

Annual Report and Accounts

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FROM THE DIRECTOR OF CORPORATE AFFAIRS

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22 July 1996

Dr R Collins
London School of Economics
Dept of Social Psychology
Houghton Street
LONDON
WC2A 2AE

Dear Dr Collins

I enclose a copy of the BBC's Annual Report and Accounts for 1995/6, which I hope you will find of interest. They show that in 1995/6 the BBC:

- had 'a golden year' for new programmes - including successful contemporary and classic drama and powerful documentaries, with fewer peak-time repeats
- maintained - and in some cases increased - audiences, despite increased competition
- reduced borrowings and is on track to eliminate them by the end of 1996
- ended the year on budget and in sound financial shape, poised to reap the benefits of the digital age

Again we injected more money into programmes as a result of efficiency savings. In the region of an extra £100 million went into new and better programmes and services during the year to 31 March 1996.

The BBC remains at the heart of broadcasting in this country. A new Royal Charter and funding through the licence fee continues to allow us to be the standard-setter, and to provide a range of programmes which cannot be found on any other channel or station.

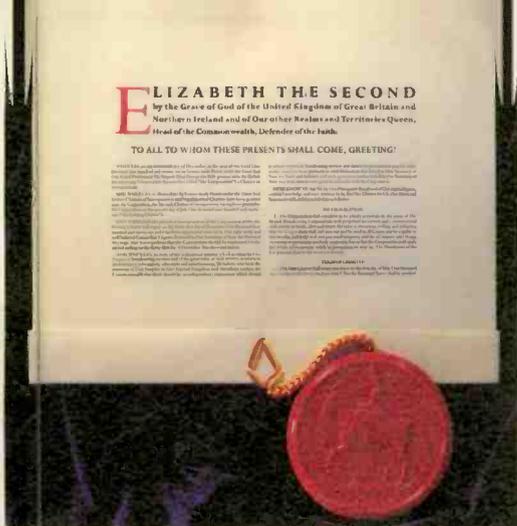
I hope you enjoy reading the Report and would welcome any comments you might like to make.

Yours sincerely

Colin Browne

Enc





The BBC Charter

On 1 May 1996 a new Royal Charter came into force, establishing the framework for the BBC's activities until 2006.

The Charter underpins the Corporation's role as a public service broadcaster providing a unique range of services funded by the licence fee. Responsibility for the Corporation is entrusted to the Board of Governors, accountable to licence payers and to Parliament for the provision of services and the spending of public money.

The Governors believe that one of their most important duties is to provide a regular and candid assessment of the BBC's strengths and weaknesses. The Annual Report and Accounts presented here reflects the results of a rigorous review of performance carried out across all areas of BBC activity, ending in a joint conference of the Board of Governors and the senior management of the BBC led by the Director-General. The Annual Report incorporates both the Director-General's review of 1995/96 and the Governors' own assessment of the BBC's performance.

The BBC is entering a new era with a new Royal Charter, a strengthened Board of Governors, and propositions for new services for the age of digital technology. This Annual Report reviews the progress made over the past year and presents the BBC's aims and objectives for the period ahead.

The BBC Year

In 1995/96 the BBC offered an exceptional array of viewing and listening – drama, comedy, news and current affairs, documentaries, children’s and educational broadcasting. These were programmes to entertain, to stimulate, to absorb audiences; programmes to foster debate, to learn from, to marvel at; programmes to serve the national, regional and local interests of viewers and listeners throughout the United Kingdom. During the year, too, the BBC sought better to understand some of the underlying concerns of its audience.



Docklands bombing

9 February 1996

Live news

The BBC reported more live news than ever before, especially on Radio 5 Live, the Sony Station of the Year. There was immediate and informed coverage of the aftermath of the Docklands bombing and the assassination of Yitzhak Rabin, and the microphones were there for the important declarations in the 1995 Conservative leadership challenge.



Anne Frank Remembered

Factual programmes

Documentaries are one of the BBC’s greatest strengths and this was a year which saw some truly distinguished programmes. Contemporary history was powerfully chronicled in *The Death of Yugoslavia*, *The Gulf War*, and *20/20: A View of the Century* which explored the major themes of the century. The world of opera allowed the cameras behind the scenes in *The House*, the natural world revealed its secrets in programmes like *Alien Empire* – and *Anne Frank Remembered* won an Oscar.



The Mall

19 August 1995

VE Day and VJ Day

The BBC covered all the major events commemorating both VE and VJ Day with 21 hours of live broadcasting in all. No other UK broadcaster provided anything comparable. The programmes were watched by millions, underlining the BBC’s traditional role in bringing the nation together for momentous occasions.

New drama

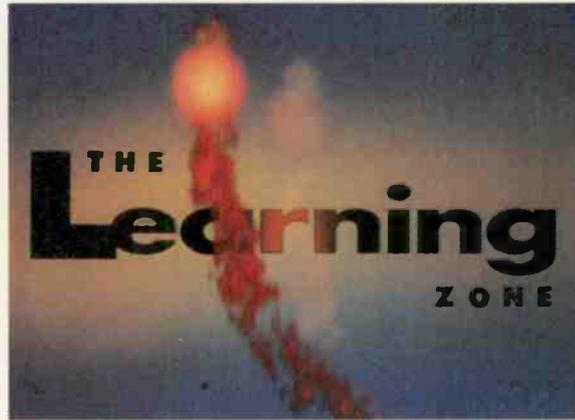
The BBC commissions more new drama than any other organisation – and 1995/96 produced some true gems, from Jane Austen’s classic, *Pride and Prejudice*, to the gritty, modern saga of *Our Friends in the North*, and the most successful new drama series for years, *Ballykissangel*, which was produced by BBC Northern Ireland.



Ballykissangel



Fairest Isle



The Learning Zone

1995/96 saw the launch of *The Learning Zone* which transmits a wide range of educational programmes during the night hours on BBC2. It was an immediate success, with two-thirds of further education colleges video-recording material.

Taste and Decency

Audiences have become increasingly divided over what they regard as acceptable on television and radio. In November, the Governors held a seminar to examine the important and complex issue of taste and decency in broadcasting. A further seminar, in June, explored our responsibilities to children as an audience.



Alistair Cooke

Music

This was an exceptional year for live and new music on the BBC. The centenary season of the Proms included 70 concerts, 13 of them specially commissioned, while *Fairest Isle* continued as the biggest-ever tribute to British music and culture, and the Purcell tercentenary celebrations culminated in a live concert at Westminster Abbey. Radio 1 was acknowledged as the leading music station for the under-25s, with a focus on live performance, new bands and a wide range of genres.

Comedy

Nowhere is the BBC's commitment to original talent more evident than in comedy. This year's diverse menu ranged from the witty animation of Wallace and Gromit in *A Close Shave*, to the anarchic humour of programmes like *The Fast Show* and to sharply observed situation comedies such as *Men Behaving Badly*.



Men Behaving Badly

And finally . . .

some things that didn't change. This was also a year to celebrate some seasoned old-timers. Several programmes on Radio 4 turned 50, among them *Woman's Hour*, *From Our Own Correspondent* and *Letter from America* – presented throughout the half-century by Alistair Cooke.

Summary of Home Services Expenditure

	1995/96	1994/95
	£m	£m
Television		
BBC1	648.4	635.3
BBC2	327.5	306.5
Regional	154.4	152.6
	1,130.3	1,094.4
Radio		
Radio 1	37.3	32.8
Radio 2	39.0	37.5
Radio 3	56.6	56.0
Radio 4	79.7	74.0
1 Radio 5 Live	45.8	34.7
Regional	46.6	45.0
Local	76.0	73.4
	381.0	353.4
Non-Broadcast		
Licence fee collection	95.0	91.0
2 Corporate Centre, including Governance	53.5	51.0
Resources, transmission and services net (surplus)/deficit	(1.3)	3.2
3 Other	98.0	48.8
	245.2	194.0
Total	1,756.5	1,641.8
Gross operating expenditure	1,813.1	1,680.8
Less: funded from external income	(56.6)	(39.0)
	1,756.5	1,641.8

The BBC licence fee income of £1,820 million (1994/95 £1,751 million) funded services with operating expenditure of £1,757 million (1994/95 £1,642 million).

1 In 1995/96, a change in the basis of allocating certain items of expenditure to channels has resulted in an increase in the costs attributable to Radio 5 Live.

2 Corporate Centre contains Corporate Finance, Personnel, Policy & Planning, Corporate Affairs, Legal Adviser, Research and Development and expenditure which cannot be meaningfully charged against directorates.

3 Other includes corporate provisions and accounting adjustments. In 1995/96 restructuring costs have been included within this category.

Efficiency Savings

A further £100 million was saved in 1995/96 by more efficient working practices across the BBC. Most of these savings have been invested in additional or improved programmes and services, including:

New documentaries: *The Gulf War*, *People's Century*, *The Wilderness Years* and *Alien Empire*

New popular drama on BBC1

A new drama series on BBC2, *This Life*, and additional funding for *Screen 2*

Comedy on BBC2: *The Mrs Merton Show*, *Saturday Night Armistice*, *Shooting Stars* and *Fist of Fun*

Music Live 95

Fairest Isle

Chris Evans on Radio 1

Extended hours of broadcasting on Radio 3

The launch of Digital Audio Broadcasting
The Late Book on Radio 4

The Learning Zone

Live newsgathering both for the networks and in the regions

Breakfast News Extra

Funding for the first full year of *Working Lunch* and *Correspondent*

New news and current affairs programmes on BBC2 – *Midnight Hour*, *Andrew Neil On-Line* and *You Decide*

Daily news programmes on regional television, including the relaunch of *Wales Today*

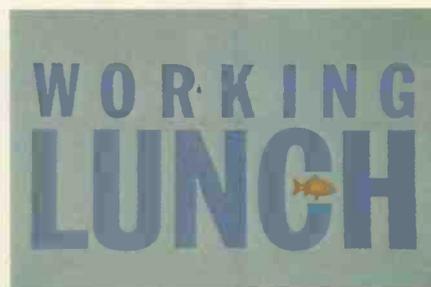
New series in Wales, *Don't Look Back* and *Wales 2006*, and *The National Theatre of the Air*

A 30-part Irish language series for BBC Northern Ireland

The Radio Helpline based in Scotland

Saturday Night Armistice

Alien Empire



Chairman's Statement

I am fortunate to have taken over as Chairman of the BBC at a time when the organisation's strength and excellence is so convincingly demonstrated by the quality of its radio and television programmes. They continue to present a range and diversity, a sustained standard, a wide audience appeal, that is as high as at any time in the BBC's long history.

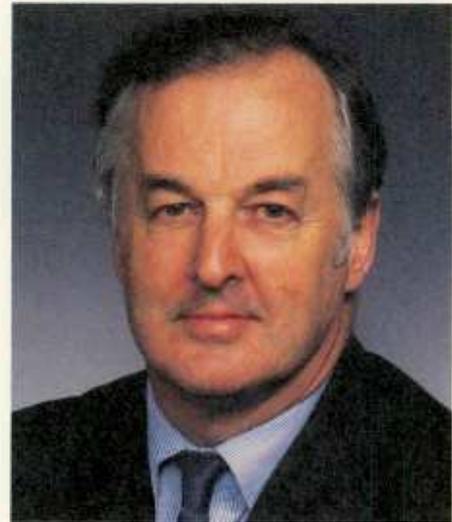
That strength and excellence is a tribute to the creative people, in all departments, who work at the BBC. It is also a tribute to the Board of Governors under Duke Hussey and the Board of Management under John Birt. To my predecessor, Duke Hussey, I and the BBC owe a particular and considerable debt of gratitude. At the end of nine years as Chairman he has handed over a strong, confident organisation, secure in the knowledge that it has a Charter for the next ten years and the licence fee as its method of funding until 2001. This is a firm foundation on which to develop the BBC's services for the 21st century.

Nevertheless, the challenges ahead are as great as those successfully faced by the BBC in the past. The pace of change in both the radio and television broadcasting environment is accelerating.

First, technological change. The way in which we make and distribute programmes is being revolutionised by digital and other technological developments. This will require difficult choices, new skills, and significant capital and revenue investment. It will also provide an opportunity to offer richer and more varied services to our audiences.

Second, competitive change. Digital technology will provide a new impetus to the already rapid proliferation of new channels and services. In an increasingly international environment, the BBC will be competing with less regulated, more aggressive radio and television broadcasters than in the past. Its share of audience may reduce; its reach, steady for some years at 95 per cent, may also decline.

Third, funding. The increased income of cable and satellite channels and the probable strength of ITV's advertising revenue will significantly reduce the BBC's share of total broadcasting revenue and accelerate the rise in broadcasting costs. The need for the licence fee as part of the broadcasting funding mix will require continued justification, as will the level of licence fee during the next five years. Sustaining and developing the range and diversity of BBC programmes will provide the justification; but that range and diversity can be provided only if the BBC is adequately funded.



Sir Christopher Bland

The BBC's response to the challenges of the future will rest, as it has in the past, not on imitation or on formulae, but on continuing to produce the intelligent, challenging, changing mix of programmes, sensitive to differing public tastes, that has always been the BBC's strength in radio and in television.

The new Charter sets out very clearly the Board of Governors' responsibilities in relation to matters of taste and decency and fairness. This will continue to be the Governors' primary responsibility, and will be enhanced by the strengthened complaints procedures already in place, and by the revised Producers' Guidelines incorporating new guidance on taste and decency which will be available by the autumn. The Governors need to lead the BBC's regulatory role; setting and policing standards, ensuring fair trading, achieving probity across the range of the BBC's activities.

The new Charter, and the related Agreement, also requires the Governors to focus on the needs of the licence payer. Understanding audiences and constantly reassessing the purpose, balance and mix of the BBC's services lie at the heart of the BBC.

The Governors together form a strategic partnership with the BBC's management, working closely to meet the challenges of the future. I have complete confidence in the ability of the BBC, at all levels, to meet these challenges successfully. It is a great organisation; I am proud to be its Chairman.

A handwritten signature in dark ink that reads "Christopher Bland". The signature is written in a cursive style with a horizontal line underneath.

Sir Christopher Bland
Chairman

Board of Governors

The Board of Governors are appointed under the Royal Charter to oversee the BBC as trustees for the public interest. In addition, they have important regulatory and compliance functions. The Governors' Assessment of the BBC's performance may be found in the section which begins on page 54.

Sir Christopher Bland

Chairman of the BBC from April 1996. Chairman of NFC plc since 1994. Deputy Chairman of the Independent Broadcasting Authority 1972-1979 and Chairman of LWT (Holdings) plc 1983-1994.

Lord Cocks of Hartcliffe

Vice-Chairman of the BBC since 1993. Labour Chief Whip 1976-1979. Elevated to the House of Lords in 1987. Deputy Chairman of the Docklands Development Corporation since 1988.

Sir Kenneth Bloomfield KCB

National Governor for Northern Ireland since 1991. Head of the Northern Ireland Civil Service 1984-1991.

Dr Gwyn Jones

National Governor for Wales since 1992. Chairman of the Welsh Development Agency 1988-1993. Director of Tesco plc and a number of other companies.

The Rev Norman Drummond

National Governor for Scotland since 1994. Ordained into the Church of Scotland in 1976. Parish minister on Skye. Headmaster of Loretto 1984-1994.

Bill Jordan CBE

Governor since 1988. General Secretary of the International Confederation of Free Trade Unions since 1995. President of the Amalgamated Engineering Union 1986-1995.

Lord Nicholas Gordon Lennox KCMG KCVO

Governor since 1990. A former diplomat with postings in Washington, Santiago and Paris. Ambassador to Spain 1984-1990.

Margaret Spurr OBE

Governor since 1993. Chairman of the English National Forum. Headmistress of Bolton School Girls' Division 1979-1994.

Janet Cohen

Governor since 1994. A director of Charterhouse Bank since 1988 and a board member of the Sheffield Development Corporation.

Sir David Scholey CBE

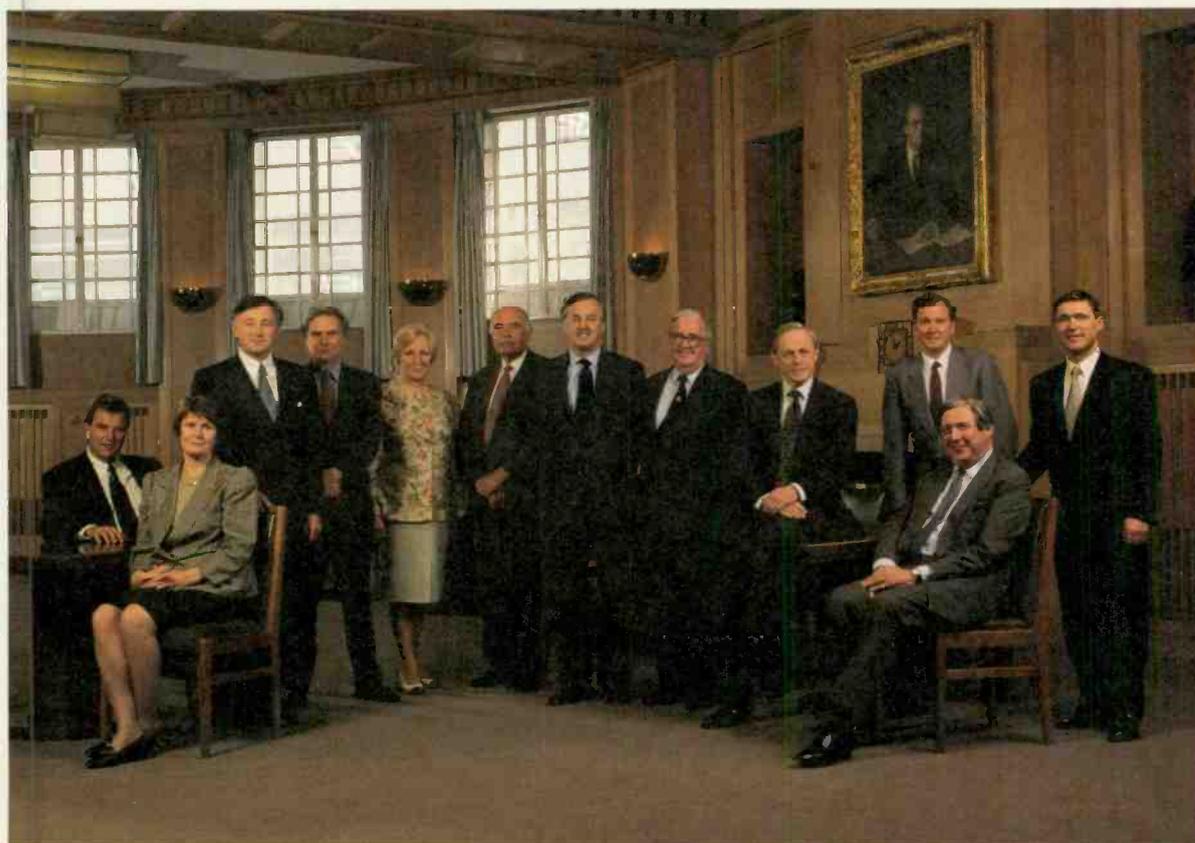
Governor March 1994-February 1995 and from November 1995. Chairman of SG Warburg Group plc 1984-1995. A director of the Bank of England.

Richard Eyre CBE

Governor since November 1995. Director of the Royal National Theatre since 1988. Former BBC television drama producer.

Adrian White CBE

Governor since November 1995. Chairman of Biwater Ltd which he founded in 1968. Former Chairman of the Epsom Health Care NHS Trust.



From left to right:
Dr Gwyn Jones, Janet Cohen,
The Rev Norman Drummond,
Richard Eyre CBE, Margaret Spurr
OBE, Lord Cocks of Hartcliffe,
Sir Christopher Bland,
Sir Kenneth Bloomfield KCB,
Lord Nicholas Gordon Lennox KCMG
KCVO, Adrian White CBE,
Sir David Scholey CBE,
Bill Jordan CBE

Board of Management

1 John Birt

Director-General since December 1992. Joined the BBC in 1987 as Deputy Director-General. Previously Director of Programmes at London Weekend Television.

2 Bob Phillis

Deputy Director-General since joining the BBC in April 1993 and Chairman of BBC Worldwide since May 1994. Formerly Chief Executive of ITN. Under the new structure he will continue as Deputy Director-General and becomes Chief Executive, BBC Worldwide.

3 Ronald Neil

Managing Director, Regional Broadcasting, since June 1989. Previously Director of News and Current Affairs. Joined the BBC in 1967 as a reporter in Scotland. Under the new structure he will become Chief Executive, BBC Production.

4 Will Wyatt

Managing Director, Network Television, since April 1991. Formerly Assistant Managing Director, and Head of Features and Documentaries, Network Television. Joined the BBC in 1965. Under the new structure he will become Chief Executive, BBC Broadcast.

5 Tony Hall

Managing Director, News and Current Affairs, since January 1993. Former programme producer and editor. Joined the BBC in 1973 as a trainee journalist. Under the new structure he will become Chief Executive, BBC News.

6 Michael Green

Acting Managing Director, Network Radio. Controller Radio 4, since 1986. Former Head of Network Radio in Manchester. Joined BBC Local Radio in 1967.



