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Part One:
Annual Report and
Accounts 2008/09

**The BBC Trust's
review and assessment**

BBC | Trust

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BBC CHAIRMAN SIR MICHAEL LYONS LOOKS BACK AT THE PAST YEAR AT THE BBC AND SETS OUT HOW THE TRUST WILL SERVE LICENCE FEE PAYERS IN THE FUTURE.

Welcome to the Trust's Annual Report. It is published at a time when we have been engaged in a wide ranging debate about the future of communications in our country, spurred by the Government's Digital Britain review. Our role in this debate has been to ensure the voices of licence payers have been heard. And that goes to the heart of our job as Trustees – to be the voice of licence fee payers and to get the best out of the BBC on their behalf. After all, they own and pay for it.

I believe there are certain things almost everyone wants from the BBC – that it constantly produces exciting content and pushes the boundaries; is impartial and isn't influenced by either political or commercial voices; that it squeezes the most value possible out of every pound from the licence fee payer; and that it maintains the highest possible standards. And this last means that the BBC should aspire to be better than others, that it should set the standard.

GOVERNING THE BBC FOR LICENCE FEE PAYERS

How do we make sure the BBC achieves these aims? The Trust has considerable power to wield on behalf of licence fee payers to shape the BBC over the longer term to serve the public better – and we are not afraid to act quickly and decisively in their interests. Our role is both to challenge and support the Director-General and his staff in delivering for licence fee payers. In practice this means being clear with managers and programme makers about what the public wants and, when there's a problem, challenging them to come back with a solution which, once examined and agreed, we then follow up to make sure it has had the desired effect.

THE BBC'S YEAR

So how have we done this year? Our starting point is what audiences think. One of the questions we ask regularly is: 'Would you miss the BBC if it wasn't there?' And I'm delighted that the value the public places on the BBC is rising – this year 85% said that they would, compared with 70% two years ago. Indeed performance against all our objectives – reach, quality, value for money, trust, delivery of our public purposes and efficiency – is moving in the right direction, thanks to the efforts of the BBC's talented staff. But there is further to go in making sure the BBC is properly shaped for the future and in responding to concerns the public raises with us.

Tightening editorial controls in light of Ross/Brand

The BBC scored a spectacular own-goal this year, with the Ross/Brand case. What this showed was that the public feels a strong sense of frustration when the BBC fails to measure up to expectations, particularly when failure is self-inflicted.

There was undoubtedly failure by the performers, but the biggest failure was in editorial control, which allowed the show to air. The Trust acted immediately, putting its sometimes uncomfortable findings into the public domain. Within a week of the strong public reaction we had got to the bottom of the problem. We were very clear with the Director-General that those responsible must be held to account, leading to two senior resignations and the suspension of Jonathan Ross, and that there needed to be a dramatic tightening of editorial control. Our position within the BBC enabled us to act quickly and deliver clear results.

This case also led us to a much wider examination of the public's views on taste and decency, which will inform our new editorial guidelines next year. We know many people want to see a tightening of editorial controls and we will be consulting widely on the new guidelines. But we must steer clear of putting too heavy a burden on programme makers so that they can still produce the risk-taking, innovative and challenging content the public expects.

Quality of programming

On that front, we've seen evidence this year of improving satisfaction with the quality of BBC programmes. Everyone will have their favourites, mine included *A Short Stay In Switzerland*, *Being Human* and *Five Minutes of Heaven*. This is where people most want their licence fee to be used. The extraordinary privilege of this funding gives the BBC the opportunity to take risks and do things that commercial broadcasters can't. But it is also the area where it has furthest to travel, both in constantly coming up with new ideas and stopping doing things that have become a bit stale.

Serving audiences across the UK

The BBC is often seen as too focused on London and the South East and, as an adopted Midlander, it's one of my personal missions to address this. It's an ambition that is shared by my fellow Trustees. We've made good progress here with new targets on making programmes outside London, and new investment in Salford and elsewhere. We've also pushed for changes in editorial style to reflect better the reality of decision making in the UK's devolved administrations and the Audience Councils that advise the Trust are telling us that all this is beginning to make a difference.

WORD/



Getting value for money

Getting value for money for the licence fee payer has never been more critical than in these challenging economic times. Despite licence fee funding the BBC is not immune from the recession. Income from both the licence fee and commercial enterprises goes down, putting the BBC's budget under pressure, which makes securing maximum return on investment for licence fee payers more important than ever. This year the BBC made good progress on reducing overheads, but we have set some challenging targets over five years to release another £1.9 billion in efficiencies. And we need to maintain and strengthen discipline on top salaries. Every penny saved means money released for better programmes and new services like the iPlayer.

Supporting other public service broadcasters

The BBC also has a duty to help other public service broadcasters whose funding is now coming under strain. Over the past year the BBC has stepped up its efforts to work with other broadcasters to find ways to help them reduce their costs or increase their income through imaginative partnerships. This is important because we know the public welcomes choice and regards competition as important, especially when it comes to news. But at the same time we need to maintain focus on the BBC's own services, since it cannot afford to be distracted or spread its energy and resources too thinly.

Defending the BBC's independence

One of the things licence fee payers value most about the BBC is its independence, which is the foundation of its reputation at home and abroad. The Trust's job is to protect the right of the Director-General to make editorial decisions without fear or favour. An example of this over the past year was the DEC Gaza Appeal. It was important that the BBC made the decision whether or not to broadcast the appeal without undue influence. Our job was to give the Director-General the space to make this decision. Defending the BBC's independence will continue to be one of the most important parts of our role.

THE TRUST'S SIX COMMITMENTS

The BBC's relationship with licence fee payers rests on six clear commitments:

- **Standards:** to maintain the very highest editorial standards that reflect the broad views of BBC audiences
- **Serving all audiences:** to offer value to everyone in the UK, whoever they are, wherever they live
- **Content:** to be a leader not a follower, offering content of the highest quality and of a kind that no-one else is doing
- **Supporting public service broadcasting:** to the extent possible within the obligations to licence fee payers, to support the provision of public service content by others and sustain contribution to the UK creative sector
- **Value:** only to spend as much money as the BBC needs to deliver the public mission set out in the Charter
- **Independence:** never to allow external interests to exercise undue influence on the BBC's editorial or operational independence

The BBC has big ambitions to serve the public better, bringing them new technologies and content without losing any of the very high standards of journalism and programme making that are its foundations. As Chairman, I am determined that the Trust will support and challenge the BBC to serve all of the audiences in the UK better than ever, continually improving itself so that it maintains and deserves the high level of trust and affection that the British public has for it.

Sir Michael Lyons
Chairman
18 June 2009

PERFORMANCE AGAINST STRATEGIC OBJECTIVES

PERFORMANCE ACROSS THE BBC AGAINST ITS SIX OBJECTIVES IS MOVING IN THE RIGHT DIRECTION, ALTHOUGH WE EXPECT ANY SIGNIFICANT IMPROVEMENTS TO TAKE SEVERAL YEARS.

Here we set out the Trust's assessment of the BBC's performance against the six objectives we agreed with the Executive last year for the duration of the licence fee period. Agreeing these objectives was a condition of our approval of the Executive's strategic plan, 'Delivering Creative Future', and last year we made a commitment to report publicly on them. We judge performance against an agreed set of measures, and the data is gathered from the BBC's main audience surveys.

1. THE BBC SHOULD MAINTAIN THE MAXIMUM REACH CONSISTENT WITH ITS PURPOSES AND VALUES.

BBC exceeds 90% reach target

- Weekly reach across all BBC services in 2008/09 has remained steady at 93% (93% in 2007/08)¹

Reach is an important measure since the BBC can promote its purposes only when people use its services. We agreed a target with the Executive that the BBC should aim to reach 90% of UK adults with its services each week, and this year the BBC has continued to exceed that target, reaching 93%. With an ever-increasing choice of media available, the Executive deserves credit for this very strong performance.

The number of people watching TV has remained high, despite increasing numbers turning to online activities and media on demand. The number of people listening to the BBC's radio stations has also held up very well.

2. THE BBC SHOULD INCREASE THE DISTINCTIVENESS AND QUALITY OF ITS OUTPUT.

Slight improvement across all metrics

- The BBC's average score out of 10 for 'High Quality' has risen to 6.4 (6.3 in 2007/08)¹
- The proportion of those who agree strongly that the BBC is High Quality has risen to 34% (32% in 2007/08)¹
- The proportion of those who agree that the BBC is High Quality has remained stable at 66% (66% in 2007/08)¹
- The average appreciation index (AI) score for BBC Television has risen to 80 (79 in 2007/08)^{2,3}
- The average appreciation index (AI) score for BBC Radio has risen to 79 (78 in 2007/08)^{2,3}
- The proportion who agree strongly that BBC Television is 'original and different' has risen to 36% (32% in 2007/08)^{2,3}

As a publicly-funded broadcaster, this is a major responsibility for the BBC.

Headline measures show a small positive trend. Our main measure – those who agree strongly that the BBC is high quality – is demanding, and just over one-third of those surveyed fall into this category. A further measure, those who agree at all that the BBC is high quality, captures around two-thirds of those surveyed.

Appreciation scores for BBC TV and radio programmes have risen slightly this year, as have audience perceptions that TV programming is 'original and different'. However, our new purpose remit research (see page 33) shows that audiences think that this objective is increasingly important and it therefore remains our highest priority for the BBC.

We will use our reviews of BBC One, Two and Four this year to focus on how BBC Television can meet audience expectations of being original and distinctive.

3. THE BBC SHOULD MAINTAIN PERCEIVED VALUE AMONG HIGH APPROVERS; AND, THE BBC SHOULD INCREASE PERCEIVED VALUE AMONG MIDDLE AND LOW APPROVERS.

Small signs of improvement

- The proportion of those who are 'high approvers' of the BBC has risen to 37% (36% in 2007/08)¹
- The proportion of those who are 'low approvers' of the BBC has dropped to 12% (13% in 2007/08)¹

There have always been varying levels of approval of the BBC amongst the public, but the BBC has always aimed to serve all, regardless of their level of approval.

At the end of this year there were marginally more high approvers and marginally fewer low approvers. While we recognise that it is unrealistic to expect that the BBC will perform equally well among all groups in society, there is still some way we can go towards appealing to middle and lower approvers.

4. THE BBC SHOULD RESTORE TRUST IN ITS OUTPUT.

We remain very focused on this area following a serious breach of editorial guidelines this year on BBC Radio 2

- The average score out of 10 for 'I Trust the BBC' has risen to 6.0 (5.9 in 2007/08)²
- The proportion of those who agree strongly with the statement 'I Trust the BBC' has risen to 29% (28% in 2007/08)³
- The proportion of those who agree with the statement 'I Trust the BBC' has risen to 57% (55% in 2007/08)³

We set this objective in response to a number of editorial incidents in 2007 which seemed to have a tangible impact on the level of audiences' trust in the BBC.

Our main measure for this objective is demanding – those who 'strongly agree' that they 'trust the BBC'. There has been a small increase in the proportion of those surveyed who fit into this category to 29%, while 57% of adults 'agree' that they trust the BBC. Importantly, the proportion of those who trust BBC News is much higher at around 78%.

The very serious breach of the BBC's Editorial Guidelines which took place on Radio 2 in *The Russell Brand Show* in the autumn demonstrated to us that, while lessons about taking audiences' trust seriously had been learned in many parts of the BBC, editorial control and compliance were still weak in some areas, leading to a very serious breach of the BBC's editorial standards. As we report on page 39, we have instructed the Executive to take a number of measures as a result of this incident and we will be assessing the effectiveness of these actions later this year.

5. THE BBC SHOULD INCREASE THE DELIVERY OF ITS PUBLIC PURPOSES.

There are some areas where delivery of the public purposes appears to be increasing, but audience expectations remain high so significant improvement is still required

The BBC is required by the Charter to promote a number of public purposes across all of its services. Our audience research in 2007 showed that there were a number of areas where the BBC's performance in delivering these purposes was below expectations. We termed these areas 'performance gaps', and this objective covers our aim that these gaps should be addressed during the current Charter period.

The research we commissioned shows that the public believes there to have been some improvements this year. However, improved BBC performance is matched by rising public expectations in some areas, such as high quality journalism and demand for high quality and original television.

We recognise the scale of the challenge in meeting these high expectations and will continue to urge the Executive to find ways of doing so in the coming year. Our own programme of work, such as the television service reviews, will contribute by helping us understand audiences' expectations and behaviour better. You can read more about the BBC's performance in delivering its public purposes on pages 22 to 32.

6. THE BBC SHOULD DELIVER AN IMPROVEMENT OF 3% EACH YEAR AGAINST ITS EFFICIENCY TARGET

Efficiency savings of £192million have been made this year (net of costs); BBC appears to be on track to deliver this target

Licence fee funding is a great privilege for the BBC, and it has a duty to make sure that it spends public money as efficiently as possible. For this reason, we set the Executive a cumulative 3% efficiency target over the five-year period to 2012/13.

The Executive is reporting good progress against this target but we accept it is too early to make a judgement as to whether the savings declared are real efficiency gains or have affected content quality. However, performance measures suggest that service quality is holding up well. We have reviewed the information systems to ensure we have a good foundation for assessing performance and you can read more about this over the page. You can read more about specific actions we have taken to assess and improve the BBC's efficiency in specific areas, for example talent costs, later in this Annual Report.

¹ Source: Pan BBC Tracking Survey.

² BBC Pulse survey, weighted average for programmes across all hours, with minimum 50+ respondents per programme.

³ Changes to BBC Pulse panel may have had some impact on trends from 2007/08 to 2008/09.

FINANCIAL PERFORMANCE

THE BBC IS FUNDED IN A UNIQUE WAY, WITH MOST COMING FROM THE LICENCE FEE PAID FOR BY HOUSEHOLDS ACROSS THE UK. THIS FUNDING GIVES THE BBC EXCEPTIONAL PRIVILEGES AND WE HAVE A RESPONSIBILITY TO ENSURE THIS MONEY IS SPENT WELL.

Unlike profit-making organisations we are not focused on the bottom line. Instead we need to ensure the BBC delivers real and tangible value both for the licence fee payer and for the wider UK economy. This translates into five key financial objectives:

- maximising the BBC's income by collecting the licence fee as efficiently as possible
- making the BBC as efficient as possible, and providing good value for money
- maximising the returns the BBC makes on programmes paid for by the licence fee
- spreading the benefit of the licence fee across the whole of the UK
- ensuring the licence fee supports the wider creative economy

The BBC's performance against these financial objectives is set out opposite, and you can read a detailed commentary in the financial review in Part Two of this Annual Report. We comment below on the financial risks facing the BBC and our response to them.

MANAGING FINANCIAL RISK IN THE RECESSION

Although the licence fee provides the BBC with considerable security, the BBC is not immune to wider pressures in the economy. These include:

- the effect of falling property values on plans to make the BBC estate more efficient
- lower growth in the number of new households paying the licence fee
- the trading environment for BBC Worldwide, whose profits go back to the BBC to be used for the benefit of licence fee payers

You can find out more about these specific risks in the financial review in Part Two of this report. With more uncertainty over future income it is important for the BBC to live within its means. Accordingly the Executive has identified further potential savings within the current licence fee period, beyond the 3% pa (net) efficiency target we had previously set. These include:

- reducing the scale of ongoing expenditure
- freezing senior executive pay in 2009/10
- not paying bonuses in that year

We have approved these further cost savings, although we have made clear that they must not compromise programme quality, which we will be monitoring closely.

MEASURING PERFORMANCE

The BBC Trust and Executive have developed a measurement framework to help us make an informed judgement as to how well the BBC is delivering against the strategic objectives set out in the six-year plan, and also to assess the BBC's effectiveness in driving efficiency while maintaining quality.

In particular we will be considering the quality measures in the context of the financial savings made in order to reach a judgement as to whether the savings being achieved under the BBC's continuous improvement programme represent real efficiency gains, ie that they have not impacted on the performance of the services the BBC is delivering.

In order that we can make informed judgements on BBC performance we wanted some assurance on the data used to report performance. Accordingly we asked the National Audit Office (NAO) to consider the quality of the data systems underpinning the reporting of the performance aspect of efficiency savings. The NAO has confirmed to us:

"The BBC uses well-established systems for measuring performance which have been in use for some time and pre-date its continuous improvement programme. They provide the BBC with a good level of assurance that performance data are accurate and reliable. The BBC is using these performance measurement systems to support its reporting on the impact of its continuous improvement programme for the period 2008/09 to 2012/13.

The BBC's measurement arrangements, however, can give only limited assurance on the direct impact of the continuous improvement programme as many factors, not just efficiency initiatives, influence performance. The arrangements should, however, give accurate and reliable information on performance overall and, over time, could identify recurring adverse impacts on performance."

The NAO work focused on the non-financial data since the BBC's external auditors, KPMG, review the financial savings declared each year.

At this stage of the continuous improvement programme we recognise that it is too early to make a judgement as to whether the savings being achieved are real efficiencies in terms of the impact on services, for example because of the time between commissioning decisions and delivery of content. However we are pleased that the performance data systems in place provide a sound foundation on which we can make our judgements in the future.

LICENCE FEE COLLECTION

We want to make it easier for people to pay their television licence – online and telephone transactions now account for over one-third of the total, and have helped the BBC to keep collection and evasion costs at 2007/08 levels.

Licence fee collection/evasion %

06/07	9.2
07/08	8.7
08/09	8.7

LICENCE FEE SPEND IN THE NATIONS AND REGIONS

Spend outside London is down very slightly year-on-year as the BBC delivers efficiencies and implements its plans to make 50% of its network television production outside London by 2016 – up from just over one-third this year. We are reviewing what targets should be in place for radio.

Licence fee spend in nations/regions £m

06/07	884
07/08	984
08/09	948

SPEND IN THE CREATIVE ECONOMY

Once more, the BBC spent over £1 billion in the UK's creative economy – commissioning programmes from independents (37% of total eligible hours over the year) and collaborating with other creative partners.

Spend in creative economy £bn

06/07	1.1
07/08	1.1
08/09	1.1

BBC WORLDWIDE

Despite difficult trading circumstances for the industry, BBC Worldwide increased its sales to £1 billion for the first time (including its share of joint ventures and intra-group sales), however its statutory profit was down – partly due to continuing investment as well as cost write-offs in relation to the collapse of Woolworths and the Competition Commission's rejection of Kangaroo, its video-on-demand proposal.

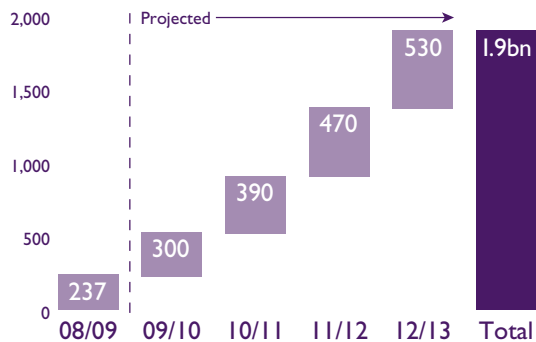
BBC Worldwide statutory profit before interest and tax £m

06/07	111
07/08	118
08/09	86

EFFICIENCY SAVINGS

The BBC started its new efficiency programme in April 2008 and has already saved £237million (£192million net of costs). We set the BBC a target to achieve 3% cumulative savings of £1.9billion (15% of BBC cost base), which will be re-invested in better content and services.

Gross efficiency savings £m



SUPPORTING AND CHALLENGING THE EXECUTIVE

WE SUPPORTED THE EXECUTIVE IN DELIVERING VALUE FOR LICENCE FEE PAYERS, ENSURING GREAT QUALITY CONTENT AND, THIS YEAR, BUILDING PARTNERSHIPS WITH INDUSTRY, WHILE CHALLENGING THEM WHERE THE BBC HAS FALLEN SHORT OF ITS OWN HIGH STANDARDS.

