are asked their views on how seriously the BBC takes their opinion, a sizeable minority – a third or more – say they feel it takes either “not very much” or “none at all”. These perceptions are higher among older audiences, lower income groups and people living outside England. This is a real concern for the Trust in our role of representing the public. The Trust is currently consulting with audiences on how they want to have their say and the outcomes will inform the Trust's future engagement activity.
- Despite the audience challenges, the Trust is pleased to note that the vast majority of the public – 70% – would miss the BBC if it were not there.

“It’s quite good when you’re going home from work as well because it’s not blasting in your ears. It’s quite kind of interesting stuff to listen to in the car when you’re stuck in traffic on your way home.”

BBC Radio Scotland. Female, Glasgow, contributing to Trust consultation on service licences.