1 2 3 4 5 6
7 8 9 10 11
12 13



7 Jane Drabble

Director of Education since September 1994. Formerly Assistant Managing Director and Head of Factual Programmes, Network Television. Joined BBC Radio in 1968.

8 Sam Younger

Managing Director, World Service, since November 1994. Former Head of the Arabic Service, and Controller of Overseas Services. Joined the BBC in 1979.

9 Rod Lynch

Managing Director, Resources, since August 1993. Previous career with British Airways, followed by Forte Hotels where he was Sales and Marketing Director. Under the new structure he will become Chief Executive, BBC Resources.

10 Margaret Salmon

Director of Personnel since March 1991. Former Group Personnel Director with the Burton Group.

11 Patricia Hodgson

Director of Policy and Planning since January 1993. Former Secretary of the BBC. Joined the BBC in 1970 as a producer for the Open University.

12 Rodney Baker-Bates

Director of Finance and Information Technology since March 1993. Former Group Financial Control Director of the Midland Bank.

13 Colin Browne

Director of Corporate Affairs since April 1994. Former Director of Corporate Relations at British Telecom.



Director-General's Overview

Total viewing and listening by all members of household per week %
BBC share of all UK viewing and listening

1995/96

BBC	Other
45%	55%
44hrs 18mins	54hrs 24mins

1994/95

BBC	Other
45%	55%
44hrs 24mins	54hrs 18mins

A new Royal Charter is another milestone in the history of the BBC. It confirms our leading role in public service broadcasting into the next millennium. It defines that role in a changing world. It reminds us of our contract with our audiences, the licence payers. It is a tribute to our achievements on-air. And it is a mark of confidence in the efforts we have made to strengthen and modernise the BBC, to invest more in programmes and to plan boldly for the future.

A new Charter also provides the opportunity to pause: to take stock of the route trodden so far, and to reflect on what lies ahead. The journey we set out on in the early 1990s was never going to be an easy one. But it was necessary. Competition was increasing. The BBC could no longer take its audiences for granted. We had to re-think our purpose as a public service broadcaster, to make our channels more distinctive and our output more responsive to the needs of all our viewers and listeners.

At the same time as competition was increasing, our licence fee income was flattening out. We needed urgently to learn how to become more efficient, to divert money from overheads into broadcasting, to discover how to do as well – or better – on a tighter budget, and to increase our supplementary commercial income.

The learning curve has been steep and many preconceptions about how the BBC should operate have had to change. But the results are self-evident. Our costs have been brought into line with the market. A more efficient BBC has inevitably meant

a trimmer BBC: over 4,000 jobs have been shed in five years. Our commercial earnings have grown. Through better housekeeping, we have saved around £100 million additionally each year for the past three years. Most of this has been re-invested where it counts, in programmes.

And those programmes have benefited not simply from new funding but from a new sense of purpose. Last year when we published *People and Programmes* we set out our strategy for aligning the creative talent within the BBC more closely to the needs of our audiences. Since then, we have concentrated on finding new ways of responding to the full gamut of those audience needs. Programme makers have shown themselves more alert to the interests and tastes of their audiences and more willing to reflect those interests on-air. Expressed most simply, the goal has been to make excellent programmes that people want to watch and listen to.

The signs are that – as a result of all this – the BBC is standing reasonably firm on rapidly shifting sands. Fifteen new commercial television channels and 21 new radio services were launched in the UK last year alone, but the BBC has maintained its share of all viewing and listening in the UK at 45 per cent. More tellingly, 95 per cent of all households tune into the BBC for at least two hours every week – a figure that has also remained constant.

But the next stage requires some fresh thinking if the momentum is not to be lost and if our future plans are to be secured. In the years ahead there will be competition – and choice – on a scale hard to grasp. Digital technology will revolutionise broadcasting, preparing the ground for hundreds of new channels and many types of new service.

Digital Audio Broadcasting



A Close Shave



The BBC has declared itself open to the challenge. To do otherwise would be to risk atrophy. Last September we launched a pilot Digital Audio Broadcasting service – the first of its kind anywhere in the world. Since then we have proposed a model to take public service broadcasting into the 21st century with the publication of *Extending Choice in the Digital Age*.

The document described the range of digital services the BBC intends to make available to licence payers: an extended widescreen BBC1 and BBC2 offering extra programmes alongside the continuing schedule; a 24-hour television news channel; new radio services with CD-quality sound; more regional choice and more local news and education services which use digital technology to promote interactive learning. In addition, there will be themed subscription services, for those prepared to pay for them. These will generate more revenue for re-investment in programmes, to the benefit of all licence payers.

At the same time, we have started to plan a new generation of efficiency savings through a fundamental review of all our working practices, taking advantage of the benefits of digital technology in all areas of our activity. This is a massive step which will depend on a sophisticated new information and broadcast technology platform across the BBC. Development of this is already underway. It will depend, too, on equipping our staff with the necessary skills.

But 1995/96 has been a year of achievement as well as of planning. Above all, it has been a golden year for programmes and one which has seen BBC drama revitalised and BBC factual programmes stronger than ever. Rarely has the dramatisation of a classic novel caught the public imagination in the way that *Pride and Prejudice* did. Our documentaries explored contemporary history – and contemporary institutions – powerfully and revealingly. *The Death of Yugoslavia* used the testimonies of the protagonists to tell its tale with awe-inspiring clarity and *20/20: A View of the Century* was a distinguished exploration of 20th century themes, while *The House* offered a remarkable insight into life at the Royal Opera House.

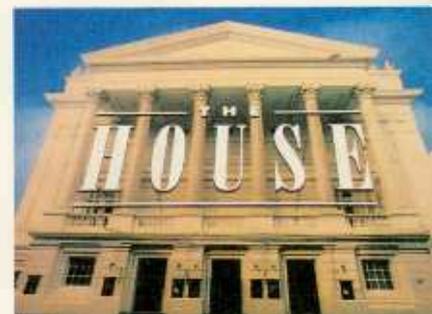
Our output has served as a strong reminder that the BBC – by virtue of the licence fee – is exempt from those commercial pressures which can sometimes depress quality and limit choice for



Pride and Prejudice

audiences. The licence fee gives the BBC the flexibility to provide a unique range of broadcasting – on television, radio and in the regions – catering for all interests. This has meant that while we do offer programmes that instantly jump into the top ten – *Ballykissangel* was the most popular new drama series on any UK channel for ten years – we can also commemorate VJ Day with eight hours of live programming on BBC1, celebrate the centenary season of the Proms with a record number of newly commissioned works, and offer a different approach to educational broadcasting through *The Learning Zone*. New territory has been explored, too, with anarchic late-night comedy, leisure shows which tap people's real interests, and arts programmes which draw a wider audience. Our children's programmes have won back audiences and the 24-hour news and sport station, Radio 5 Live, now reaches five million listeners every week.

During the year we increased the proportion of programmes made outside London and are in sight of our target of broadly a third by 1997/98. There are now a number of centres of real excellence in the regions. Some of the most popular drama shown on Network Television this year has come from Scotland and Northern Ireland; the northern News and Current Affairs base at Manchester is now firmly established; and the Natural History Unit at Bristol continues to be one of the BBC's glories.



The House

It would, of course, be wrong to claim that all our programmes reach the same high standards. We are aware that more must be done to improve the quality and appeal of our early evening entertainment and of some of our daytime schedules. These are priorities for the year ahead.

We are committed, too, to continuing to listen to our audiences. The exercise begun by *People and Programmes* goes forward with a rolling process of monitoring the views of the audience and reviewing programmes accordingly. We are also taking note of independent expert voices: 1995/96 saw the first assessment of BBC programmes by independent review panels.

Perhaps nothing tests the BBC's relationship with its audiences more than the issue of taste and decency. It was the subject of the second Governors' Seminar in November. Research carried out then confirmed what we already suspected – that this is an area where there is no longer any clear consensus among the public. What is offensive and unacceptable to one section of the audience is funny or powerfully realistic to another. However, this does not license us to disregard very real concerns. Nor does it excuse lapses in respect of the 9 o'clock watershed. In the past year there *have* been occasions where we have misjudged what is appropriate in a pre-watershed programme. In the coming year this is something that will demand special vigilance by all schedulers and programme makers.

One other editorial issue requiring continuing watchfulness is that of impartiality. All our broadcasting must be scrupulously fair. Where complaints of partiality are made, we will listen and investigate. Where those complaints prove just, we will respond – and endeavour to learn from our mistakes, developing and reviewing the guidance given to programme makers. But we will not accept intimidation from any quarter: we will continue to protect the independence of BBC journalism.

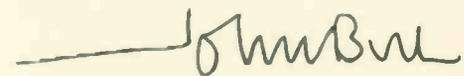
Around the world, our independence and impartiality have not always been welcomed in the past year. Sensitivities over our Saudi Arabian coverage led to the closure of the Arabic service on Worldwide Television. World Service radio broadcasts were jammed in Burma and threatened in Romania.

We have made rigorous efforts to ensure the highest levels of safety and support for our journalists working overseas. But during the year, John Schofield, a reporter with *The World Tonight*, was killed on an assignment in Croatia and a freelance cameraman, Mushtaq Ali, died after the BBC's office in Kashmir was bombed. Their deaths harshly underlined the risks attached to objective, first-hand journalism in war zones or areas of civil unrest.

Throughout 1995/96 the BBC has shown itself to be better managed, creatively strong and strategically aware. It has demonstrated a continuing commitment to programme excellence and greater responsibility in the stewardship of public funds. Difficulties do remain, of course. There will never be enough money to do everything that we would like. And we are operating in an unremittingly competitive market – the disappointing losses this year of the rights to broadcast live the FA Cup and the Grand Prix are proof enough of that.

But we are gaining in our ability to recognise and remedy problems – and in our readiness for the challenges ahead. One of the major tasks now is to prepare for the introduction of the new digital services. We must ensure that we have in place the framework – technological, financial and organisational – on which to launch them and on which to take the BBC into the 21st century. Our recently announced proposals for a new management structure for the BBC will complete the separation of programme production from programme scheduling and commissioning – a process begun three years ago – and create a huge new production base covering television, radio and multi-media. This will allow us to exploit the opportunities of digital technology more effectively and bring in new services more cohesively.

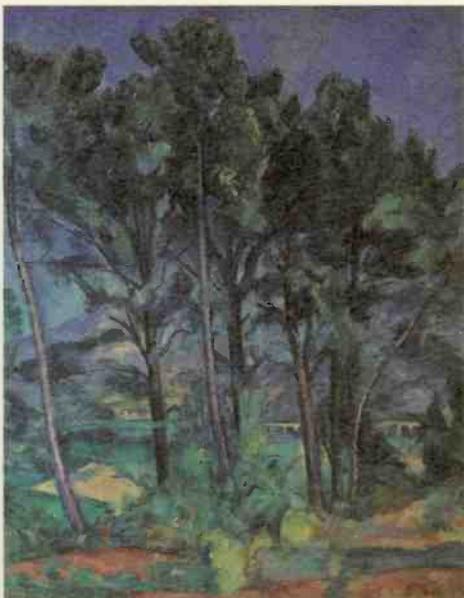
No-one would pretend that what lies ahead will be easy – or even entirely predictable. But, with a clearly defined purpose, a new sense of direction and improved self-knowledge, we are poised for the testing times ahead and determined to continue serving our audiences to the best of our ability.



John Birt
Director-General

Network Television

BBC Television has re-affirmed its traditional strengths with powerful and revealing documentaries, superb adaptations of literary classics and live coverage of significant national events. But it has also revitalised popular drama and introduced innovative comedy. With this mixture we have retained and in some cases increased audiences in spite of growing competition. The task now is to freshen early evening entertainment and some areas of daytime viewing.



Omnibus - Cezanne

Alien Empire

The Thin Blue Line

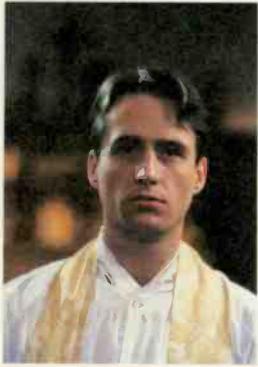


Our Friends in the North



The Demon Headmaster





Priest

Over the past year, BBC Television has enjoyed conspicuous success. Its schedules have included programmes of outstanding quality. It has developed original new productions and strengthened established favourites. Its output has won recognition during the year with two Oscars and a multitude of BAFTA and Royal Television Society awards. In an ever more competitive market, BBC1 has maintained its share of viewers, substantially narrowing the gap with ITV. For the second year running, BBC2 has been the only terrestrial channel actually to increase its share among households with access to cable and satellite television. And winning back a significant audience of children has been a notable achievement.

But there is more to the story than audience figures. The distinctiveness of the two BBC television networks has been sharpened. Both put out a wide range of drama, entertainment and factual programmes but BBC1 remains the channel of broadest appeal. BBC2 is more specialist. In 1995/96 it has maintained its high documentary traditions while also bringing in new viewers with innovative late-night comedy, and leisure and lifestyle shows in the afternoon.

Over the past three years, the proportion of repeats shown in peak time has been cut – on BBC1 it has been virtually halved. Immense strides have been made, too, in bringing a UK-wide perspective

to BBC television. Some of the most successful programmes shown on the networks this year have been made outside London. The requirements set by the government for independent production have also been surpassed. This has been most notable in the areas of drama and entertainment. It remains a challenge to ensure that independent commissions are more broadly spread across the television genres.

During 1995/96 we have developed plans for new digital television services which will extend even further the scope of BBC1 and BBC2 and increase choice for licence payers. These services will include additional programmes and information to complement what is being shown on the main channel, and a new 24-hour television news service, all available in widescreen quality and with CD-quality sound. We are now working towards the introduction of these services.

At same time we do not shy away from some immediate challenges – the search for original new entertainment, the constant drive for drama of real quality and the need to revitalise our daytime schedule. Most of all, we must exercise greater rigour in ensuring that all programmes shown before the 9 pm watershed are suitable for a family audience. If broadcasters are to be allowed reasonable licence after that time, it is important that the rules are respected earlier in the evening.

Pride and Prejudice



Drama

In 1995/96 the BBC once again asserted its mastery of the dramatic adaptation of literary classics. The superb six-part serialisation of Jane Austen's *Pride and Prejudice* captivated the nation in a way that few other productions have. It brought considerable acclaim for the producer, Sue Birtwhistle, Andrew Davies responsible for the dramatisation, the director, Simon Langton, and the cast led by Jennifer Ehle, Colin Firth and Alison Steadman. There was another treat for Jane Austen fans with the first-ever film adaptation of *Persuasion*, shown on BBC2. Starring Amanda Root and Ciaran Hinds, it won the BAFTA award for Best Single Drama. Notable productions of classic plays, too, were seen in the fifth season of *Performance*. Kenneth Branagh starred in Sean O'Casey's *The Shadow of a Gunman*; there was a beguiling interpretation of Strindberg's classic in *After Miss Julie*; and Harold Pinter directed his own short play, *Landscape*.

But the year also saw the BBC regaining its reputation for popular, contemporary drama. *Ballykissangel* brought warmth, humour and a clash of cultures with its story of an English priest in an Irish village. The series attracted more than 14 million viewers and became one of the top five drama series on television. There was a similar rural setting for the adventures of the offbeat Highland law-enforcer, *Hamish Macbeth*. Patricia Routledge starred in *Hetty Wainthropp Investigates* as the 60 year-old who sets up her own detective agency, and *Silent Witness* was a hard-hitting series about an uncompromising forensic pathologist.

One of the most absorbing new drama serials for some time was Peter Flannery's ambitious epic, *Our Friends in the North*, which charted the lives of

four Geordies as they progressed from their teens in the '60s to middle age in the '90s. A brilliantly chronicled tale of our times, it captured the political, social and cultural moods of three decades, while remaining, essentially, a story about people. *The Hanging Gale* was a stunning four-part drama set against the harsh backdrop of Ireland's Great Famine. It brought together, for the first time, the four McGann brothers, Joe, Mark, Paul and Stephen.

The BBC aims to show strong, original dramas in *Screen 2* and the season presented some exceptional work, opening with Jimmy McGovern's controversial play, *Priest*, in which Linus Roache portrayed a tormented gay priest. *Streetlife* was a powerful film about single motherhood on a North Wales housing estate, while *Life after Life* offered a perceptive and thought-provoking angle on the IRA. *Love Bites* was a short season of contemporary dramas about the bitter-sweet experience of falling in and out of love. It included *Go Now*, a razor-sharp story with a dramatic twist, written by Paul Powell and, again, Jimmy McGovern.

Two of our longest-running and most popular dramas, *EastEnders* and *Casualty*, both had an excellent year, with strengthened script-writing. But there were concerns about one or two instances of inappropriate scenes before the 9 o'clock watershed.

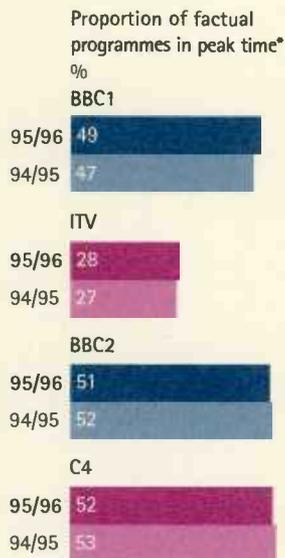
Tribute must be paid to Charles Denton, the Head of Drama Group for the past three years, who left the BBC at the end of the year. The current vitality of our popular drama owes much to his collaboration with Alan Yentob, the Controller of BBC1, and the commissioning team, and to their combined encouragement of creative talent. Under this leadership, drama from the BBC's regional centres of excellence flourished.



EastEnders



Streetlife



* Includes Documentaries, Features, Music and Arts, National and Regional News and Current Affairs

Source: BARB

Entertainment

During the year, the BBC confirmed its reputation for comic inventiveness, presenting an impressive array of new and established stars. Steve Coogan swapped the persona of Alan Partridge for a variety of comic guises in *Coogan's Run*, while Caroline Hook was the suburban chatshow hostess *Mrs Merton*. Rowan Atkinson teamed up with Ben Elton as writer for the new comedy police series, *The Thin Blue Line*. And there was more comedy from the star duos of *French and Saunders* and *Smith and Jones*.

BBC2 is the testbed for new talent. *The Fast Show* was one of the year's big hits. The lines of the characters who appear repeatedly but fleetingly in its sketches quickly became cult catchphrases. In *Saturday Night Armistice*, Armando Iannucci gave satire a surrealist slant with his sideways look at the news stories of the day. Among the other late-night entertainment which brought a new, younger audience to the network was the fast, witty repartee of *They Think It's All Over*, and the anarchic celebrity quiz show, *Shooting Stars*. *Fantasy Football League* brilliantly entertained those with an obsessive interest in the national game with astute observations, wit and inspired comic invention.

An undoubted highlight of the year was the third animated adventure featuring the plasticine pair, Wallace and Gromit. Enchanting and witty, *A Close Shave* won a third Oscar for its creator, Nick Park.

We have maintained a strong stock of situation comedies with our top ten shows getting audiences

of around 10 million. Among the programmes which continued to delight viewers were *2.4 Children*, *Keeping Up Appearances*, *One Foot in the Grave*, *Absolutely Fabulous*, *The Vicar of Dibley*, *Goodnight Sweetheart*, and *Last of the Summer Wine* which returned for its 24th year. One of the best comedies of modern manners was *Men Behaving Badly*, with its acutely observed scripts from Simon Nye. The show – new to the BBC two years ago – is now well established on BBC1. One of its stars, Martin Clunes, this year won a BAFTA award for best comedy performance. During the coming year, we will refresh the stock with further original comedy ideas.

The National Lottery Live underwent changes in presentation and style to remain an important fixture of the Saturday evening schedule on BBC1, while old favourites such as *Noel's House Party* also continued to attract large weekend audiences.

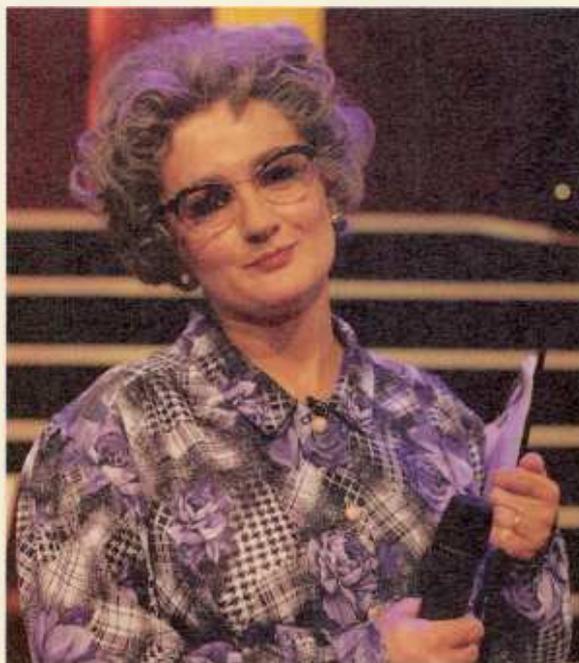
But there are shortcomings in our early evening schedules on weekdays and it will be a priority for us during the coming year to seek out original new formats for high-quality family entertainment. These must be programmes which meet distinctive BBC standards and which appeal widely to audiences.