50

Audience Council meetings with licence fee payers

11

pieces of audience research commissioned

16

radio phone-ins carried out by Trustees to hear audiences' views

12

public consultations held

6

Select Committee hearings of the Parliaments and Assemblies of the UK attended by Trustees as representatives of the BBC

16,939

responses received to 12 consultations

50%

of Network TV production to be based outside London by 2016 (under Ofcom's definitions) – a challenging new target set by the Trust for the Executive

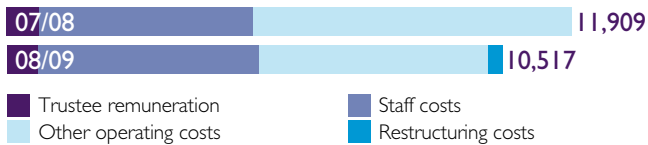
28

editorial complaints appeals upheld/partly upheld by Editorial Standards Committee out of a total of 75 considered

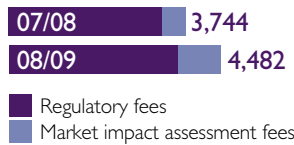
SPEND

Trust expenditure £m

Trust expenditure as a percentage of BBC UK public services spend has fallen from 0.34% to 0.31%.

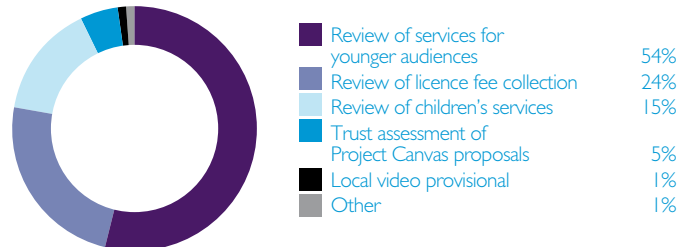


Ofcom fees £m



CONSULTATION RESPONSES

Total responses: 16,939



2008/09 EVENTS

APR 08

- 27 updated BBC service licences published, reflecting outcome of Trust's major research and consultation work last year.
- Trust and Executive launch debate around public service broadcasting (PSB) ahead of Ofcom's first report on the future of PSB.

MAY 08

- Service review of BBC Online published; key findings on performance, distinctiveness and budgets.
- Trust sets significant increase in target % of Network TV produced in the nations and regions.

JUNE 08

- Impartiality report concludes BBC must improve range, clarity and precision of network news coverage of nations and regions.
- Review of BBC talent costs says no evidence BBC is pushing up market price or overpaying for talent and highlights importance of nurturing new talent and controlling cost pressures.

JULY 08

- Trust upholds parts of appeals about the use of sponsorship in *BBC Sports Personality of the Year* and begins a public consultation on revised sponsorship policy.
- Trust begins review of BBC's commercial activities.

AUG 08

- First Gaelic TV channel in UK, BBC ALBA, given service licence following a full public value test by the Trust.
- Review of the Window of Creative Competition (WOCC) finds that it is working well, with no bias towards in-house teams or independent producers.

SEPT 08

- Public consultations for review of services for younger audiences/TV licence collection begin.
- New complaints system comes into operation.

OCT 08

- Trust conducts and publishes full inquiry into offensive calls broadcast on *The Russell Brand Show* and requires Executive to broadcast on-air apology. BBC Executive also announces a raft of measures to ensure future compliance with editorial guidelines.

NOV 08

- Executive plans for local video service rejected by the Trust; Executive required to develop new plans for local news.

DEC 08

- BBC's partnership plans highlighted as part of Trust response to Phase 2 of Ofcom's PSB review.
- Individual complaints about licence fee collection considered by the Trust for the first time.

JAN 09

- Trust considers complaint against the Director-General's decision not to broadcast a DEC appeal for Gaza, determining that he had acted correctly throughout.

FEB 09

- Review of BBC's services for children concludes services performing very well but some areas for improvement.
- Public consultation on BBC plans for Internet Protocol Television joint venture (Project Canvas) launched.

MAR 09

- Review of licence fee collection concludes TV Licensing must balance firmness with fairness.
- Value for money report on strategic contracts concludes efficiencies are being achieved but BBC needs to do better to improve services.

BBC SERVICES AT A GLANCE

NETWORK TELEVISION



BBC One aims to be the UK's most valued television channel, with the broadest range of quality programmes of any UK mainstream network.



BBC Two brings programmes of depth and substance to a broad audience. It originates the greatest amount and range of factual programming of all BBC TV channels, combined with distinctive arts, comedy and drama.



BBC Three is dedicated to innovative British content and talent. The channel aims to provide a broad mix of programmes aimed primarily at younger audiences.



BBC Four aims to be British television's most intellectually and culturally enriching channel, offering a distinctive mix of documentaries, performance, music, film and topical features.



The CBBC channel offers a distinctive mixed schedule for 6–12 year olds, encouraging each child to strengthen his or her existing interests and develop new ones.

NETWORK RADIO



BBC Radio 1 aims to offer a high-quality service for young audiences combining the best new music, a comprehensive range of live studio sessions, concerts and festivals, and tailored speech output.



BBC Radio 2 brings listeners a broad range of popular and specialist music focused on British talent and live performances, complemented by a broad range of speech output including current affairs, documentaries, religion and the arts.



BBC Radio 3 centres on classical music, around which it provides a broad spectrum of jazz, world music, arts programmes and drama; there is a strong emphasis on musical performance from across the UK.



BBC Radio 4 aims to use the power of the spoken word to offer programming of depth which seeks to engage and inspire, with a unique mix of factual programmes, drama, readings and comedy.



BBC Radio 5 live broadcasts live news and sport 24 hours a day, covering events as they happen in an accessible style.

JOURNALISM



The BBC News channel is a 24 hour television news service, providing comprehensive coverage and analysis of the biggest and most significant stories in the UK and internationally.



BBC Parliament is the only UK channel dedicated to the coverage of politics, featuring debates, committees and the work of the UK's parliamentary and legislative bodies, and the European Parliament.



BBC Global News brings together the BBC World Service, BBC World News television channel, the BBC's international-facing online news services in English, BBC Monitoring and BBC World Service Trust.



BBC Local Radio is a primarily speech-based service of news, information and debate, with a strong emphasis on interactivity.



Radio Scotland is a speech-led service for adults; BBC Radio nan Gàidheal is a speech and music radio service for Gaelic speakers. Both services offer a wide range of genres and reflect the issues, events, culture and interests of the people of Scotland.

THE TRUST ASSESSES THE EXECUTIVE'S PERFORMANCE IN DELIVERING THE BBC'S SERVICES AND HOLDS THEM TO ACCOUNT.



CBeebies aims to offer a mix of high quality, mostly UK-produced, programmes designed to encourage learning through play in a consistently safe environment for children under six.



The BBC HD channel is a high definition television showcase for a range of programming from across the BBC's other television services.



BBC ALBA offers, to Gaelic speakers and learners, distinctive coverage of subjects as diverse as live contemporary and traditional music, football and children's programming and a range of originated programming that reflects and supports Gaelic culture, identity and heritage.



BBC Radio 5 live sports extra is a part-time network that provides additional sports coverage using rights already owned by the BBC, and so delivering greater value to licence fee payers.



BBC 1Xtra plays the best in contemporary black music, with a strong emphasis on delivering high-quality live music and supporting new UK artists.



BBC 6 Music aims to engage with lovers of popular music by offering the best music from the BBC sound archive together with current releases outside the mainstream, complemented by music news and documentaries.



BBC 7 is a speech-based digital radio service offering comedy, drama and readings mainly from the BBC archive. It also broadcasts programmes for children.



BBC Asian Network aims to offer challenging debate, informed journalism, music, sport, entertainment and drama for British Asians from different generations.



Radio Wales is a speech-led service for adults; BBC Radio Cymru is a speech and music radio service for Welsh speakers. Both services offer a wide range of genres and reflect the issues, events, culture and interests of the people of Wales.



BBC Radio Ulster/Foyle is a speech-led service that covers a wide range of genres and reflects all aspects of contemporary life in Northern Ireland, combining coverage of local issues, interests and events with coverage of national and international developments.

INTERACTIVE MEDIA



BBC Red Button delivers interactive services to digital television viewers, including all day, up-to-the-minute content and information, including news, weather, learning, entertainment and interactive programming.



BBC Online aims to provide innovative and distinctive online content that reflects and extends the range of the BBC's broadcast services.

THE TRUST'S ROLE

THE PUBLIC EXPECTS GREAT PROGRAMMING, EXCITING CONTENT AND EDITORIAL INTEGRITY FROM THE BBC. IT'S OUR JOB TO SUPPORT AND CHALLENGE THE EXECUTIVE TO MAKE SURE THE BBC DELIVERS FOR LICENCE FEE PAYERS.

Audiences have high expectations of the BBC – and rightly so, considering it's funded by the licence fee. They trust it to make brilliant programmes; to maintain the highest standards of distinctive, independent broadcasting; to offer everyone something they will love; and to do things that others can't or won't attempt. They expect it to be special and to stay special, particularly at a time when broadcasting is undergoing such change, and consumers have so much choice.

YOUR TRUST, OUR RESPONSIBILITY

At the BBC Trust it's our responsibility to get the best out of the BBC for licence fee payers. Whether that means protecting it from political interference and the pressure to become more commercial, or ensuring that the BBC continues to provide excellent value for money and stays true to its founding principles, it's our job to do it.

WHO ARE WE?

The Trust is the governing body of the BBC and is made up of 12 Trustees (see pages 48 to 49 for details). To support us in our role, we have a team of professional staff, the Trust Unit, who work for the BBC but report directly to us. The Trust Unit's independent advice helps us to assess objectively any proposals from the Executive and to carry out our role in the best interests of licence fee payers.

OUR RELATIONSHIP WITH THE BBC EXECUTIVE

On a day-to-day basis the BBC is managed by the Executive, led by the Director-General who is supported by the Executive Board. The Trust appoints the Director-General – the BBC's Editor-in-Chief who is responsible for all BBC content – and holds him to account.

WHAT WE DO

Our role is both supervisory and regulatory. We are responsible for setting the high-level strategy for the BBC and ensuring that the organisation delivers its six public purposes, as set out in the Charter (see pages 22 to 32).

We also sit in judgement on some aspects of the BBC's operations. One important role is to hear appeals against complaints about editorial output. We must ensure that the BBC maintains the highest editorial standards and also that when it makes mistakes, lessons are learnt.

HOW WE DO IT

- For each public purpose we have set a remit defining our priorities and explaining how we will judge the BBC's performance against them.
- For each of the BBC's services we have established a 'service licence', setting out our expectations for the service and outlining a budget. The licence also explains how the service contributes to the public purposes.
- When the BBC Executive wants to change a service significantly or launch a new one, we conduct a 'public value test'. This test assesses the value the service might have against the potential impact it could have on other providers of services in the market.

LIVING OUR PRINCIPLES

The BBC is in a highly privileged position, being funded by the licence fee. While we encourage the BBC to innovate and develop new services to meet changing demands from licence fee payers, we do so at the same time as being aware of the impact that this has on the wider media market. We listen to people inside and outside the BBC when making decisions on what new ideas the BBC will progress.

A key principle for us is to ensure that we always act transparently, and consider the public's views when making decisions. We publish the evidence we have used to come to our decisions as well as the decisions themselves. To find out what the public's views are, we carry out nation-wide audience research and get advice from Audience Councils in each of our four nations.

THE REGULATORY FRAMEWORK

The BBC exists to inform, educate and entertain. How it should do this is defined by six public purposes, set out in the BBC's 'constitution', the Royal Charter and the Agreement between the BBC and the Secretary of State for Culture, Media and Sport.

The Charter defines the relationship between the Trust and the Executive and the duties and functions of both. It also guarantees the BBC's editorial independence. The Agreement expands on many of the subjects mentioned in the Charter and sets out the BBC's regulatory obligations.

Relationship with Ofcom

Under the terms of the Charter, the Agreement and the Communications Act 2003, ('the Act'), some areas of the BBC's activity are regulated by Ofcom, some by the Trust, and some by both together: A Memorandum of Understanding was agreed in March 2007 to clarify the respective roles and responsibilities of the Trust and Ofcom.

Below you will find a summary of the key points of these responsibilities.

TRUST AND OFCOM AREAS OF RESPONSIBILITY

Programme standards	The BBC is accountable to the Trust for accuracy and impartiality of content; Ofcom sets certain programme standards. Both have duties to consider complaints.
Quotas and codes	
News and current affairs	The Trust sets quotas for news and current affairs on BBC One/Two, consulting Ofcom (and getting agreement in some cases) before imposing these requirements.
Original productions	The BBC and Ofcom must agree an appropriate proportion of programming to be original productions.
Nations and Regions programming	The Trust sets quotas for programmes about the Nations & Regions, consulting Ofcom (and getting agreement in some cases) before imposing these requirements.
Programmes made outside London	The BBC and Ofcom must agree a suitable proportion of programming to be made in the UK outside the M25 area.
Independent production	The Trust requires the BBC to follow a code of practice for commissioning independent productions, and reviews delivery against the WOCC. The Trust and Ofcom monitor compliance with targets for independent production.
Access	The BBC must observe Ofcom's code for providing services for the deaf and the visually impaired.
Public value tests	The Trust must apply a public value test before allowing significant change to the BBC's UK public services. Ofcom provides the market impact assessment element of the test.
Competitive impact	The Trust must consider the economic impact of the BBC on the broadcasting sector. Adjudications on matters of competition law are the responsibility of Ofcom or the Office of Fair Trading.
Radio spectrum	The Trust must ensure efficient use of the BBC's allocated spectrum; Ofcom is responsible for ensuring best use is made of the whole spectrum.

Some further areas of common responsibility (including public service broadcasting, media literacy and the promotion of equal opportunities and training) are set out in the Act and Agreement.

PERFOR



PERFORMANCE



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- 20/ **AUDIENCE COUNCILS/**
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- 30/ **HOW THE PURPOSES ARE BEING DELIVERED/**
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- 38/ **UPHOLDING LICENCE FEE PAYERS' INTERESTS/**

HOW WE DID AGAINST OUR PLANS FOR 2008/09

On these two pages you'll find a summary of what we did compared with what we said we'd do in our 2008/09 work plan, published in last year's report in July 2008.

Each year, the Trust publishes a work plan so that everyone who engages with us, both inside and outside the BBC, or anyone who is interested, can find out what our priorities are, why we have set them, and what we will be doing about them in the year ahead. We report back here on how we did against the work plan for the year, so you can find out to what extent we've done what we set out to do. Of course, since we also respond to events as they occur, the work plan won't contain everything we've done during the year, but we report on other such events elsewhere in this report.

You can find a summary of our work plan for 2009/10 on pages 44 to 45, with the full version on our website.

2008/09 PRINCIPLES AND OUTCOMES

We set ourselves some principles to follow in the way in which we conduct our work. These are summarised opposite together with our assessment of how well we did. Within the work plan we split our work into three main objectives and identified priorities for the year for each. The table opposite summarises what we did on each priority. The results of this work, including the impact it has had, are explained more fully in the relevant sections of this report.

Our overall priority was to make the Trust work better for our audiences, the licence fee payers.

STEWARDSHIP OF THE LICENCE FEE

Our strategic role

To ensure that licence fee income is spent in ways that meet audiences' expectations and deliver value for money.

Priority 1

VALUE FOR MONEY STUDIES

We planned to do three studies on:

- radio production costs
- management of strategic contracts
- asset management

Outcome

- We commissioned this from the National Audit Office; the report on 'the efficiency of radio production at the BBC' was published in February 2009.
- We commissioned this from the National Audit Office; the report on 'the BBC's management of strategic contracts with the private sector' was published in March 2009.
- To reduce costs, we decided to defer this review.

Priority 2

DIGITAL SWITCHOVER

We planned to monitor the progress of digital switchover and the targeted help scheme.

Outcome

We reviewed quarterly reports on the progress of switchover and the operation of the help scheme.

Priority 3

LICENCE FEE COLLECTION

We planned to carry out a public consultation on the collection of the licence fee.

Outcome

In 2008 we consulted the public about how the TV licence fee is collected. Our review was published in March 2009.

For more details see pages 36 to 37.

PRINCIPLE

We want to be open and transparent in everything we do.
We set out on our website what we do and why.

We frequently consult audiences. In doing so we try to avoid using language that is too technical.

We plan to keep audiences and other stakeholders better informed by setting up an electronic mailing list, to which those who wish to can subscribe.

We plan to review how we can make the best use of the work done by the Audience Councils.

We will review the performance of the Trust Board every year.

We will review the operations of the Trust Unit.

OUTCOME

Our reviews and their supporting evidence have been published on our website during the year.

We have undertaken 12 public consultations during the year. While we have made some progress, we recognise that we need to work harder to use more accessible language.

Members of the public who wish to be kept informed of our work can sign up to an electronic mailing list by visiting our website – bbc.co.uk/bbctrust

We reviewed the operation of the Audience Councils and are making some changes to improve how we use their work. (See pages 20 to 21.)

We reviewed Trust performance in May 2009. (See page 62.)

We have reviewed the way in which we support the English regional Audience Councils and agreed some changes.

UPHOLDING LICENCE FEE PAYERS' INTERESTS

Our strategic role

To ensure that the BBC works effectively in the public interest, and is as responsive as possible to what licence fee payers want.

Priority 1

EDITORIAL STANDARDS AND IMPARTIALITY

- Following the editorial lapses of 2007, we commissioned a review of how the BBC management had remedied matters.
- We commissioned an impartiality review of network news coverage of the nations.

Outcome

- We published the review of management actions in May 2008.
- We published the impartiality review in June 2008. (See page 55.)

Priority 2

NETWORK SUPPLY REVIEW

We planned to complete our review of network supply examining the amount of content the BBC produces in each Nation & Region.

Outcome

The network supply review was published in June 2008.

Priority 3

ECONOMIC VALUE REVIEW

We planned to investigate the economic value of the BBC to the UK.

Outcome

Our report on the economic value of the BBC was published in July 2008. (See page 54.)

Priority 4

REVIEW OF THE WINDOW OF CREATIVE COMPETITION (WOCC)

The WOCC was developed to open more BBC programme commissions to independent producers. We planned to publish a review of its effectiveness and also commission reviews of radio and online commissioning and of the BBC's film strategy.

Outcome

We published a review of the WOCC's effectiveness in July 2008. The other reviews were deferred.

For more details see pages 38 to 41.

EFFECTIVELY PROMOTING THE BBC'S PUBLIC PURPOSES

Our strategic role

To ensure that, in all its operations, the BBC promotes the six public purposes set out by Parliament.

Priority 1

REMEDYING PERFORMANCE GAPS

In 2007 we consulted the public about how well the BBC was performing against its public purposes. This revealed gaps, particularly in innovation and distinctiveness – the provision of programmes that audiences find fresh and new. We challenged the Executive to remedy these gaps and planned to monitor their performance.

Outcome

We undertook new research in November 2008 and February 2009 to understand the public's views on how the BBC is performing, and therefore to measure how well the Executive is remedying the gaps identified. Monitoring progress will be a major focus for us in the coming years.

Priority 2

SERVICE REVIEWS

We review each BBC service at least once every five years. We planned to look at BBC radio, television and online services for:

- children
- younger audiences

Outcome

- The children's review was published in February 2009.
- The younger audiences review was published in June 2009.

For more details see pages 22 to 32.

AUDIENCE COUNCILS

AUDIENCE COUNCILS IN ENGLAND, SCOTLAND, WALES AND NORTHERN IRELAND, CHAIRED BY THE TRUSTEE FOR THAT NATION, ADVISE THE TRUST ON HOW WELL THE BBC IS DELIVERING ITS PUBLIC PURPOSES, AND GIVE AN INDEPENDENT ASSESSMENT OF AUDIENCES' EXPECTATIONS.

