

## Service Licence reissue, April 2008 Explanatory note on the variations

### Introduction

The BBC Trust is reissuing Service Licences after making a number of variations. This note outlines what the changes are and why we have made them.

Service Licences help the Trust govern the BBC's activities. They provide an open account of each BBC service's remit, scope, budget, aims and objectives, any essential activities (known as conditions), and a description of how the Trust will assess their performance.

The Trust's objective has been to create a Service Licences framework that is effective through:

- A focus on the things that matter
- Consistent use of commitments and conditions
- Objective assessment against the Licence terms

### Why has the Trust made these changes?

This is the first time that most Service Licences have been varied substantially.<sup>1</sup> Most changes are in response to the following:

- Feedback received in the public consultation run by the Trust in early 2007. Respondents to this consultation made some constructive suggestions for how Service Licences could be amended to improve openness and accountability at the BBC.
- To reflect relevant changes to services arising from the six year 'Delivering Creative Future' plan approved by the Trust in October 2007. This includes changes to baseline budgets, but not significant changes which remain subject to formal regulatory approval.

### Changes arising from the Trust's public consultation

The Trust was obliged, by the transitional provisions in the new Charter, to issue Service Licences for the BBC's UK public services prior to 1 January 2007. The first set of licences approved by the Trust reflected existing quantitative commitments (annual "Conditions") set by the Board of Governors for 2006/07. Its approval was given subject to there being a public consultation on the new Licences in early 2007, in order that it could gather the views of licence fee payers and other BBC stakeholders on these new tools of governance.

This public consultation ran from January to April 2007. The Trust hoped to find out from this public consultation whether each Service Licence was sufficiently accurate and comprehensive, and whether the Service Licences, taken together, will serve the roles they are designed for.<sup>2</sup>

In particular, the consultation sought to find out whether:

- The Service Licences adequately described the characteristics and other features of BBC's services as they were being provided

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<sup>1</sup> Most Licences were reissued with a few changes to incorporate the on-demand approvals in April 2007

<sup>2</sup> The role of Service Licences is described in the Trust's Service Licence Operating Framework. This can be found at [www.bbc.co.uk/bbctrust/framework/bbc\\_service\\_licences/index.html](http://www.bbc.co.uk/bbctrust/framework/bbc_service_licences/index.html)

- The content of the Service Licences was appropriate to allow the Trust to govern the BBC's UK public services.
- A small number of changes to the original Department for Culture, Media and Sport service approvals for some digital services, which had been proposed by the Executive Board, should be approved by the Trust.

The Trust received a good level of response in the consultation from industry stakeholders and it used qualitative audience research in order to understand licence fee payers' views of the Licences better. A summary of responses to the public consultation and audience research is available on the Trust website.

### **Changes arising from the six year plan “Delivering Creative Future”**

Following the licence fee settlement in early 2007, the Trust approved a high level six year plan for the BBC in October 2007. Details of this framework can be found on the BBC Trust website<sup>3</sup> and on BBC management's website.<sup>4</sup>

The plan proposed some major new initiatives – such as an expansion of the BBC's online local media offering to include video news. These are still in development and have yet to be submitted to the Trust for consideration and any regulatory approvals process which in some cases might include a Public Value Test (PVT) and are therefore not reflected in the amended Service Licences.

The plan also included some less significant changes to BBC services. Where relevant, the Trust is now incorporating these into their Service Licences, having satisfied itself that they do not alter the nature of the service. These changes are:

- BBC Two and BBC Four will aim to collaborate more extensively on commissioning and scheduling some arts and factual programming
- The volume of originations in BBC television will fall, with the aim of a 10% overall reduction by 2012/13. While there may be some reduction in volume in all genres, the reduction is expected to be greatest in factual programming
- Radio Five Live is no longer committed to offering 'built' documentary programming
- The volume of BBC7's new, originated drama will be reduced.

The Trust has judged that none of these changes are significant enough to require a PVT.

### **Changes to Service Licence budgets**

Service licence baseline budgets are published by the Trust and provide external stakeholders with some assurances as to the level of resources available for any individual service. The Trust is required to approve any variations to baseline budgets. In respect of any change of more than 10% to budgets, it must explicitly consider whether or not this represents such a significant change to the service such that a public value test is triggered. (Further details on how Service Licences work can be found in the Service Licence Operating Framework on the Trust website.)

This year the Trust has reviewed the baseline budgets for all services and reset these to take account of the six year plan which includes the impact of the licence fee settlement, the efficiency programme, the reprioritisation of budgets between services and refinement of the BBC costing model.

<sup>3</sup> [http://www.bbc.co.uk/bbctrust/news/press\\_releases/2007/serving\\_the\\_public.html](http://www.bbc.co.uk/bbctrust/news/press_releases/2007/serving_the_public.html)

<sup>4</sup> [http://www.bbc.co.uk/pressoffice/pressreleases/stories/2007/10\\_october/18/reform.shtml](http://www.bbc.co.uk/pressoffice/pressreleases/stories/2007/10_october/18/reform.shtml)

It should be noted that the changes to individual service budgets do not necessarily reflect a change in the BBC's total level of spending in any genre (such as news or children's) or type of output, as most types of programming are delivered across several services.