Factual programmes

Documentary-making is an area of traditional strength for the BBC. This year saw some distinguished and memorable films – many of them shown in peak time. Contemporary history was a major theme. Among the most remarkable programmes was the five-part series, *The Death of Yugoslavia*, which offered a real insight into the attitudes which fuelled Europe's bloodiest conflict since 1945. It used the testimonies of key witnesses and participants – including presidents, international statesmen, and those now accused of war crimes – to tell the story of the road to disaster and the outside world's reaction to it. It was recognised by BAFTA as the best factual series of the year. Recent history was also chronicled in a number of News and Current Affairs



French and Saunders



Mrs Merton



People's Century



The Death of Yugoslavia

documentaries, among them *The Gulf War* which marked the fifth anniversary of the conflict in the Kuwaiti desert, and *The Wilderness Years*.

People's Century is an ambitious attempt to trace the entire history of the 20th century through the memories of ordinary people around the world. It continues in the autumn. Among the films commemorating VJ Day was *Burma: The Forgotten War*. Narrated by Charles Wheeler, it featured the personal experiences of veterans from Britain, India, Burma and Japan. *Anne Frank Remembered* built up a poignant and detailed picture of the Frank family's last months together in occupied Holland through the anecdotes of surviving friends and neighbours. It won an Oscar as the best documentary.

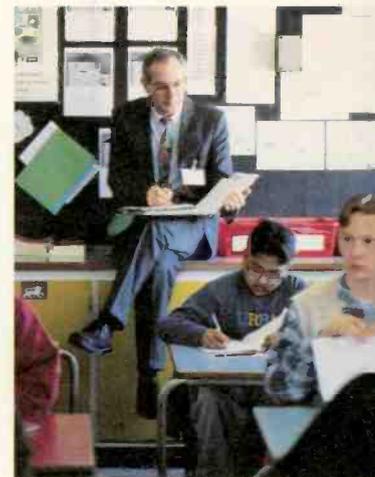
A number of famous institutions opened their doors to the cameras – with revealing results. One of the most compelling documentaries was *The House*. For a full year the Royal Opera House at Covent Garden allowed a television crew unprecedented access. The result was a remarkably frank portrait which contrasted the tough decisions – artistic and financial – behind the scenes with the drama on-stage. In a different vein, *Great Ormond Street* was a hugely moving series which followed the treatment of young patients at the world's best-known children's hospital. The human impact of pioneering medicine was shown, too, in *Making Babies*; based on the work of the infertility clinic at Hammersmith Hospital, it told the stories of five couples desperate to have a child. *Animal Hospital*

proved popular with its tales of RSPCA rescue. The culture of the armed services was depicted in two documentary series: Molly Dineen's portrait of life in a Welsh Guards regiment, *In the Company of Men*, and *HMS Brilliant*, in which the cameras went on board a Royal Navy frigate.

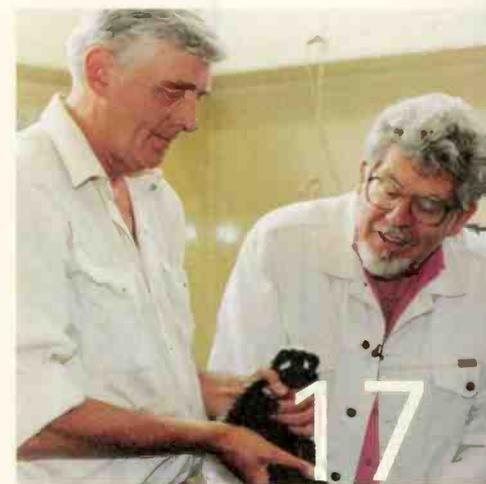
After last year's major success with *The Private Life of Plants*, innovative film-making techniques were brought to bear on other aspects of the natural world. *Alien Empire* used the latest technology to explore the mysteries of the insect world while *Nightmares of Nature* boldly demonstrated that the world's most fearsome creatures – venomous snakes, big cats and giant poisonous centipedes – are dangerous only in certain circumstances.

BBC2's new flagship documentary series, *Modern Times*, offered some bold and original insights into contemporary Britain. One edition showed teachers coming under the scrutiny of the school inspectors; another took an uncompromising look at the fraught triangular relationship between middle-class working mothers, their children and their nannies. *Inside Story* on BBC1 included *Alison's Last Mountain*, a poignant journey to the Himalayas as Alison Hargreaves' family visited the site of her last climb.

Once again the BBC proved its ability to bring the nation together for occasions of great significance. The 50th anniversary of VE Day in May 1995 followed by the commemoration of VJ Day in August and Remembrance Sunday in November



Modern Times: The Inspection



Animal Hospital

Director-General's Review
Network Television



Source: BARB

underlined the BBC's role as *the* national broadcaster. We covered all the major VE and VJ events, providing in all 21 hours of live broadcasting. In addition there were eight hours over Remembrance Weekend. The audiences for our 11 VE Day programmes totalled nearly 46 million and those for our five VJ Day programmes 23 million. Besides broadcasting the events, we helped to structure them, working behind the scenes with the organisers. Our coverage brought us both BAFTA and RTS awards. There was special recognition during the year, too, for the BBC's Head of Events, Philip Gilbert, who was awarded the OBE.

We continued to devise new ways of catering for leisure interests with an expanded portfolio of programmes which included *Ready Steady Cook*, *Jeremy Clarkson's Motorworld* and *Geoff Hamilton's Cottage Gardens*. On the consumer front, *Watchdog* enjoyed a particularly strong season. In *Esther*, one of television's best-known personalities explored a range of dilemmas within human relationships with the help of a studio audience. But, following the decision to drop *Good Morning... with Anne and Nick*, we are working to strengthen the daytime schedules on BBC1, capitalising on our strong consumer journalism and our inventive leisure programmes by creating quality programmes which attune to the interests of our viewers.

Music and Arts

No-one produces more hours of arts and music programming than the BBC. This is in keeping with its role of reflecting and promoting the artistic and cultural life of the UK. This year BBC Television has worked to increase the breadth and appeal of its output and to represent the arts as a form of leisure. There have been some notable successes, among them *Art Marathon*, in which a group of ordinary people from Londonderry cornered contemporary artists. Popular magazine programmes included *The Bookworm*, presented by Griff Rhys Jones, *One Foot in the Past*, which explored our architectural heritage, and *Home Front*, a series on interior design. *National Poetry Day* invited the nation to vote for its favourite poem and presented brief readings of some of the choices interspersed among the day's output on BBC1.

Ric Blaxhill's transformation of *Top of the Pops* into television's top music show has proved a major success. Contemporary music themes were explored in *Rock Family Trees*, which tracked the melodramas of rock musicians splitting up and moving from band to band, and *The Music Biz*, a hard-edged look at the multi-national world of pop. *Later with Jools Holland* continued to win praise for its excellent range of music and stylish presentation. *Sound Stories* showed the impact of amateur music-making – from barber shop to flamenco to opera – on the lives of enthusiasts.

During the year, space was made in the schedules for some of the major musical events. Ten concerts from the 1995 Centenary Proms were presented on BBC Television. The tercentenary of Henry Purcell was celebrated with a major musical event at Westminster Abbey, broadcast on both BBC2 and Radio 3, and the soprano Maria Ewing took the leading role in a spectacular production of Purcell's *Dido and Aeneas*, staged specially for television on location at Hampton Court House. In addition, six of the most innovative contemporary choreographers were invited to create new work specially for television in *Dance for the Camera*.

Omnibus fulfilled its brief to reflect some of the major events in the arts calendar. It celebrated the 200th anniversary of the birth of John Keats, presented a programme on Cezanne to mark the opening of the Royal Academy exhibition, and produced a definitive account of the life and work of Jane Austen to coincide with *Pride and Prejudice*. But it also tackled 20th century subjects, including the late Peter Cook, the best-selling author, Robert Harris, and Brian Wilson, the musical force behind The Beach Boys. An experimental new documentary series this year was *Tx*, which presented a number of unusual and provocative films about the arts.

During the coming year, we aim to ensure that the arts remain accessible to a broad audience but also to produce authoritative landmark programmes.

Children's Television

In recent years, the alternative attractions of cable and satellite television, videos and computer games, have lured some young viewers away from BBC Television. We have addressed this

Cottage garden



competitive challenge by concentrating on the distinctive strengths of our children's programmes – live entertainment, drama, documentaries and news. There are clear indications that this policy is producing results. Audiences for our children's programmes have increased markedly and are especially strong on Saturday mornings.

Among the highlights were some sparkling new dramas drawing on the work of some of the most popular children's writers. In *The Demon Headmaster* – based on novels by Gillian Cross – a small gang of pupils set out to resist the evil, hypnotic powers of their headteacher. The gift of a 50 pence coin with magical powers was the starting point for *The Queen's Nose*, a delightful series based on a story by Dick King-Smith. A second series of *Just William* again provided popular family viewing at Sunday tea-time, while *Black Hearts in Battersea* was a tale of adventure and skullduggery written by Joan Aiken and set in the 19th century fictional reign of King James III. The more contemporary themes of *Grange Hill* and *Byker Grove* continued to prove their relevance for young audiences; in a similar vein, *The Biz* dealt with the lives and relationships of a group of teenagers at drama school.

The Saturday morning magazine, *Live and Kicking*, has proved immensely popular. During the summer weeks when it was off-air, its slot was taken by *Fully Booked*, a bright, new, live entertainment show produced by BBC Scotland. During the year, the weekday children's schedule was extended: the starting time for children's programmes on BBC1 moved forward to 3.30 pm, and breakfast-time programming for children was introduced on BBC2. *Blue Peter* – now in its 38th year – gained a third edition each week. There were bigger audiences for the news magazine, *Newsround*. Our documentary series, *Newsround Extra*, covered subjects ranging from thinking robots to the effects of the war on children in Bosnia, while *Lowdown* tackled issues of immediate concern to young viewers, such as the experience of adolescence and relations with parents.

Acquired programmes

Judiciously selected, imported programmes add to the variety and richness of the schedules. This year BBC Television has bought some high-quality series which have proved particularly successful. Among the most notable were *The New Adventures of Superman*, the cult sci-fi series, *The X Files*, and the courtroom drama, *Murder One*.



Dido and Aeneas



Red Rum - A National Treasure

Sport

1995/96 was a year of both achievement and difficulty. We maintained the BBC's highest standards - and displayed technical innovation - in covering some of the top sporting events of the year: the Cup Final, the Grand National, the London Marathon and the Five Nations' Rugby Tournament. And our top sports programmes - *Match of the Day*, *Sportsnight*, *Grandstand*, *Sports Review* - continued to draw large and appreciative audiences. In addition, there were a number of excellent documentaries, including *Ayrton Senna*, *Red Rum - A National Treasure*, and *Dreaming of Ajax* in which Gary Lineker travelled to Amsterdam to see what lessons English football could learn from the European Cup winners, Ajax FC.

But the year produced some hurdles which were not cleared. The losses of the rights to televise live the FA Cup and the Grand Prix were a major blow. May 1997 - when we televise the FA Cup Final for the last time - will mark the end of a sporting era

for the BBC. We have broadcast the match every year that it has been played since 1938.

The Broadcasting Bill currently going through Parliament lists eight major sporting events - including the Grand National, the World Cup Final and the Wimbledon Finals - which cannot be shown exclusively on subscription or pay-per-view services. The government is also considering a voluntary code to ensure that radio rights - and rights to show edited highlights - are kept separate from those for live television. Nevertheless, the sharply escalating costs of sports rights will continue to present us with a major challenge as we settle on our sports strategy for the next decade. We will seek to ensure that as many of the major sports events as possible are available live to BBC viewers. But where prudent spending makes it impossible to retain rights, we will bring the highest BBC production skills to alternative forms of sports programmes, including those showing highlights. Our overriding aim will be to protect the interests of the licence payer.

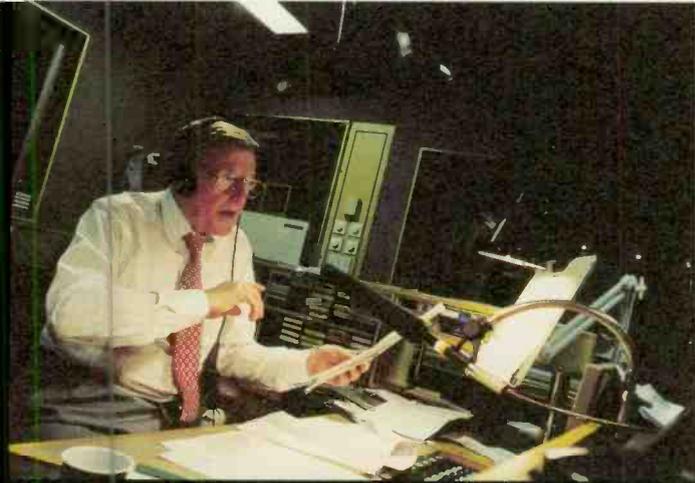


Match of the Day

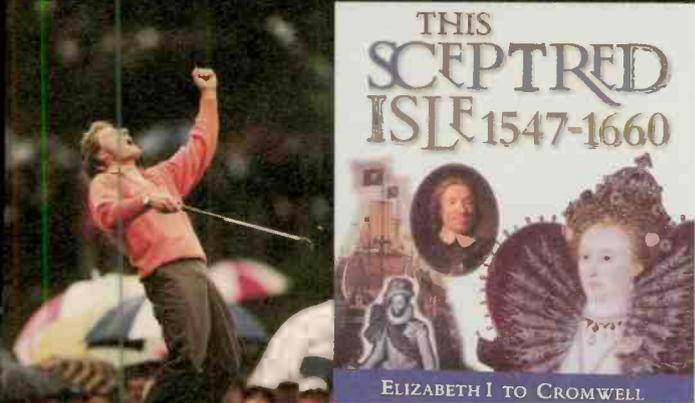
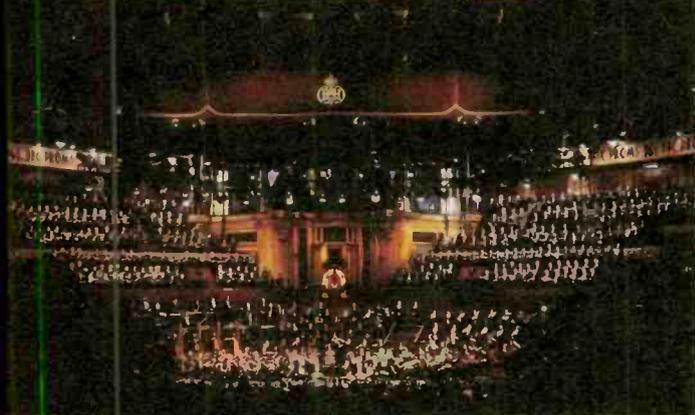
Network Radio

Each of BBC Radio's five networks has developed a clearer identity – and each has offered some outstanding programmes. Radio 1 is now established at the cutting edge of youth culture and Radio 5 Live has won new listeners and critical esteem with its mix of live news and sport. Radio 4 has offered a unique range of current affairs, drama, documentaries and comedy. Radio 3 has enjoyed an exceptional year for live music and Radio 2 has broadened its musical repertoire – but both networks must find ways of drawing in new listeners while still satisfying the loyal audience.

Jimmy Young



The Proms



This Sceptred Isle
Bernhard Langer



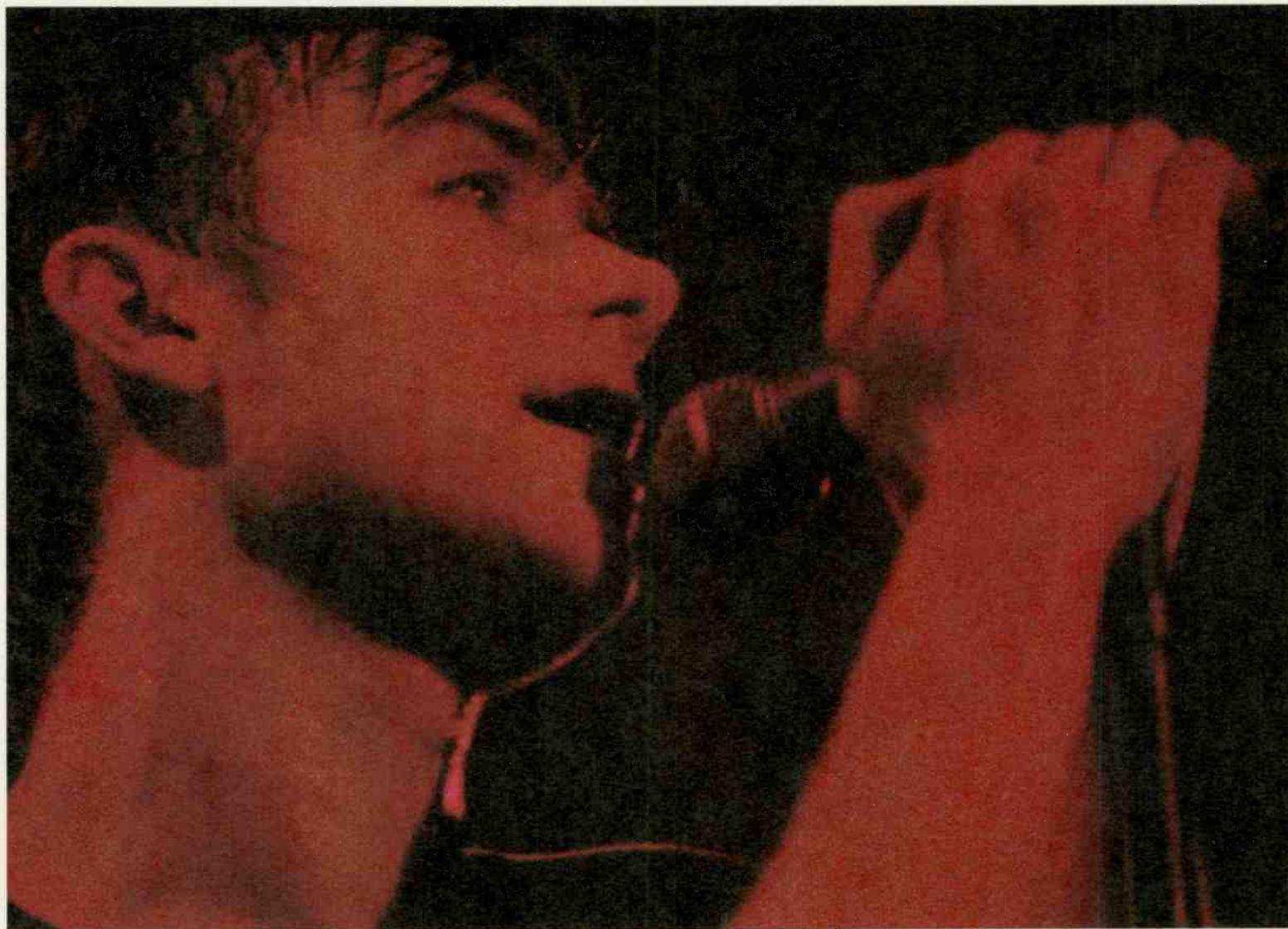
Chris Evans

Radio is now the most competitive area of the broadcasting marketplace. Last year 21 new commercial services opened. Most listeners can choose from among a dozen or more channels, while those in London have 24 options. The process of expansion is set to accelerate, with the number of stations likely to double over the next ten years. Greater competition inevitably affects the BBC's share of listeners.

Despite these trends, the story over the past year has been one of achievement. BBC Radio has halted the gradual decline in audiences which has been a phenomenon of recent years. Radio 1 and Radio 5 Live actually increased their share of listeners during the year. Furthermore, in the last quarter of 1995/96, the BBC reclaimed the majority share of

listeners for the first time in two years. The target audience – and therefore the distinctive nature – of each of the five networks has been more clearly defined. The first digital audio broadcasting service has been launched, thus mapping out the future of radio over the next decade.

Every week, just over half of the adult population tunes into BBC Radio for music, comedy, drama, news, discussion and documentaries. That proportion has, in fact, risen from 51 per cent to 54 per cent in the past year. Whatever competitive challenges lie ahead, we will continue to reach out to audiences everywhere with a range of quality programmes not provided by other broadcasters.



Blur

Radio 1

This year has seen Radio 1 firmly establishing itself as the country's leading contemporary music station. The policy of realigning the station at the cutting edge of youth culture is now yielding results. Sited in the most competitive part of the marketplace, Radio 1 has gained 800,000 new listeners, achieving a total of over 13 million. It remains the UK's biggest radio station. And there is clear evidence that it is reaching its target audience: nearly half of all 15 to 24 year-olds tune in each week.

Equally, it has won strong critical approval for its innovative approach. Radio 1 does not rely on playing chart hits or recycling golden oldies. By supporting new music *before* it gets into the charts, it has been a major catalyst in the success of Britpop – as represented by bands such as Oasis, Blur and Pulp. It plays new and emerging performers in special session – and is the only station to do so.