To do this, the Councils, which aim to reflect the diversity of the UK and whose members are volunteers, hold consultations with licence fee payers, meet monthly and pass their advice back to the Trust. They also comment on proposals from the Executive, and on matters of topical concern to audiences. Each year they suggest ways of improving BBC services, based on what audiences have told them ('audience priorities'). Audience Council England (ACE) is supported by 12 regional audience councils reflecting the diversity of the English population. Full details can be found on the Councils' websites at:

bbc.co.uk/ace

bbc.co.uk/acs

bbc.co.uk/wales/acw

bbc.co.uk/northernireland/audiencecouncil

LISTENING TO AUDIENCES

During the year, Councils held more than 50 meetings with licence fee payers across the UK. Some were held for specific audience groups like young people and people with disabilities, and others for a cross-section. Audiences raised a range of issues such as problems with reception, scheduling and the digital switchover; to the portrayal of young people, arts coverage in Northern Ireland, and editorial standards.

BBC PERFORMANCE AGAINST AUDIENCE PRIORITIES FOR 2008/09

Councils welcomed progress on the suggestions they had made for 2008/09. The Trust had decided that more of the BBC's programmes should be made outside London, in all four nations. ACE welcomed investment in the new BBC production centre at Salford, but expressed concern about the future of network production in Birmingham and Bristol on the grounds that a talent drain to Salford might disadvantage other regions. Audience Council Scotland (ACS) said it should be possible to achieve the increase there before the target date of 2016 agreed with the BBC.

Councils agreed that, following the Trust's impartiality review (see page 55 for details), network news coverage of devolved matters was more accurate, but said more could be done to explore differing policy contexts in the nations. Audience Council Northern Ireland (ACNI) advised the Trust to keep network news under scrutiny, to ensure it continues to improve. ACE suggested investing in local radio to serve communities better in England. ACS said audiences wanted a more Scottish perspective alongside the UK one, and asked for a review of how BBC news is structured in Scotland.

Councils noted that the BBC has made progress in improving access to all BBC content, although there are still significant gaps in the availability of BBC Radio Cymru on Digital Audio Broadcasting (DAB); BBC Radio Wales on DAB and FM; BBC Radio Foyle and 11 of the 40 local radio stations in England on DAB; and of BBC Radio Scotland on trunk routes in northern Scotland.

ACS welcomed the launch of the Gaelic language service BBC ALBA, run in partnership with MG Alba. Audience Council Wales (ACW) commended the way in which the BBC fulfilled its obligations to public service television in Welsh by providing programmes for the Welsh language channel S4C paid for out of the licence fee.

ADVISING THE TRUST

Councils consulted on the proposals for local video services from the BBC, and noted the strength of demand for more local and regional coverage. Council members believed this would contribute strongly to the BBC's aim to support citizenship, and represent the communities of the UK.

ACE identified a gap in BBC children's programmes for those approaching the early teens. ACE and ACS found that many teenagers and young adults wanted to see more positive representation of their age group in BBC programming.

Councils informed the Trust of the strength of feeling amongst audiences on topical issues. There was support for the Trust's commitment to maintaining the highest editorial standards following Radio 2's *The Russell Brand Show* of 18 October. The future of public service broadcasting was debated following an Ofcom review, and the Government's Digital Britain report. Councils agreed that audiences wanted more than one source of public service broadcasting, but emphasised that funding for it should not come from the licence fee.

DELIVERING THE PUBLIC PURPOSES

Councils advise the Trust on how well the BBC is delivering its six public purposes (see pages 22 to 32).

Creativity

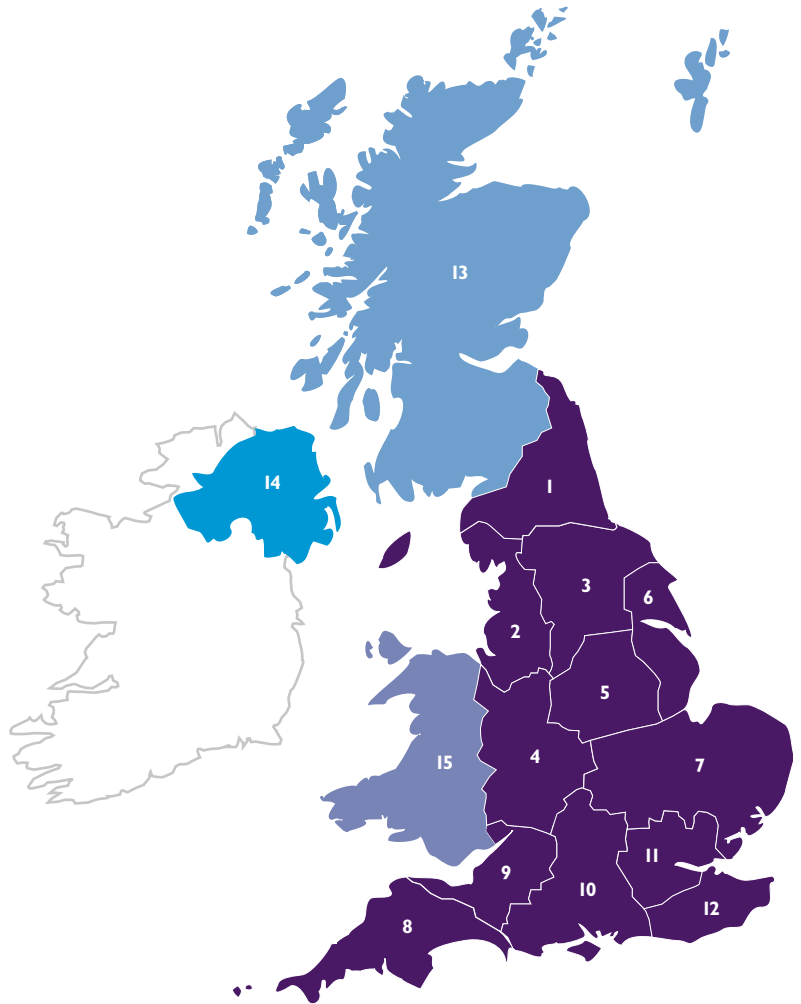
ACNI emphasised the importance for audiences of distinctive and creative content from the BBC. ACE noted that entertainment and comedy, from the familiar to the cutting-edge, could appeal to a wide range of audience groups and contribute to cultural excellence.

NATIONAL AUDIENCE COUNCILS

- 1-12 ENGLAND
- 13 SCOTLAND
- 14 NORTHERN IRELAND
- 15 WALES

REGIONAL AUDIENCE COUNCIL AREAS

- 1 NORTH EAST
- 2 NORTH WEST
- 3 YORKSHIRE
- 4 WEST MIDS
- 5 EAST MIDS
- 6 EAST YORKS & LINCS
- 7 EAST
- 8 SOUTH WEST
- 9 WEST
- 10 SOUTH
- 11 LONDON
- 12 SOUTH EAST



Community

The Trust's actions following the impartiality review had brought some improvement in representing politics in the four nations, but network news was still not reflecting the contemporary UK with the range and precision expected of the BBC. The move of production to Salford should help the BBC engage more effectively with audiences in the north of England. The launch of BBC ALBA contributed strongly to this purpose in Scotland, as did new programming in Irish and Ulster Scots in Northern Ireland.

However, Councils noted the Trust's research that indicated that, overall, audiences in Scotland and Northern Ireland do not think that the BBC adequately reflects their areas. In England, ACE noted the lack of network production in the east, from Newcastle to Essex.

Citizenship

In a year of economic crisis, the Councils commended the role played by BBC News and current affairs in providing impartial, detailed analysis of unfolding events. The Councils underlined the value of BBC journalism and general programming for local and regional audiences.

Learning

Councils commended the wide range of high quality programming which supported informal learning. ACS welcomed the launch of BBC ALBA as a resource for Gaelic learners, and, sub-titled, as a wider cultural resource for non-Gaelic audiences. Following suspension of the online learning service BBC Jam, ACW and ACS welcomed plans for the release of content in Welsh and Gaelic for reuse elsewhere.

Global

ACW noted that sales of *Doctor Who* and *Torchwood* to around 40 countries should raise the profile of Wales across the world.

Digital

ACW and ACS welcomed the Welsh and Gaelic language interfaces on the BBC iPlayer. However major communications and distribution challenges remain, from digital switchover to the rollout of DAB and the low level of broadband availability in some areas of the UK.

PRIORITIES FOR THE YEAR AHEAD

The Councils agreed on priorities for the year ahead and these have been adopted by the Trust. They include:

- working towards greater access for all BBC content on digital platforms
- monitoring delivery of the BBC's plans for increasing network television production from outside of London
- improving the way the BBC portrays the diversity of the UK
- monitoring network news coverage of the devolved nations, and enhancing local and regional services

PURPOSES/



WHAT ARE THE PURPOSES?

The BBC's mission is to inform, educate and entertain. Under the terms of the Charter and Agreement, through its output, the BBC must promote the following six public purposes:

- stimulating creativity and cultural excellence
- representing the UK, its nations, regions and communities
- sustaining citizenship and civil society
- promoting education and learning
- bringing the UK to the world and the world to the UK
- helping to deliver the benefits of emerging communications technologies and services

OUR ROLE IN PROMOTING THE PURPOSES

One of the Trust's obligations is to set a remit for each public purpose (summarised on the following pages). Each remit has a list of priorities setting out what the BBC needs to do to promote that purpose, and we measure the BBC's performance against them, through the following means:

- an annual survey tracking audience perceptions of how well the BBC is delivering its purposes. We ask audiences how important each priority of each remit is to them and how well they think the BBC is delivering the priorities. Where there is a difference between these two scores, we refer to it as the 'performance gap'
- additional qualitative research (for some priorities not included in the survey)
- secondary data analysis from Ofcom and Digital UK (for the priorities related to the sixth purpose)
- routine performance data from the BBC
- a wide range of other activities, including service reviews, public value tests and impartiality/standards reviews, which help us understand how well the BBC is delivering some of the key priorities

The Trust will review the purpose remits in 2011/12 to ensure they remain relevant.

STIMULATING CREATIVITY AND CULTURAL EXCELLENCE

You can expect the BBC to offer the best examples of creative work that engage and delight audiences, break new ground and encourage interest in cultural, creative and sporting activities.

2008/09 headlines

- BBC's most pressing priority is to improve performance in producing fresh and new ideas; this would have the greatest effect on perceptions of the BBC as offering value for money
- BBC's children's services are producing distinctive and creative content
- BBC's Window of Creative Competition is helping foster openness to ideas and creativity



CREATIVITY!

COMMUNITY/



REPRESENTING THE UK, ITS NATIONS, REGIONS AND COMMUNITIES

You can rely on the BBC to reflect the many communities that exist in the UK. These communities may be based on geography, on faith, on language, or on a shared interest such as sport. You can expect the BBC to stimulate debate within and between the communities of the UK, and to encourage people to get involved with their local communities.

2008/09 headlines

- BBC could do more to represent audiences' nation, region or community to the rest of the UK
- more stretching targets approved for network programming for the Nations & Regions
- new investment in local programming and content approved

SUSTAINING CITIZENSHIP AND CIVIL SOCIETY

You can trust the BBC to provide high quality news, current affairs and factual programming that keeps you informed and supports debate about important issues and political developments in an engaging way. You can look to the BBC for help in using and understanding different kinds of media.

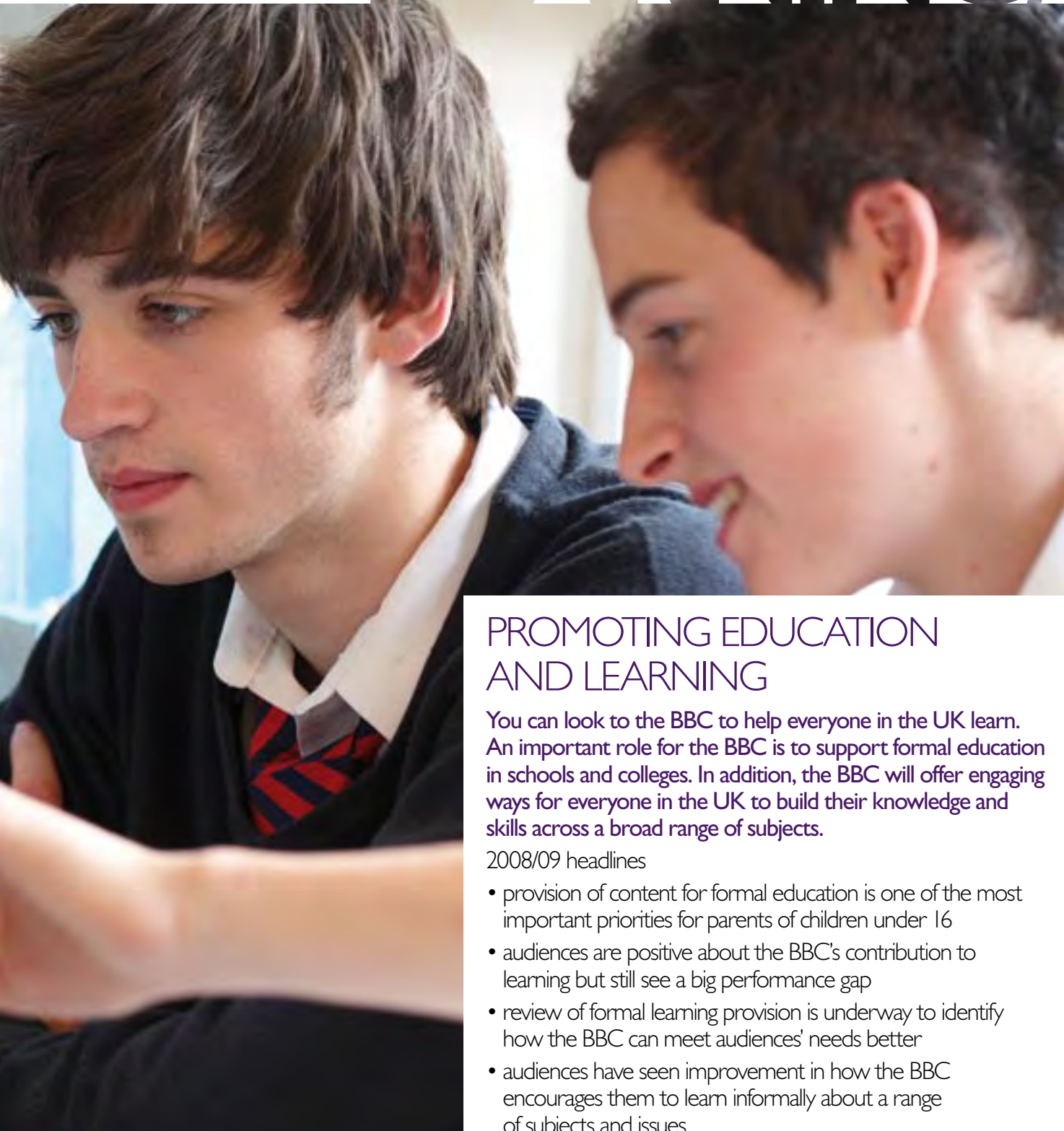
2008/09 headlines

- audiences want the BBC to do more to help them understand politics in their nation or region
- BBC has improved performance in delivering high quality, independent news and current affairs; these are increasingly important to audiences
- BBC is struggling to reach younger, less well off audiences through news content – need to boost audiences for children’s programming that serves this purpose



CITIZENSHIP/

LEARNING



PROMOTING EDUCATION AND LEARNING

You can look to the BBC to help everyone in the UK learn. An important role for the BBC is to support formal education in schools and colleges. In addition, the BBC will offer engaging ways for everyone in the UK to build their knowledge and skills across a broad range of subjects.

2008/09 headlines

- provision of content for formal education is one of the most important priorities for parents of children under 16
- audiences are positive about the BBC's contribution to learning but still see a big performance gap
- review of formal learning provision is underway to identify how the BBC can meet audiences' needs better
- audiences have seen improvement in how the BBC encourages them to learn informally about a range of subjects and issues

BRINGING THE UK TO THE WORLD AND THE WORLD TO THE UK

You can rely on the BBC to provide internationally-respected news services to audiences around the world. You can expect the BBC to keep you in touch with what is going on in the world, giving you an insight into the way people live in other countries.

2008/09 headlines

- bringing the world to the UK is very important to audiences, and the BBC is performing well
- World Service grew overall reach, driven partly by new BBC Arabic TV service, but offset by lower audiences for World Service radio and BBC World News television
- BBC Arabic TV Service generally meets the needs of target audience



DIGITAL



HELPING TO DELIVER THE BENEFITS OF EMERGING COMMUNICATIONS TECHNOLOGIES AND SERVICES

You can expect the BBC to help everyone in the UK to get the best out of emerging media technologies now and in the future.

2008/09 headlines

- BBC's role in making engaging digital content available seen as less important to audiences than the other purposes, but this is changing
- consultation on Project Canvas – initiative to allow people to view on demand and internet content on television
- digital switchover continued across the border region

HOW THE PURPOSES ARE BEING DELIVERED

STIMULATING CREATIVITY AND CULTURAL EXCELLENCE

You can expect the BBC to offer the best examples of creative work that engage and delight audiences, break new ground and encourage interest in cultural, creative and sporting activities.

The BBC's most pressing priority is to provide distinctive output with lots of fresh and new ideas. Our work this year has provided some positive evidence of achievements in this respect. Parents of young children told us that they consider CBeebies to be distinctive and BBC Three is seen by younger audiences to innovate and take risks. We also found that BBC Radio 1 makes a strong contribution to delivering this purpose through its role in promoting new and emerging UK music artists. Its live music programmes and events are particularly highly valued by listeners. Our research into quality and originality identifies the TV content that audiences consider to be of the highest quality and most original. (See service performance section for more details.) Although early indications suggest signs of improvement, audiences' expectations have increased, meaning that the performance gap for the BBC to address is still wide.

Providing value for money

We have found that improvements in providing fresh and new ideas, and a wide range of entertaining and enjoyable content, would have the greatest impact on overall perceptions of the BBC's value for money. Our reviews of BBC One, BBC Two and BBC Four later this year will allow us to assess further the BBC's performance in this key area.

Talent

The BBC has a role within the creativity purpose to nurture and support UK talent. Our review of the Window of Creative Competition found that this initiative is helping to foster openness to ideas and creativity across the UK's creative industry, and that in-house and independent commissions are being treated equally. Our review of talent costs (see page 36) found no evidence that the BBC is paying more than the market price for leading TV talent or systematically pushing up prices. We are currently reviewing how new talent is being encouraged and used by the BBC.

Cultural activities

Both sport and films have a significant role to play in audiences' perceptions of how widely and well the BBC covers cultural activities. We are currently considering the coverage of major sporting events by the BBC as part of a wider consultation by the Department for Culture, Media and Sport, and will shortly begin a review of the BBC's film strategy.

REPRESENTING THE UK, ITS NATIONS, REGIONS AND COMMUNITIES

You can rely on the BBC to reflect the many communities that exist in the UK. These communities may be based on geography, on faith, on language, or on a shared interest such as sport. You can expect the BBC to stimulate debate within and between the communities of the UK, and to encourage people to get involved with their local communities.

Audiences feel there are weaknesses in how the BBC represents the different nations, regions and communities to other people in the UK. Our network supply review noted that better representation of the Nations & Regions is already a priority for the BBC, and we have agreed more challenging targets for network production in the nations. This year we will also work with our Audience Councils to examine how the UK's diverse communities are portrayed on air.

Local content

BBC nations and local radio stations play a key role in this purpose. Despite this, many audiences don't feel the BBC provides adequate content for their nation, region or community. Through our review of children's services, we highlighted how the Executive might enhance the appeal of children's content in ethnic minority homes. We hope that the launch of the BBC's Gaelic media service, BBC ALBA, in September 2008 will improve perceptions of this priority amongst Scottish audiences. Moreover, the Executive's proposals for enhanced television and radio services for the Nations & Regions, the general direction of which we approved in April 2009, should help to address the issue.



“Anywhere in the world, people turn to the BBC for news.”[†]

SUSTAINING CITIZENSHIP AND CIVIL SOCIETY

You can trust the BBC to provide high quality news, current affairs and factual programming that keeps you informed and supports debate about important issues and political developments in an engaging way. You can look to the BBC for help in using and understanding different kinds of media.