The new baseline budgets which have been approved for each service are set out in the table in Annex B to this note.

## Impact of the changes

**Simplification and a greater focus.** The licences now reflect more accurately the strategic priorities of the services and offer better accountability to licence fee payers and clarity to other stakeholders. The changes which have been made are explained below.

**Focus on what matters.** The Trust has removed some of the more detailed operational conditions and commitments that the digital TV and radio services carried from their DCMS approvals, or other services carried over from the Statements of Programme Policy. Two examples are given below:

- BBC Three is no longer required to run six new talent initiatives each year, a major annual project and an ambition to launch residential courses. Instead, the Trust is confident that BBC Three's commitment to nurturing new talent is clearly set out in its remit and other key characteristics and that this commitment is best delivered by on-air activities.
- The Trust will no longer specify that "at least 25% of new Afternoon plays will be first or second commissions from writers new to radio" on Radio 4. However, it will still commit Radio 4 to "frequently commission drama from writers new to radio" in its Service Licence.

**Annual conditions where they matter most.** Many of the changes are focussed on the annual conditions. These are now used only in areas where it is important that the Trust monitor volume of output on an annual basis. Before taking these decisions for each service, the Trust agreed a set of principles for the use of conditions. These are that:

- I. Conditions should only be set for genres or types of output where: the BBC's contribution is unique (eg. radio comedy), or the *level* of a certain type of output is central to the remit of a BBC service (eg. that Radio 1 offers a high proportion of new and live music), or that the type of output is core to the delivery of public purposes and in danger of being under-supplied by other PSBs and not already caught by statutory commitments (eg. Arts and children's programming on TV).
- II. Conditions should be set at levels which are reasonably close to current actual output, taking into account cyclical trends or natural variations in each season's schedules. This would mean that a service cannot fall significantly below the agreed level without recourse to the Trust. The Trust applied a consistent approach and has set numeric conditions at no more than 20% lower than recent or currently planned output, taking account of the cyclical ebbs and flows described above.
- III. All services should be held to a similar level of accountability by their Service Licences. This may result in some services having more Conditions than others: eg. CBeebies has no annual Conditions as its other commitments hold it firmly to its remit, while Radio 4 has six annual conditions.
- IV. Conditions should not be made Key Characteristics (where any change would require the Trust to consider running a Public Value Test) as this level of approval would normally not be consistent with a change to one part of a service.

- V. Conditions may be used as a way of ensuring that a service achieves a measurable improvement in range, volume or quality.

Two examples of the impact of the new approach are below:

- For television, Service Licence Conditions are now clearly focussed on four genres: factual, arts & music, religion and children's where the BBC is not subject to any statutory commitments. Service Licences will now make clear reference to where services have statutory conditions (eg. for news, regional news and current affairs) and the Trust will continue to monitor BBC output in these areas closely, but it will not set additional conditions in these areas
- For network radio, the outcome of the BBC's music strategy – that the BBC should focus on new, UK and live music - are now included as commitments for Radio 2. It has new annual conditions for new and UK music

**Realistic levels of conditions.** In response to feedback from licence fee payers and other stakeholders, the Trust has set quantitative conditions at a level which is reasonably close to the current level of actual output. This gives the service reasonable operational flexibility – it can make minor changes to the schedule or to commissioning strategy without recourse to the Trust, but a significant change – typically where the level of output would change by more than 20% - would require approval from the Trust. In some areas this has led to an increase and in others a decrease – see examples below:

- BBC One and Two's shared Children's condition is rising from 500hrs to 1,500hrs, against actual output of 1,941hrs in 2006/07
- Radio 4's annual Condition for Drama was previously set at the level of actual delivery. Radio 4 will now be given the same degree of operational flex in drama as other BBC services.

**Meaningful conditions.** In response to feedback from licence fee payers and other stakeholders, the Trust has restated some conditions in ways which offer more meaning and greater clarity. For example, where a service has a regular schedule year-round, conditions are now stated as weekly averages rather than annual minima. Two examples of this are given below:

- Radio 1 is now committed to broadcasting "at least one hour of news during daytime each weekday", instead of "310 hours of news, sport and current affairs each year"
- Each English local radio station is now committed to "broadcasting at least 85 hours each week of original, locally made programming" rather than all 38 stations broadcasting "230,000 hours of local output each year"

### **Points raised in public consultation which have not been addressed**

Many of the changes which have been made to the service licences are in response to points raised by stakeholders in public consultation and the Trust is grateful for these comments.

The Trust has not been able to address each and every point or suggestion raised in public consultation however. We list below some of the points made in public consultation which have not led to changes to the Service Licences being made at this stage:

- **Financial transparency:** while the public does not find the inclusion of a single budget figure for each service very meaningful as they are unable to judge it in the absence of any

context, industry stakeholders were very clear about the importance of the budget figure. Many stakeholders are keen to know more about how the budget is allocated to different activities within each service. The Trust considered these concerns but decided that the Annual Report was the best place to offer more detailed disclosure of expenditure and that Service Licences should remain focussed on setting the budgetary parameters for the activities of each service. In conversations with stakeholders since this public consultation, we have found that awareness that the Trust approves a much more detailed budget at the outset of the year (which is not published) reassures some stakeholders that the BBC is being held to account financially.