This year Radio 1 has increased its commitment to live music. This has included the big festivals, with, for example, 18 hours from Glastonbury; genre events – Sound City from Bristol and the On Campus indie tour; special events such as Blur and Sting at the BBC Radio Theatre; and performances by stars-to-be in small clubs.

It has developed further its remit to play specialist music largely ignored by the other mainstream stations. Tim Westwood defined rap music for the UK, building a following in the young black community, while Apache Indian explored the cross-overs between Reggae, Ragga and Bhangra. Pete Tong and Danny Rampling set the agenda for dance music in clubs. John Peel, Mark Radcliffe, Jo Whiley and Steve Lamacq presented an eclectic range of new music in their shows.

The turning point for Radio 1 coincided with the arrival of Chris Evans. His *Breakfast Show* attracts over seven million listeners every week with its mix of music, spontaneous comedy, audience interaction and high-profile guests. His talents were recognised when he was named UK Broadcaster of the Year in the 1996 Sony Radio Awards. An undoubtedly brilliant entertainer, he has obvious rapport with a young audience. But he has drawn some complaints on grounds of language and decency. We must ensure that all our programmes meet BBC standards.

Radio 1 is not only a music station. It broadcasts twice as much news as comparable stations, and is the only one to offer a range of crafted features and documentaries. One of the most successful this year was *Kershaw in South Africa*, Andy Kershaw's celebration of the South African music scene. The station also presented a number of social action campaigns on subjects such as crime, safe sex and personal finance.

Jo Whiley and Steve Lamacq



Tim Westwood





Debbie Thrower

Radio 2

Although currently not facing market challenges to the same degree as Radio 1, Radio 2 is beginning to attract greater competition, as demographic trends make the older audience more alluring to advertisers. One challenge for us is to draw in new, younger listeners at the lower end of Radio 2's targeted age range.

The past year has been one of reasonable stability for the network. But the gentle winds of change are beginning to be felt. Radio 2's music policy has been sharpened to include more contemporary material. It has assembled a very strong line-up of presenters, with new signings, including Steve Wright, Debbie Thrower and Michael Parkinson, joining the station's established stars, Jimmy Young, Terry Wogan and Sarah Kennedy. During the year, it also experienced sad losses, with the death of Alan Dell and the retirement, through ill-health, of Charlie Chester.

Radio 2's musical tastes have broadened. Apart from mainstream popular music, the range which can now be heard during the daytime and early evening includes folk, country, brass band, rhythm and blues, light classics, gospel – as well as music from different cultures such as Greek, Jewish and Caribbean. Six musicals, including *Carousel* and the 10th anniversary performance of *Les Miserables*, have been broadcast. *Music Live '95* filled Birmingham over a Bank Holiday weekend with music of all kinds, broadcast not only on Radio 2 but on Radios 1 and 3 as well. The Concert Orchestra has remained at the core of Radio 2's live music output.

The network also produced some excellent speech programmes. Especially well-received was the output marking the anniversary of the end of Second World War. *VJ Homage* was a highly acclaimed documentary montage of veterans' experiences. *War and Peace* examined ordinary people's lives in the post-war years.

World of Faith Week again succeeded in assimilating some challenging material into mainstream programming. It included *A Vigil for Peace in Bosnia*, live from Southwark Cathedral. Interestingly, a survey carried out by the Broadcasting Research Department just before *World of Faith Week* revealed that more than half of Radio 2 listeners go to church.

There was some success in light entertainment, with *News Huddlines* continuing to be hugely popular. But this is an area we intend to look at

more fully during the coming year in order to strengthen light entertainment's place in the schedules.

Last autumn Radio 2's Controller, Frances Line, retired after 40 years service to the BBC, many of them spent as a programme maker. Under her leadership, Radio 2 grew steadily in reputation and popularity, winning acclaim for the range of its specialist music and its distinguished programmes.

Radio 3

Radio 3 remains a rich cultural network with serious music as its central responsibility. It offers the widest possible repertoire of classical music and jazz, more than half of it performed live or specially recorded, complemented by drama, documentaries and discussion. This year some outstanding programmes have been heard and Radio 3's contribution has been recognised by a number of major awards. It also became a 24-hour network, broadcasting round the clock for the first time.

It has been an exceptional period for live music. Radio 3's year of British music and culture, *Fairest Isle*, dominated the airwaves throughout 1995. It featured the work of 650 British composers, 300 of them living. The complete works of Henry Purcell were played, marking the tercentenary of the composer's death and culminating in a concert in Westminster Abbey, broadcast on both Radio 3 and BBC2. This included the first performance of Sir Michael Tippett's BBC commission, *Caliban's Song*.

The 1995 season of the BBC Proms marked their centenary. It included 70 concerts, the highest total ever, and 13 specially commissioned new works. All were broadcast live on Radio 3, and a number were shown on BBC Television. Among the BBC commissions was music by Judith Weir, Elliott Carter, John Casken and Harrison Birtwistle. Audience attendance was high, especially so in view of the challenging programmes, and the season was widely praised.

This was the last year in which Sir John Drummond directed the Proms. A former Controller of Radio 3 whose long career at the BBC spanned both radio and television, Sir John was an enormously successful impresario who greatly contributed to the BBC's role as a cultural patron.

The BBC orchestras provided key contributions throughout the year. The BBC Symphony Orchestra, a flagship for Radio 3's commitment to

Steve Wright



rarely performed and new music, mounted a very successful Charles Ives weekend at the Barbican Centre in London. It bore the main responsibility for playing commissioned works in the Centenary Proms. The BBC Scottish Symphony Orchestra contributed some major successes to *Fairest Isle*.

The orchestras enjoyed a high international profile. The BBC Symphony Orchestra toured the US, playing music by Tippett and Carter in the presence of the composers, and the BBC National Orchestra of Wales visited Japan and was invited to the prestigious Mahler Festival in Amsterdam. The BBC Philharmonic Orchestra served audiences in the north of England and made many successful commercial recordings. All the orchestras increased their outreach and educational activities, with the BBC National Orchestra of Wales performing to 45,000 people in the grounds of Cardiff Castle on VE Day.

Radio 3's speech and drama output included a major series reflecting the themes of *Fairest Isle*, a season of Restoration drama, Howard Barker's *Victory* and a number of new and experimental plays. There was a strong season of documentaries on Sunday evenings, and a landmark series of lectures on British culture, *These Islands Now*.

The network has made moves to broaden its programme base and increase its appeal to a music-loving audience by developing a more approachable and warm manner. Some of the changes have been welcomed as the Sony award to Brian Kay as Music Broadcaster of the Year demonstrated. One new programme, *Morning Collection*, presented the best of 500 years of music: the format proved popular with listeners but its presentation was more controversial. The challenge for the network is to balance the interests of the existing audience with those of potential new listeners, and create a presentation style that combines enthusiasm with knowledge and natural authority.

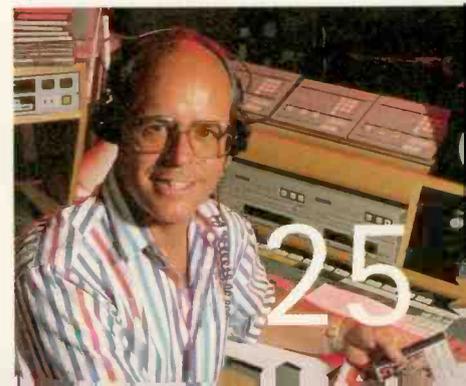


Caribbean Folk

Montserrat Caballe



Brian Kay





The Square on the Pythagoras

Radio 4

Radio 4 is a high-quality speech network which uniquely combines news and current affairs, drama, features and entertainment. During the year, it put before its audience – arguably the most demanding in British broadcasting – a range of programmes second to none: adventurous, exploratory, analytical, moving, funny.

Among the most notable have been a number of dramas and documentaries with an historical emphasis. John Tusa examined the major themes of the 20th century in *20/20: A View of the Century*, the first of Radio 4's millennial programmes and one of the most distinguished series of the year. The *Nuremberg Trial* dramatically reconstructed the 1945 war trial while *Reaping the Whirlwind* was an evening of programmes marking the 50th anniversary of the bombing of Hiroshima.

This Sceptred Isle adopted a simple story-telling format to recount the history of Britain – and was an immediate hit with its audience on longwave. The programmes attracted a record amount of appreciative correspondence and are available on cassette. *The Square on the Pythagoras* was a new series from the Science Unit offering a witty perspective on the history of mathematics. It brought the subject alive on radio just as *Fermat's Last Theorem* did in this year's season of *Horizon* on television.

The range of new drama was impressive. The third BBC Radio Young Playwrights Festival – *First Bite* – attracted 1,200 scripts. Of these 23 plays, ten short stories and one unpublished *Book at Bedtime* were broadcast. *Plays for Today* continued to tackle

contemporary themes contemporaneously. These included *Election Lives Two*, broadcast from Johannesburg on the first anniversary of the South African elections, and *On the Day of the Publication of the Scott Enquiry*, which went out on the very day.

Today continued to be an essential start to the day for many millions of listeners. It achieved Radio 4's highest weekly audience of more than five million. *The Moral Maze* and *Start the Week* continued to provoke. *The Afternoon Shift* grew in confidence under its two new regular presenters, Daire Brehan and Laurie Taylor, while *You and Yours* emerged editorially strengthened.

Meanwhile, a number of Radio 4 stalwarts turned 50 – among them, *From Our Own Correspondent*, *The Natural History Programme*, *Woman's Hour* – and *Letter from America*, presented throughout those 50 years by Alistair Cooke.

Radio 4 has had some success in introducing younger listeners to the network. It has introduced a new late-night schedule, and pioneered new comedy in the form of *Late Night Opening*. Another successful new comedy was *People Like Us* which featured a delightful series of spoof interviews.

The Cricket World Cup – played in three different countries – was broadcast live on longwave. Although this delighted many listeners, it was not to the liking of all. Radio 4's regular programmes continued to be available on FM, and help was offered to listeners who faced difficulty in retuning. Four thousand calls were made to the Retuning Helpline, and BBC engineers also paid home visits on request.

The Moral Maze





First Bite

Digital Audio Broadcasting and on-line technology

Last September the BBC switched on the world's first digital audio service. Making use of five transmitters and covering 20 per cent of the UK population, this pilot service prepares the ground for the commercial launch next year of the first DAB sets when listeners will be able to receive the new services. The new form of transmission offers superior-quality sound and has the potential to offer many more services on the radio spectrum.

At present we are transmitting four services: BBC Parliament, offering extended coverage from the House of Commons; BBC 5 Live Sports Plus, with additional sports commentary; BBC World Service; and BBC Extra, an experimental ten-minute feature which runs as a loop 24-hours a day. In making its advance move, the BBC has given DAB a kick-start, to the benefit of the whole industry, and has confirmed itself as the pioneer in the field. We will use the next year to assess and pilot a range of possible new services.

In addition, BBC Radio has remained alert to the possibilities of other new technological developments. It has taken part, along with News and Current Affairs, and Education, in the Cambridge Audio-on-Demand Trial and is assessing and reviewing other multi-media, on-line activity. In the past year, Radio 3 has made use of

space on the Internet to allow listeners to compose their own music. Radio 1 mounted a special interactive night on which listeners could communicate with the network via dedicated pages on the Internet. It has since opened a permanent site on the Internet.

Radio Helpline

Launched in February 1995, the Radio Helpline provides confidential advice and information to listeners on specific topics covered on BBC Radio. In its first full year, it took over 400,000 calls and supported more than a thousand programmes across the five networks. Among the social action campaigns for which it provided back-up were a BBC-wide project on mental health, *States of Mind*, and one on disability, *A World of Difference*. The list of other subjects covered ranged from ageism to astronomy, from drug abuse to poetry on the Internet. Audience research suggests the service is highly valued, especially by younger listeners.

Liz Forgan

Liz Forgan left the BBC in April 1996, after just over three years as Managing Director of Network Radio. An inspiring and energetic leader, she took BBC Radio through a period of unprecedented change. She encouraged innovation and bold thinking, overseeing radical changes at Radio 1 and the successful launch of Radio 5 Live. She also took a leading role in the BBC-wide review of programme strategy. Under her leadership, BBC Radio introduced Digital Audio Broadcasting and thus secured its position in the digital future.

Michael Green

Michael Green, Controller of Radio 4 for ten years and acting Managing Director of Network Radio since Liz Forgan's departure, has announced his retirement from the BBC after a career spanning nearly 30 years. His outstanding contributions as a programme maker included the creation of the documentary series, *File on Four*. As Radio 4's longest-serving Controller, he skilfully balanced tradition with innovation, allowing the network to evolve over time while still maintaining its distinguished standards, extraordinary range and its fiercely loyal audience.



Liz Forgan



Radio 5 Live

Radio 5 Live

In April, the BBC's news and sports network was named Sony Station of the Year – a crowning achievement after only two years on air. In that time, it has gained growing public recognition and critical esteem, and has established itself as a confident and cohesive network. Its audience has continued to grow: it now reaches over five million people every week.

Radio 5 Live is acknowledged as *the* national radio station for sport. Among the international highlights of the year were the award-winning coverage of the dramatic match play between the golfers of Europe and the US in the Ryder Cup, and the Rugby World Cup from South Africa. The commentary on the Bruno/Tyson contest in Las Vegas was listened to by over three million fans at four o'clock in the morning – a bigger audience than the one which paid to watch the match on satellite television.

The network covers all the major sporting events in the UK. It has also extended its range: basketball and ice hockey were covered live for the first time during the year. Most importantly, 1995/96 saw a number of critical sporting rights secured, among them the rights to the Premier League, the FA Cup and Wimbledon. But we acknowledge the tough

challenges we shall face in securing affordable rights contracts in the future as commercial competition intensifies.

Radio 5 Live continues to show great flexibility in responding to live news events, as they break. Planned programming was dropped to make way for extended coverage of the aftermath of both the Docklands bombing and the assassination of Yitzhak Rabin. When news came through of the bomb in Oklahoma, 5 Live linked up with an Oklahoma local radio station and reports were broadcast simultaneously in the UK and the US. Several of the network's sequences won Sony awards for their news and current affairs coverage, among them *Inverdale Nationwide* for its live reporting of the Conservative leadership contest in 1995.

Laying Down the Law was a month-long season which sought to put crime into context. It was the network's first attempt to focus on a single subject in this way and spread a broad range of material across the 24-hour output. This ranged from 90-second snapshots of victims' experiences to a day-long outside broadcast from a prison.

Radio 5 Live has managed to balance live sport and live news with a considerable degree of success, but, in the coming year, we shall continue to review our experience in both areas to see how sometimes competing demands in the schedule can best be reconciled.

Rugby World Cup



John Inverdale



The Queen and the Princess Royal visit Dunblane



News and Current Affairs

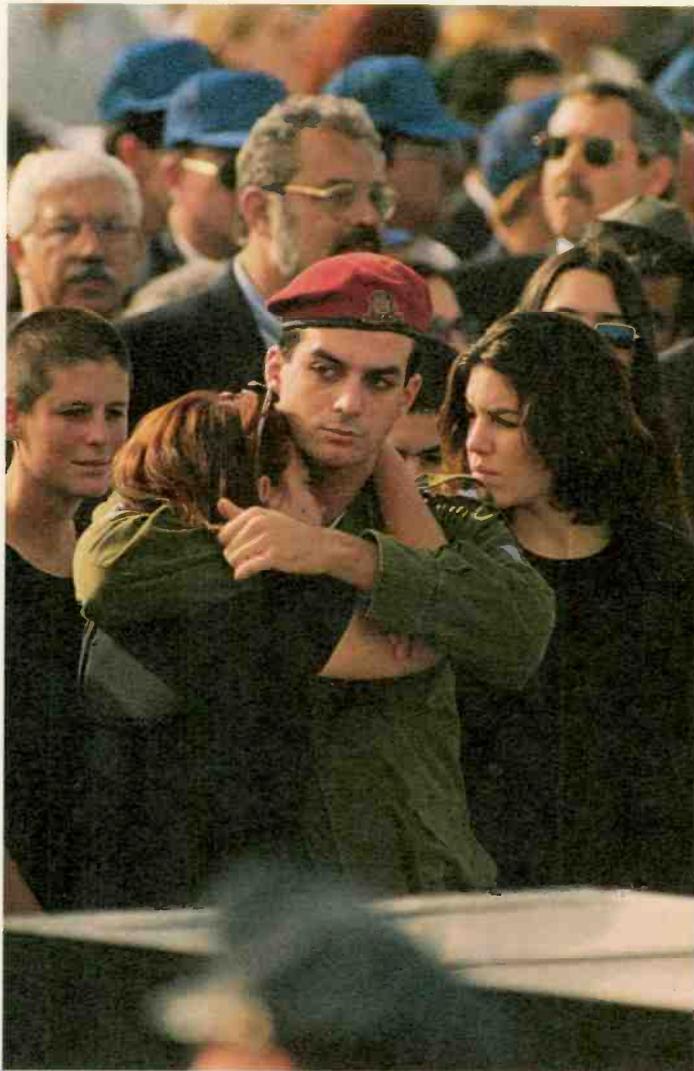
The BBC has continued its comprehensive and authoritative reporting of news at home and overseas. More major events than ever before have been covered live but our programmes have also offered context, analysis and interpretation. The substance and range of our political journalism and of our reporting of European issues have been strengthened. We must now ensure that our presenters and reporters are fully prepared for questioning all interviewees with rigour. We are also seeking new ways of reaching the younger audience.

Today



The Gulf War

The funeral of Yitzhak Rabin



1995/96 was a year that fully tested the capabilities of BBC News and Current Affairs. During the year there was unprecedented live coverage of major events at home and overseas, supported by context and analysis illuminating both breaking news and continuing debates. The substance and range of our political and European coverage were strengthened. We continued to report important, long-running issues even when they temporarily disappeared from headlines elsewhere. And we approached the most distressing and shocking events with sensitivity and restraint.

Fast, accurate and authoritative reporting of the big stories remains at the core of the BBC's news service. Our live coverage included the key stages of the Conservative leadership contest, President Clinton's visit to the UK, the verdict in the OJ Simpson trial, the immediate aftermath of the bombings in Oklahoma and Docklands and of the assassination of Yitzhak Rabin.

Wherever possible, we sought to put events into context, to interpret the significance of extraordinary developments and to expose complex underlying issues. Even as news of the Docklands bombing was filtering through, BBC correspondents were beginning to assess on-air the implications of the ending of the IRA ceasefire: Dennis Murray's sure-footed and incisive reporting of developments was one of the year's journalistic tours-de-force.

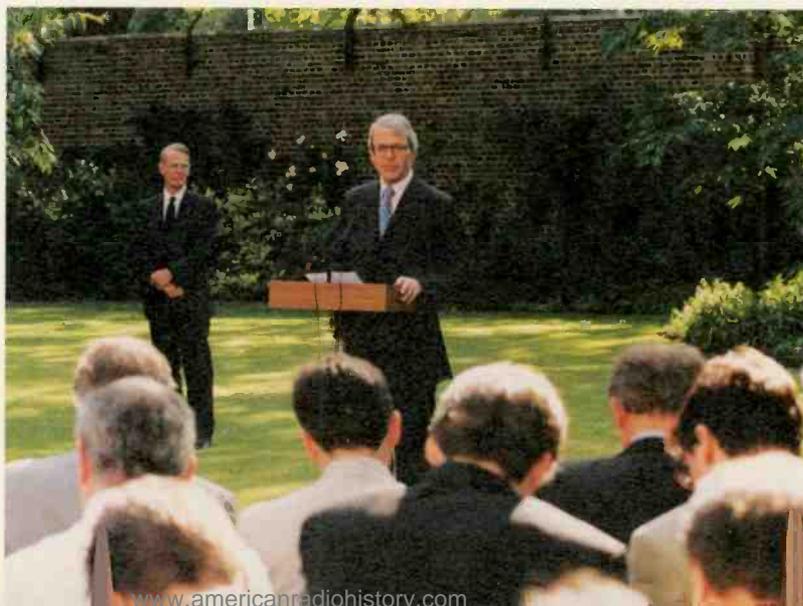
Similarly, the coverage of the death of Rabin dealt with its impact on domestic Israeli politics and on the wider Middle East peace process. In a special bulletin only hours after the killing, the *Nine O'Clock News* provided substantial analysis alongside the reaction; the following morning *Today* fully exploited the background knowledge of the BBC's Middle East correspondent Stephen Sackur, by deploying him as both presenter and reporter.