Audiences rate the BBC highly in terms of delivering high quality news and current affairs, but their expectations are also high. News provision therefore remains a key priority for the Trust and we will be discussing its quality with the Executive later in the year; mindful as we are of the requirement we have placed on all divisions of the BBC to make significant reductions in expenditure without reducing quality.

Younger audiences

Our review of services for younger audiences found that BBC News particularly struggles to reach younger, less well off audiences. Our research has also shown that young adults increasingly think the BBC could do more to engage them in news and current affairs. Addressing this issue is a growing challenge for the BBC. Our review of children's services also raised concerns about the fall in audiences of *Newsround* on CBBC. We have asked the Executive to develop plans to address the citizenship purpose by boosting audiences to programming which delivers this purpose on CBBC, and update us on progress by summer 2009.

Understanding politics

Audiences (particularly in Scotland) think the BBC could do more to help them understand politics in the devolved nations. Our research into impartiality in the nations (which we will re-commission by early 2010) will help us understand whether the BBC's performance in reporting the interests and experiences of the devolved nations is improving.

Media literacy

The Government's interim Digital Britain report has placed greater emphasis on the importance of media literacy. Our research suggests that audiences have seen an improvement in the BBC's performance in helping them make the most of new technologies. However, this is only one element of media literacy and in June 2009 we endorsed a new media literacy strategy from the Executive[†] which will focus on driving online take-up, deepening audiences' understanding of how media content is produced, and encouraging awareness of online safety and security.

PROMOTING EDUCATION AND LEARNING

You can look to the BBC to help everyone in the UK learn. An important role for the BBC is to support formal education in schools and colleges. In addition, the BBC will offer engaging ways for everyone in the UK to build their knowledge and skills across a broad range of subjects.

Audiences attribute a great deal of importance to the BBC's role in promoting education and learning. Parents, children and teens responding to our children's and younger audiences' service reviews were positive about CBeebies' and BBC Bitesize's contribution to learning.

Formal education

The BBC's performance in promoting and supporting formal education, one of the most important priorities for parents with children under 16, did not match expectations, and we need to do more to understand why. We are awaiting the results of a strategic assessment and subsequently management's proposals on how formal learning provision can be enhanced.

Informal learning

Audiences have seen improvement in how the BBC encourages them to learn informally about a range of subjects, although parents believe the BBC could still do more. Our review of children's services showed that CBBC makes a positive contribution to learning, although our younger audiences' service review found that they rate BBC Three less highly.

Social action

The BBC undertakes several campaigns and charitable appeals each year that aim to achieve specific outcomes beneficial to society. Audiences responding to the consultation as part of our younger audiences' review were largely positive about the social action campaigns run by BBC Radio 1, for example on mental health and bullying. We support BBC Radio 1 in its aim to deliver a greater range of public purpose objectives through its speech output and we will strengthen the station's service licence to ensure a minimum number of social action campaigns each year.

[†] Member of the public taking part in a consultation on the BBC.



BRINGING THE UK TO THE WORLD AND THE WORLD TO THE UK

You can rely on the BBC to provide internationally-respected news services to audiences around the world. You can expect the BBC to keep you in touch with what is going on in the world, giving you an insight into the way people live in other countries.

Audiences believe that the BBC performs well in enhancing awareness and understanding of international issues and broadening their experience of different cultures, and that this role is an important one. However, our children's service review noted that, while CBBC produces a range of content which contributes to this purpose, the declining viewing figures of *Newsround* and *Blue Peter* pose a threat to the delivery of this priority. We have asked the Executive to address this threat and report back to us with plans for doing so by summer 2009. CBeebies also contributes to this purpose by introducing children to other countries and cultures. We will amend CBeebies' service licence to reflect fully and safeguard this contribution.

BBC Arabic TV Service

In the past year, our research into this purpose covered the recently launched BBC Arabic TV Service. We felt that it was important to get a better understanding of this strategic service and its editorial challenges. The service was found generally to meet the needs of its target audience well (see service performance section for more details).



HELPING TO DELIVER THE BENEFITS OF EMERGING COMMUNICATIONS TECHNOLOGIES AND SERVICES

You can expect the BBC to help everyone in the UK to get the best out of emerging media technologies now and in the future.

Audiences as a whole do not see the BBC's role in making engaging digital content and services available as particularly important. This is changing, however; with, for example, younger audiences increasingly wanting to access BBC content through mobile phones. Audiences also rate the BBC's performance in providing engaging digital content and services poorly in relation to the other purposes. We have approved the BBC's supply of high definition television on all platforms and hope that in time this will positively affect perceptions of the availability of engaging digital content. We also hope that audiences will see an improvement in the performance of BBC Online, particularly in terms of navigation, following our approval of additional funding for the service.

Partnerships

Partnerships with other organisations are necessary if we are to extend the benefits of emerging communications to our audiences. We are currently assessing Project Canvas, a joint-venture proposition with ITV and BT to promote a standards-based open environment for internet-connected digital television devices. If approved by the Trust, it will allow subscription-free access to a variety of on demand television services (such as BBC iPlayer) and internet-based content through a new broadband connected set top box. We will publish our decision on Project Canvas in due course.

Digital radio

National coverage of DAB digital radio currently stands at 85% and the BBC has stated publicly that this will increase to 90%. In its interim Digital Britain report, the Government has stated its ambition for DAB coverage to be equivalent to FM coverage. We note the BBC's evidence regarding the diminishing return and increasing cost of expanding coverage, but are keen for the Executive to continue exploring how to strengthen the reach of the DAB transmission network.

SERVICE PERFORMANCE

TV, RADIO AND ONLINE SERVICES HAVE SERVED AUDIENCES WELL THIS YEAR AND AUDIENCES' OPINIONS OF THE QUALITY OF BBC SERVICES IS GENERALLY VERY GOOD, ALTHOUGH WE WOULD STILL LIKE TO SEE GREATER AMBITION AND ORIGINALITY IN SOME AREAS OF OUTPUT.

The Trust assesses the Executive's performance in delivering the BBC's services and holds them to account. Here we report on their performance this year, in the areas of:

- Television
- Radio
- Online
- News
- The World Service

The Trust uses the BBC's 'RQIV' performance measurement framework. This is composed of four drivers of public value: reach (how many people are using the services each week); quality (users' perceptions of the services); impact (awareness and delivery of the public purposes – not currently measured annually for each service); and value for money (generally measured by cost per user hour).

TELEVISION

Despite the increasing popularity of new ways of watching TV content, such as through the iPlayer, the average viewing time of traditional or 'linear' television increased this year by over 20 minutes each week to 3 hours 45 minutes per day.

Reach

Reach is an important driver of the BBC's ability to promote its public purposes. Despite the enormous choice of channels available in digital homes, around 85% of the population still watches at least 15 consecutive minutes of BBC television each week.

Quality and originality

Our assessment of the Executive's performance in promoting the public purposes (see pages 30 to 32) has shown that audiences continue to place the greatest importance on BBC content that stands out for its high quality and originality. Audiences expect the BBC to deliver high quality and original content in all genres of programming. While the BBC's performance has improved, audiences' expectations have increased, which means that a large performance gap remains. Addressing this gap is, we believe, the BBC's most important priority.

Perceptions of 'high quality' programmes

A range of BBC programmes scored highly on quality. Natural history and wildlife programmes such as *Tiger*, *Spy in the Jungle* and *Nature's Great Events* (BBC One) continue to attract the highest scores, while other types of documentary, such as BBC Four's *Anne Frank Remembered*, also stood out. Dramas such as *A Short Stay in Switzerland* and *Doctor Who* (BBC One), and American imports such as *Heroes* (BBC Three), also scored well.

Perceptions of 'original and different' programmes

Audiences judged a wide range of programmes to be 'original and different'. Factual and current affairs programmes featured very highly. Documentaries such as *Iran and the West* (BBC Two), *Blood Sweat and T-Shirts* (BBC Three) and *Absolutely Chuffed – The Men Who Built a Steam Engine* (BBC Four) received high scores for originality.

Comedy is important in terms of bringing original ideas to audiences. Successes last year, including *The Mighty Boosh* (BBC Three) and *Outnumbered* (BBC One) scored highly again this year, as did titles such as *Ideal* and *Summer Heights High* on BBC Three. However, scores vary widely for comedy programmes, and we recognise that taking creative risks does not always result in programmes considered by audiences to be of high quality.

Some UK drama scored well for originality: *A Short Stay in Switzerland* and *Criminal Justice* (BBC One), *God On Trial* (BBC Two), *Being Human* (BBC Three) and *Taking Over the Asylum* (BBC Four). However, a number of the BBC's long-running dramas, despite being perceived as high quality, are not seen as particularly original. We would like to see greater range and ambition across all types of drama on the BBC.

Perceptions of programmes that are neither high quality nor original

Clip or list shows, some reality shows and spin-offs continue to score lowest in terms of quality and originality.

The Trust's television services review

We are pleased that the BBC has begun to use quality and originality measures to inform its understanding of how best to meet audience expectations of quality and originality. We will examine this area in more detail in our review of television services later in 2009 to help us determine how performance in this area can be improved further.

Performance by channel

BBC One

BBC One remains the UK's most watched channel, although reach has declined very slightly this year and viewing amongst children and younger adults continues to decline at a faster rate than amongst all adults.

BBC One is a very important driver of audience perceptions of the BBC as a whole. While audience approval of BBC One has risen, and other survey measures relating to quality appear strong, we believe the channel has a key role to play in closing the BBC's overall performance gap relating to quality and originality.

Last year we highlighted the need for BBC One to refresh its drama and entertainment programming. New drama series such as *Criminal Justice* and *The Diary of Anne Frank* gained high audience appreciation levels. However, as noted above, we believe there remain opportunities for BBC Television, including BBC One, to develop new dramas which are high quality and show greater range and creative ambition.

Comedy is another important part of BBC One's programme mix. BBC One has had some successes this year, notably the second series of *Outnumbered*, while *My Family* remains the most watched sitcom on British television. Meeting audience expectations for high quality pre-watershed comedy remains a challenge for the channel and audiences' perceptions that BBC One is the best channel for comedy have dropped.

We will be reviewing the performance of BBC One later this year as part of our TV services review.

BBC Two

Reach was stable this year. The principal challenge for BBC Two, reflected in audience research we conducted in 2007, is to provide programmes of depth and substance which audiences see as genuinely different from BBC One. Certain parts of the schedule have achieved this, notably on Saturday nights where the channel's factual programming has provided a real alternative to entertainment programmes offered on other channels. We believe there are opportunities for BBC Two to apply this approach across other genres and parts of the schedule so that it provides a more consistently distinct offering from other television channels.

We believe that drama and comedy play an important role on BBC Two, and we will look at their roles, alongside that of factual output, when we consider the channel's performance later this year as part of our TV services review.

BBC Three

BBC Three increased its reach amongst its young target audience. We reviewed the channel against its service licence this year and our principal conclusion was that the channel has developed into an important part of the BBC's television portfolio through its reach to younger audiences and its role in commissioning new programmes which take creative risks. You can find full details of this review on our website, bbc.co.uk/bbctrust

BBC Four

BBC Four increased its reach slightly this year, and is highly appreciated by viewers. As part of our review of BBC Four later this year, we will look into whether the plans to build a closer relationship with BBC Two, which we approved in 2007, are proving successful in improving the awareness of BBC Four and helping audiences to find its output.

BBC ALBA

In September 2008, following a public value test, the BBC launched BBC ALBA which broadcasts Gaelic language programmes on satellite and cable. We will be carrying out a review of BBC ALBA's performance later this year, before the digital switchover in Scotland.

S4C

The BBC provides Welsh language programmes to S4C, including its news bulletin, *Newyddion*, and soap opera *Pobol y Cwm*. We are pleased that these continue to be amongst the most popular programmes on the channel. However we are concerned that most S4C viewers are unaware that the BBC supplies these programmes. The review of our agreement with S4C later this year will provide an opportunity to consider how best to ensure that audiences understand how their licence fee is being spent on S4C.

CBBC and CBeebies

The BBC performs very well overall in terms of services and content for children, as reported in our review of children's services this year. The CBeebies and CBBC digital channels make an important contribution to the BBC's public purposes and offer good value for money.

Providing content that children enjoy and learn from is one of the core public service functions of the BBC and one that the Trust fully supports. To make sure that the BBC continues to produce great output we identified some areas where improvements are needed. Our review found that listening figures for children's radio were low, that usage of the CBBC website was declining and that audience levels for key programmes like *Newsround* and *Blue Peter* fell when children's programmes were moved earlier in BBC One's afternoon schedule. We also noted key risks and budgetary pressures which, left unchecked, could undermine future performance. Over the coming months we will be working with the Executive to address these issues and ensure that the BBC remains the cornerstone of high quality UK children's programming.

RADIO

This year there was an increase in the number of people listening to BBC Radio live via the internet. On-demand listening is popular, particularly of speech content, with BBC Radio 4 and BBC 7 programmes making up over half the total requests for audio content on iPlayer:

Performance by station

- **BBC Radio 1 and BBC iXtra:** we completed reviews of these stations in June; you can find the details on our website. Radio 1 in particular plays a very important role in promoting the BBC's public purposes amongst young people, and we have made a series of recommendations which we hope will enable it to continue to do so.
- **BBC Radio 2 and BBC 6 Music:** we are considering the performance of these stations as part of their service licence reviews. Further details can be found on our website.
- **BBC Radio 3:** ended the year with its highest audience figures since the end of 2006, at just below two million adults. Listeners are highly appreciative of the quality of the station's programming.
- **BBC Radio 4:** recorded its highest share of listening for many years – 12.5% between January and March 2009. While the strong news agenda contributed to its performance, we recognise the importance and strengths of other parts of the schedule, such as documentaries, features, drama and comedy. We believe that Radio 4 has been able to refresh its schedule while retaining intellectual rigour.
- **BBC Radio 5 live and 5 live sports extra:** these stations had a successful year, which included extensive coverage of the Beijing Olympics. Surprisingly the Olympics did not significantly boost reach. We assume this was due to the popularity of content offered on BBC Online.
- **BBC 7:** the most popular of the BBC's digital-only radio stations, with a weekly reach of just below one million adults. The station attracts a very high volume of requests to listen again online, with archive shows particularly popular.
- **BBC Asian Network:** reach declined this year. We have discussed the Executive's plans to address this and will expect some improvement in reach next year.



“It is imperative the BBC remains independent and impartial.”*

- **English local radio stations:** levels of listening to the BBC’s 40 local radio stations in England vary widely but there has been a gradual decline in audience numbers to many of these stations. The Executive is addressing this and we will be looking at the outcome of their plans next year.
- **BBC Radio Ulster/Foyle:** continues to be the most popular radio station in Northern Ireland offering a wide range of programmes and scoring well for measures of quality.
- **BBC Radio Scotland:** long-term decline in audience numbers stabilised this year.
- The BBC also provides **BBC Radio nan Gàidheal**, Scotland’s only dedicated national radio service for Gaelic listeners.
- Audience numbers for **BBC Radio Wales** have risen slightly year-on-year; while those for the BBC’s Welsh language station **Radio Cymru** have remained stable. Both these stations are looking to attract new audiences, especially younger listeners, and the challenge will be to deliver this while maintaining the stations’ appeal to existing listeners.

BBC ONLINE

BBC Online performed well this year, with iPlayer proving very popular and driving a growth in users to around 22 million each week. Further extending the reach of BBC Online is becoming increasingly challenging, however, with the number of users remaining flat in many areas.

The iPlayer had a very strong first year with usage growing to around 40 million requests in March 2009. As requested by the Trust, the Executive has made the full iPlayer service available on non-Windows operating systems, and its functionality was further enhanced after we gave permission for series stacking and pre-booking.

The Executive has made considerable progress in addressing the actions we set out in our service review of BBC Online last year, including developing a new management framework and beginning to address those areas we highlighted as being weak. The external search engine was closed and linking to external sites from BBC Online appears to be improving.

We approved new investment in BBC Online for the next three years and look forward to seeing the outcome of this investment, in terms of improved navigation and enhancements to core public service areas such as news, children’s and nations’ sites.

NEWS

Audience figures for the BBC’s main news bulletins and current affairs programmes on Network Television and Radio have remained steady this year. User numbers for news on BBC Online have continued to grow. Both the BBC News and BBC Parliament channels increased reach and share compared with last year, and perceptions of quality amongst viewers of these channels are high.

Audience perceptions of trustworthiness, accuracy and impartiality all remained stable this year; and the reputation of BBC News remains very strong overall. We comment on audiences’ perceptions of impartiality in more depth in the impartiality section.

Younger adults and those from less well off backgrounds remain the hardest audiences to reach. The Executive is well aware of this and is looking at ways to address it. The role of BBC Online and short and targeted TV and radio bulletins, such as the BBC One 8pm bulletin, Newsbeat on Radio 1 and 60Second News on BBC Three play an important role alongside longer and more in-depth programmes.

THE WORLD SERVICE

The World Service is funded by Parliamentary Grant-in-Aid rather than the licence fee. It reached 185 million people last year. Usage of World Service online grew strongly to 17 million, with particularly strong growth from the Spanish language site, BBC Mundo. Other growth areas were the new TV services, BBC Arabic and BBC Persian, while radio listening and World News audiences continue to fall, driven by the decline in short-wave radio listening and increasing competition.

As part of our programme of audience research on the World Service, we assessed BBC Arabic TV. We found that audiences appreciate BBC Arabic TV but we agree with the Executive that editorial values of impartiality and accuracy must take priority over seeking the kind of greater emotional engagement that is often valued by viewers.

Coverage of the Gaza conflict last winter was the first major test faced by BBC Arabic TV and it showed balance, fairness and impartiality. Our review identified a number of areas for improvement, including variety of content and visual appeal. You can read the full review on our website.

* Member of the public taking part in a BBC survey.

STEWARDSHIP OF THE LICENCE FEE

IN THE CURRENT CHALLENGING ECONOMIC CLIMATE, DELIVERING VALUE FOR MONEY FOR LICENCE FEE PAYERS IS MORE IMPORTANT THAN EVER.

The Trust's role is to 'ensure that licence fee income is spent in ways that meet audiences' expectations and delivers value for money'. We do this in three ways by:

- focusing on efficiency to make sure the BBC gets the maximum value for every pound spent without compromising quality
- conducting value for money studies
- monitoring operations in the specific areas of licence fee collection and digital switchover

1. FOCUSING ON EFFICIENCY

Due to the long-term nature of licence fee funding, the BBC has a degree of financial stability. However the BBC is not immune from the pressures on the wider economy and, like many organisations, has revisited its longer-term financial plans during the past year. We have reviewed progress against the efficiency targets we previously set for the BBC and have also approved new plans for further efficiencies and contingency plans to ensure the BBC's financial health remains sound.

Annual target: 3% cash-releasing efficiencies

In October 2007, the Trust approved the BBC's six-year plan, the aim of which was to make the BBC fit for a digital future. The plan was designed to ensure that existing services are managed in the most efficient way possible in order to release funds for the new investment required without compromising the quality of existing services. In approving the plan the Trust set the BBC the target of achieving 3% pa (net) cumulative cash-releasing efficiencies over the five years to 2012/13.

At this stage in the programme it is too early to judge whether reported savings have affected content quality. This year we have focused on understanding the quality of the data on which we will make our judgements in the future. We asked the National Audit Office (NAO) to consider the quality of the data systems underpinning the reporting of the performance aspect of efficiency savings, and their comments on this are set out on page 8. We are pleased that the underlying performance data systems provide us with a sound foundation on which we can review BBC progress and performance.

Talent costs

Talent costs are a big part of the BBC's expenditure. Last year, we commissioned an independent report into the BBC's role in the on-screen and on-air talent market which was published in June 2008. On the basis of this report the Trust found that, on the whole, the BBC was not paying more for its top talent than other broadcasters were willing to pay, and that a large proportion of its talent deals were agreed at levels below those that might be available in the wider market. However, we also found there was room for improvement in the BBC's practices which could achieve better value for money in some deals.