- **Use of annual conditions:** some suggestions relating to conditions have been taken up – they are more closely related to actual levels of output now and are simpler. However, the Trust does not judge that all services should have a similar number of conditions, nor that they should constitute key characteristics of each service, nor that sharing of conditions between services is necessarily a bad thing, as it reflects actual co-operation across the BBC’s portfolio of services which can be positive for licence fee payers.
- **Greater specificity for BBC radio Conditions:** commercial radio operators expressed a view that all BBC radio stations should have speech quotas and that these, together with their other conditions, should be daily or weekly, rather than annual in order to offer greater certainty as to their output. We have considered both of these points carefully and made some changes in response to them. Where a BBC radio station has a fairly regular schedule across the year (eg. Radio 1, Radio 2), we have amended some of its conditions to being weekly or daily requirements. However, we have not done so for those networks and stations whose schedules vary by season – eg. Radio 4. With regard to speech quotas, we have examined the current commitments and are confident that the key characteristics for each station – eg. English local radio stations being all-speech at breakfast time and Radio 2 offering news, current affairs, arts and religion – do more to make them distinctive from other operators in their market, by ensuring that they offer types of programming which are not offered elsewhere, than an overall speech “quota” would.
- **Clarifying the parameters of the BBC’s online activities:** many industry stakeholders commented that the service licence for [bbc.co.uk](http://bbc.co.uk) did not offer them sufficient clarity over the BBC’s online activities. We are addressing this as part of the service review of [bbc.co.uk](http://bbc.co.uk) (which will be completed later this spring) so have not varied the [bbc.co.uk](http://bbc.co.uk) service licence at this stage.
- **Avoidance of technical language or jargon:** the Trust’s audience research and Audience Councils raised this point. While the Licences use plain English as far as possible, they do need to offer an operational or technical clarity which sometimes requires use of industry terms and whilst we have minimised the use of jargon, inevitably some remains.

Tables showing the changes which have been made to each licence can be found in Annex A to this note.

BBC Trust  
7 April 2008

## Annex A: Details of changes to each service licence

### All licences

The tables below list all changes being made to the Service Licences and give a brief explanation for it.

Section & change	Background
<b>Service budget</b>	
Service licence budgets have been revised in line with projected spending plans in the six year plan.	
<p>Paragraph to be added to end of all 'service budget' sections:</p> <p>"This parameter of change is set to allow variations in spending which arise from regular, cyclical factors such as spending on major sports events, a reasonable level of operational flexibility (eg. programme scheduling) and changes in accounting policy. Allowing for these factors, the Trust may judge that planned or actual change in annual expenditure of less than 10% should require its approval if the implications of this are significant for the character of the service or its market."</p>	Public consultation showed that stakeholders were keen to ensure that the a service's level of investment could not change in a way in which market impact resulted without the Trust's approval. The Trust decided that this new requirement would be more effective than introducing a monetary cap alongside the percentage parameter.
<p>Wherever possible, footnotes have been added to denote whether conditions relate to first-run output, originations, acquisitions, repeats, etc.</p> <p>Footnotes have also been added to define terms such as "breakfast peak" and "drivetime" for radio.</p>	Public consultation highlighted the need for clarity wherever possible.

### All television licences

Section & change	Background
<b>Scope (footnote)</b>	
Amend wording of footnote 2: " <del>whether</del> over the internet <del>or otherwise</del> "	Change made to reflect more accurately the terms of the BBC's syndication policy for on-demand content which only covers the internet.

## BBC One

Section & change	Background
<b>Aims and objectives</b>	
Commitment to opt-out programming amended to make it appear more ambitious.	Feedback from public consultation and on Trust's work on measuring BBC performance in delivering its public purposes both show that TV channels should demonstrate greater ambition in this area.
<b>5.1 Citizenship</b>	
Wording regarding news coverage of the nations & regions amended.	Feedback from public consultation and on Trust's work on measuring BBC performance in delivering its public purposes both show that TV channels should demonstrate greater ambition in this area.
References added to statutory commitments for news, regional news and current affairs.	The absence of statutory commitments was commented on by stakeholders. The actual levels of these will remain in Statements of Programme Policy, but they will now be mentioned in service licences.
Current affairs conditions removed.	Trust has decided not to replicate statutory commitments with similar service licence conditions. (Current affairs on BBC1 & 2 was the only example of this.)
<b>5.2 Culture &amp; creativity</b>	
Footnote to Arts & music condition added to show that it does not include overnight Sign zone output	Improved accuracy.
Commitment for encouraging participation in sports added	Arising from purpose remit finalisation
<b>5.3 Education &amp; learning</b>	
Factual condition to be amended to 700hrs of first-run programming	In line with Trust approved principles for Conditions; calculated on basis of recent actual output.
Children's condition to be raised to 1,500hrs across BBC One and Two.	In line with Trust approved principles for Conditions; calculated on basis of recent actual output.
<b>5.4 Nations &amp; regions</b>	
Sports condition removed but commitments	In line with Trust approved principles for