Anna Ford

John Major

22 June 1995

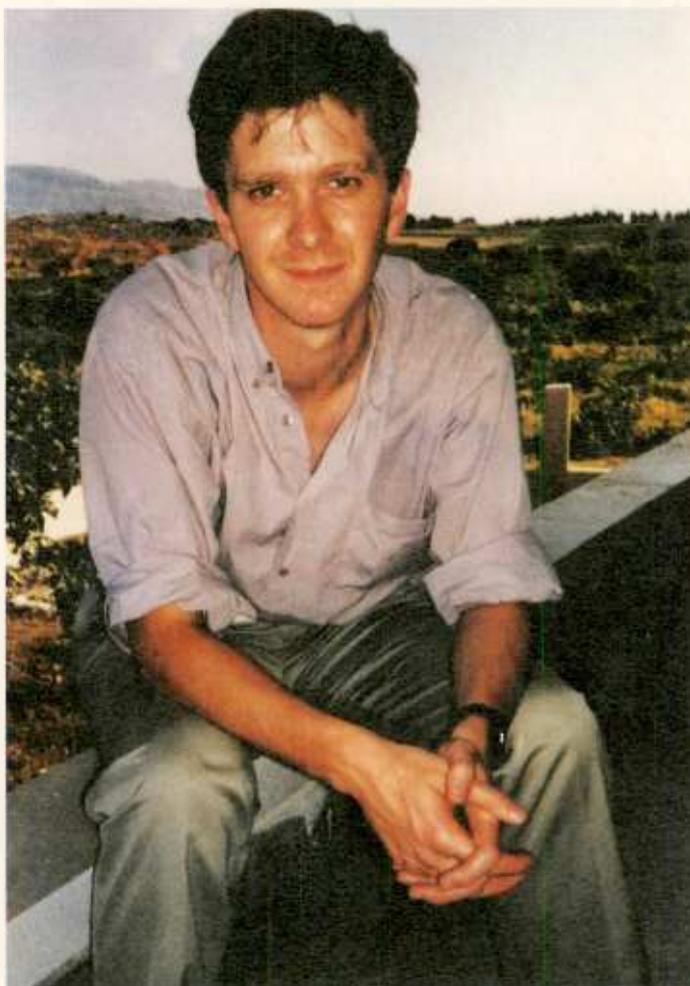


On the morning of 13 March, the first news came through of the terrible events at Dunblane Primary School. Reporting the killing of 16 children and their teacher clearly demanded great sensitivity. With the world's media present in force, it was essential to respect the privacy and grief of the local community. In very difficult circumstances, News and Current Affairs staff were given invaluable help, guidance and the benefit of local knowledge by their colleagues from BBC Scotland. After five days, the BBC led other news organisations in scaling down operations.

During the year, the BBC's correspondents at home and abroad submitted 40,000 separate reports for programmes on radio and television. We maintained coverage of the most significant long-running issues. We continued to report from Bosnia, Chechnya and Rwanda. At home, Jon Silverman was named Sony Radio Reporter of the Year for his investigations of Nazi war crimes. Graeme McLagan won a Royal Television Society award for producing the first substantive account of the Scott Report, based on a leaked draft.

But 1995/96 was also a year of personal tragedy and one which brought home to us most acutely the dangers that our journalists face in some parts of the world. John Schofield, a reporter with *The World Tonight*, was killed on duty in Croatia. His loss was felt keenly by his colleagues who all recognised, beneath his unassuming manner, a sharp professionalism and a strong determination to get at the truth.

We are determined that those working on dangerous assignments should have the highest level of support. During the year we looked again at our safety procedures and policies. It is mandatory throughout the BBC for all staff travelling to war zones or other hazardous regions to undergo specialist training in safety and battlefield first aid. We also ensure that they are provided with the most up-to-date safety equipment including protective clothing and, where appropriate, that they have use of armoured vehicles.



John Schofield (11 September 1965 – 9 August 1995)



Bill Clinton in Northern Ireland

Determined efforts have been made to increase the value of our political reporting by concentrating more on matters of policy and substance and less on disputes and personalities. This is an area to which we shall continue to pay attention during the coming year. We also plan to improve our research and information facilities so that our presenters and reporters can be fully prepared for interviews and all groups – campaigners as well as the main political parties – are questioned with equal rigour.

The subject of Europe was given greater prominence across all daily and weekly programmes and efforts were made to increase the weight of our reporting. There was analysis of the central themes, coverage of the key meetings and the opportunity for audiences to put their own questions to European commissioners. In the coming year we will strive to reflect the perspectives of other European countries as well as opinion at Westminster and elsewhere within the UK.

1995/96 was marked by a number of major series charting recent political history. *The Gulf War* recounted the dramatic events of the 1990/91 conflict. The programme interviewed civilians, soldiers, generals and world leaders – and included previously untransmitted footage. *The Wilderness Years* tracked the evolution of the Labour Party during a decade and a half in opposition. David

Dimbleby examined attitudes to devolution in *The Disunited Kingdom*.

It was a particularly strong season for *Panorama*. Martin Bashir's interview with the Princess of Wales attracted nearly 23 million viewers – the highest audience for any non-sports programme on British television since 1982. It was highly appreciated by viewers, generated more public comment than any other single television programme and won numerous awards including RTS Journalist of the Year for Martin Bashir. Other powerful programmes in the series included *The Story of Child B*, and a special report examining the political and scientific arguments on BSE.

During the year, attempts were made to broaden the news and current affairs agenda by identifying significant topics and emerging themes, and ensuring that they were covered from a variety of perspectives. There was examination of underlying issues in the economy and the welfare state. Business was reported and analysed in a range of programmes including *The Money Programme* and *Working Lunch* on television and *In Business* on radio. Coverage of countries of the Pacific Rim was extended with programmes such as *Asia Gold*. We are developing new programmes relevant to Britain's ethnic minority communities – *Asia File* on Radio Four and, for the coming year, *Black Britain* on BBC2. *Pound for Pound* looked at



personal finance and *Breakfast News Extra* provided a stronger focus for leisure and consumer issues.

During the year BBC news programmes extended their reach to viewers and listeners. Although our news service on Radio 1 is appreciated by younger audiences, our news and current affairs programmes in general remain less successful with this age group and among households who use cable and satellite services. We will look for new ways of making our programmes more accessible to everyone without diminishing their authority and quality. The plans for a 24-hour television news channel available to all licence payers are especially relevant in this respect.

Improvements to our bi-media working have continued. All BBC Newsgathering correspondents have been trained to work in both radio and television and many now report for both media on a regular basis. During the year, the Governors approved plans to bring together the network radio and television news and current affairs operation on one site from the end of 1997. We are also preparing for the introduction of a new desktop electronic news production system. One of our principal ambitions is to extend our news coverage by deploying a higher proportion of our journalists in the field. Together, these changes should enable us to deliver an even more effective service.

Ceefax and on-line services

Ceefax offers over 1,300 pages of information, regularly updated. Weather, television listings, sport and news headlines are the most popular services with users. Special coverage during the year included full details of the Chancellor's Budget, accompanied by a comprehensive set of tax tables. A Budget service was also available through a site on the Internet: this proved highly popular, receiving 250,000 enquiries in all. In sport, Ceefax fully covered the Ryder Cup, complementing the commentary on Radio 5 Live. The finance pages were also improved to include guidance on mortgages and tax.

We are now planning to relaunch Ceefax in the autumn to incorporate regional news, weather, sport and travel, and pages catering for particular groups such as children. We aim also to improve the design and the writing style of the service.

Once relaunched, Ceefax will be the basis for the development of a continuous on-line news service which will support Radio 5 Live and the new 24-hour television news service in providing continuous BBC news across different media.

Subtitling

During the year we have continued to expand the subtitling service available to viewers through Ceefax. Subtitles are now offered on more than 6,000 hours of BBC television programmes a year, and cover drama, comedy, news, current affairs and documentaries.

Among the programmes newly included are *Here and Now* and *Newsround*: subtitling of the latter was introduced in May 1995 to coincide with National Deaf Children's Week. We have also begun to introduce regional news subtitling.

In September the BBC launched its new Live Subtitling Centre which has increased the efficiency of the operation and allowed a broader range of live news events to be covered. These have included the FA Cup Final and the VE and VJ Day commemorations, as well as breaking news such as the Docklands bombing.

We are now making efforts to widen awareness of the service among the estimated five million people who have difficulty hearing television programmes.



Ceefax



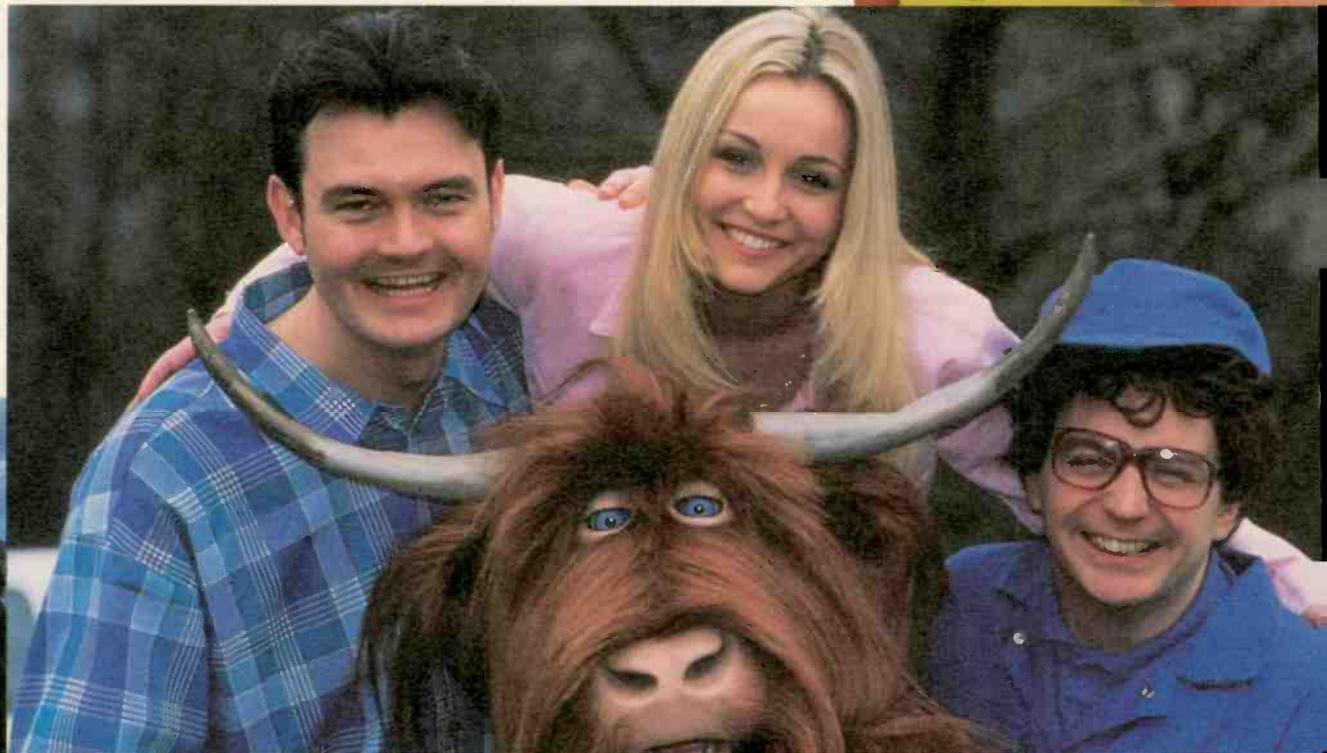
Panorama

Regional Broadcasting

The BBC's regional and local programmes have seen significant improvements across the board. Journalistic standards have been raised, extended news output has brought in new viewers, and schedules on both radio and television have been refreshed. BBC Local Radio, with its policy of speech rather than music, has been successful in retaining audiences in the face of intensive competition. The volume of network programmes produced outside London has increased and there have been many fine contributions from regional centres of excellence.



Fully Booked



The Hanging Gale

Albion Tower Nightmares of Nature



Progress has been made over the past year in almost every area of regional broadcasting. There have been marked improvements in the quality and range of our journalism around the UK, bold attempts to introduce new programmes and redesign existing ones, a sustained (and, in some cases, improved) performance by local radio in the face of growing competition from commercial stations, and some outstanding contributions from the regions to network television and radio.

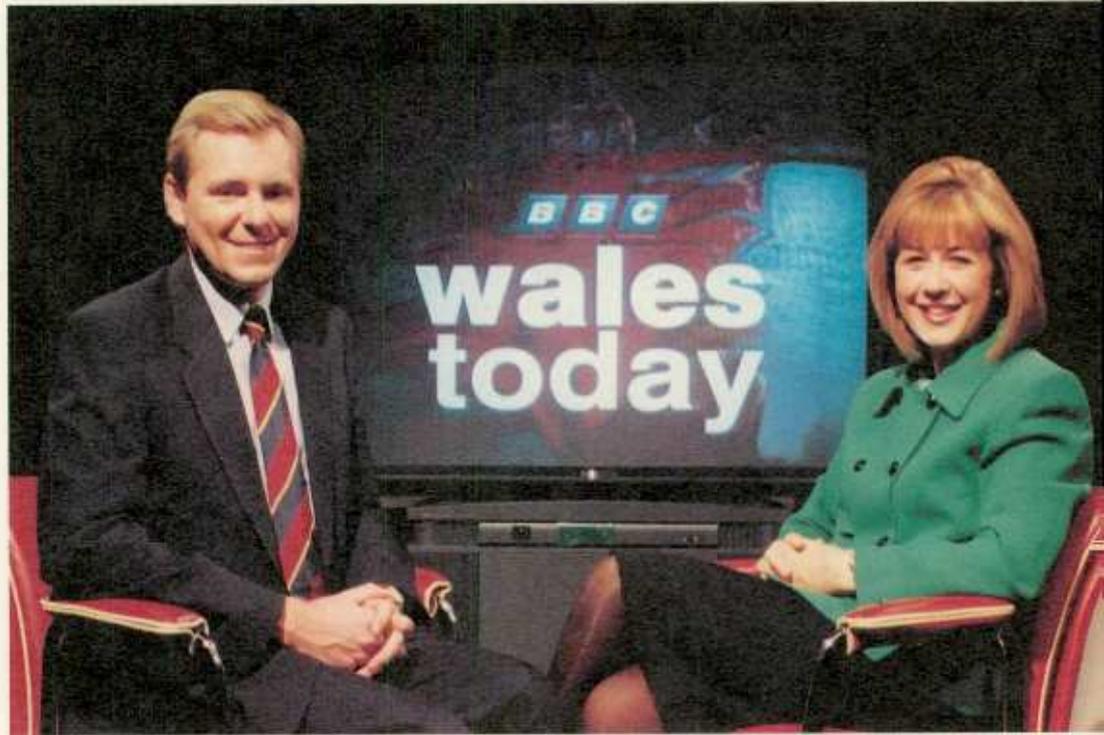
During 1995/96 we have worked hard at meeting audience expectations identified by the extensive research carried out during the previous year. Our schedules are being reviewed and our programmes more finely tuned to the needs and interests of viewers and listeners. There is much more to be done. But already the strategy is paying off with some notable successes.

Journalism

At the start of the year we decided to increase our regional news output. The result has been a significant increase in audiences. The BBC's regional television news programmes are now watched by 31 million people each week. The extended lunchtime news has doubled its audience while the introduction of Sunday evening bulletins has brought in viewers who do not watch at other times.

There have been successful moves, too, to broaden the range of journalistic enquiry. Each year we draw up a 'state of the nation or region' report which identifies the important issues affecting each of the national and English regions. The challenge then is to set an ambitious agenda to ensure that these underlying issues are reflected and examined. This has led to a move away from news which is merely event-driven and reactive. There has, for example, been a reduction in the amount of crime reporting.

A number of programmes have been particularly successful. *Wales Today* has been relaunched with sharper editorial standards, while *Ffeil* became the first Welsh-language news programme for children. *East Midlands Today* and *News West* have both performed particularly well. *Frontline Scotland* has had an outstanding run: one programme – *Beating the System* – revealed allegations of brutality at Barlinnie Prison and led to the departure of the prison doctor. However, *Newsline 6.30*, launched in Northern Ireland at the start of 1996, has had a



Wales Today

hesitant beginning. More must be done to improve its presentation and production values.

Our programmes have also paid more attention to the impact of the European Commission and Parliament on the regions of the UK. The appointments of a regional correspondent and producer to the BBC's Brussels bureau have increased the volume and standard of reporting. In addition, BBC Wales has its own specialist bilingual Europe correspondent, Bethan Kilfoyle, whose output – in both Welsh and English – has been prolific. In an average week, she has broadcast 25 reports for radio or television, covering subjects such as devolution, fishing and European elections.

The quality and professionalism of the BBC's regional journalism were tested by a number of major news stories throughout the year. Chief among these was the tragedy at Dunblane in March. BBC Scotland – some of whose reporters live in Dunblane – set an example to broadcasters from around the world by its sensitive, sober handling of events. The first half of that evening's edition of *Reporting Scotland* was carried

throughout the United Kingdom – and transmitted live on NBC in the United States. BBC Scotland was at the forefront of the decision to withdraw the cameras and microphones from the city after the visit of the Queen.

BBC Northern Ireland brought its very considerable experience to bear on reporting the breakdown of the ceasefire. It provided live coverage, too, of the visit of President Clinton and of the Orange Day parades.

BBC Wales' investigation in *Week In Week Out* of the Sea Empress oil disaster – which was watched by nearly half of the television audience – and its contribution to a *Panorama* special on the same subject were a tribute to journalistic standards in Wales.

Research shows that viewers and listeners regard BBC regional news as highly trustworthy. However, the presentational style of some of our programmes is still seen as too formal and unfriendly. We will continue to make efforts in the coming year to increase accessibility – and further improve the interviewing skills of our presenters and reporters on television and radio.

We are also aware of the need to give a more local identity to our coverage. The BBC's plans for the digital age will help to achieve this by enabling more of our regional journalists to work in the field. The development of a network of multi-media bureaux with improved communications and streamlined processes will free BBC journalists to spend more of their time gathering news in the communities where people live and work.

Programming in the National Regions

Apart from their news and current affairs output, the national regions have sought to revitalise their schedules – with some marked successes. BBC Radio Scotland has been radically transformed, with its morning show now presented from Inverness by Tom Morton, and the introduction of new programmes including a farming magazine and a Saturday show for football fans. Radio nan Gaidheal's schedule has been fully revised and its transmission extended to the Central Belt. It is regarded as a national service for Gaelic speakers reaching two-thirds of its target audience of 80,000.

BBC Northern Ireland has introduced a new comedy star, Patrick Kielty: his Friday night television show, *PK Tonight*, regularly gains over half of the television audience. But the performance of Radio Ulster has given some cause for concern and its output will be reviewed in the coming year with the aim of improving the quality and sharpness of its programming.

The Welsh-language station, Radio Cymru, has been relaunched, with changes in schedule, including the introduction of a daily popular drama serial. In particular, it has concentrated on making its language more contemporary. This has helped to address concerns that – in spite of the expansion of Welsh language teaching in schools – younger listeners were not tuning into Radio Cymru, and the age profile of its audience was not representative of Welsh speakers across the nation. There are signs that, since the changes, it is

Sea Empress oil disaster



Reporting Scotland



attracting a younger audience. Similarly, Radio Wales has undergone changes aimed at refreshing and updating its output, and bringing in younger listeners, although further work is required on the breakfast show, *Good Morning Wales*.

The BBC produces a third of the output for the Welsh-language television service, S4C – and half of its top ten programmes. Among the artistic highlights this year was *Y Mapiwr*, the story of a Welsh teenager growing up during the period of the Cuban missile crisis. It was filmed in both Welsh and English, and won the Spirit of the Festival award at the Celtic Film Festival.

A continuing concern in Wales – and, to a lesser extent, in the other national regions – has been the scheduling of television programmes. In some cases, regional opt-outs were inappropriately placed, reducing BBC1's audience and diminishing choice for many viewers. Agreement has now been reached on a new scheduling policy which reconciles the interests of both Network Television and the national regions – to the advantage of viewers.

English Local Radio

Local radio has remained the most acutely competitive area of the broadcasting market, with an additional 12 new commercial local stations having opened up in the past year. Our response to the burgeoning competition has been to make BBC Local Radio more distinctive by concentrating on its speech content. Eighty per cent of Local Radio's output is speech-led and during the past year, we have continued to build on the quality of that speech content.

There are signs that audiences have an appetite

for this type of programming for throughout the year BBC Local Radio has largely maintained its listening figures, in spite of the increased competition. One of the most successful stations in this respect has been Southern Counties which now broadcasts all-speech programmes 20 hours a day and has gained new listeners.

At BBC GLR in London, a new community affairs unit has been formed to improve and expand the range of programmes specifically relevant to Afro-Caribbean listeners. This will eventually serve the whole of local radio. In the Midlands, Radio WM and Radio Leicester have drawn up plans for a combined 18-hour a day Asian network to be launched in the autumn.

The local radio network has undergone some restructuring since last year. Dorset FM has been brought under the wing of Radio Solent. Radios Oxford and Berkshire merged smoothly at the beginning of April 1996 to form Thames Valley FM. Despite considerable controversy last year over the changes to BBC Coventry and Warwickshire (formerly BBC CWR), the station has now settled down – and increased its audience.

One innovation during the year has been the commissioning of the first independent production for BBC Local Radio. This is a late night programme to be broadcast on stations across the West Midlands.

There have been many new voices on BBC Local Radio this year, but one sad loss stands out. Dennis McCarthy, who had presented *Afternoon Special* on Radio Nottingham for 21 years, died suddenly in January. Thousands of local people lined the streets for his funeral.