This year we asked the Executive to report on progress. We found that the BBC has made good progress on our recommendations, achieving some significant savings. However, in the context of the current economic climate, we believe the BBC should go further in reducing its overall spend on talent, and we have tasked the Executive with achieving further substantial savings during the remainder of this licence fee period.

2. VALUE FOR MONEY STUDIES

This rolling programme of studies, mainly commissioned from the NAO, provides an independent check on the Executive's activities. This year we commissioned two studies, the efficiency of the BBC's radio production and the management of the BBC's strategic contracts. You can find full reports on these studies on our website.

Radio production

The study looked at what the BBC is doing to maximise the efficiency of radio production across all stations. It reviewed efficiency plans and the BBC's assessment of the impact of efficiency initiatives on performance, and used cost comparisons for similar programme types both from the BBC's own stations and commercial competitors.

The study found that the BBC has achieved savings in radio production, with plans for further savings, but that it needs to understand better why the cost of producing similar programmes on its different radio stations varies so widely.

We agree with the NAO that the BBC should adopt a more systematic approach to using comparative cost data and identifying potential savings, but caution that any such work should also take account of the possible impact on the quality of programming. We accept all of the recommendations of the study and have agreed with the Executive a plan for their implementation, and they will report back to us on progress.

“I have always found the BBC to be the best public service broadcaster in the UK. I consider my licence fee to be money well spent.”*



“Should the BBC be paying this amount of money to so-called stars?”‡



Management of strategic contracts

This study looked at whether the BBC is securing the service and financial objectives set out in its current high-value strategic contracts (for services such as IT support, HR, facilities management and so forth), on which it spent £715million in 2007/08.

The study concluded that ‘the BBC had kept its spending on strategic contracts in line with forecast and exceeded its savings targets. It now needs to concentrate on securing the levels of service for which it has paid – as well as achieving greater innovation – to provide the BBC and licence fee payers with value for money’. It also found that, across the five contracts examined, the BBC’s approach to relationship management was above average compared with other organisations in the public and private sectors.

The study identified a number of recommendations for improving the management of strategic contracts. We have again accepted these recommendations and agreed with the Executive a plan for their implementation.

3. MONITORING OPERATIONS

The digital switchover

The Government and Ofcom are responsible for the switchover of the UK to digital broadcasting, but asked the BBC to help certain vulnerable groups in society at the time of digital switchover by ensuring they are aware of what digital switchover means and receive the assistance they need to deal with this (‘the targeted help scheme’). The Trust’s main role in relation to the targeted help scheme is to ensure that the Executive’s operation of the scheme provides value for money.

The financial review in Part Two of this report provides an overview of the scale of operations in the past year and the money involved, with £24million spent by the help scheme in 2008/09. To date the help scheme has spent less than forecast mainly due to the take up of the scheme being lower than expected. Although the review of the first transmitter switchover operations suggests the help scheme was operating satisfactorily, it is in the coming year that arrangements will be tested as the scale of activity increases significantly.

Licence fee collection

The Trust has a duty to ensure that collection of the licence fee is ‘efficient, appropriate and proportionate’. This year we undertook a detailed study of the collection arrangements, which included a public consultation to obtain the views of licence fee payers.

We concluded that, in collecting the licence fee, the BBC must balance firmness with fairness. TV Licensing needs to improve the tone of its early dealings with the public, especially households that do not have televisions. At the same time, TV Licensing should do more to target the minority of hard core licence evaders to make sure that everyone who should pay does pay.

We were pleased to note that since the BBC took over collecting the licence fee in 1991 the evasion rate has dropped from 12.7% to 5.1%, although that decline has since levelled off with a slight rise to 5.39%. The BBC has also made savings in collection costs of £43.5million since 2006/07.

We have suggested that the BBC should put more effort into targeted enforcement of payment of the licence fee, even if this leads to modest additional cost. We consider the range of payment methods on offer to be satisfactory for the vast majority of licence fee payers, but would like to see payment plans simplified, particularly those schemes requiring upfront payment which may be difficult for people on low incomes. The Executive will be responding to our recommendations early in 2009/10 and we will monitor progress as part of our annual review of licence fee collection.

Service licence budgetary compliance

In 2008/09 all but two services complied with their service budget parameters. We were content with the reasons for HD TV and BBC ALBA under spending against baseline budget by more than 10%. The HD TV underspend was due to greater savings being achieved in contractual costs than initially forecast. We monitor underspend as well as overspend so that we can take a view as to whether any reduction in investment is significantly impacting on service quality. In this case we welcomed the efficiencies that had been achieved. The BBC ALBA underspend reflected the start of the service mid year against an annual service licence baseline.

2008/09 WORK PLAN

The areas discussed above all featured in our 2008/09 work plan. Additionally we had planned to do a third value for money review on asset management, but realised that two reviews per year was a more realistic target than three, and therefore focused our efforts on the more significant subjects.

* Member of the public taking part in a BBC survey.

‡ Letter from licence fee payer to the Trust during 2008/09.

UPHOLDING LICENCE FEE PAYERS' INTERESTS

WE MUST MAKE DECISIONS ON BEHALF OF ALL LICENCE FEE PAYERS, TAKING ACCOUNT OF BOTH INDIVIDUAL INTERESTS AND THE WIDER PUBLIC INTEREST.

The Trust's role is to ensure that the BBC works effectively in the public interest, and is as responsive as possible to what licence fee payers want.

How do we do this? It comes down to four things:

- listening to licence fee payers to understand their views of the BBC and how it can be improved
- considering issues brought to our attention through complaints and appeals, and making judgements to ensure that the BBC continues to meet the highest standards
- ensuring we consider the views of all interested parties when making decisions about the BBC's services and how they are run
- defending the BBC's independence by resisting influence and pressure from any source

1. LISTENING TO LICENCE FEE PAYERS

To be able to respond to licence fee payers, we must of course understand what they want. We have various methods of gathering audiences' views, including advice from Audience Councils, direct research, public consultations, public meetings and radio phone-ins.

2. CONTINUING TO MEET THE HIGHEST STANDARDS

Most of the issues brought to our attention through the complaints and appeals process are around editorial standards (see page 57 for how the editorial appeals process works), although we also concern ourselves with other standards, for example fair trading.

The results of all appeals that we consider are explained on our website. We report below on the most significant appeals that we considered during the year, as a result of which we have changed BBC policy or are taking additional action to review compliance with standards.

The Russell Brand Show incident

The furore around an incident on *The Russell Brand Show* was the most significant issue to have arisen over editorial standards this year, and provoked more than 42,000 complaints to the BBC.

In October 2008, broadcasters Russell Brand and Jonathan Ross left highly offensive telephone messages for the actor Andrew Sachs during a pre-recorded programme on BBC Radio 2. The Trust's Editorial Standards Committee found that there had been a very serious breach of the BBC's Editorial Guidelines on offence and privacy, and that editorial control and compliance procedures in non-news areas of the BBC's Audio & Music division were inadequate. Ofcom imposed fines totalling £150,000.



“It would be a great shame for the quality of BBC programmes to be compromised.”†

The Trust instructed the Executive to:

- submit proposals to strengthen editorial controls in Audio & Music, which the Trust approved in December 2008
- strengthen immediately the editorial controls around any programme which represents high levels of editorial risk
- assess immediately the editorial controls and compliance procedures in place for all programmes across television and radio where the production company is owned and/or managed by the featured performer

In autumn 2009, we will carry out an independent audit to determine the effectiveness of the Executive's measures to strengthen editorial controls in the Audio & Music division.

This incident underlines the importance of understanding the editorial boundaries for high-risk material. In 2009 we will be reviewing the BBC's Editorial Guidelines, taking account of common understanding of what is acceptable from research into public opinion on this subject.

Sponsorship/BBC Sports Personality of the Year

This appeal did not attract the numbers of complaints seen in the Brand/Ross incident but was significant in that the Trust has required major changes to be made to BBC policy concerning the sponsorship of on-air events.

In December 2007, BBC One and Radio 5 live broadcast *BBC Sports Personality of the Year*. The event was sponsored by Britvic Soft Drinks. Complaints were made that a number of Guidelines had been broken for reasons which included the prominence of the Robinsons logo and, more broadly, that the BBC should not be offering guarantees of on-air mentions in return for on-air event sponsorship funding. The complaints were initially addressed by the BBC Executive and not upheld.

On appeal, the Trust concluded that several of the editorial guidelines had been breached. We believe that audiences expect BBC programmes to be free of advertising, or the impression of advertising. We instructed the Executive to ensure breaches of this kind were not repeated. We also stipulated that there should be tighter controls on event sponsorship.

The Executive's revised sponsorship guidance and policy propose that the BBC will no longer accept commercial sponsors for on-air BBC events and end contractual obligations to on-air or website mentions of the sponsor of a BBC on-air event. The policy, accompanied by the revised guidance, has been put out for public consultation and we plan to publish the results in summer 2009.

† Member of the public taking part in a consultation on the BBC.

3. CONSIDERING THE VIEWS OF ALL INTERESTED PARTIES IN MAKING DECISIONS

We believe in conducting business openly – and are required to do so – which includes taking account of the views of interested parties when making decisions about the scope of BBC services and activities. We do this in a variety of ways including meeting interested parties and consulting publicly on significant issues.

We set out below the most significant decisions we have made in the past year:

Local video

This year we refused permission for the Executive to develop a local video service, after conducting a public value test.

The Trust rejected the proposals because it did not consider that they would improve services for the public enough to justify either the investment of licence fee funds or the negative impact on commercial media. Instead, we believe the BBC's priority should be to improve the quality of its regional services. We asked the Executive to come back to us with new proposals during 2009/10.

Network supply review

We have set more challenging targets for the amount of BBC network production to be made outside London.

To get the best creative output and ensure value for money, we want the BBC to draw on the full range of talents in the UK when sourcing Network Television production. The Executive completed a review in 2008, which resulted in us changing how we set targets for the BBC in this area.

We used to use a BBC-specific definition of what counts as network production but have decided to use Ofcom's definition to bring us in line with the rest of the UK broadcasting industry. The Ofcom definition is more demanding than the BBC's existing definition and applying it in future means a significant stretch to the targets previously set.

Under the new targets the BBC must:

- ensure that 50% of network production is made outside London by 2016
- increase network production from Scotland, Wales and Northern Ireland (combined) to 12% by 2012 and 17% by 2016

We have not set formal targets for individual nations but we will monitor delivery to ensure a strong and sustainable network production base in each nation.



“In my view the BBC is very middle of the road, middle class, middle England and it doesn’t cater for diverse views.”[^]

High definition service on digital terrestrial television

Working with Ofcom we agreed in principle a way to allow HD on Freeview.

Digital terrestrial television (DTT), including the BBC’s Freeview service, is key to the Government’s strategy for achieving universal, free-to-air public service broadcasting. The digital switchover offers an opportunity to take advantage of new technologies and upgrade the platform to offer a wider set of services, including the potential for services in high definition (HD).

We know from previous consultations that there is much support amongst the public for HD services. Our approval of the new BBC HD channel, announced in November 2008, made clear that all licence fee payers, including those on Freeview, should have access to it as soon as possible.

We therefore welcomed Ofcom’s proposition to license commercial public service broadcasters to broadcast HD services. In April 2008, we agreed to work with Ofcom to allow HD on Freeview, reflecting our respective responsibilities for the services and licences which facilitate operation of the DTT platform. The BBC can now move forward with its HD service on Freeview.

iPlayer pre-booking

After a public consultation, we approved the Executive’s plans for adding pre-booking functionality to the BBC iPlayer.

Pre-booking will allow users to select programmes from the iPlayer schedule up to seven days in advance and download them for viewing on their home computers. We will be monitoring the impact of pre-booking on the iPlayer’s reach and usage to ensure that it offers value for money, and have asked the Executive to report back after six months.

Project Canvas

We are assessing the Executive’s proposal for a joint venture to promote a standards-based open environment for internet-connected television devices.

In November 2008, the Executive asked for permission to develop a joint venture to promote a standards-based open environment for internet-connected television devices, otherwise known as Project Canvas. For consumers this would enable subscription-free access to on demand television services and other internet-based content, through a broadband connected digital device such as a set-top box.

Based on the information submitted by the Executive at that time, we determined that Project Canvas is a non-service activity, and that a full public value test would not be appropriate. We therefore applied a non-service assessment to Project Canvas, involving a detailed evaluation of both the public value and the market impact of the proposals. We conducted an initial public consultation, where we invited industry stakeholders, audience groups and licence fee payers to comment on the proposals. The consultation attracted a significant response and we have now asked the Executive to provide us with further information on key areas before continuing with our assessment.

[^] Public meeting attended by the Chairman of the BBC Trust.



“I love the fact it has no adverts, and a wide range of programmes from the hilarious to serious and educational.”†

4. DEFENDING THE BBC'S INDEPENDENCE

One of the main reasons the public trusts the BBC is because of its independence, and defending that independence is therefore a crucial role of the Trust.

The DEC Gaza Crisis Appeal

One of the most controversial issues on which we have had to adjudicate was the decision in January 2009 by the Director-General not to broadcast the Disasters Emergency Committee appeal for humanitarian aid for the residents of Gaza. (See page 56 for details of the complaints and appeals around this issue and the reasons why the Trust did not uphold the appeals.)

The Director-General's decision provoked huge public debate and there were calls from a number of senior politicians for the Director-General to reverse his decision. The intensity of feeling led our Chairman to write an open letter to the Director-General in which he made an unequivocal statement about the Trust's role in safeguarding the independence of the BBC. He said he felt that the 'level and tone' of some of the political comment was 'coming close to constituting undue interference in the editorial independence of the BBC'. Sir Michael assured the Director-General that the Trust would 'do everything in our power to ensure that you are given the space to make the editorial decisions you feel, after due consideration, are right in the circumstances'.

2008/09 WORK PLAN

Some of the decisions and outcomes described above resulted from work we had planned to do within our 2008/09 work plan. Others were the result of our work in considering appeals and complaints during the year. We had a number of other priorities for work in the year, which although not so significant in outcome, were nonetheless important.

Impartiality review

We conducted a review on the impartiality of our coverage of the four nations, which you can read about on page 55.

Economic value review

Making sure that the BBC's economic impact is a positive one is an important issue for the Trust. To this end, in January 2008, we commissioned PricewaterhouseCoopers to conduct research into the economic impact of the BBC's publicly-funded services on the UK broadcasting and creative sector. Their findings are set out on page 54.

Review of the WOCC

As set out in the Charter and Agreement, the BBC makes 50% of television programmes in-house, as well as commissioning 25% from independent production companies. The BBC also operates the Window of Creative Competition (WOCC) within which in-house and independent producers can compete for the remaining 25%. In 2008 the Trust reviewed how well the arrangement is working, getting views from a wide range of stakeholders as well as conducting a public consultation.

Overall, we concluded that, under the current system, ideas are treated equally and commissioning decisions are being made on merit. Commissioners have clear incentives to pick the best ideas and there is no obvious bias towards accepting in-house ideas over independent ones or vice versa. As well as delivering benefits to audiences through better programming, our stakeholder analysis revealed that the WOCC is also broadly welcomed by commissioners, in-house and independent producers.

There are always opportunities for improvement, however; and we made various recommendations to the Executive to this effect. We will assess progress through a follow-up review in 2010.

† Member of the public taking part in a consultation on the BBC.

LOOKIN' AHEAD!



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THE TRUST'S PLANS FOR 2009/10

As explained on pages 18 to 19, where we report back on our 2008/09 plan, each year the Trust publishes a work plan so that everyone who engages with us, both inside and outside the BBC, or anyone who is interested, can find out what our priorities are, why we have set them, and what we will be doing about them in the year ahead. Following is a summary of our plan for 2009/10. You can find full details of both the plan and the consultation around it on our website bbc.co.uk/bbctrust

GETTING THE MOST OUT OF THE BBC FOR LICENCE FEE PAYERS

In the year to come, we want to consolidate the work we've done in our first two years, but serve licence fee payers better by achieving more for them through concentrating on a smaller number of issues in greater depth. How will we do that? By finding out what issues they are most concerned about, and making sure we do something about them. We are helped particularly in this by the valuable contributions made by the network of Audience Councils.

We will also continue to play a full role in the unfolding debate about the future of public service broadcasting. We will assess the partnership proposals submitted to us by the Executive on how the BBC can use its strength better for the benefit of the whole UK broadcasting sector.

Our work plan for 2009/10 centres on making sure that the BBC remains focused on delivering high quality, distinctive programming; that it is efficient; and that overall it delivers the best value to audiences across the UK. As well as more intensive work on editorial standards, we will be reviewing some of the BBC's most popular services including BBC One, BBC Two and BBC Radio 2. Alongside that, we will continue to review the Trust's and the Trust Unit's performance to ensure we deliver value for money.

STEWARDSHIP OF THE LICENCE FEE

Our strategic role

To ensure that licence fee income is spent in ways that meet audiences' expectations and deliver value for money.

Priority 1

SIX-YEAR PLAN

We will continue to monitor implementation by the Executive of the BBC's six-year plan. In particular we'll be looking at the quality of the BBC's services, and whether the Executive has achieved savings through greater efficiency, to allow investment in new services.

Priority 2

CHALLENGING ECONOMIC ENVIRONMENT

We will pay close attention to the effects on the BBC of a more challenging economic environment.

Priority 3

VALUE FOR MONEY

We will commission two value for money studies:

- a) capital investment in the BBC's property portfolio
- b) financial and project management of a number of major external events covered by the BBC such as the Olympics and Glastonbury

Priority 4

TRUST'S TALENT REPORT

We will publish a follow-up report on progress made on the recommendations in the Trust's Talent report published in 2008.

IN THE COMING YEAR WE WILL CONCENTRATE ON A SMALLER NUMBER OF ISSUES IN GREATER DEPTH.

UPHOLDING LICENCE FEE PAYERS' INTERESTS

Our strategic role

To ensure that the BBC works effectively in the public interest and is as responsive as possible to what licence fee payers want.

Priority 1

EDITORIAL STANDARDS

In the coming year the Trust will oversee the review of the BBC's Editorial Guidelines. As part of this work, and following an unacceptable breach of standards in *The Russell Brand Show*, we will look at taste and standards in BBC programmes and commission an independent review into compliance by the BBC's Audio & Music division.

Priority 2

PUBLIC SERVICE BROADCASTING REVIEW

The UK broadcasting sector has seen a number of reviews over the past three years, central to which have been Ofcom's second review of public service broadcasting and the Government's Digital Britain review.

We will continue to be an active participant in the Digital Britain review as we believe it is vital that the interests of audiences are placed first and foremost in the outcome.

Priority 3

PUBLIC VALUE TESTS

We will be returning as we promised to the decision we took on the Gaelic and iPlayer public value tests to examine how the services are operating.

Priority 4

PARTNERSHIP PROPOSALS

We have a formal role in approving new proposals from the Executive for the BBC to work in closer partnership with the wider broadcasting industry. We will be reviewing and commenting on these proposals during the year.

EFFECTIVELY PROMOTING THE BBC'S PUBLIC PURPOSES

Our strategic role

To ensure that, in all its operations, the BBC promotes the six public purposes set out by Parliament.

Priority 1

PURPOSE REMITS

Purpose remits set out how we expect the BBC to deliver each of its public purposes. In 2007/08 we identified a number of performance gaps particularly in respect of programming that audiences see as fresh and new, and also in the provision of news and current affairs to underserved audiences and how effectively the BBC represents different nations. We will continue to monitor the BBC's performance here.