to sports coverage made stronger	Conditions.
Religion condition amended to shared BBC One/Two condition only	Previous use of separate <u>and</u> shared conditions was over-complicated.
<b>Nations annexes</b>	
<p>Conditions added for news and non-news programming in each nation:</p> <ul style="list-style-type: none"> <li>• News &amp; current affairs.</li> <li>• Scotland – 265hrs</li> <li>• Wales – 250hrs</li> <li>• N Ireland – 280hrs</li> </ul> <p>Other (non-news) programming:</p> <ul style="list-style-type: none"> <li>• Scotland: 140hrs</li> <li>• Wales: 60hrs</li> <li>• N Ireland: 80hrs</li> </ul>	<p>Inconsistencies between nations highlighted in public consultation.</p> <p>Amended conditions in line with Trust agreed principles; calculated on basis of recent actual output.</p>

## BBC Two

Section & change	Background
<b>Aims and objectives</b>	
Reference added to collaboration with BBC Four for factual and arts programming.	Proposal for collaboration approved by Trust as part of six year plan. Trust has agreed that this change does not require a Public Value Test.
Commitment to opt-out programming amended to make it appear more ambitious.	Feedback from public consultation and on Trust's work on measuring BBC performance in delivering its public purposes both show that TV channels should demonstrate greater ambition in this area.
<b>Section 5.1 Education &amp; learning</b>	
Factual condition changed to 520 hours of new programmes.	In line with Trust principles for Conditions; calculated on basis of recent actual output.
Children's condition to be raised to 1,500hrs across BBC One and Two.	In line with Trust principles for Conditions; calculated on basis of recent actual output.
<b>Section 5.3 Citizenship</b>	
Amend wording regarding global focus of current affairs output.	Raised in public consultation; helps to ensure BBC offers breadth of coverage of current affairs issues across its portfolio.

Current affairs and News conditions removed.	Trust has decided not to replicate statutory commitments with similar service licence conditions. (Current affairs on BBC1 & 2 was the only example of this.)
<b>5.4 Nations &amp; regions</b>	
Sports condition removed but commitments to sports coverage made stronger	In line with Trust approved principles for Conditions.
Religion condition amended to shared BBC One/Two condition only	Previous use of separate and shared conditions was over-complicated.
<b>Nations annexes</b>	
Conditions added for non-news programming in each nation:  Non-news programming for the nations: <ul style="list-style-type: none"> <li>• Scotland – 190hrs (including Gaelic)</li> <li>• Wales – 160hrs</li> <li>• N Ireland – 55hrs</li> </ul>	Inconsistencies between nations highlighted in public consultation.  Amended conditions in line with Trust agreed principles; calculated on basis of recent actual output.

## BBC Three

Section & change	Background
<b>5.1 Culture &amp; creativity</b>	
Remove commitment to new talent initiatives, etc	Proposal to remove this commitment included in public consultation. Only one stakeholder objected to the change. Trust will ensure that BBC Three's commitment to supporting new talent is not weakened.
Remove condition for level of programmers with interactive support.	In line with Trust principles for Conditions.
Music & arts condition amended to 35 hours.	In line with Trust principles for Conditions. Decrease due to reprioritisation decisions in six year plan.
<b>5.2 Promoting education &amp; learning</b>	
"Knowledge-building" condition redefined as "new factual" as per BBC1 & BBC2.	Aim to make conditions have consistent definitions across the services.  Condition set in line with Trust principles for Conditions; calculated on basis of recent actual output.

<b>5.3 Citizenship</b>	
Remove the commitment that: “The resources made available from dropping the 7pm news in 2005 should be put towards other, stronger factual programming and the slot should be filled with innovative high quality programming from this, and other, genres.”	<p>Proposal to remove this commitment included in public consultation.</p> <p>Many respondents were unhappy with the way in which the 7pm bulletin had been removed with no consultation amongst stakeholders. The Trust recognises this but will not reverse previous decision by Board of Governors at this point.</p> <p>The Trust agrees with respondents to the public consultation who believed that BBC Three should offer innovative high quality programming. The Trust feels that this commitment should apply throughout the schedule, not just at specific points. The commitment to high quality and innovative programmes is already made clear as part of the service’s remit.</p>
Remove Condition that “around 15% of hours broadcast will be news, current affairs, education, music and the arts.”	<p>In line with Trust principles for Conditions.</p> <p>Public consultation demonstrated that this condition did not offer good level of accountability for these genres individually.</p>