Local radio has been at the forefront of initiatives in Regional Broadcasting to reach out – and listen – to the audience. Over the past year, there have been numerous instances of the BBC involving the community at local level in projects both on- and off-air. BBC stations and regional centres have opened their doors to licence payers, and organised events aimed at particular audience groups.

One of the most energetic was BBC Hereford and Worcester which attended 35 fetes, organised 11 roadshows, gave 40 talks and organised a project to give young people a chance to express their views on BBC programmes.

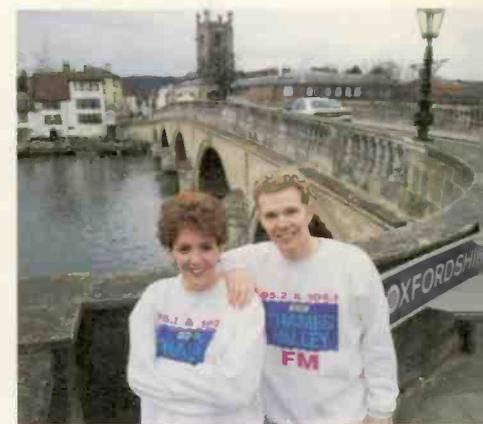


The funeral of Dennis McCarthy

Y Mapiwr (The Making of Maps)



Thames Valley FM



Proportion of network programmes (by value) commissioned from outside London and the South-East*

%

Target in 1997/98

'Broadly a third'

Network Television

95/96 29.5

94/95 28.3

Network Radio

95/96 30.9

94/95 25.2

*The figures reflect where commissions have been placed and do not necessarily indicate the locality in which programmes were made.

Network programmes

The BBC is committed – under a policy announced two years ago – to increasing the number of network programmes made in the regions. The target is to have broadly a third produced outside London by 1997/98. This year has seen a significant move in that direction. Production in the regions is flourishing. We are well on course to meeting next year's target and, in programming for Network Radio, we have already achieved it.

It has also been a year of programme triumphs, especially in television production. Northern Ireland, which almost doubled its new output for the networks, produced television's most successful new drama series in ten years, *Ballykissangel*, as well as the striking period drama, *The Hanging Gale*.

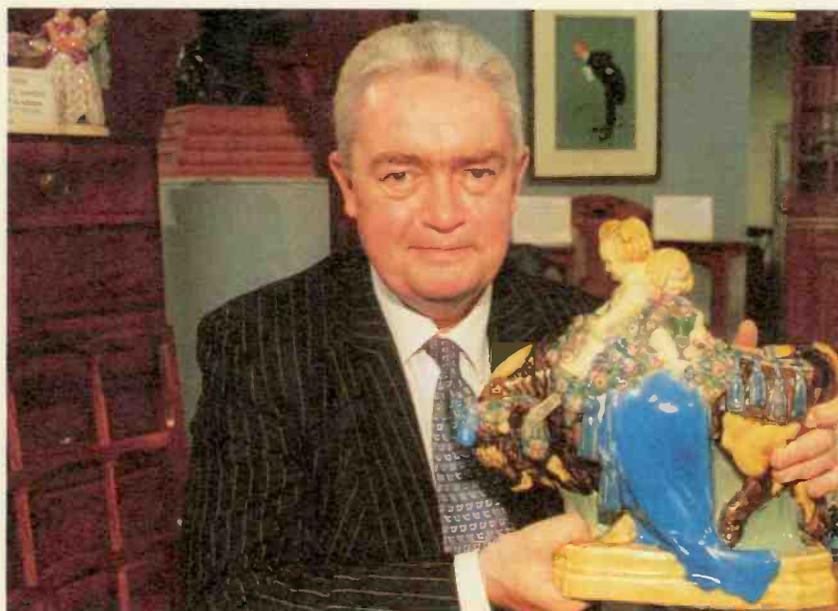
BBC Scotland has continued to develop as a centre of real creative excellence. Among its best productions have been the drama series, *Hamish Macbeth* and *Cardiac Arrest*, the award-winning *Small Faces* which was BBC Scotland's first film for theatric release, and the new children's programme, *Fully Booked*.

BBC Wales increased the number of television commissions during the year although there is still more progress to be made. A particular highlight was *Streetlife*, written and directed by its new Head of Drama, Karl Francis, and one of the most compelling single dramas of the year. BBC Wales also launched the new bimedral Welsh Theatre of the Air which should yield creative new ideas for the future. It also markedly increased its commissions for Network Radio.

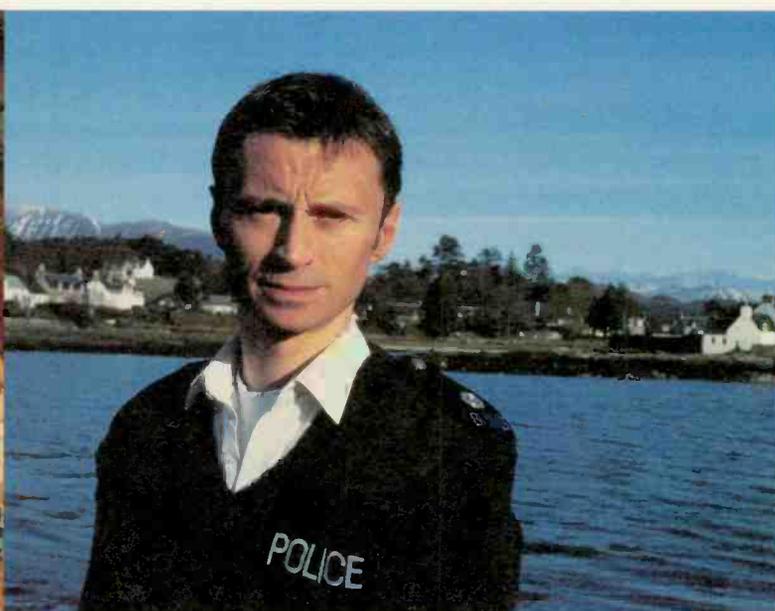
The new Wallace and Gromit Oscar-winner, *A Close Shave*, was an independent production through BBC South. 999 and *Antiques Roadshow* were produced at Bristol. BBC Midlands and East produced a number of successful leisure shows while BBC North was responsible for the comedy hit, *The Mrs Merton Show*. It is also home to Religious Broadcasting, to a new Afro-Caribbean programme unit and to News and Current Affairs' northern unit: the first edition of *Panorama* to be made outside London was produced in Manchester this year. The Natural History Unit in Bristol enjoyed another outstanding year.

BBC Midlands and East delivered some excellent commissions for Network Radio, including 32 plays by local writers. One of its programmes for Radio 3, *Albion Tower*, a portrait of clashing cultures in a highrise tower block, received the Sony award for best drama of the year.

But there are still gaps to be plugged. BBC Midlands and East needs to play its part with Network Television in delivering more distinctive daytime schedules. The quality of radio commissions needs to be lifted in a number of other centres. These are priorities for the coming year.



Antiques Roadshow



Hamish Macbeth

Education

The new Charter and Agreement re-affirmed education as a central component of the BBC's public service commitment. This coincided with the first year of a new education strategy designed to improve and develop the BBC's educational services and target them more clearly. This strategy involves identifying the needs of broad interest groups – adults at home, in formal education or at work, children and teachers at school, and pre-school children – and it sets out the most effective ways of serving those needs. Our aim is to generate enthusiasm for learning in the fullest sense and to motivate people to exploit the opportunities for education and self-improvement at each phase of their lives. It is important that we track whether our programmes are reaching the target audiences and whether they are delivering results.

The strategy we have embarked upon is long-term and it actively looks forward to the opportunities of the digital age. Our plans for digital technology over the next decade will allow us to extend our educational provision with new programmes and new types of service. Interactive, multi-media technology is already becoming an integral part of much of the BBC's educational output, as we seek the most appropriate way of reaching audiences, whether through broadcast and print, CD-ROM or the Internet. We have taken part in a number of on-line trials this year, including video-on-demand with BT and schools on-line projects sponsored by the Department for Education and Employment.

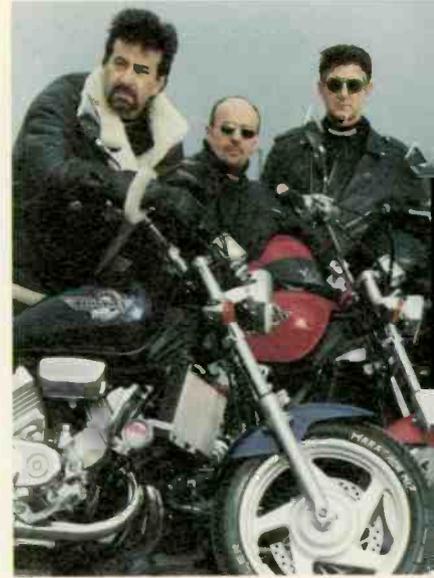
Adults at home

One of the biggest challenges for BBC Education in recent years has been to bring its programmes to as broad an adult audience as possible. This year 43 per cent of adult education programmes on BBC1 and BBC2 have been shown in peak time.

Many programmes have succeeded in both absorbing and educating audiences. *The Grand Designs* season set out to celebrate – and change perceptions of – engineering. *Metropolis* looked at the infrastructure of cities, with one episode – *La Tour Sans Fin* – providing an unusual insight into the technology of tall buildings. The radio and television language series, *Sueños*, aimed to increase appreciation of Spanish culture around the world. *Watch Out* encouraged viewers to take a closer look at the wildlife around them. In *Hidden Empire* there was a view of British history through the experiences of black and Asian Britons. On radio, *20/20: A View of the Century* proved to be one of the broadcasting landmarks of the year.

Campaigns on both media, radio and television, remain an important feature of educational broadcasting. *The Trouble with Men* attempted to overcome men's reluctance to discuss their own health. It achieved considerable success, generating over 5,000 calls to the helpline, 80 per cent of them from men. It also offered, for the first time, confidential counselling by e-mail.

We have sought to complement a range of BBC programmes with educational support services. A video-pack produced to tell the story of the making of *Pride and Prejudice* proved so successful that it evolved into a BBC2 programme in its own right – *Pride and Prejudice – From Page to Screen*. The 999 *Lifesaver Video* has so far sold over 30,000 copies.



The Trouble with Men



This Multimedia Business



Romeo and Juliet CD-ROM

We need to ensure that, in bringing education broadcasting to as wide an audience as possible, its educational purpose and merit is substantial. Not all of this year's output has displayed a clear enough educational purpose. Our task in the coming year is to offer high-quality education programmes which both engage audiences and are distinctively educational, providing real opportunities for learning.

Adults in formal education

One of BBC Education's major achievements this year was the introduction of *The Learning Zone* on BBC2. This transmits education programmes, including language and Open University programmes during the night hours for video cassette recording. It also features *Short Cuts*, an innovative idea for further education colleges, presenting extracts from the BBC's huge archive, arranged in thematic collections. This proved successful almost instantly, with two-thirds of colleges recording material within six weeks of its start. We plan to increase the number of hours transmitted in *The Learning Zone* during 1996/97.

In order to spread knowledge of the BBC's educational broadcasting as widely as possible, we

are experimenting with a 'Learning Link' project which allows for two-way communication. Twelve Learning Link advisers are based in libraries, colleges and other sites throughout the UK where they are able to offer guidance on BBC programmes – and feed back information to the programme makers about audience interests.

The Open University Production Centre produced a number of successful new programmes including for example, *Child Development* and *The Chemistry of Almost Everything*. One outstanding offering was *More Than Meets the Eye*, a thought-provoking exploration of attitudes to facial disfigurement. The Centre is also experimenting with alternative means of delivery, including the Internet and CD-ROMs. But it remains a priority to ensure that the production and presentation styles of all Open University programmes are as up-to-date and accessible as possible.

Adults at work

This year we have redesigned our approach to work-related educational programming. A new Learning for Work strategy targets a number of key audiences, including people who run small businesses, women returning to work and the unemployed. We are making use of peak hours to raise awareness among a wide audience, while the night-time schedule, particularly the new business and work strand in *The Learning Zone*, will be used to deliver more targeted services. Eventually, multi-media technology will be used to provide interactive training materials. The BBC is a leading participant in the EU-funded Project Agora, which brings on-line training resources and advice to small businesses.

One of the most innovative programmes was *This Multimedia Business*, a series on small businesses and IT, which was the BBC's first production in a virtual reality studio. Another success was *Sid's Heroes*, an award-winning six-part series shown on BBC1. It visited companies around Britain to tap shop-floor talent and present a new perspective on management techniques.

The History File: Medieval Realms





Children and teachers at school

Throughout the year we have continued to respond to the demands of the school curriculum. One major initiative has been on religious education, an area in which it is clear that many teachers would appreciate more support. *Pathways of Belief* is a five-year project which will examine each of the major world faiths. Based on extensive research and consultation, it aims to give children and teenagers across the 5-16 age range a better understanding and knowledge of the religions represented in contemporary Britain.

Our most successful series for schools, *The History File*, has followed key areas of the curriculum, from the Romans through to issues of the twentieth century. This year it reached new heights: it was watched by pupils in three-quarters of secondary schools. The long-running literacy series, *Look and Read*, used drama and suspense to stimulate interest in reading among primary schoolchildren. In the *Scene* series for secondary schools, *Loved Up* was a hard-hitting drama aimed at encouraging teenagers to confront and discuss the drug culture and its impact upon personal relationships. We are working with Channel 4 to ensure that, as public service broadcasters, we collaborate to cover the school curriculum as fully as possible.

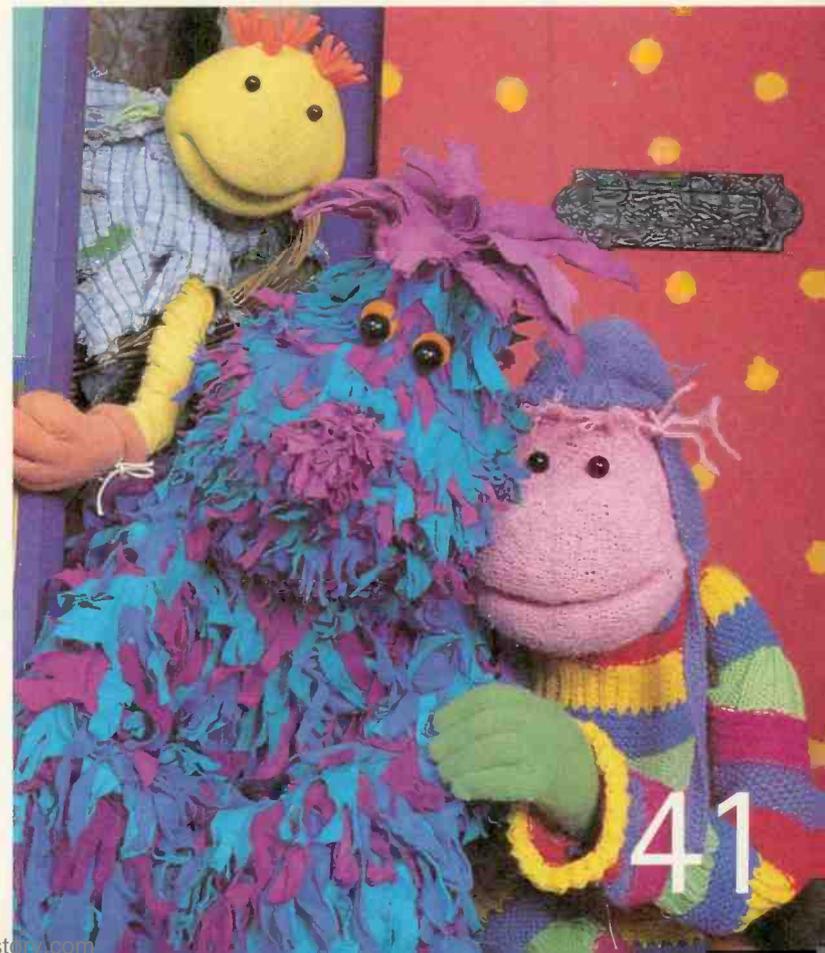
BBC Radio programmes are used by eight out of ten primary schools. At present, schools programmes are transmitted on Radio 3, and they are usually recorded by teachers rather than used live. But our research showed that many schools were experiencing difficulties in recording the programmes. We have therefore decided to switch to audio cassette. The idea has been well received and the new service will start in September with cassettes being sent direct to schools.

Interactive technology has increased its impact on the BBC's output for schools. Our first curriculum-based CD-ROMs – *Romeo and Juliet* and the award-winning *Macbeth* – have sold 3,600 copies. Their success lies in the way they bring the text to life by combining it with the BBC screen production. A geography CD-ROM, *Geodome: Landforms*, is now available. Further Shakespeare, geography and French language CD-ROMs will be published in the coming year.

Pre-school children

We are restructuring our approach to early learning. Programmes such as *Hotch Potch House* and *Numbertime* have proved popular with four- to five-year-olds in nurseries and reception classes and, from next spring, we shall be reaching out to even younger children with *Teletubbies*, a joint venture with Children's Television and Worldwide Publishing. We are also planning programmes for parents of young children, to be transmitted in the daytime alongside our pre-school output.

Hotch Potch House



The BBC's Editorial Policy

The BBC makes every effort to ensure that all its programmes are fair and impartial, and meet standards of good taste and decency. These obligations are restated in the new Agreement accompanying the Royal Charter. In the BBC's own guidelines for programme producers, we offer specific and practical guidance on applying these principles. We must be sensitive to our audiences and alert to issues of difficulty in our programmes. A major revision and updating of the guidelines is almost complete and they will be re-issued later this year.

Questions of taste and decency in broadcasting were explored at the second Governors' Seminar in November. Research conducted for the Seminar suggested that some of the audience believed strongly in the need to maintain traditional standards, whilst others – especially in the younger age groups – were not offended by challenging, and sometimes very difficult, material. Audience expectations are no longer uniform – if indeed they ever were. But this fragmentation does not provide broadcasters with an excuse for laxity or neglect. We must continue to give close consideration to the portrayal of sex and violence and to the use of strong language in our programmes, and a balance must be struck. On the one hand, our writers and producers need scope for expression, realistic observation and innovation; on the other hand, our audiences need safeguards against unwarranted offence. Certain boundaries must be set. We are determined that programmes screened before 9 pm should be suitable for a family audience and that more adult themes and treatments should be confined to later evening viewing. The work of the BBC's Programme Complaints Unit is helping to refine our judgment in this area. Where there have been misjudgments in the past year, we have endeavoured to learn from them.

During 1995/96, we have continued to make progress in keeping our reporting of crime in context. The guidelines produced in 1994/95 have helped programme makers to avoid sensationalism. The overall amount of crime reported by Regional Broadcasting has been reduced. Our background reports on cases of child murder emphasised that such crimes remain very rare. In covering the Rosemary West case, BBC programmes exercised care and sensitivity in the amount of detail they reported. However, arising out of our experience with the West case, we have re-assessed our approach to interviewing witnesses in criminal trials and will be offering clearer advice on this to programme makers.

We will also review the number of television programmes – both factual and drama – dealing with the work of the emergency services. Although these programmes individually are popular with audiences, it is important that they should not be too dominant in the weekly schedules.

In 1995/96 the BBC's political coverage came under ever closer scrutiny as the next General Election approached. At all times, our programmes must be scrupulously fair, impartial and independent. We listen to and investigate any complaints of bias. But we have made it clear that we will resist attempts by political parties to exert undue influence on editorial decision-making. Our revised guidelines for producers will take account of the new requirements on impartiality set out in the new Agreement, and a separate Impartiality Code will be introduced. We are also mindful of the need for careful co-ordination between the networks and the national regions to ensure proper coverage of the main parties in those parts of the country where there is a four-party contest.

During the year we recognised the problems of relying too heavily on material and facilities offered by pressure groups and other organisations. Many organisations now offer professionally packaged video material as part of their public relations activity. The events surrounding the battle between Shell UK and Greenpeace over the Brent Spar oil rig led the BBC to re-assess the way it covers such campaigns. It is our aim to collect our own news material independently whenever we can.



Resources

The backbone of the BBC's operations as a broadcaster is its technical, craft and support services, brought together three years ago to form BBC Resources. The directorate – the BBC's biggest in terms of staff – operates fully as a trading unit within our internal market. Its income derives from the services it provides, primarily to BBC programme makers, but also to outside customers. This year has been a successful one for the directorate. It is now making a small surplus, has held its share of BBC business steady and seen a growth in external trade. Considerable progress has been made in areas of technological innovation and on a number of major projects.

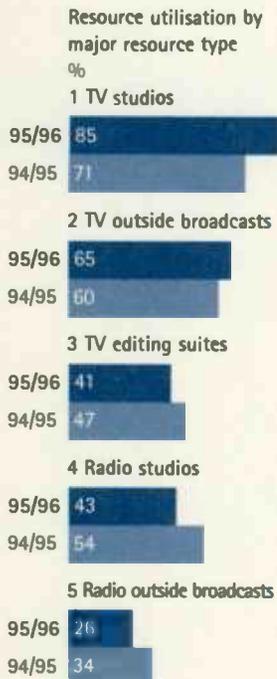
Throughout 1995/96 Resources has continued the massive process – begun in the early 1990s – of rationalising its business, reducing spare capacity in line with demand, and achieving greater efficiency. The Film and Outside Broadcasting Units were brought together on the same site and now share common services. Building Engineering Services and internal mail were transferred to outside specialists. Scenic construction and most of Design Services also switched over to using external contractors, and the BBC assisted three groups of former staff in setting up scenery businesses, with trade union co-operation. Overall, the process led to a reduction of around 600 in the staff headcount during the year.