Priority 2

SERVICE REVIEWS

The Trust has a duty to review each BBC service at least once every five years, offering the opportunity for the public to have their say on how they feel the BBC is doing against its remit. In 2009/10 we will review:

- a) Television
 - BBC One
 - BBC Two
 - BBC Four
 - BBC Red Button
- b) Radio
 - BBC Radio 2
 - BBC 6 Music

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- 50/ **DELIVERING VALUE FOR MONEY/**
- 52/ **BBC AND THE WIDER ECONOMY/**
- 55/ **SECURING EDITORIAL STANDARDS/**
- 57/ **SERVING ALL AUDIENCES/**

THE BBC TRUSTEES

THE BBC TRUST, AS THE GOVERNING BODY OF THE BBC, IS SEPARATE FROM THE EXECUTIVE WHICH MANAGES THE BBC'S DAY-TO-DAY OPERATIONS.

Our job is to represent licence fee payers and make sure the Executive delivers the high quality programmes and services the public wants, while ensuring that the BBC is accountable and open. We also protect the independence of the BBC from commercial or political influence.

SIR MICHAEL LYONS CHAIRMAN

Other roles: Chairman, English Cities Fund; non-executive director; Mouchel plc, Wragge & Co, and SQW Ltd; governor, Royal Shakespeare Company.

CHITRA BHARUCHA MBE VICE CHAIRMAN

Chairs Remuneration and Appointments Committee and Audience Councils Committee. Led review of complaints process (see page 57).

Other roles: Trustee, Marie Curie Cancer Care.

DIANE COYLE OBE

Chairs Trust's Strategic Approvals Committee. Led public value test on proposed local video service (see page 39).

Other roles: Economist; member, Competition Commission; member, Centre for Economic Policy Research; visiting professor, University of Manchester; Institute of Political and Economic Governance.

ANTHONY FRY

Joined Trust on 1 November 2008

Other roles: Senior managing director; Evercore Partners; non-executive director; Control Risks and Dairy Crest; executive board member, Edinburgh International Television Festival; board member, English National Opera.

ALISON HASTINGS

Trustee for England (chairs Audience Council England). Led review of services for younger audiences (see page 31).

Other roles: Media consultant; vice president, British Board of Film Classification.

DAME PATRICIA HODGSON DBE

Led review of BBC's online services (see page 35).

Other roles: Principal, Newnham College, Cambridge; non-executive director; Competition Commission; member, Higher Education Funding Council for England.

ROTHA JOHNSTON CBE

Trustee for Northern Ireland (chairs Audience Council, Northern Ireland); chairs Finance and Compliance Committee. Led review of Window of Creative Competition (see page 41).

Other roles: Non-executive director; Allied Irish Bank (UK) plc and Northern Ireland Office; deputy chairman, Invest Northern Ireland; pro-chancellor, Queen's University, Belfast.

JANET LEWIS-JONES

Trustee for Wales (chairs Audience Council Wales). Led review of TV licensing collection methods (see page 37).

Other roles: Chair, membership selection panel, Glas Cymru Cyf (Welsh Water); trustee, Baring Foundation and Maytree Charity.

DAVID LIDDIMENT

Chairman, Audiences and Performance Committee. Led work on distinctiveness (see section 30).

Other roles: Non-executive director, All3Media; associate, Old Vic Theatre Company.

MEHMUDA MIAN

Led review of children's services (see page 31).

Other roles: Board member, Independent Safeguarding Authority; associate director, Lokahi Foundation.

JEREMY PEAT

Trustee for Scotland (chairs Audience Council Scotland). Led value for money studies (see page 36 to 37).

Other roles: Chairman, BBC Pension Trust Board; director, David Hume Institute; member, Competition Commission.

RICHARD TAIT CBE

Chairman, Editorial Standards Committee. Leads the Trust's work on editorial standards and compliance (see pages 55 to 56).

Other roles: Professor of Journalism and director, Centre for Journalism Studies, Cardiff University; vice president, International News Safety Institute.

For more information on the Trustees, their former careers and experience, please see our website bbc.co.uk/bbctrust

This section of our report sets out how our governance activities serve the public, under the headings:

- delivering value for money
- the BBC and the wider economy
- securing editorial standards
- serving all audiences

Pages 60 to 67 set out the Trust's own corporate governance processes while Part Two of this report provides more information on the Executive's position on corporate governance.



SIR MICHAEL LYONS
CHAIRMAN



CHITRA BHARUCHA
VICE CHAIRMAN



DIANE COYLE



ANTHONY FRY



ALISON HASTINGS
ENGLAND



DAME PATRICIA HODGSON



ROTHA JOHNSTON
NORTHERN IRELAND



JANET LEWIS-JONES
WALES



DAVID LIDDIMENT



MEHMUDA MIAN



JEREMY PEAT
SCOTLAND



RICHARD TAIT

DELIVERING VALUE FOR MONEY

AS TRUSTEES, OUR ULTIMATE RESPONSIBILITY IS TO
MAKE SURE THE BBC DELIVERS VALUE FOR MONEY.

We oversee the BBC's financial and business performance, keeping a close eye both on its own financial needs and on how it spends its income.

We carry out our financial duties through the Finance and Compliance Committee (see page 61 for membership), which scrutinises BBC budgets, financial performance, and other operational compliance, as well as undertaking reviews on specific areas of expenditure. This committee formerly operated as the Finance and Strategy Committee but was reformed in January 2009 under its new name with revised terms of reference. Key strategic decisions are now reviewed by the Strategic Approvals Committee.

SETTING FINANCIAL BUDGETS AND OBJECTIVES

Each year we review and question the BBC's finances and, once our questions have been answered and any changes we feel necessary have been made, we approve the BBC's budget and its long-term financial plans. As part of this we set a budget for each individual service licence. Where necessary, we may also set management financial objectives to guide the way the Executive manages operations. Last year we set a target for the BBC to make cumulative 3% efficiencies over the five-year period from 2008/09 to 2012/13. We report on progress against that target on page 7.

RISK MANAGEMENT

Each year we review and question the risk management activities undertaken within the BBC to ensure that the Executive is adequately identifying and addressing the key operating risks facing the BBC. We do this through review of regular risk management reports and through questioning of the external auditors, internal audit and the Audit Committee.

Occasionally we will make recommendations as to areas for more detailed review. An appropriate management information system is fundamental to effective decision making for any organisation. In recent years the BBC has reformed its financial systems, achieving significant savings through the establishment of a central finance service centre in Cardiff and other outsourcing arrangements. We reported last year on some issues concerning the controls around spend and accounting for the BBC Online. In view of this we have asked the Executive to provide us with assurance as to the current status and quality of management reporting across the BBC's public services.

We welcome the Executive's proposals to engage the external auditors to review this during 2009/10.

SPECIFIC REVIEWS

Each year we look in detail at particular areas to ensure they deliver value for money, in accordance with our Charter duties. You can find details of this year's reviews on pages 36 to 37. As well as this planned programme, we carry out other reviews, informed by our Charter duties. This year we reviewed the collection of the licence fee, looking at whether it is efficient, appropriate and proportionate. We are following up on the actions taken by the Executive in response to our review of talent costs from the previous year.

EXECUTIVE PAY

Through our remuneration and appointments committee (see page 62 for membership), we set the strategy that determines the pay and benefits of the Executive Board.

Our approach to executive pay is to ensure that it reflects the expectations of licence fee payers as well as the needs of the organisation.

Our three guiding principles for executive pay are:

- it should be consistent with a remuneration strategy for the BBC as a whole
- it should take into account the unique opportunities that working at the BBC can offer
- the BBC should follow, not lead, the market

We are responsible for and set the remuneration of the Director-General and the non-executive Directors. For other members of the Executive Board, we set the remuneration strategy but we do not set individual salaries or award bonuses. These are determined by the Executive Board's Remuneration Committee, consisting entirely of non-executive Directors.

Future review of executive pay

We continue to pay close attention to the concerns of licence fee payers and other stakeholders about the levels of executive pay at the BBC. The BBC operates in a competitive market and we want to attract the very best people to work for the organisation; this will ensure that we can continue to provide the high quality programmes and services that licence fee payers expect. However, we are equally clear that the level of remuneration – particularly of top executives – needs to reflect the fact that the BBC is funded by the public through the licence fee.

As part of our ongoing responsibility to deliver value for money in this area, we have decided to review our approach to executive pay and benefits, including performance related bonuses. This review will take place during 2009. Consistent with our guiding principles, the Director-General will review the remuneration strategy for the BBC as a whole, taking into account the current economic circumstances and the need to demonstrate value for money to licence fee payers. After considering the outcomes of his review we will determine the strategy for the Executive Board.

EXECUTIVE BOARD REMUNERATION 2009

1. Director-General

The Director-General, Mark Thompson, is the Chief Executive Officer of the BBC. He is the BBC's editor-in-chief and chairman of the Executive Board. We set the Director-General's salary and conditions and determine if any performance-related bonus is to be awarded.

Our approach to the Director-General's remuneration is to provide a package that attracts and retains a person of the calibre required to undertake this demanding role and provide the leadership necessary to direct the UK's largest public service broadcaster. The Director-General's remuneration consists of a base salary, a pension and the option to be considered for a performance-related bonus (maximum 10% of base salary). The Director-General is also provided with a chauffeur-driven car which he uses principally for business journeys in London, but he is not entitled to a personal car or fuel allowance.

In August 2008 we awarded the Director-General a 2% increase to his base salary, mirroring the increase awarded to staff. For 2008/09 the performance-related bonus scheme for the BBC's public service directors was suspended (see below), and therefore the Director-General did not receive a bonus.

The Trust undertakes an annual performance assessment of the Director-General. He continues to meet the objectives set by the Trust and we believe that he provides strong and effective leadership of the organisation.

2. Non-executive Directors

The non-executive Directors receive a fee determined by the Trust, which reflects the complexity of the role and the time required to undertake their role effectively. The fee levels are set with reference to rates paid by other UK corporations, but at a level such that the non-executive Directors are not financially dependent on the BBC.

Each non-executive Director receives a base fee (currently £35,700 pa), while an additional fee (currently £5,100 pa) is awarded to the chair of each committee for each role performed. The Senior Independent Director is awarded an additional fee of £10,200 pa for undertaking his role. The non-executive Directors are also reimbursed for expenses incurred on BBC business, and any tax arising on those expenses is settled directly by the BBC. Their fees and taxable benefits are set out in Part Two of this report.

Operation of the Trust's Remuneration and Appointments Committee

The Trust's committee is advised by staff from the Trust Unit. As set out in the 2006 Combined Code on Corporate Governance, when necessary, the committee takes specialist advice from our chosen external professional adviser, Towers Perrin. They give us relevant market information and advice on remuneration strategy when requested. For matters relating to the Executive Board, the Director-General, the Director BBC People, the Reward Director, and the Chairman of the Executive Board's Remuneration Committee attend the Trust's Remuneration and Appointments Committee as required. The Director-General is never present when his own remuneration is discussed.

Trustees' remuneration

See page 65 for details of Trustees' remuneration.

From 1 January 2009, we gave the non-executive Directors a 2% increase to their fees (the pa amounts listed above reflect this increase). The fees of the non-executive Directors are reviewed by the Trust every other year, and this was the first review.

The Executive Board undertakes its own performance assessment, which is reported to the Trust, details of which can be found in Part Two of this report.

3. Executive directors

Our approach to executive pay is to set a strategy which provides remuneration that is able to attract, motivate and retain the key talent required to lead the BBC and deliver outstanding public service broadcasting. As stated above, we believe that this must reflect the expectations of licence fee payers as well as the needs of the organisation. In the current economic environment, these expectations serve to put increasing pressure on levels of executive pay.

Within a strategy set by the Trust, the Executive Board's Remuneration Committee determines the individual remuneration of executive directors. It then presents a formal report assuring us that this strategy has been followed. On reviewing this year's report we concluded that our strategy had been followed with respect to executive directors' pay, and therefore accepted the committee's assurance on this matter.

This year the Executive Board suspended the discretionary bonus arrangements for most BBC staff. This decision made all public service executive directors ineligible for a performance-related bonus. The Chief Executive, BBC Worldwide, has a bonus related to the profits arising from the BBC's commercial operations. More details on this are available in Part Two of this report.

The performance of the executive directors is a matter for the Director-General. The report of the Executive Board's Remuneration Committee can be found in Part Two of this report.

THE BBC AND THE WIDER ECONOMY

OUR DUTY AS TRUSTEES IS TO PREVENT THE BBC FROM USING ITS ECONOMIC POWER IN WAYS THAT MIGHT STIFLE ENTERPRISE OR INITIATIVE FROM ELSEWHERE AND TO MAKE SURE THE BBC CONDUCTS ITS COMMERCIAL TRADING ACTIVITIES FAIRLY.

The BBC is a major presence in the UK media sector. It spent £3.6 billion in 2008/09 (£3.5 billion in 2007/08), including £1.1 billion spent outside the BBC on independent productions, artists and other programme resources (£1.2 billion in 2007/08).

We know the public places a high value on the breadth of choice that comes from a thriving UK media market and maintaining that breadth of choice in the public interest. We ensure that the BBC is a fair player in the wider UK media sector:

APPROVAL OF NEW SERVICES

One of the main things we consider when looking at the BBC's investment in new services is what the impact would be on the market. We weigh up the benefit to a particular group of licence fee payers with the broader public interest. To ensure that we strike the right balance when there are competing interests, we apply a public value test before approving any new services. The test considers both positive and negative market impacts. No new services were approved during the year.

BBC'S COMMERCIAL ACTIVITIES

As well as its public services, the BBC has some commercial activities, which have to be carried out through subsidiaries, the main one being BBC Worldwide. The aim is to generate revenue to reinvest in public services for the benefit of licence fee payers.

Our role is to make sure the BBC conducts its commercial trading activities fairly and to prevent the BBC from using its economic power in ways that might stifle enterprise or initiative elsewhere. We set the framework in which new commercial services are approved and overseen, which covers four criteria. As set out in the BBC Agreement, services must:

- fit with the BBC's public purposes
- exhibit commercial efficiency
- not jeopardise the good reputation of the BBC
- comply with BBC fair trading guidelines, in particular avoiding distorting the market

While we set the framework and require the Executive to report against it, in practice most operational decisions are made either by the Board of BBC Worldwide or by the Executive Board. In a small number of cases our approval is required for new services. No new services were approved in 2008/09.

OVERSEEING FAIR TRADING ARRANGEMENTS

All BBC trading activities are covered by the BBC's fair trading regime which is designed to ensure that the BBC's commercial and other trading activities are conducted fairly and aims to minimise any negative impact on the market. The BBC recognises that it plays a unique role in the media market and has chosen to abide by constraints on its operations in addition to those imposed on it by UK and European competition and state aid rules.

The Trust is required by the Charter to adopt a statement of policy on fair trading and to hold the Executive Board to account for compliance with it. The BBC Trust's Fair Trading Policy and the BBC Trust's Competitive Impact Codes came into effect on 1 July 2007.

Responsibility for day-to-day fair trading compliance by the BBC and for handling fair trading complaints lies with the Executive through its Fair Trading Compliance Committee.

Responsibility for monitoring fair trading compliance and for handling fair trading appeals lies with the Trust's Finance and Compliance Committee (which replaced the Trust's Public Value and Fair Trading Committee on 1 January 2009).

The Trust believes the BBC's Fair Trading Commitment, the BBC Trust's Fair Trading Policy and Competitive Impact Codes and the BBC Management's Fair Trading Guidelines are consistent with the requirements of the Charter and Agreement. Through the work of our Committee, we have gained reasonable assurance that the controls and procedures designed to ensure these policies are applied throughout the BBC have been operating effectively throughout the year. We will continue to review the policies in the context of the evolving media market. The Executive reports in Part Two of this report on its own measures to ensure compliance.

In 2008, the Trust considered four fair trading appeals and upheld two of them in part. At the time of writing, the Trust is considering three fair trading appeals; we will report on the findings next year. Findings of all appeals are published on our website.

The Trust is advised by independent fair trading auditors and advisers. The independent auditors conduct an annual fair trading audit to determine whether the BBC has established and applied a system of internal controls which provides reasonable assurance that it has complied with its Fair Trading Policy, Competitive Impact Codes and the Fair Trading Guidelines. The audit includes a wide programme of reviews, tests and evaluations across all BBC divisions.

INDEPENDENT FAIR TRADING AUDITORS' REPORT TO THE BBC TRUST FOR THE YEAR ENDED 31 MARCH 2009

In our role as the BBC's fair trading auditors, we have audited the system of internal controls established within the BBC to provide the BBC with reasonable assurance that the BBC Executive has complied with the requirement of its Fair Trading Policy, Competitive Impact Codes and the Fair Trading Guidelines ('the Fair Trading Arrangements') for the year ended 31 March 2009.

Our instructions for this engagement, including the scope of work to be undertaken, were agreed with the BBC Trust's Public Value and Fair Trading Committee (replaced on 1 January 2009 by the Finance and Compliance Committee). These instructions include agreement that our audit should be conducted in accordance with the International Standard on Assurance Engagements (ISAE) 3000, agreement on the limit of our liability in respect of this work, and agreement that our duty of care in respect of this work is solely to the BBC Trust, as a body. We are satisfied that the agreed scope of our audit was sufficient to enable us to express the opinion set out below.

Respective responsibilities of BBC Trust, BBC Executive and Fair Trading Auditors

The BBC Trust is responsible for ensuring that the BBC Executive trades fairly. It is also responsible for preparing the section within this report entitled 'Overseeing fair trading arrangements' which includes a statement on fair trading.

The BBC Executive is charged by the BBC Trust with establishing and operating a system of internal controls designed to ensure compliance with the BBC's fair trading arrangements for the year ended 31 March 2009, including identifying and assessing risks that could threaten fair trading, and designing and implementing responses to such risks.

As the BBC's fair trading auditors, it is our responsibility to form an independent view, based on our audit work, of the extent to which the BBC has established, and applied, a system of internal controls which provide reasonable assurance that it has complied with the requirements of its Fair Trading Arrangements for the year ended 31 March 2009. We have reviewed specific decisions reached by the BBC on fair trading issues only in so far as this is necessary to form an opinion on the application of the system of internal controls. We have also reviewed whether the BBC Trust's statement on fair trading reflects our findings of the BBC's compliance with its system of internal controls and we report if it does not.

Our opinion has been prepared for and only for the BBC Trust, as a body, in accordance with our instructions which were agreed with the Trust Unit of the BBC on behalf of the BBC Trust's Public Value and Fair Trading Committee. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any person other than the BBC Trust or BBC Executive to whom this report is shown, or into whose hands it may come, and no other person shall be entitled to rely on our opinion, save where expressly agreed by our prior consent in writing.

Our approach

We have performed a reasonable assurance engagement as defined in ISAE 3000. The objective of a reasonable assurance engagement is to perform such procedures as to obtain information and explanations which we consider necessary in order to provide us with sufficient appropriate evidence to express a conclusion on the BBC's compliance with its Fair Trading Arrangements for the year ended 31 March 2009.

Our work consisted of enquiry and testing to enable us to form a view as to whether an appropriate system of internal controls was in place. We also reviewed the processing of a sample of material transactions to provide us with reasonable assurance that the system of internal control had been applied.

Inherent limitations

As with any system of control, it is not practicable to ensure that no errors or irregularities have occurred without being detected. Our audit work was designed to give the BBC Trust reasonable assurance as to the adequacy of the system of internal controls which were in place and being applied to deliver compliance with the requirements of its Fair Trading arrangements for the year ended 31 March 2009. Further, because fair trading issues require judgements which ultimately might be tested in a court of law, competition authority or elsewhere, there is always a risk of challenge even where the system of internal controls has been followed and decisions have been taken with the greatest care.

Opinion

Based on the results of our procedures, in our opinion the BBC has established and has applied a system of internal controls that provide reasonable assurance that it has complied with the requirements of the Fair Trading Arrangements for the year ended 31 March 2009.

Deloitte LLP

Chartered Accountants
London

18 June 2009

UNDERSTANDING THE IMPACT OF THE BBC ON THE UK BROADCASTING SECTOR

There has been a long-running public debate over the scale of the licence fee and the possible adverse impact that a publicly-funded BBC might have on other commercial broadcasters. Understanding this debate and making sure that the BBC's overall impact is in the interests of licence fee payers is a crucial role of the Trust. When considering the issue, and whether adverse impacts do arise from the scale and scope of the BBC's activities, it is important to understand the broader benefits that come from channelling public funds into broadcasting. To this end, in January 2008, we commissioned PricewaterhouseCoopers (PwC) to conduct research into the economic impact of the BBC's publicly-funded services on the UK broadcasting and creative sector.