## **BBC Four**

<b>Section &amp; change</b>	<b>Background</b>
<b>Remit &amp; aims &amp; objectives</b>	
Remit amended to show that service focuses on arts and factual programming.	Need for greater clarity arose in public consultation.
<b>Aims &amp; objectives</b>	
Reference added to collaboration with BBC Two for factual and arts programming.	Proposal for collaboration approved by Trust as part of six year plan. Trust has agreed that this change does not require a Public Value Test.
<b>5.1 Creativity and culture</b>	
New condition added for Arts programming.	Lack of conditions raised in public consultation. In line with Trust principles for Conditions.
<b>5.2 World to the UK</b>	

Condition for new documentaries from around the world removed, but qualitative commitment to offering these strengthened.	In line with Trust principles for Conditions.
<b>5.3 Education &amp; learning</b>	
New condition added for Factual programming.	Lack of conditions raised in public consultation. In line with Trust principles for Conditions.
<b>5.5 Citizenship</b>	
Commitments to news and current affairs amended to clarify BBC Four's distinctive global focus.	Response to public consultation pointed out that previous commitments did not reflect distinctive role of BBC Four in BBC's provision of news, as had been set out in its original approval.

## CBBC

Section & change	Background
<b>All sections</b>	
Amended wording: "programming" changed to "content" and "channel to "service" where possible to reflect multiplatform commissioning activities.	In recognition of integrated TV/online approach used by service.
<b>Scope</b>	
Transmission times added.	Inconsistency with other licences pointed out in public consultation.
<b>5.2 Citizenship</b>	
Word "unique" removed from commitment relation to provision of live news.	Change proposed in public consultation. No objections were raised
Condition for "Provide at least three live news bulletins a day" removed and turned into qualitative commitment to offer regular bulletins as per BBC One's commitment to provision of news.	In line with Trust principles for Conditions. Greater consistency with other Service Licences.
<b>5.3 Education &amp; learning</b>	
Words "magazine" and reference to "three times a day" removed from commitment to live programmes.	No objections were raised to this change which was proposed as part of the consultation.
Condition for Factual & Schools amended to	The Trust has agreed that CBBC may cease

cover Factual programming only.	broadcast of schools programming.  New condition is in line with Trust principles for Conditions; calculated on basis of recent actual output.
Commitment that:  “The backbone of the schedule should include an engaging live magazine programme that should be broadcast 3 times a day” removed	No objections were raised to this change which was proposed as part of the consultation.
<b>5.1 Creativity &amp; culture</b>	
Condition for Live Presentation removed	In line with Trust principles for Conditions.
Drama condition raised from 650hrs to 665hrs.	In line with Trust principles for Conditions; calculated on basis of recent actual output.

## CBeebies

Section & change	Background
<b>5.1 Creativity and culture</b>	
Condition that: “At least 75% of investment is in new UK programming each year” removed.	In line with Trust principles for Conditions. Existing statutory and qualitative commitments fully covers this area.
<b>5.2 Education</b>	
Commitment to “a higher level of educational programming than its competitors” to be replaced with “a very high level of educational output.”	Change proposed in public consultation. No objections were raised
<b>5.3 Nations &amp; regions</b>	
Condition on “broadcast over 4,500 programme hours each year” removed	In line with Trust principles for Conditions - volume of output controlled by 12hrs daily transmissions being specified in Scope.
Condition that: “25% of hours of UK programming will be new material, including output commissioned from outside London” removed	In line with Trust principles for Conditions. Existing statutory and qualitative commitments fully covers this area.

## News 24

<b>Section &amp; change</b>	<b>Background</b>
<b>Aims and objectives</b>	
“Some or all” added relating to content characteristics	Inconsistency with other licences pointed out in public consultation.
<b>5.1 Citizenship</b>	
Condition “Broadcast a comprehensive news service each hour, including sport & weather updates plus a news summary on the half hour” replaced by qualitative commitment	In line with Trust principles for Conditions. Does not require annual measurement.
Condition: “Broadcast hourly business news from ... on weekdays” replaced by qualitative commitment	In line with Trust principles for Conditions. Does not require annual measurement
<b>Section 5.3 Nations &amp; regions</b>	
Commitment on “seeking to feature at least one perspective or example from beyond London” amended to “seeking to feature perspectives or examples from across the UK”	Arose in public consultation by those outside London.
Religion added to list of topics covered	Suggested in public consultation

## **BBC Parliament**

<b>Section &amp; change</b>	<b>Background</b>
<b>Remit</b>	
Substitute “the UK’s parliamentary chambers” with the phrase “the UK’s parliamentary and legislative bodies”.	Suggested in public consultation as more accurate.
Condition for nations assemblies amended from 100hrs each of coverage from Scottish Parliament and Welsh Assembly to 260hrs from Scottish Parliament, Welsh Assembly and NI Assembly.	NI Assembly now sitting so needs to be covered by the condition. Condition for all bodies is maximum that can be offered by channel given its other commitments.

## All radio licences

Section & change	Background
<b>Scope (footnote)</b>	
Second footnote amended:  Download of classical music in the form of incidental music, <del>or</del> signature tunes or clips of up to two minutes duration within speech based programmes with a specifically musical theme is permitted.	Change made to reflect an agreed clarification of the on-demand approval between the Trust and Executive on parameters around this area.