Other savings were achieved by improvements in purchasing arrangements. Corporate Purchasing saved more than £4 million by central negotiating: half of this derived from a new contract for heat and power.

The benefits of these actions have been passed on to programme makers as Resources continued to reduce its prices. The unit cost of studios has dropped by around 25 per cent over three years. From being at the top end of the price range three years ago, our facilities are now in the middle – a significant achievement whilst maintaining our standards of service.

Producer Choice allows BBC programme directorates to choose where they buy technical and support services. But during the year Resources maintained its share of BBC work. At the same time, it broadened its customer base, with more business being won from BBC Worldwide, and from independent programme makers both in London and the regions.





Definitions:
1: Days in production and preparation (excluding refurbishment and statutory maintenance).
2 and 5: Days in production, rigging/derigging and travel (excluding statutory maintenance).
3 and 4: Hours in production (versus 16 hours per day, 7 days per week).

Improved management information systems and market analysis have led to a better understanding of the market and of customers' requirements. During the coming year continuing attention will be paid to the needs of BBC Resources' customers. The aim is to develop greater flexibility in meeting those needs.

For the first time, Resources ended the year with a trading surplus: this was just under £2 million against a turnover of around £600 million. There were particularly strong performances from Regional Resources where there is now a new team in place, and also from Transmission and from Television Studio Production Resources.

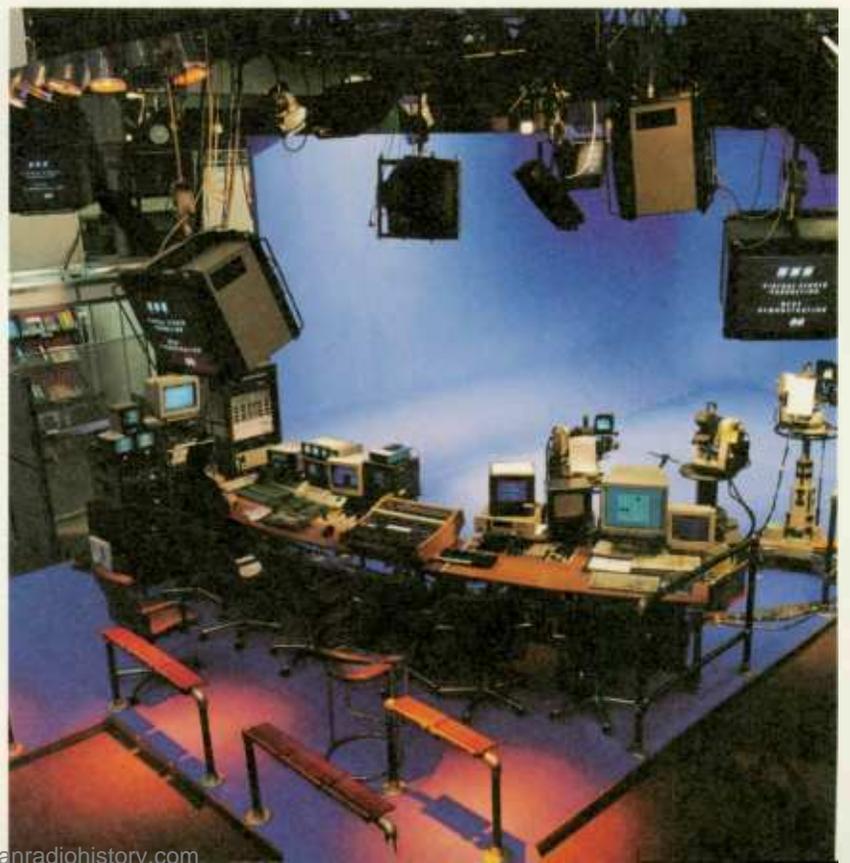
Difficulties were encountered in London Film and in Design which both face severe competition from the freelance market. They had experienced a steady decline in income over two years, and both again ended the year with deficits. But reductions in staff numbers have meant that the two departments have performed significantly better since the end of 1995.

Another area of difficulty was IT Services where losses resulting from the cost of maintaining ageing systems proved to be higher than anticipated. In addition, there were capital write-offs of old and outdated equipment. Over 200 jobs were shed during the year. Action is also being taken to improve the quality of service. Losses in telecommunications services resulted from higher than expected set-up costs for new telephone contracts and a reduction in internal income on our network of broadcast lines. The problem has been dealt with, and this area is expected to break even in 1996/97.

A number of major projects were completed during the year including studio refurbishment in Television Centre and an extension to Broadcasting House. Work on the Stage 6 project at Television Centre - which will bring together the BBC's bi-medial news and current affairs operation - has progressed well. In June 1995 the Broadcasting House Concert Hall - an integral part of the original 1930s design and Grade II listed - was brought back into service as the Radio Theatre, the main venue for live audience shows.

Resources has led the way in technical innovation in a number of production areas, including virtual studio production, desktop video editing and information graphics. During the year, the directorate was successful in ensuring a fair return from its research and development programmes. In particular, a royalties agreement was reached on the NICAM stereo patent. Research and development teams completed enabling work on Digital Audio Broadcasting and brought digital terrestrial television a step closer, re-affirming BBC Resources' leading position in the industry.

Craft skills remain at the heart of the BBC's business, although they are becoming a very different set of skills as a result of changes in technology. We are determined to sustain expertise across the industry, and courses leading to National Vocational Qualifications are offered at our training centre at Wood Norton. The BBC was the only broadcaster to win a National Training Award for "exceptionally effective training" in 1995 and received a letter of congratulation from the Prime Minister. The winning "editcraft" course trained engineers in picture editing, sound recording and camera skills.



Finance and Efficiency

The past few years have presented the BBC with a daunting financial challenge. On the one hand, many of our costs – particularly for pay, talent and sports rights – have been rising faster than the rate of inflation. On the other hand, the BBC's main source of income – the licence fee – has remained flat in real terms. Furthermore, we have aspired not merely to maintain, but to enhance, the quality of programmes.

Over this period, we have endeavoured to square the circle, firstly by becoming more efficient in the way we spend money and secondly by increasing income from our commercial activities. In 1995/96 – the second year of the current RPI-linked licence fee settlement – the strategy has again proved successful. We have made substantial savings for re-investment in programmes and are on track to meet the three-year efficiency target set for us by the government. We have also reduced our borrowings. Our total income has shown a modest growth and now stands at more than £2.4 billion – both because of increased revenue from our commercial arm, BBC Worldwide Limited, and because of a rise in the number of households now paying the licence fee.

The year has also seen a continued improvement in our financial management, with evidence of greater financial awareness and professionalism across the BBC. Considerable progress has been made on a number of major IT projects which, when implemented, will transform many of the BBC's business processes. We now have a strong financial platform from which to launch our service propositions for the next decade.

Operating and financial review

Gross income from the licence fee was up at £1,820 million in 1995/96, from £1,751 million the previous year. This was due partly to an increase in the total number of licence-paying households and partly to a reduction of 0.6 per cent in the rate of evasion. The costs of collection (expressed as a percentage of licence fee income) have been held flat. Using the latest government figures, we estimate that combined evasion and collection costs were reduced from 13.8 per cent to 13.2 per cent of total licence fee income.

The improvements reflect the success of our marketing campaign and the introduction of new ways of paying the licence fee. Membership of the monthly budget plan, launched the previous year, doubled to 2.3 million. A cash-based scheme for families on low incomes and without bank accounts was successfully tested and will be piloted nationally in August. This approach has gained the support of the National Association of Citizens Advice Bureaux and the Magistrates Association.

The BBC's performance in collecting the licence fee already compares favourably with that of other licence-funded public broadcasters around the world. We aim now to reduce evasion and collection costs further in partnership with the Post Office.

Revenue from the licence fee is still by far the largest component of our income. But, in addition, the BBC has again benefited from commercial activities. Net benefit from BBC Worldwide Limited rose substantially – from £53 million to £77 million. Total income from BBC Worldwide's commercial activities increased from £305 million to £338 million, while external income within the Home Services – arising, for example, from hiring out spare studio space – also increased, from £39 million to £57 million.

The Home Services Group's operating surplus before interest and tax was £77 million, down on last year's figure of £91 million. Restructuring costs were up from £31 million to £35 million, but whereas in 1994/95 they resulted from a fundamental change in the method of running the business – Producer Choice, those in 1995/96 have been charged to operating expenditure. Capital expenditure within the Home Services Group was down slightly at £137 million.

The value of programme stock and work-in-progress was down from last year's £361 million to £350 million at the end of 1995/96, reflecting better management of production. During the year we made considerable strides in the control and management of cash, leading to lower cash spending by output directorates. These improvements were reflected in the year-end reduction in BBC borrowings in 1995/96.

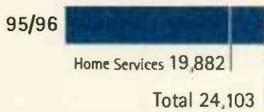
By 31 March 1996 the borrowing figure for the BBC overall (including the World Service) was down to £35 million from last year's figure of £78 million. The borrowing figure takes account of our positive cash and short-term investment

Borrowings comprise the following:

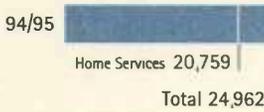
	1996	1995
at 31 March	£m	£m
Cash at bank and in hand (including the World Service)	103	49
Short term investments	15	34
Bank overdrafts	–	(8)
Licence saving stamps and direct debit instalments	(153)	(153)
Total Borrowings	(35)	(78)

Headcount
Headcount (EFTs)* – including staff on short-term contracts of six months or less but excluding freelancers and casuals.

At year end 31 March



Average for financial year



The difference between the Total figure and Home Services shows the headcount for World Service, Subsidiaries and OUPC.

*Equivalent Full-Time

balances offset by the amount we owe in respect of television licence saving stamps and direct debit instalments. We remain on track to fulfilling our commitment to eliminate borrowings. We are on target to achieve a zero balance on average during the last six months of 1996/97.

The BBC's cash balances are invested in government and corporate bonds, and other money market investments, in accordance with strict counter-party credit criteria approved by the Audit Committee. The investment portfolio earned £3.4 million in 1995/96 at an average yield of seven per cent. Investments were disposed of during the year giving rise to a capital gain of £1.2 million.

Foreign exchange risk is managed through a combination of forward exchange contracts and the matching of future years' commitments and anticipated income in the same currencies.

The BBC assumes a significant amount of self-insurance but buys market insurance to cover catastrophic losses. Over time, the strategy is to match premiums paid and the incidence of claims.

Supplier payment terms and conditions are agreed in advance when reasonably practicable. The BBC operates standard payment terms, which are settlement by the end of the month following that in which the invoice date falls. In some cases, specially negotiated terms apply. During 1995/96, 75 per cent of payments, by value, were made within the standard terms.

We have made adjustments to the BBC's pension scheme to ensure that the long-term cost to the BBC is affordable within projected future revenues to the Corporation. This has involved offering reduced benefits to future entrants with a lower underlying employer's contribution rate. Current benefits to all existing and past members have been maintained. Six separately managed investment portfolios were transferred to a single custodian.

We have increased our financial effectiveness, with professionally stronger, more experienced and better-trained finance teams across the BBC. Cash remains the key financial constraint and the skilful management of cash – allied to rigorous processes for approving and tracking all our investments – is vital as we prepare for the launch of digital services.

Transmission

In November 1995, the government announced that the transmission facilities of the BBC would be privatised. It is expected that the transmission-related assets of the Home Services and the UK-sited assets of World Service Transmission will be sold.

The Information Memorandum will be issued to prospective purchasers during the summer and the sale should be completed during 1996/97.

Information technology

As we move into the digital age, information technology will become ever more crucial both to the BBC's programme making capabilities and to its business processes. It is also essential to the generation of further efficiency savings. With this in mind, we have embarked upon a radical overhaul of our information systems and a strategy for the widespread introduction of digital technology into production. This is an ambitious programme which involves the development of new BBC-wide systems. During the year, significant progress has been made on these key projects and, in some areas, implementation has already begun.

With the ENPS project, the BBC will implement an integrated electronic system for news production and broadcasting. Prototypes have been developed which will give our journalists access, through a single work-station on their desktops, to all the material they need – data, video and audio – to prepare news reports for broadcast. In addition, we are already piloting models for a digital production system which will bring a co-ordinated approach to all programme making areas across the BBC as IT, telecoms and broadcast technologies converge.

We are developing a BBC-wide finance and business information system, known as MIDAS, in order to improve business administration processes. This will ensure that all areas work to a common model, thereby reducing costs substantially and transforming the clarity of information.

In 1994 we established the Rights Archive as a repository for secondary rights in selected BBC programmes. One of its key functions is to maximise the commercial revenue generated by these rights. The MARLIN project will enable the Archive to manage, record and exploit rights more effectively.

Other projects will supply the hardware and cabling to put in place the necessary linkages between different areas of the BBC and so ensure the full benefits of the new technology. This long-term infrastructure project will aim to provide a unified network for carrying data, sound and pictures to all work-stations across the BBC.

Major links between key production locations have been largely completed and local implementation is underway in Glasgow and London, with Bristol completed in 1995. The 3D project – Dividend Delivered to the Desktop – will supply a standard desktop to support all the new systems throughout the BBC. It has been piloted in Bristol and rollout has now started in Network Television.

Taken together, these new systems will radically change the way we work across the BBC. We are advancing along the road to achieving this change, but the process is a lengthy and complex one. During the coming year, it will be critical that we co-ordinate our efforts to ensure that the new systems are implemented in the most timely and cost-effective way.

Efficiency

In 1995/96, substantial efficiency savings have again been achieved. These amounted to around £100 million or seven per cent of Home Services output expenditure. This means that we remain on track to exceed the target of 16.9 per cent aggregate savings for the three years ending March 1997, set for us by the government. Where it is possible to draw comparisons, BBC programme prices do now compare very favourably with those in the rest of the UK broadcasting industry.

Savings have been made across the BBC by a variety of means, among them the multi-skilling of staff, new ways of making programmes, the reduction of overheads, central purchasing and contracting out of non-core services. The following are but a few from among many examples:

- the costs of the television documentary *Soho* were halved by the producer shooting his own footage
- the new News and Current Affairs satellite desk in London buys satellite capacity from a variety of sources on behalf of all the BBC's bureaux and has cut our satellite bill by ten per cent
- Network Television's Factual group saved £1.5 million in part by establishing a shared service centre across four programme departments
- different departments in BBC Wales came together to secure a 20 per cent discount on a three-year contract for post-production services from an external company
- the Radio 3 programme, *On Air*, took advantage of multi-skilling to reduce its staff from six to one producer and one presenter.

During the year, the number of staff in the Home Services was reduced by a further 850, of whom around 600 were in Resources Directorate. This brings the total reduction over the past five years to 4,000 or 17 per cent of the workforce. In all, there are now over 5,100 fewer staff in resources, engineering and facilities, 400 fewer management and support staff, but 1,500 *more* production staff to meet the expansion in the volume of programme making.

The pay bill is the biggest single component in our costs. Average individual salaries in the BBC increased by two per cent above RPI in 1995/96 – matching the broad trend in the economy as a whole. But the increase in the total BBC paybill was held to the RPI, through our policy of employing fewer people, but paying them more competitively. This demonstrates continuing firm control over total staff costs.

Savings achieved through greater efficiency have again allowed us to make a substantial re-investment in programmes. Examples in 1995/96 included:

- four extra TV drama series and five extra drama films
- additional factual programmes in leisure and science
- more family entertainment on BBC1
- Radio Helpline
- *Music Live 95*
- more live newsgathering
- night-time education service.

The drive to save money will continue. Over the next five years we aim to achieve another step-change in efficiency to allow further substantial re-investment in programmes and new services. This will require new working practices, underpinned by new technology. More than 50 teams across the BBC have already started to pilot new processes and procedures, and the development of these will be supported by the major IT projects already underway.

Organisation and Management

The past few years have been a period of tremendous change at the BBC. The introduction of internal trading, the emphasis on more efficient ways of working, on multi-skilling and new technology, a new approach to pay and conditions and the impact of job losses resulting from redundancy have placed considerable demands upon everyone. They have also pointed to the need for more effective management, better training and clearer communication. Surveys of our staff have re-inforced this message – that the BBC must improve the way that it is managed if it is to achieve a genuine change in culture.

In 1995/96 we made important strides in a number of directions. To start with, we were able to respond to several of the concerns identified in recent staff surveys. We gathered data on working patterns and cut the incidence of staff working long hours or long periods without a day off. We reduced the use of fixed term contracts and we are addressing concerns about cumbersome systems of working through the various pilots to simplify processes and procedures across the BBC.

The implementation of the new pay and conditions policy – aimed at making BBC pay both competitive and flexible – was completed, and in August the first performance-related pay review took place. As a result, 13 per cent of staff gained more than the standard rise, in recognition of high performance. During the year, over 80 per cent of staff received appraisals and had personal objectives set, up from 64 per cent the previous year.

In general, communication with staff continued to improve. The 1995 staff survey showed that, with some exceptions, key messages about the BBC are more widely understood, and that managers marginally beat the grapevine as a source of information on what is happening within departments. Two-thirds of staff have the chance to attend meetings with their managers every month.

Staff participation in problem-solving teams increased. We also piloted an on-line internal information network. Available initially to 800 staff, it will eventually be extended to the entire workforce, providing a two-way communication system. In the coming year we shall also be giving consideration to more formal consultation procedures.

However, restructuring and redundancies continued to affect morale in some departments, both in Resources, and in some areas of production. Education's London production base was slimmed down because of more production shifting to the Regions, more education programmes being commissioned from other BBC departments and greater efficiency. The loss of 40 jobs led to six days of strike action by staff.

During 1995/96 we increased the percentage of staff from ethnic minorities – up from six per cent to 6.5 per cent compared with 5.5 per cent for the population as a whole – and raised the number of women in senior posts. One challenge for 1996/97 will be to design a policy to meet the requirements of the 1995 Disability Discrimination Act which comes into force at the end of this year. There was a steady decline in the number of serious accidents at work, reflecting improved training for staff.

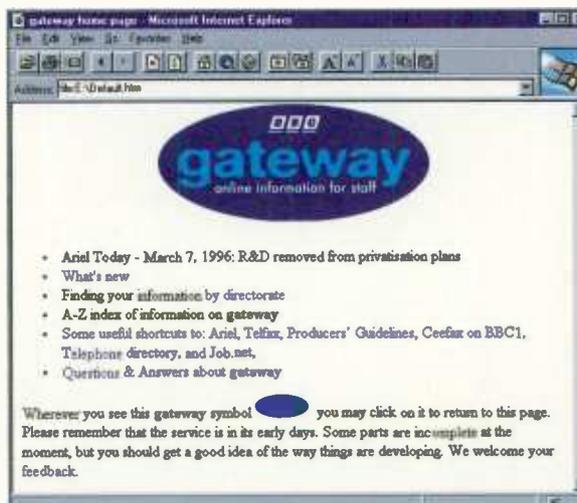
In July we introduced "Options", an expanded package of non-cash benefits. This offers staff a range of discounts negotiated with companies providing health care, insurance, financial advice and other services, and involves no financial contribution from the BBC. We have taken a lead in this area and are considering possible alliances with other employers to negotiate larger-scale contracts.

We have recognised the crucial importance of staff training across the BBC and over the past year have made a concerted effort to focus on this.

We are starting to use the appraisal process to identify individual training needs more clearly. Overall spending on training – in craft skills, journalism, new technology, health and safety, management and administration – increased to 3.5 per cent of the pay bill, from 2.5 per cent in 1994/95. The BBC has continued to play a leading role industry-wide, entering into collaborative work on training with other broadcasters. In general, the effort is paying off, with evidence of a more efficient mix of skills among our staff. However, more remains to be done to make certain that all training is genuinely effective and that any duplication in provision is eliminated. It will be a top priority for us to ensure that all our staff are equipped with the skills necessary for the digital age.

One important aim within our training programme is to improve the skills of the BBC's managers. Our Leadership Development programme has helped our top 700 managers to acquire new business skills. During the year, a Leadership Network has become well-established, allowing the BBC's senior managers to meet those from other organisations and to keep abreast of current thinking and best practice. Since 1993, 277 staff have embarked upon MBA, diploma or open modular courses run for the BBC by Bradford University. We will encourage participation in some of those output areas where it is currently low.

It remains our aim to become one of the best-managed public organisations. In the past year, we have made significant progress towards this although there are still areas requiring more attention. Our goal is to create a culture in which everyone at the BBC recognises the importance of high performance in all areas of BBC activity – both by individuals and by the organisation itself.