Summary of PwC's report

PwC estimated that the overall positive impact of the BBC's expenditure on creative activities, including on overheads and infrastructure, was approximately £6.5 billion per year, with more than £5 billion contributing to the creative sector alone. PwC created a hypothetical scenario in which the BBC was replaced with a commercially-funded broadcaster, and the results were an economic impact of just £4.4 billion, since the licence fee brings additional money into the industry which advertising revenue would not match.

Therefore, the report concluded that the long-term stable funding of the BBC, through the annual licence fee, while a privilege for the BBC, is also a vital source of stability for the whole UK broadcasting industry. A smaller or commercially-funded BBC would mean, for example, lower investment in the UK production sector.

PwC concluded that the BBC's impact on the broadcasting market was mostly positive, and that the BBC does not draw revenue away from commercial providers. Nonetheless, there are areas to be watched carefully, such as the impact of the BBC on commercial radio and choice of technology. While the economic impact of the BBC's greater investment in the four nations and regional broadcasting is beginning to be felt, there is potential to increase it by developing stronger relationships with local broadcasters.

The challenge for the BBC is to ensure that, wherever possible, it delivers positive benefits to other stakeholders in the sectors in which it operates without compromising its ability to deliver the public purposes.

The full report from PwC is available on our website bbc.co.uk/bbctrust

SECURING EDITORIAL STANDARDS

UPHOLDING EDITORIAL STANDARDS IS ONE OF OUR MOST IMPORTANT RESPONSIBILITIES. WITHIN THIS, PROTECTING THE BBC'S EDITORIAL IMPARTIALITY IS CRUCIAL.

The Trust's Editorial Standards Committee (ESC) plays a key role in fulfilling our duties with respect to upholding editorial standards. In 2009, the ESC will review the editorial guidelines which define the values and standards that underpin the BBC's output. The ESC is also responsible for hearing appeals concerning editorial standards and for commissioning research into specific matters pertaining to the BBC's editorial performance such as impartiality.

IMPARTIALITY AND THE NATIONS

Our outreach work through public meetings, audience research and the Audience Councils told us that many licence fee payers believed the BBC was failing to reflect adequately the changes brought about in the UK by devolution. In particular, people felt that the BBC's network programmes were not reflecting the diversity of the four nations, nor was BBC network news reporting accurately the nations' differing political and social policies.

Therefore the Trust's first impartiality review, published in July 2008, addressed the question of whether the BBC's network news and current affairs coverage of the four nations was impartial, accurate, and clear as to which facts and views applied to the individual nations, and whether the nations' policies were properly reflected and explained. The review was carried out by Anthony King, Professor of Government at the University of Essex.

The review concluded that, while there was little or no evidence that BBC coverage in this area fell short on grounds of impartiality, there were concerns over the accuracy and clarity of reporting, the range and precision of coverage, and missed opportunities for drawing on the rich variety of the UK.

Following publication of the review, the Executive presented an action plan to the ESC to address the weaknesses identified, and was given a year to implement it.

In February 2009, the Executive made an interim report to the Trust. We concluded that substantial progress had been made across network news programmes in both content and understanding. We noted, however, that more still needs to be done to ensure that network news is meeting its responsibilities towards enriching content to reflect the four nations and that changes in working culture are permanent.

We need to be sure that changes reported by the Executive can be demonstrated independently to our satisfaction, and we therefore intend to carry out independent content research. Meanwhile we will continue to monitor progress as reported by the Executive.

ADDRESSING EDITORIAL COMPLAINTS AND APPEALS

An important function of the Trust's work is to ensure that complaints are addressed properly. Where appropriate, we hear appeals. When an appeal is upheld, the Trust can demand that the Executive takes remedial action.

Executive performance in handling complaints

Every six months the Executive reports to the Trust on serious editorial issues, complaints handling and complaints findings. Between April 2008 and March 2009, the BBC received just over 262,000 complaints. This was well over double the volume of complaints in the previous year. Complaints about *The Russell Brand Show* and the DEC Gaza Crisis Appeal contributed greatly to this total. 90% of complaints were answered within ten working days, which falls below the agreed turnaround target of 93%. However, 93% of complainants received an answer to, or acknowledgment of their complaint within ten days.

Appeals to the Trust

In 2008/09, the ESC heard 75 appeals or requests for appeal, of which 36 concerned issues relating to impartiality. Of these 75 appeals we upheld four and partly upheld 24. This was an increase on the previous year when we heard 63 appeals, of which three were fully upheld and 19 partly upheld. 9% were handled within the target time-frame of 16 weeks from acceptance of the appeal to the finding being sent out. This was due to an increase in the number and complexity of appeals being handled, and to the additional work undertaken by the ESC on editorial standards relating to incidents such as Brand/Ross.

Examples of Trust appeal decisions

The DEC Gaza Crisis Appeal

In January 2009 the Director-General decided not to broadcast the DEC appeal for humanitarian aid for the residents of Gaza. He justified his decision by saying that, because the Israel-Gaza conflict was an on-going news story, the BBC could not broadcast a free-standing appeal, no matter how carefully constructed, without running the risk of reducing public confidence in the BBC's impartiality in its wider coverage of the story.

This decision provoked huge public debate, with the Executive receiving around 40,000 complaints by the first week of February. The complaints were rejected, leading to around 200 appeals coming to the Trust. Because of the importance of the issue to the public, we formed a specially-constituted committee to hear the appeals, which met on 11 February and made recommendations which were agreed at a meeting of the full Trust on 18–19 February.

The Trust was satisfied that the Director-General's decision was reasonable having regard to the importance of preserving the reputation of the BBC for impartiality. The Trust was also satisfied that the Director-General took proper advice in reaching his decision not to broadcast the appeal, from the appropriate people, including the BBC's Charitable Appeals Advisor, senior editorial colleagues and members of the independent Appeals Advisory Committee, and that he paid careful attention to the views of the DEC itself.

The Middle East

Items about the conflict in the Middle East are sensitive and the Trust received appeals alleging bias both for and against the Israeli and Palestinian sides. One that we partly upheld was about a BBC News Online article, *How 1967 Defined The Middle East*. While rejecting many of the points raised by the complainants, the ESC found that the article breached impartiality guidelines because readers might have come away from it thinking that the interpretation offered was the only sensible view of the war. The Committee ruled that more should have been done to explain that there were alternative views on the subject which had some weight. We also partly upheld points of accuracy. However, the Trust has seen no evidence of any systematic bias in the BBC's reporting of the conflict.

OTHER EDITORIAL ISSUES

We also requested that the Executive provide us with reports on acknowledged editorial breaches which were not the subject of complaints. The ESC considered these and how the Executive had dealt with them. Following are some examples of the cases considered by the ESC in 2008/09.

Dermot O'Leary (BBC Radio 2) and Tony Blackburn (BBC London)

In pre-recorded editions of these programmes from 2005/06, competitions were broadcast as live, meaning that listeners had no chance of winning. The ESC concluded that, although these cases were serious and involved audience deception, remedial steps taken by the Executive during 2007/08 should prevent similar cases in the future.

World Service

Afghan Radio Educational Features were making programmes on behalf of the World Service Trust to be broadcast on the World Service. In 2008 a whistleblower brought to light irregularities in programming. The resulting enquiry found evidence of serious editorial failings where interviews with members of staff were passed off as interviews with experts or members of the public. The ESC considered these breaches to be extremely serious and required the World Service to carry out a review of the skills and experience of the World Service Trust teams who make programmes for the World Service and to introduce a more rigorous compliance system for World Service Trust output.

SERVING ALL AUDIENCES

BECAUSE EVERYONE WHO WATCHES TELEVISION MUST BUY A LICENCE, WE HAVE A PARTICULAR RESPONSIBILITY TO ENSURE THAT THE BBC SERVES THEM ALL AS WELL AS POSSIBLE.

The licence fee, unique to the BBC, is designed to ensure high quality output, free at the point of delivery, available to all. But of course, it means that everyone who watches television must buy a licence, whatever they think of the BBC. So the Trust has a particular responsibility to ensure that everyone is served as well as possible.

LISTENING TO ALL AUDIENCES

Each year we carry out a research programme on various aspects of the BBC's service; we get advice from our Audience Councils in the four nations; and we invite the public to have a direct say through our consultations. This year we have improved our consultation techniques, for example by providing a website for children to use in our review of children's services. We also hold a small number of public meetings, although we recognise that these days, most people don't want to engage with organisations in this way. Radio phone-ins therefore have a valuable part to play in giving the public an opportunity to question the Trustees directly.

COMPLAINTS AND APPEALS

Complaints are an important part of listening to audiences, and we are responsible for ensuring that the Executive deals with complaints properly. Our overriding principles are that the Trust must act independently of the Executive in dealing with them and that the system should put complainants on an equal footing with the BBC as far as is practicable. The Trust hears final appeals if people are unhappy with the way their initial complaints have been dealt with by the Executive.

To deal with complaints most efficiently, we divide them into six categories – general, editorial, fair trading, TV Licensing, Digital Switchover Help Scheme and complaints about the Trust itself – and have specific procedures for each. You can find more information on our website at bbc.co.uk/bbctrust/appeals

WHAT AUDIENCES THINK OF THE BBC

Support for the BBC is strong overall. Our survey in 2009 showed that 85% of adults would miss the BBC if it wasn't there, up from 70% in 2007. However some groups in society have a stronger bond with the BBC than others. In general, the older and better off are more likely to value the BBC, while ethnic minorities, those in the devolved nations and those further away from London tend to be more critical.

So in 2007 we set the BBC two objectives which can be summarised as:

- to improve support from those most critical (low approvers)
- to maintain support from our loyal audiences (high approvers)

The headline data on pages 6 to 7 demonstrate that the BBC is making some progress, with marginally more high approvers and marginally fewer low approvers.

EQUALITY AND DIVERSITY

We believe that, to represent licence fee payers most effectively, the BBC's staff should reflect the diversity of the UK population. One of our major ongoing concerns is the proportion of staff at a senior level from black and ethnic minority backgrounds. The proportion has risen from 5% in 2008 to 5.6% in 2009, but still lags behind our original target of 7%, which we had aimed to achieve by 2007. We have made it clear to the Executive that we expect them to take action to address this.

The BBC also has duties under equality legislation to promote equality positively and work to eliminate unlawful discrimination across disability, gender and race in respect of certain 'public functions', which include TV Licensing, arrangements for digital switchover and some of the Trust's regulatory functions. We have published equality schemes which set out how we plan to achieve this, and report on performance each year.

Over the past year the BBC has made progress. Examples include involving disabled people in the development of the Digital Switchover Help Scheme and undertaking joint research with Channel 4 with disabled audiences on access to BBC services including iPlayer. This year TV Licensing began a three-year Equality Impact Assessment Programme on payment methods and processes to ensure they are appropriate for a range of needs and lifestyles.

As the Trust, we also need to make sure we consider equality and diversity in our own operations and behaviour. This year we have made good progress, seeking input into our work from a wide range of people. Our children's service review included qualitative research amongst children from minority ethnic homes, and our review of TV Licence Collection included research with recent migrants, disabled people, people on low incomes, and the elderly. The performance summaries for 2008/09 are published in full on our website.



INSIDE THE TRUST/



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INSIDE THE TRUST

AS BBC TRUSTEES WE ARE COMMITTED TO UPHOLDING THE HIGHEST STANDARDS OF CORPORATE GOVERNANCE.

In this section we set out:

1. How we operate
2. Assessing our own performance
3. Costs of running the Trust
4. Trustees' remuneration
5. Trustees' attendance at meetings
6. Responsibilities in respect of the Annual Report and Accounts

I. HOW WE OPERATE

It is our responsibility to get the best out of the BBC for licence fee payers. As important as what we do is how we do it. In undertaking our duties, as defined by the Charter and Agreement, our commitment is to:

- defend vigorously the independence of the BBC at all times
- listen to the public and use the views of audiences to shape the decisions we make
- value the professionalism, innovation and creativity of BBC staff and contributors
- hold rigorously the BBC's management to account

Most importantly, we also ensure that our processes are as open and transparent as possible. The BBC's Charter requires the Trust to ensure that the organisation as a whole observes high standards of openness and transparency and this is something that we take particularly seriously.

The duties and responsibilities of the Trust are outlined in the Charter and Agreement. In support of these documents we have established 'protocols' which provide more detail on how we will deliver these duties and responsibilities. They also set out, in some detail, the relationship between the Trust and the Executive Board. All of these documents are published on our website bbc.co.uk/bbctrust

As we plan our annual programme of work we publish and consult on an annual work plan and seek comments from others on what our priorities should be. As part of this process the Audience Councils also propose priorities for the Trust to consider:

After we make a decision, we publish our conclusions clearly along with the evidence that has been used to inform our judgements. We explain our decisions to licence fee payers and to those within the BBC who may be affected.

Our regular business is undertaken in monthly meetings of the full Trust. At these meetings we make decisions related to our duties and responsibilities and consider proposals from the Executive Board. We publish the minutes of these meetings on our website. In addition to meeting as the full Trust, we meet in smaller committees.

The Trust Unit

We are supported in our work by the Trust Unit, which provides independent and objective advice, calling on outside experts when necessary. The Trust Unit is independent of the Executive; its Director is appointed by the Trust; and its staff are outside the BBC management chain. The unit is made up of professional staff with expertise across a range of disciplines, including audience research, economics, policy development, performance and financial analysis, and corporate governance. The Unit advises Trustees on their duties, manages the Trust's regulatory and supervisory functions, and provides the Trust with independent assessments of proposals from the Executive Board.

BBC Trust Committees

We do much of our work through seven committees which can make certain decisions on behalf of the Trust as a whole. Most of these committees meet monthly, and you can find a list of the number of meetings and Trustees' attendance on page 66.

The full terms of reference for each of the Trust's committees can be found on our website.





Audiences and Performance Committee

David Liddiment (Chair)
Diane Coyle
Alison Hastings
Dame Patricia Hodgson
Mehmuda Mian

The Audiences and Performance Committee (APC) is responsible, on behalf of the Trust, for overseeing the performance of all of the BBC's public services and their delivery of the public purposes. This includes those within the UK as well as the BBC World Service.

The APC monitors performance of the BBC's services against the criteria set out in the service licences. The Executive Board provides performance data for the APC to review, and the Committee also undertakes independent analysis through the Trust Unit.

One of the APC's key streams of work is its programme of service reviews. The Trust has to undertake a formal review of each of the BBC's UK public services at least once every five years. Following a review, the APC considers what action, if any, should be taken to ensure that the service/s meet(s) the objectives set by the Trust. If changes are required to a service licence as a result of a review, the APC recommends these changes to the full Trust for consideration.

The APC also oversees the Trust's programme of audience engagement and audience research, including the annual survey of the BBC's purpose remits.

Editorial Standards Committee

Richard Tait (Chair)
Chitra Bharucha
Anthony Fry
Alison Hastings
David Liddiment
Mehmuda Mian

The Editorial Standards Committee (ESC) is responsible for commissioning guidelines on editorial standards from the Executive Board and is the final appeal body within the BBC in determining whether those standards have been met.

The ESC considers and recommends draft editorial guidelines to the Trust for approval and advises the Trust on the application of the guidelines throughout the BBC by monitoring the BBC's compliance with them. They do this by commissioning regular reports from the Executive Board on editorial compliance processes and performance.

The ESC must also ensure there is a framework for the handling of editorial complaints within the BBC and, in doing so, it undertakes an annual review of the process and performance of handling those complaints. The ESC does not consider complaints on appeal unless they have been through the Executive's complaints process. Any appeal considered by the ESC will have to concern a perceived breach of the BBC's Editorial Guidelines, and/or the handling of an editorial complaint by the Executive.

The ESC also commissions and manages impartiality reviews on behalf of the Trust.

Finance and Compliance Committee

Rotha Johnston (Chair)
Anthony Fry
Dame Patricia Hodgson
Janet Lewis-Jones
Jeremy Peat

The Finance and Compliance Committee (FCC) undertakes the Trust's responsibilities on matters of finance, value for money and compliance.

The FCC considers, and can approve, large or significant proposals for financial investments from the Executive Board. It also considers and scrutinises the annual budget from the Executive Board prior to consideration by the Trust.

The FCC manages the Trust's programme of value for money studies and is responsible for ensuring that recommendations from the reviews are implemented by the Executive Board.

In terms of compliance, the FCC oversees the Executive Board's compliance functions (except for editorial compliance, overseen by the Editorial Standards Committee) and monitors internal controls and risk management.

The FCC is also responsible for considering appeals against complaints already considered by the Executive on fair trading and TV Licensing. It also undertakes the Trust's responsibilities with regard to the Digital Switchover Help Scheme.

Strategic Approvals Committee

Diane Coyle (Chair)
Dame Patricia Hodgson
Rotha Johnston
Jeremy Peat
Richard Tait

David Liddiment (attending in his capacity as chairman of the APC, and only for matters related to service approvals).

The Strategic Approvals Committee (SAC) considers proposals from the Executive Board for new services or changes to existing services, except those proposed as part of the service review process, which are considered by the Audiences and Performance Committee. The SAC must determine whether a public value test (PVT) is required and advises the Trust accordingly.

The SAC manages PVTs on behalf of the Trust and makes recommendations to the Trust on possible outcomes.

It also considers proposals from the Executive Board regarding 'non-services', such as Freesat, and, should it be necessary, the SAC will manage any assessment of a non-service approval on behalf of the Trust.

In addition, the SAC oversees the BBC's commercial strategy and manages any approval process required for Trust consideration of commercial initiatives.

Remuneration and Appointments Committee

Chitra Bharucha (Chair)
 Anthony Fry
 Sir Michael Lyons
 Janet Lewis-Jones

The Remuneration and Appointments Committee (RAC) manages the Trust's responsibilities with regard to Executive Board remuneration and appointments. The RAC sets the remuneration strategy for the whole Board, and also makes recommendations to the Trust on the pay and benefits of the Director-General and non-executive Directors. Pay and benefits of executive directors, however, is decided by the Executive Board's Remuneration Committee, consisting entirely of non-executive Directors.

Audience Council Committee

Chitra Bharucha (Chair)
 Alison Hastings (Trustee for England)
 Rotha Johnston (Trustee for Northern Ireland)
 Janet Lewis-Jones (Trustee for Wales)
 Jeremy Peat (Trustee for Scotland)

The Audience Council Committee (ACC) brings together the four national Trustees to oversee and co-ordinate the contributions of the BBC's Audience Councils with the work of the Trust. Its role is to ensure that issues identified by Audience Councils are dealt with appropriately by the Trust and that the Audience Councils work within their remit.

On behalf of the Trust, the ACC approves the membership of the Audience Councils.

General Appeals Panel

Membership is not fixed. The Panel consists of two Trustees and is generally chaired by the Vice Chairman (Chitra Bharucha).

The General Appeals Panel is also a committee of the Trust, although it does not meet on a regular schedule. Its role is to hear appeals on general complaints on behalf of the Trust, namely those that do not fall into the BBC's specific procedures for editorial, fair trading, TV Licensing or Digital Switchover Help Scheme complaints.

2. ASSESSING OUR OWN PERFORMANCE

Every year we review our own performance, including the performance of each committee, and summarise our findings in the Annual Report. This is a requirement that we set ourselves in our own Standing Orders, published on our website, and is also recommended by the Combined Code on Corporate Governance.

This year we engaged an external consultant to assist us in assessing our performance. The consultant interviewed all Trustees individually and sought their assessment of how effective we are in undertaking our duties and responsibilities. Through the review we reflected on the operation of the Trust and its committees and on how the Trust is carrying out its business and fulfilling its remit.