## Radio 1

Section & change	Background
<b>Remit</b>	
Replace “best” referring to new music with “a range of”	Subjectivity of previous phrase commented on in public consultation.
<b>Aims &amp; objectives</b>	
Commitments added relating to encouraging active participation in cultural activities	Suggestion made in public consultation.
<b>5.1 Creativity &amp; culture</b>	
Condition that “40% of the schedule is devoted to specialist music or speech based programmes” amended to: “at least 60 hours a week of specialist music”	Stakeholders questioned rationale for this shared condition.  New condition in line with Trust principles for Conditions. Radio 1 speech output is covered by specific commitments – to news, weekly advice programme, etc.
Mention of Live Lounge by name removed.	Consistency with other service licences – individual programmes and strands not mentioned by name.
<b>5.2 Citizenship</b>	
Reference to “dedicated team of journalists” removed	Pointed out as inconsistent with role of Trust in public consultation as too operationally specific.
Condition for News amended	Use of annual conditions for radio was criticised in public consultation as offering poor accountability.

	New condition in line with Trust principles for Conditions.
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## IXtra

Section & change	Background
<b>Aims and objectives</b>	
Reference in third paragraph “ <u>It</u> should support the UK black music industry...” amended to show that commitment applies to whole service	Raised in public consultation
<b>5.1 Creativity &amp; culture</b>	
Conditions for new & UK music amended to apply to daytime only.	Raised in public consultation. New conditions are in line with Trust principles for Conditions.  Change does not imply any change to level of output of these types of music, as IXtra playlist was only used in daytime.
<b>5.2 Citizenship</b>	
Reference to IXtra having “a dedicated team of journalists” removed	Pointed out as inconsistent with role of Trust in public consultation as too operationally specific.
Conditions for speech and news amended to be weekly averages.	Offers greater accountability. Raised in public consultation.

## Radio 2

Section & change	Background
<b>5.1 Creativity &amp; culture</b>	
New conditions created for New, UK and Live music	Public consultation underlined need for Radio 2 to be distinctive, particularly in daytime output. These conditions underpin the priorities for BBC music output.  New conditions in line with Trust principles for Conditions
Condition on musical theatre & film music replaced by qualitative commitment	In line with Trust principles for Conditions.

Commitment to comedy strengthened by adding “regular”	-
<b>5.2 Citizenship</b>	
Condition for News and current affairs amended	Use of annual conditions for radio was criticised in public consultation as offering poor accountability.  New condition in line with Trust principles for Conditions.
Mention of “in daytime” added to commitment on weekday current affairs	Suggested in public consultation as way to underpin commitment.
<b>5.3 Education &amp; learning</b>	
Condition for speech removed	Commitments to specific types of speech output covered elsewhere in the licence.

## 6 Music

Section & change	Background
<b>Aims &amp; objectives</b>	
Commitment to “offering music that complements the other BBC popular music stations” removed.  Reference to ‘album tracks’ replaced with “less familiar tracks”	Raised in public consultation.  Definition of ‘album tracks’ becoming less rigid now album tracks are frequently downloaded. individually
<b>5.1 Culture &amp; creativity</b>	
One of the references to “iconic artists” removed to avoid duplication	
Commitment that “at least half of all music played should be more than four years old” made into annual condition.	In line with Trust principles for Conditions.
<b>5.2 Education &amp; learning</b>	
Documentaries Condition amended to clarify and make weekly rather than annual	Lack of clarity raised in public consultation.
<b>5.3 Citizenship</b>	
New condition created for news:  “At least 6hrs a week of news” with footnote to cover seasonal or other special	Lack of clarity and consistency with other services raised in public consultation and in line with Trust principles for Conditions.

events.	
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### Radio 3

Section & change	Background
<b>Aims &amp; objectives</b>	
Reference to “expose listeners to [...] sometimes challenging material they may not otherwise experience” added, as per Radio 1 licence; also, “The service should educate audiences in musical terms and extend their tastes” as per Radio 2 licence	Suggestion made in public consultation
<b>5.1 Culture &amp; Creativity</b>	
Condition for Drama added	Raised in public consultation and in line with Trust approved principles for Conditions.
<b>5.3 Reflecting nations &amp; regions</b>	
Remove reference to “a uniquely British tradition”	Raised in public consultation as rather opaque

### Radio 4

Section & change	Background
<b>5.2 Culture &amp; creativity</b>	
Condition for Drama amended from 730 hours to 600 hours	In line with Trust principles for Conditions.
Condition regarding Afternoon plays replaced by qualitative commitments	In line with Trust principles for Conditions.

### BBC 7

Section & change	Background
<b>Remit</b>	
Word ‘unabridged’ removed in remit (relating to readings)	Change proposed in public consultation. No objections were raised
<b>5.1 Culture &amp; creativity</b>	
Conditions for original drama and comedy	Some reduction will result from six year plan. In line with Trust principles for

replaced by qualitative commitments	Conditions – quantification does not strengthen this commitment.
Drama and Comedy conditions made weekly rather than annual	Raised in public consultation and in line with Trust principles for Conditions.
<b>5.3 Nations &amp; regions</b>	
Remove commitment to offering online poetry forums.	Change proposed in public consultation. No objections were raised

## Five Live

Section & change	Background
<b>Remit</b>	
Reference to “primary target audience” of “25 to 44 year olds” removed	Change proposed in public consultation. No objections were raised
<b>Aims &amp; objectives</b>	
Reference to minority sports added	Suggestion made in public consultation.
<b>5.1 Citizenship</b>	
News condition amended	Previous condition was duplicative and inconsistent.
<b>5.2 Nations &amp; regions</b>	
Commitment to give listeners free access to sports coverage often available only on a pay-to-view basis elsewhere...” removed	Public consultation suggested this was irrelevant aim, as radio and TV are discrete markets.
<b>5.5 Education &amp; learning</b>	
Documentaries condition removed	“Built” documentaries have been decommissioned as part of six year plan.

## Asian Network

Section & change	Background
<b>Aims &amp; objectives</b>	
Reference to “end to end music programmes” removed as definition of these programmes is unclear and 50/50	Raised in public consultation as point of clarity

speech/music split is sufficient	
<b>5.3 Reflecting nations &amp; regions</b>	
<p>“Full” replaced with “broad” in following commitment:</p> <p>“... it should address the needs and interests of a wide range of Asian communities in the UK, giving a <u>full</u> and fair view of them, reflecting them back to themselves and to the wider community.</p>	<p>Removal of “full” was proposed as part of public consultation. Trust supports suggestion made in public consultation that it be replaced with “broad” rather than removed altogether.</p>
<p>Condition on UK music amended – reference to playlist replaced by daytime</p>	<p>Offer consistency with other stations and improved accountability.</p> <p>Redefinition of the condition to daytime only does not imply any change to the amount of UK music played by the station across all hours, as the playlist is only used for daytime output.</p>

## Radio Scotland

Section & change	Background
<b>Remit</b>	
Clarification that station is aimed at <i>all</i> adults in Scotland	Lack of specificity over target audience was raised in public consultation.
<b>Aims and objectives</b>	
Insert words “culture” and “cultural” in fourth paragraph	Suggested in public consultation.
Reference to “provide a platform for the BBC’s cross-media activities in Scotland” removed	Raised in public consultation
<b>5.1 Citizenship</b>	
News condition amended to be weekly, rather than annual	<p>Use of annual conditions for radio was criticised in public consultation as offering poor accountability.</p> <p>New condition in line with Trust principles for Conditions.</p>
<b>5.2 Nations &amp; regions</b>	
Commitment relating to opt-out	Lack of clarity over opt-outs was raised in

programming added.	public consultation.
Commitment to cover minority sports added.	Raised in public consultation
<b>5.4 Creativity &amp; culture</b>	
Condition on specialist music strands replaced by qualitative commitment	Raised in public consultation and in line with Trust principles for Conditions.
Arts condition simplified	Lack of clarity raised in public consultation
Commitment that music is “mainly popular and also some specialist output” added	Lack of clarity raised in public consultation

## Radio nan Gaidheal

Section & change	Background
<b>Remit</b>	
Remit redrafted	Suggestion made in public consultation.
<b>5.4 Culture &amp; creativity</b>	
Mention of drama added as per Key characteristics.	Suggestion made in public consultation

## Radio Wales

Section & change	Background
<b>Aims and objectives</b>	
Reference to “provide a platform for the BBC’s cross-media activities in Wales” removed	Raised in public consultation
<b>5.1 Citizenship</b>	
News condition amended to be weekly, rather than annual	Use of annual conditions for radio was criticised in public consultation as offering poor accountability.  New condition in line with Trust principles for Conditions.
<b>5.2 Nations and regions</b>	
Condition relating to non-news programming replaced qualitative	In line with Trust principles for Conditions

commitment	
<b>5.4 Creativity &amp; culture</b>	
Commitment that music is “mainly popular and also some specialist output” added	Lack of clarity raised in public consultation

## Radio Cymru

<b>Section &amp; change</b>	<b>Background</b>
<b>Aims &amp; objectives</b>	
Reference to “major platform for the BBC’s Welsh language activities” removed	Raised in public consultation
<b>5.1 Citizenship</b>	
News condition amended to be weekly, rather than annual	Use of annual conditions for radio was criticised in public consultation as offering poor accountability.  New condition in line with Trust principles for Conditions.
<b>5.4 Creativity and cultural</b>	
Commitment added to clarify that music played is “mainly specialist, but also some popular”	Raised in public consultation

## Radio Ulster/Foyle

<b>Section &amp; change</b>	<b>Background</b>
<b>Remit</b>	
Mention of “culture” added	Raised in public consultation.
<b>5.1 Citizenship</b>	
News condition amended to be weekly, rather than annual	Use of annual conditions for radio was criticised in public consultation as offering poor accountability.  New condition in line with Trust principles for Conditions.
<b>5.2 Nations &amp; regions</b>	
Condition on Ulster Scots programming amended to:	Condition on indigenous language programming amended to include Irish Language output. New condition covers all

“Broadcast at least 220 hours of indigenous minority language programming, including Irish language and Ulster Scots output.”	indigenous minority language programming and is set reasonably close the level of current output.
Commitment relating to opt-out programming added:  “BBC Radio Foyle’s programming for audiences in the north-west will be available at peak points in the schedule. The station will also provide dedicated news bulletins for audiences in the Enniskillen area.”	Lack of clarity over opt-outs was raised in public consultation
<b>5.4 Creativity and cultural</b>	
Commitment added to clarify that music played is “mainly specialist, but also some popular”	Raised in public consultation
Condition regarding “nightly specialist music service” replaced by qualitative commitment.	In line with Trust principles for Conditions.