Trustees identified some areas we need to focus on more to improve the effectiveness of our work:

- notwithstanding the progress we made this year, we need to ensure that we spend sufficient time focused on the long-term as well as the medium-term future of the BBC – looking beyond the current six-year plan
- we need to agree how best to seek audience and stakeholder views on issues which are sometimes very technical, and not always easy to understand
- we need to reflect further on how we best communicate the outcomes of our work within the BBC and externally

Overall, our assessment concluded that:

- the main supervisory and regulatory planks of the Trust's work are now more clearly understood and tested, both within the BBC and externally, but there is more to be done to make the governance arrangements as effective as possible
- the relationship with the Director-General and his colleagues in the Executive is strong and productive and brings benefits to licence fee payers
- our approach to setting rigorous standards and holding the Executive to account to deliver them has been effective

We look forward to the challenges in the year ahead and to progressing the full agenda we have set ourselves.

WE HAVE REDUCED DIRECT EXPENDITURE OF THE TRUST IN REAL TERMS TO 0.31% OF THE BBC'S UK PUBLIC SERVICE SPEND

3. COSTS OF RUNNING THE TRUST

The Trust is funded from licence fee money. As such, running the Trust efficiently is very important. Last year, we committed to keeping the Trust's direct expenditure to no more than 0.35% of the BBC's UK public service spend.

We are pleased to report that we have reduced direct expenditure in real terms to 0.31% of the BBC's UK public service spend, from 0.34% the previous year. This results both from administrative efficiencies with the Trust itself, and from being more focused in our own work. During the year we also reviewed the way in which the regional Audience Councils are supported and agreed some changes. This will see a reduction in the cost of supporting them going forward.

We set out below the Trust's direct expenditure statement and the external auditors' report on this statement.

Statement of Trust expenditure

	2008/09 £000	2007/08 £000
Trustee remuneration ¹	677	642
Staff costs ²	4,674	4,526
Other operating costs ³	4,858	6,741
Restructuring costs ⁴	308	–
Direct Trust expenditure ^{5,6}	10,517	11,909
	2008/09 %	2007/08 %
Trust expenditure as % of BBC UK public services spend	0.31	0.34
	2008/09 £000	2007/08 £000
Ofcom Regulatory fees ⁷	3,571	3,253
Ofcom MIA fees ⁸	911	491
Total Ofcom fees payable by Trust	4,482	3,744

Notes to the statement of Trust expenditure:

¹ The remuneration received by each Trustee is shown in the table on page 65.

² Staff costs include wages and salaries, social security costs and employer's pension contributions. The amount for 2007/08 included an accrual for bonus payments. No bonuses will be paid for the year 2008/09.

³ Operating costs include direct expenditure on activities such as research, legal advice and other specialist advisory services.

⁴ The restructuring spend results from a review into the way in which the regional Audience Councils are serviced. This has resulted in the reduction in the number of staff required.

⁵ The expenditure shown above for the Trust represents direct external spend by the Trust. The Trust also made use of shared services provided by the BBC public services which included property, finance, HR and information.

⁶ Of direct Trust expenditure, £1,539,000 relates to spend on our activities in the four nations which primarily covers support for the four national Audience Councils and the 12 regional Audience Councils (2007/08: £1,595,000).

⁷ Ofcom allocates its costs of television and radio regulation to the BBC and the other UK commercial and public service broadcasting channels. The Trust pays the BBC's share of that allocation.

⁸ Ofcom Market Impact Assessment (MIA) fees cover Ofcom's direct and indirect costs in undertaking the MIA for the public value tests carried out in the period. One MIA was completed during the year (local video) compared with two in 2007/08 (HDTV and Gaelic language service).

Director remuneration

The Director, BBC Trust is the chief officer of the Trust Unit as specified in the BBC's Charter. He is the principal adviser to the BBC Trust and chief executive of the Trust Unit. His base pay for 2008/09 was £237,900 (2007/08: £231,000) and the aggregate of his emoluments to 31 March 2009 was £282,648 (2007/08: £296,471). Along with other staff he will not receive a bonus for the year 2008/09. He is a member of the BBC Pension Scheme.

Trust headcount

	Average for the year 2009 No.*	Average for the year 2008 No.*
Trustees	12.0	11.9
Trust Unit staff ¹	60.4	56.0
Other staff ²	9.8	9.7

Notes:

* The numbers shown are full-time equivalents.

¹ Trust Unit staff are those employed directly by the Trust Unit. Of these, 12 are based outside London providing support to the work the Trust undertakes in the four nations, Wales, Scotland, Northern Ireland and England.

² Other staff refers to those who provide support to the 12 regional Audience Councils but who are not direct employees of the Trust Unit. The costs of these staff are reimbursed by the Trust. The Trust has reviewed the arrangements for supporting the regional Audience Councils, and, during 2009/10, the staff required to support the councils will transfer to being employed directly by the Trust.

The Trust expenditure is included in the audited BBC financial statement set out in Part Two of this report. We asked KPMG to confirm that we have properly extracted the Trust's own expenditure, including Trustee remuneration, from the full BBC expenditure. Their report is included below.

Report of KPMG LLP to the BBC Trust ('the Trust')

In accordance with the terms of our engagement letter dated 3 June 2008, we have examined the above expenditure statement (the 'Trust expenditure statement') for the year ended 31 March 2009 which has been prepared, further to the requirements of the BBC Charter dated October 2006, by the Trustees and is their sole responsibility. The Trust expenditure statement has been prepared by the Trustees applying the recognition and measurement requirements of UK Generally Accepted Accounting Practice.

Our responsibility, in accordance with the terms of our engagement letter, is to form an independent opinion, on the basis of the work performed, and to report our opinion to the Trust. Our examination was substantially less in scope than an audit.

Our report has been prepared for the Trust solely in connection with the Charter. Our report was designed to meet the agreed requirements of the Trust and particular features of our engagement determined by the Trust's needs at the time. Our report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Trust for any purpose or in any context. Any party other than the Trust who obtains access to our report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, KPMG LLP will accept no responsibility or liability in respect of our report to any other party.

In our opinion, the expenditure as shown in the Trust statement has been accurately extracted from the books and records of the Trust on the basis of the stated assumptions included within the Notes to the Trust expenditure statement.

KPMG LLP

Chartered Accountants
Registered Auditors, London
18 June 2009

4. TRUSTEES' REMUNERATION

Fees

Our fees as Trustees are determined by the Secretary of State for Culture, Media and Sport, and reviewed annually by his department. In 2008 the DCMS recommended a 3% increase in fees for members of the Trust. We considered this recommendation but decided to accept only 2%, in line with that being offered to BBC staff. The increase came into effect on 1 April 2008 and is reflected in the table opposite. Members of the Trust do not receive severance pay or other compensation for loss of office.

Expenses

We are reimbursed for expenses incurred on BBC business, which include travel, accommodation, work-related meals and hospitality, and in some cases satellite subscriptions. The expenses we are entitled to claim are governed by the Trust's Code of Practice, which is published on our website. Every six months we publish a full list of all expenses incurred by each Trustee as well as the services booked centrally for Trustees by the Trust Unit.

Some of our expenses and support services are classed as taxable benefits by HM Revenue and Customs, and this figure is published in the remuneration table; any tax arising on expenses incurred is settled by the BBC.

Chairman's benefits

Under the terms of his appointment, the Chairman, Sir Michael Lyons, is eligible to participate in a pension scheme with benefits that mirror those of the BBC Pension Scheme. Sir Michael has elected not to participate in this scheme, hence the BBC has made no pension contributions for him. Instead, he receives life assurance at a similar level of cover to that of pension scheme members. He also receives private medical insurance cover at the same level as BBC senior managers. Other than the Chairman, Trustees are not eligible to participate in a BBC Pension Scheme or receive private medical insurance.

The Chairman has part-time access to a BBC driver and car when working in London on BBC business.

Register of interests

Our Code of Practice requires us to maintain and publish a register of all external interests that might be seen to affect our ability to perform the duties of a BBC Trustee. This register includes declarations of all positions of employment, directorships and voluntary positions as well as interests of close family members, if relevant. The Trust's register of interests is available from our website.

Reporting regulations

The BBC is exempt from the requirements of the Directors' Remuneration Report Regulations 2002 and those of the Financial Services Authority, but, where relevant, we have prepared this report as if those requirements apply. The section on remuneration received by Trustees is audited.

On page 62 you will find information about the Remuneration and Appointments Committee and on page 50 our strategy for Executive Board remuneration.

Trustees' remuneration

The remuneration of the members of the Trust during the year is shown below.

	Fees £000	Taxable benefits £000	Total 2008/09 £000	Total 2007/08 £000	Start date	End date
Chairman						
Sir Michael Lyons ^{1,2}	143	70	213	163	1 May 07	30 April 11
Vice Chairman						
Chitra Bharucha ³	77	2	79	103	1 Nov 06	31 Oct 10
National Trustees						
Alison Hastings	41	1	42	42	1 Nov 06	31 Oct 10
Rotha Johnston	41	1	42	40	1 Nov 06	31 Oct 10
Janet Lewis-Jones	41	1	42	41	1 Nov 06	31 Oct 10
Jeremy Peat ⁴	41	1	42	41	1 Jan 06	31 Dec 10
Trustees						
Diane Coyle	36	1	37	36	1 Nov 06	31 Oct 10
Anthony Fry ⁵	15	–	15	–	1 Nov 08	31 Oct 12
Dermot Gleeson ⁶	21	–	21	36	1 Nov 00	31 Oct 08
Dame Patricia Hodgson	36	–	36	35	1 Nov 06	31 Oct 10
David Liddiment	36	–	36	35	1 Nov 06	31 Oct 10
Mehmuda Mian	36	–	36	35	1 Nov 06	31 Oct 10
Richard Tait	36	–	36	35	1 Aug 04	31 Jul 10
Total	600	77	677	642		

Notes:

¹ Sir Michael Lyons was appointed Chairman on 1 May 2007; accordingly his fees for 2007/08 relate to the period 1 May 2007–31 March 2008.

² The higher taxable benefits figure for Sir Michael reflects the fact that the Chairman's office is located in London and he lives in Birmingham, therefore his travel to London and accommodation when in London for BBC business is classed as a taxable benefit. Sir Michael also received life assurance and private medical insurance costing £4,353 and £2,277 respectively for 2008/09 (2007/08: £3,951 and £1,792). The provision of medical insurance is classified as a taxable benefit.

³ In 2007/08 Chitra Bharucha was acting Chairman; her higher remuneration for that year reflects this.

⁴ During 2008 Jeremy Peat's term of office was extended until 31 December 2010.

⁵ Anthony Fry's payments reflect that he was appointed to the Trust on 1 November 2008.

⁶ Dermot Gleeson finished his term as a member of the Trust on 31 October 2008.

5. TRUSTEES' ATTENDANCE AT MEETINGS

Attendance at meetings of the Trust and its committees for the period 1 April 2008 to 31 March 2009 is shown below.

A calendar of full Trust meetings and their minutes, and the terms of reference of each committee, are published on our website.

For more information about the committees and their responsibilities, see pages 60 to 62.

	Trust ¹	Audiences and Performance Committee	Editorial Standards Committee	Finance and Compliance Committee ¹	Finance and Strategy Committee ¹	Strategic Approvals Committee ²	Public Value and Fair Trading Committee ²	Remuneration and Appointments Committee	Audience Councils Committee	General Appeals Panel
Number of meetings	14	13	21	3	8	4	9	5	4	2
Chairman										
Sir Michael Lyons	14/14	–	–	–	–	–	–	5/5	–	–
Vice Chairman										
Chitra Bharucha	13/14	7/8 ³	17/20 ⁴	–	–	–	–	5/5*	4/4*	2/2*
National Trustees										
Alison Hastings (England)	14/14	12/13	21/21	–	–	–	–	–	4/4	–
Rotha Johnston (Northern Ireland)	13/14	–	–	3/3*	8/8	4/4	9/9	–	3/4	–
Janet Lewis-Jones (Wales)	14/14	–	–	3/3	8/8	–	–	5/5	3/4	–
Jeremy Peat (Scotland)	13/14	–	–	2/3	8/8	3/4	9/9	–	3/4	–
Trustees										
Diane Coyle	13/14	5/5	–	–	–	4/4*	9/9*	–	–	–
Anthony Fry ⁵	2/6	–	6/6	3/3	–	–	–	2/2	–	–
Dermot Gleeson ⁶	7/8	5/6	–	–	6/6*	–	–	–	–	–
Dame Patricia Hodgson	13/14	12/13	–	3/3	7/8	4/4	8/9	–	–	–
David Liddiment	14/14	13/13*	21/21	–	–	–	–	–	–	–
Mehmuda Mian	11/14	10/13	18/21	–	–	–	–	–	–	2/2
Richard Tait	12/14	–	19/19* ⁷	–	–	4/4	9/9	–	–	–

Notes:

¹ In January 2009 the Finance and Strategy Committee was replaced by the Finance and Compliance Committee.

² In January 2009 the Public Value and Fair Trading Committee was replaced by the Strategic Approvals Committee.

³ In January 2009 Chitra Bharucha ceased to be a member of the Audiences and Performance Committee.

⁴ Chitra Bharucha was ineligible to attend one meeting of the Editorial Standards Committee this year; her attendance reflects this.

⁵ Anthony Fry was appointed a member of the Trust on 1 November 2008 and joined committees on 1 January 2009. The numbers therefore show his record for those meetings he was eligible to attend.

⁶ Dermot Gleeson's term as a member of the Trust finished on 31 October 2008. The numbers therefore show his record for those meetings he was eligible to attend.

⁷ Richard Tait was recused from two meetings of the Editorial Standards Committee during this period.

* Denotes committee Chairman.

Attendance at Audience Council meetings and other committees

The Trust supports Audience Councils in each of the nations to advise the Trust on how well the BBC is delivering its public purposes and how well the BBC is serving licence fee payers in different parts of the UK (see pages 20 to 21). The Audience Councils are chaired by the respective National Trustee. National Trustees' attendance at Audience Council meetings for 2008/09 was:

- Rotha Johnston, 10/10
- Jeremy Peat, 12/12
- Alison Hastings, 6/6
- Janet Lewis-Jones, 11/11

Jeremy Peat and Diane Coyle represent the Trust on the Market Impact Assessment Joint Steering Group with Ofcom. Their attendance at these meetings for 2008/09 was:

- Jeremy Peat, 6/6
- Diane Coyle, 6/6

Chairmanship of this group rotates between the BBC Trust and Ofcom. Diane chaired this group from April to December 2008.

Jeremy Peat is Chairman of the Board of BBC Pension Trust Ltd, the corporate trustee of the BBC Pension Scheme, which meets four times per year. He also chairs the Committee of Directors which discusses funding issues and the Governance sub-committee. He is separately remunerated for this role. Further details are available in the BBC Pension Scheme Annual Report and Accounts.

6. STATEMENTS OF RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND ACCOUNTS

a) Statement of Trust responsibilities in respect of the Annual Report and Accounts

The BBC's Charter requires that an Annual Report and Statement of Accounts is prepared in two parts, Part One by the Trust and Part Two by the Executive Board, with the whole being audited by external auditors.

The Executive Board's responsibilities are detailed in the Governance section of Part Two of this Annual Report. In summary, the Executive Board is responsible for preparing the financial statements and statements of compliance with applicable corporate governance codes and remuneration regulations, and delivering these to the Trust within Part Two of this Annual Report.

In preparing its associated corporate governance disclosures, the Executive Board has elected to comply with the 2006 Financial Reporting Council Combined Code and the disclosure provisions of the Companies Act 1985, and, where applicable, the Financial Services Authority Listing Rules which apply to a company quoted on an EU regulated market.

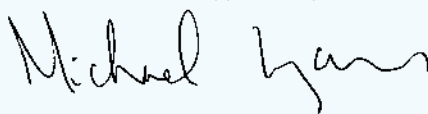
In order to comply with those requirements, the Annual Report must include disclosures on the governance arrangements of the Trust as well as those of the Executive Board. These disclosures, which are audited, are the responsibility of the Trust, and are included in Part One of this report.

The Charter also requires the Trust to prepare a statement of its expenditure and include it within Part One of the Annual Report.

b) Statement of disclosure of information to auditors

The Trustees who held office at the date of approval of this Annual Report and Accounts confirm that, so far as each is aware, there is no relevant audit information in respect of the Trust governance disclosures, remuneration disclosures and Trust statement of expenditure of which the BBC's auditors are unaware; and each Trustee has taken all the steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the BBC's auditors are aware of that information.

This statement was approved by the Trust on 18 June 2009.



Sir Michael Lyons
Chairman
18 June 2009

CONTACTS

WE ARE HERE TO REPRESENT YOU, THE LICENCE FEE PAYERS. PLEASE USE THE DETAILS BELOW TO CONTACT US IF YOU HAVE ANY COMMENTS OR QUERIES ON ANY ASPECT OF THE BBC.

BBC TRUST

Comments or questions about the work of the Trust? Please write to us by post or by email, or give us a ring.
BBC Trust Unit
Room 211
35 Marylebone High Street
London W1U 4AA
Telephone: BBC Information line 03700 103 100†*
Textphone: 03700 100 212*
(Lines open Monday to Friday between 9.30am and 5.30pm)
Email: trust.enquiries@bbc.co.uk

† Calls may be recorded for training purposes.

BBC AUDIENCE COUNCILS

The Audience Councils in England, Northern Ireland, Scotland and Wales help the Trust to understand the needs, interests and concerns of you, our audiences, throughout the UK, and to find out how we can serve you better. If you'd like to contact the Audience Councils, please write to them at the addresses below, or phone us on the Trust's main number: 03700 103 100*.

BBC Audience Council England

BBC Birmingham
The Mailbox
Birmingham B1 1RF
Email: audiencecouncil.england@bbc.co.uk

BBC Audience Council Northern Ireland

BBC Broadcasting House
Ormeau Avenue
Belfast BT2 8HQ
Email: audiencecouncil.ni@bbc.co.uk

BBC Audience Council Scotland

Zone G11
40 Pacific Quay
Glasgow G51 1DA
Email: acs@bbc.co.uk

BBC Audience Council Wales

Room E5108
BBC Broadcasting House
Llandaff
Cardiff CF5 2YQ
Email: acw@bbc.co.uk

BBC ANNUAL REPORT

If you wish to find out more about the BBC's year – including full financial statements and each service's performance against its Statement of Programme Policy – then please visit bbc.co.uk/annualreport

This report is also available in Welsh and in audio version.

ABOUT THE BBC

If you want to know more about how the BBC is run then please visit bbc.co.uk/info

BBC Information is our audience's virtual front door to the BBC. If you have a question, comment, complaint or suggestion about BBC programmes and services, then please write to:

BBC Information
PO Box 1922
Glasgow G2 3WT

Telephone: 03700 100 222* (Lines are open 24 hours a day, seven days a week. Calls may be monitored or recorded for training purposes.)

Textphone: 03700 100 212*

Fax: 0141 307 5770

Website: bbc.co.uk/feedback

Last year the BBC had over 1.6 million contacts from the general public.

* 0370 numbers are called 'UK wide' and cost no more than calls to 01 or 02 geographic numbers.



The BBC produces more hours of UK-originated kids' programmes than any other broadcaster – and they are watched by nine million people each week.



BBC services and content are increasingly available to viewers, listeners and users on demand, whenever they want and wherever they are.



Network and Local Radio provide more hours of sport commentary than any other broadcaster – reaching over 16 million individuals on average each week last year.



The BBC provides more hours of live music than any other channels, across a range of genres, including festivals like Glastonbury and T in the Park.



48 million people tuned in to BBC Television each week last year; 44 million of them watched BBC One and 11 million watched BBC Three.



The BBC continually works to ensure that its services keep up with audiences' demands – BBC iPlayer was launched on mobile earlier this year, and the range and diversity of interactive content and services, including podcasts, is constantly growing.



The 12 Trustees are supported by a staff of 60, based in London, with senior staff in Scotland, Wales, Northern Ireland and the English Regions at Birmingham.

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