## English Local radio

Section & change	Background
<b>Aims &amp; objectives</b>	
References to ‘buses & open centres’ removed here and in sections 5.2 and 5.4 to reflect decision taken to do so.	Buses and open centres to be phased out as part of six year plan.
<b>5.2 Nations &amp; regions</b>	
Commitment to covering “minority sports” added.	Raised in public consultation
Condition for 230,000hrs of local output replaced by condition for each station to offer “locally originated programming.”  Other commitments added that each station may also share additional programming with BBC stations in nearby areas and may simulcast BBC network radio overnight.	Raised in public consultation as not offering accountability for individual stations

## Annex B: Revised baseline budgets

This annex sets out the revised baseline budget for each service. These new baselines reflect the significant efficiencies to be achieved by each service together with some reprioritisation of budgets between services and investment of efficiency savings to deliver the BBC's objectives.

BBC management's first year of operating with service licence budgets showed a need for clear criteria to guide the allocation of costs, particularly overheads, across services. In resetting the baseline budgets, there has been some reclassification of overheads between services to ensure consistency. The BBC's external auditors, KPMG, have reviewed the cost allocation methodology and the Trust is satisfied that the cost allocation methodology is appropriate.

The BBC Executive has operational responsibility for all services. Hence the service licence baseline budgets have a built in tolerance of 10% each way to cover natural variation in spend from year to year. In the normal course of business the Trust will only seek to vary baseline budgets to reflect any more significant changes which are approved. Therefore, the Trust expects that the new baseline budgets will remain appropriate for several years for most services.

In considering the six year plan (Delivering Creative Future) the Trust considered whether the changes proposed to specific services (in both monetary and output terms) were significant and required a public value test. For some of the services the new baselines have changed by more than 10% compared with the previous baselines. This generally reflects the changes in overhead allocation rather than a significant change to the service itself. The Trust is satisfied that a public value test is not required prior to the approval of these new baseline budgets.

It should be noted that the changes to individual service budgets do not necessarily reflect a change in the BBC's total level of spending in any genre or type of output, as most types of programming are delivered across several services.

The notes below this table provide an explanation for the more significant changes.

<b>Service licence</b>	<b>April 2007 Baseline £m</b>	<b>April 2008 New baseline £m</b>	<b>Notes</b>
BBC One - sport year	1,145.4	1,200.6	a
BBC One - non-sport year	1,145.4	1,140.6	a
BBC Two	447.2	440.5	
BBC Three	93.4	89.5	
BBC Four	46.8	53.3	b
CBBC	38.6	36.3	
CBeebies	16.5	17.7	
HD TV	n/a	2.5	
BBC News24	43.6	46.0	
BBC Parliament	2.4	2.6	
Radio 1	31.3	32.5	
1Xtra	6.0	7.2	b
Radio 2	38.5	37.5	
Radio 3	37.0	36.6	
Radio 4	76.7	86.0	b
Radio Five Live	62.5	54.0	b
Radio Five Live Sports Extra	2.5	2.5	
6 Music	5.0	6.0	b

BBC 7	5.6	5.4	
Asian Network	9.7	8.7	
English Local Radio	99.2	107.5	
Radio Scotland	21.3	23.0	
Radio nan Gaidhael	3.6	3.7	
Radio Wales	11.0	13.7	b
Radio Cymru	10.2	13.0	b
Radio Ulster/Foyle	13.8	13.4	
BBCi	20.2	14.9	c
bbc.co.uk			d

- a) Expenditure on BBCi follows a two year cyclical pattern reflecting the playout of major sports events. Previously the baseline budget was set at a level between the 'sports' and 'non sports' year. The Trust now believes it is more appropriate to give two baseline figures for alternating years. 2008/09 will be a 'sports' year as it includes the summer Olympics and Euro 2008.
- b) The significant changes to these budgets are due to a reallocation of overheads and other costs between groups of services (eg. between BBC television channels or radio stations). This represents a change in the BBC's approach to allocating some of its costs amongst services. The BBC's external auditors, KPMG, have reviewed the cost allocation methodology and the Trust is satisfied that the cost allocation methodology is appropriate.
- c) The reduction in BBCi's baseline budget reflects the fact that its previous baseline budget included the some development costs – including BBC HD TV - which have now been properly classified.
- d) A new baseline budget for bbc.co.uk has not yet been approved by the Trust. It will approve this as part of its service review which is due for completion in May 2008.