BBC Worldwide

BBC Worldwide was formed two years ago to develop a co-ordinated approach to all our international and commercial activities. It aims to ensure that the BBC becomes an important protagonist in world media markets while at the same time maintaining the high editorial standards for which the BBC is internationally renowned. This aim was endorsed by the new Charter and Agreement. As pressure on our funding mounts, we expect the revenue generated by BBC Worldwide Ltd to become an increasingly helpful adjunct to the licence fee. In *Extending Choice in the Digital Age*, we outlined how our plans for the next ten years included new commercial services, such as specialist, themed channels. These services will, in time, earn additional income which can be re-invested in the BBC's public channels – to the benefit of licence payers.

BBC Worldwide consists of three commercial divisions (Worldwide Television, Worldwide Publishing and Worldwide Learning) and the World Service which is distinct from the other areas in that – as an international public service – its radio programmes are funded out of grants-in-aid agreed by Parliament. The World Service also produces news for Worldwide Television under a separate contract. Under the recently announced reorganisation plans, the World Service will continue to operate as a separate division within BBC Worldwide, but will commission its English language programmes from the BBC's new, integrated production base, and its news services from the new national and international operation, BBC News. It will still manage its other language services directly. The other divisions of BBC Worldwide will continue to focus on commercial activities.



World Service

In the past year, the World Service has won new listeners. Its estimated weekly audience has risen from 133 million to 140 million. The latest audience survey in Pakistan shows an extra four million listeners. There were decreases, however, in India and Malaysia. The total of 140 million does not include listeners in those parts of the world where it is still difficult to survey audiences. The first extensive research carried out in China showed that 2 per cent of the population in ten large cities listens to the World Service. In China, as elsewhere, the research indicates that our services reach a higher proportion of the better educated than of the population in general.

1995/96 was the first full year of a new regional pattern for our English language service, which now offers schedules geared more to the interests and time zones of audiences in different regions of the world. New ground was broken with a major radio news co-production in the US. We joined forces with Public Radio International and the Boston-based WGBH to offer a drivetime programme – *The World* – which has so far been syndicated to 50 American public radio stations. This venture does not draw on the grant-in-aid and will – it is hoped – be the model for co-productions elsewhere.

The bulk of our audience, however, listens to a wide range of languages other than English. The pattern of services is determined by priorities agreed by the BBC and the government and is regularly reviewed. During the year, the output of the Ukrainian service has been increased by 50 per cent, without any rise in budget. The Uzbek and Azeri services, introduced last year, are proving successful. We have, however, closed two lower-priority services, the French service for Europe and the provision of taped programmes for radio stations.

During the year, we have endeavoured to ensure

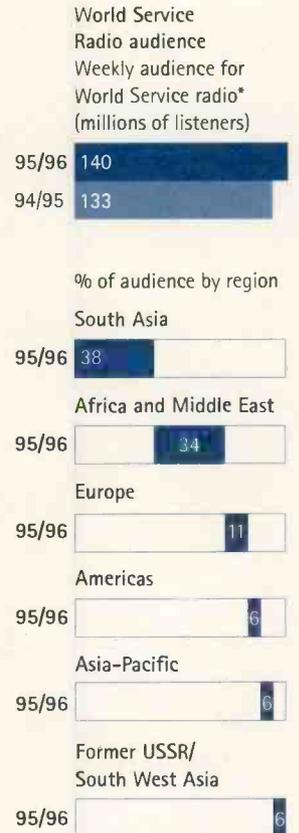
that programmes across all our different services – on both radio and television – reach the same high standards. The arrangements for sharing staff with News and Current Affairs have also been improved. Under the BBC's new management structure, the creation of an integrated BBC News will take this co-operation a stage further by bringing together all of the BBC's national and international journalism.

The World Service's *Europe Today* was named best speech-based breakfast show at the 1996 Sony Radio Awards. Coverage of science and technology, and business news, has increased. Among the programme highlights on the English language service have been *A Week on the Web*, which takes a regular look at what's available on the Internet, and *Islam: Faith and Power*, an in-depth examination of the political, social and economic problems facing Muslim societies.

We aim to do more in the coming year to increase our understanding of the needs of our audiences. We will endeavour to make our services accessible to a broader range of audiences and to maintain a balance between a global agenda and regional interests. We will also cater for the growing appetite for educational programming. The delivery of our services is being improved through digital satellite transmission, and through further arrangements for local re-broadcasting. More listeners than ever before are now able to receive World Service programmes through good quality local FM transmission.

The quality of reception in many countries can now be monitored automatically from London. However, the BBC's editorial independence has led to interference in some countries. Jamming of World Service transmissions in Burma began in August and continues to take place in China.

The safety of our staff around the world remains a top priority for us. The World Service and News and Current Affairs have worked together to

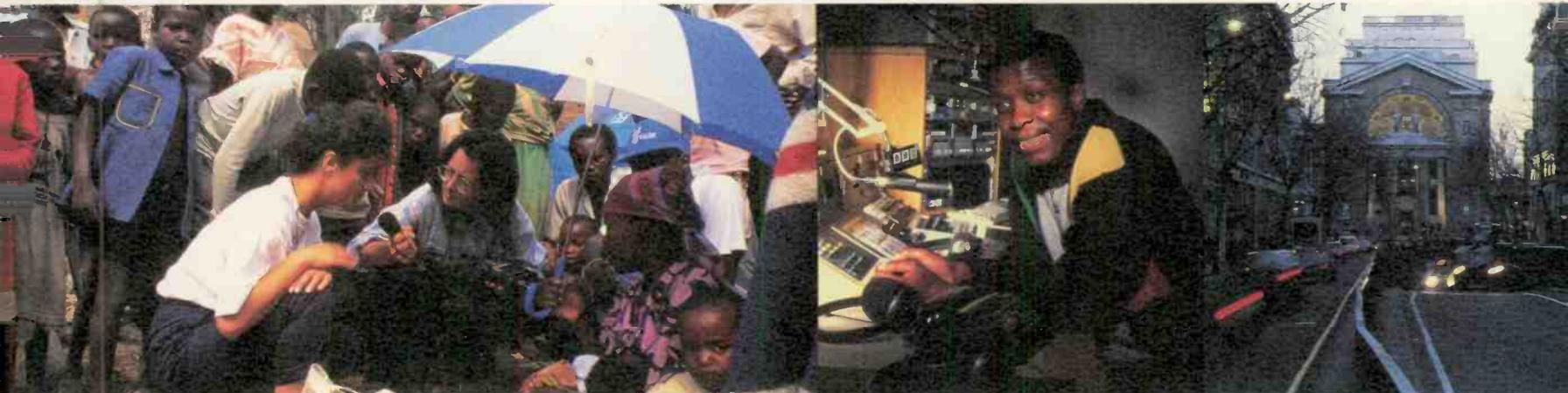


*Does not include China, Burma, Iraq, Iran, Somalia, Cuba and a number of other countries. Includes only a small part of Vietnam.

Jane Standley in Rwanda

World Service Africa

Bush House





Europe Today

improve protection for staff, following the deaths of the Radio Four reporter, John Schofield, in Croatia, and the freelance cameraman, Mushtaq Ali, in Kashmir. World Service correspondents have also been injured in Pakistan and Sri Lanka.

The year has seen continuing efforts to improve the management and efficiency of the World Service. The National Audit Office reported that progress had been made since its last inspection four years ago. 1995/96 also saw the full introduction of Producer Choice to the World Service, allowing the total costs of programmes to be more clearly identified and savings made. However, funding is now one of the biggest issues facing the World Service. The value of its grants-in-aid is falling, with revenue funding for 1996/97 fixed at the 1995/96 level in nominal terms, and capital funding reduced by 20 per cent. Expenditure savings of £5 million have had to be found for 1996/97. Further cuts are proposed for 1997/98. The level of support the World Service has received on this issue indicates how widely it is regarded as a national institution fulfilling an invaluable role.

Commercial activities

1995/96 has been a demanding year for BBC Worldwide Limited but it has achieved a number of successes. Sales were up at £338 million. Net benefit to the BBC – a key measure of Worldwide's performance – has risen significantly from £53 million to £77 million. This was the result of increased programme investment, co-productions and additional payments by Worldwide for archive rights. We also made substantial progress on implementing a fair trading framework across the BBC.

Profitability was maintained at acceptable levels despite difficult trading conditions during the year, particularly in UK publishing, where profit margins came under pressure. In television, revenues grew encouragingly, but our channel ventures are still in the early stages and do not yet generate a profit.

Looking ahead to the next five to ten years, we have set some challenging targets for growth. Achieving these will require an ever more sophisticated understanding of our markets and a determination to make each of our operations as effective as possible.

Worldwide Television

In 1995/96 Worldwide Television increased its total income from both channels and programme sales to £131 million, up from £112 million last year. Our international television channels – BBC World and BBC Prime – have gradually extended their audience, with BBC World, the news and information channel, being available in over 40 million homes around the globe. During the year, BBC World was launched in Australia, and in South Africa on both SABC and the Multichoice digital satellite service. BBC World is also available again in China after a period of absence following its removal from the northern beam of the Star satellite. In April, it moved distribution from the Star service on Asiasat to PanAmSat, allowing us to extend availability in the region and retain the bulk of the audience on the Indian sub-continent.

The audience in Europe has increased. Nearly 16 million homes receive BBC World and nearly four million subscribe to the entertainment and drama channel, BBC Prime. Although growth has been slower than anticipated, the winning of a terrestrial broadcast licence for BBC World in Berlin was very encouraging.

We have enhanced the quality of BBC World during the year. The service offers the impartial and authoritative journalism and news analysis

expected of the BBC, although we will continue to shape the service to meet the needs of the audience. BBC Prime has benefited from the addition of programmes from *The Learning Zone*.

Regrettably, BBC Arabic Television – our first international television channel in a foreign language – was closed down after editorial differences with our partners, the Saudi-owned Orbit Communications. In less than two years, the channel had established itself as a high-quality provider of news and information. In all such joint ventures, the BBC remains committed to maintaining its editorial independence and integrity.

Revenue from the sales of television programmes to other channels has grown steadily. Excluding sales to America, it increased by 15 per cent in 1995/96, from £47 million to £54 million. Among the most popular titles were *People's Century*, *Pride and Prejudice* and *Alien Empire*.

The major marketing challenges now before us are in the booming economies of the Pacific Rim countries, and in the US. We recognise the need to develop our business in the US significantly, both through programme sales and through joint ventures leading to the launch of new BBC services.

Worldwide Publishing

Our commercial publishing business – which covers magazines, books, video and audio sales – faced a difficult trading year with increases of over 30 per cent in paper prices, and consumer demand in the UK flat. Sales were up seven per cent on last year but profit before interest and tax was down.

Against this overall background, there were strong performances within some of the operating businesses. In spite of the paper price rises, our Magazines Division achieved good results. *Radio Times*, relaunched last year to combine lively articles with first-rate programme listings, has maintained its position in a more competitive sector, with its circulation stabilised at 1.4 million

copies per week. Two newer titles, *Top Gear* and *Homes and Antiques*, both made encouraging progress during the year and are expected to go into profit during 1996/97.

BBC Books had seven titles in the top 20 hardback non-fiction titles for 1996 – including the hugely successful *Delia Smith's Winter Collection*, which sold 1.7 million copies and was named Book of the Year at the British Book Awards. Delia Smith's success helped BBC Books secure sales of over £30 million – an increase of £11 million on 1994/95.

Pride and Prejudice was our most popular home video, with sales of almost £4 million. Wallace and Gromit titles also continued to sell well. But overall sales of BBC videos were flat in a growing market dominated by Hollywood and Disney. In audio, the BBC Radio Collection continued to dominate the spoken word best-seller charts, with our top title this year, *Johnners at the Beeb*. But total spoken word sales were down on the previous year. International publishing had a disappointing year, notably because of weak performance in merchandise licensing.

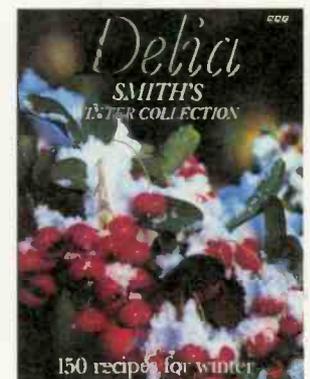
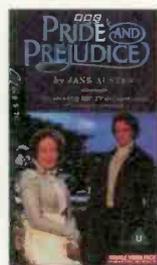
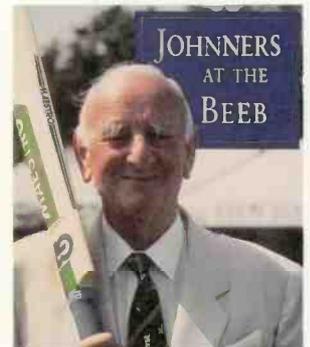
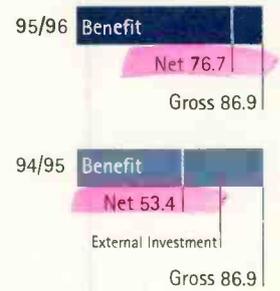
During the year, Worldwide Publishing substantially stepped up its investment in new media. We hope to bring an on-line service to the market in the autumn.

Worldwide Learning

BBC Worldwide Learning is a new division formed in September in order to explore the potential for international, commercial businesses in education and learning. Its aim is to establish the BBC as a major player in this field, both at home and overseas. It is working to exploit existing assets and has also started to evaluate the scope for new interactive learning services and products for the digital age.

These include CD-ROMs, on-line services and a fully-fledged BBC Learning channel. In this, Worldwide Learning is working closely with Worldwide Television, Worldwide Publishing and BBC Education.

Benefit from commercial activities (Worldwide only) £ million



Governors' Assessment

Charter and the Governors' role

The Charter requires the Board of Governors to act as trustees for the public interest, overseeing all aspects of BBC activity. The Governors agree strategy and monitor management performance; ensure the maintenance of the highest editorial standards and compliance with the BBC's legal and contractual obligations; oversee the BBC's developing commercial activities; and satisfy themselves that the BBC provides demonstrable value for money.

Strategy

The most important of last year's objectives was to plan the way forward for the BBC in a multi-media, digital world. The two Boards have worked closely together to develop the strategic thinking set out in *Extending Choice in the Digital Age*. The Governors are determined to carry the values of distinctive, high quality public service broadcasting into the challenging competitive environment of the digital era.

Programmes

Network Television

We note the successful performance of BBC1 and BBC2, despite growing competition from other broadcasters. We welcome the fact that success in audience terms has been achieved with programmes which bear the unmistakable BBC hallmark of quality, originality and intelligence. Dramas such as *Pride and Prejudice* and *Our Friends in the North*, and documentaries like *People's Century*, *The Death of Yugoslavia*, and *The House* have demonstrated strength in both breadth and depth.

Established series such as *EastEnders* and *Casualty* have continued in strong form. Both popular drama, which has given cause for concern in recent years, and more challenging contemporary drama are performing notably well.

Original comedy, particularly appealing to younger people, is flourishing. The challenge for management is to find equal success with new situation comedy programmes.

We note BBC1's successful Sunday evening schedule and look forward to a stronger showing on Friday evenings. Weaknesses in daytime television, particularly in the morning, are being addressed.

Network Radio

Network Radio set out to increase the distinctiveness of each network, in the face of increasing competition. Striking progress has been made.

Radio 4 remains BBC Radio's flagship network. Radio 5 Live, the youngest radio network, continues to grow in confidence, and has won praise for its unique combination of live sport and news. Radio 2 is attempting to win new listeners from younger age groups, while retaining its loyal core audience.

Radio 1 has reversed the decline in its listening share, found a younger audience and received critical acclaim. The network should be funny, brash and unpredictable – but we have made it clear to management that BBC-wide standards of taste and decency must be observed.

The Governors support Radio 3's strategy of broadening its appeal, in particular to concert-goers and purchasers of CDs who do not currently listen to the network. The *Fairest Isle* celebration of British music and the Centenary Proms showed convincingly that Radio 3 continues to reach the highest standards. However, not all attempts to make the network more inviting have been successful. Particular care must be taken to ensure that presentation is authoritative and strikes the right note.

News and Current Affairs

At home and abroad, news and current affairs coverage has been impressive. We recognise the sensitivity with which the Dunblane tragedy was covered. Once again we pay tribute to the scrupulous care of those who report on Northern

Ireland. In the year ahead, we hope to see more reporting of international events in place of some less significant developments at home, and better coverage of education and science. We have urged management to find ways of making news more accessible to the younger and less committed audience.

The Governors have an obligation under the Charter to ensure the BBC's impartiality. The BBC is in process of drawing up a Code on Impartiality and Accuracy. This will underscore the importance of the present rules.

The BBC should always be ready to admit to mistakes speedily and set the record straight. Governors have paid particular attention in the past year to News and Current Affairs programmes in respect of impartiality and have taken care to ensure complaints are investigated. In general, we are satisfied that BBC journalism is impartial, and that occasional lapses have been the result of faulty editorial judgements rather than bias or malice.

The Governors believe that the maintenance of impartiality is clearly linked to the independence of the BBC, which they will continue to champion.

Last year, the Governors asked management to ensure that coverage of political affairs was responsible and authoritative, and gave due weight to issues of substance. The BBC has a responsibility to explain and examine the great questions of the day, such as Europe, constitutional issues and the economy. This will remain a key objective in the approach to the General Election.

For the most part, we find interviewing to be tough and rigorous, testing each side of the debate. Occasionally, toughness descends into discourtesy. This is not acceptable, and we have asked management to ensure that interviews are always well-planned and interviewers well-briefed.

World Service

The World Service maintains its deserved reputation for intelligence and integrity. More people than ever are listening to it. The Governors would like the World Service to be generally available in the United Kingdom – and Digital Audio Broadcasting will make this possible.

We are concerned about the threat to the 1997-98 broadcasting budget from the reduction in grants-in-aid funding. We have noted the Foreign Secretary's wish that successful foreign language services should not be cut.

Regional Broadcasting

Regional television news and current affairs has matured in recent years. We now see a better balanced agenda, with news that is both significant and local to the region or nation.

Progress continues towards making broadly one third of programmes for the television network outside London. Successful drama series such as *Ballykissangel*, which was commissioned from BBC Northern Ireland, and *Hamish Macbeth*, which was made by BBC Scotland, are evidence of the creative talent which exists in the nations and regions. However, in one or two centres, there has been less evident success with radio network commissions. New opt-out programmes have been launched to ensure a better reflection of the interests of local audiences, especially in leisure and entertainment. While there have been considerable successes, some of these programmes have not matched the audience size established by the network output they replaced.

The Governors are anxious that the BBC improves its understanding of the needs of the Welsh and Gaelic speaking audiences and sets a target audience size for Radio Cymru to aim for. Radio nan Gaidheal should seek to broaden its appeal to younger listeners.

In the English regions, we look to local radio to extend its appeal to younger age groups while maintaining its distinctive speech-led approach. Interviewing on local radio can be further strengthened and we welcome management's promise of more training.

The work of the Board of Governors has been greatly assisted by the partnership with the Broadcasting Councils for Scotland, Wales and Northern Ireland and with the English National Forum, representing the English regional advisory councils.

The reports of the Broadcasting Councils and the English National Forum follow on pages 62 to 64.

Children's Programmes

Last year we asked management to improve the appeal and reach of children's television programmes while preserving their values. Programmes such as *The Demon Headmaster*, *The Queen's Nose* and *Fully Booked* are evidence of a resurgence in BBC children's programming – which has been rewarded with success in audience terms.

Education

Implementing the new education strategy throughout the BBC has taken longer than Governors had hoped, but we were pleased to note the success of *The Learning Zone*, programme highlights such as *20/20: A View of the Century*, *National Poetry Day* and *the French Experience II*, and the planned launch of a new venture for pre-school children.

Editorial Policy

The Producers' Guidelines are the BBC programme maker's bible. They set high standards of editorial policy and the Governors have a duty to see they are observed. We have asked management to ensure that all programme makers understand the Guidelines and put them into practice. We expect to complete the revision of the BBC Producers' Guidelines during the autumn. The new Guidelines will then be published so that audiences can judge for themselves the editorial standards the BBC sets itself and the extent to which programmes satisfy those standards.

As we reported last year, the Governors ordered a comprehensive review of the BBC's approach to fairness during election campaigns. We recognise that achieving due weight in covering the politics of Scotland, Wales and Northern Ireland while also fairly reflecting the United Kingdom political scene presents network broadcasters with difficult problems. The new guidelines require greater co-operation and planning between the networks and the national regions, and the Governors have been impressed by the way these relationships have

improved during the year. Provided that programme decisions are soundly made in accordance with the new guidelines, the Governors will be robust in their defence of them.

The Governors recognise that technological advances have made hidden cameras a cheap and effective means of production with the potential for misuse. We have asked management to institute a full record of every use of secret filming and to be able to demonstrate how each case fulfilled the BBC's criteria for secret recording.

Taste and Decency

Last year, the Governors asked management to assess how standards in matters of taste and decency were changing in society at large, and to identify what expectations people had of the BBC. The picture that emerged was by no means clear cut. Research established wide divergence between what different groups within the audience found acceptable.

The BBC, however, must strive to respect the sensibilities of all viewers and listeners. In particular, the 9.00pm television 'watershed' remains vital in guiding both family audiences and those who want to see more challenging material. We have asked management to address the causes where breaches of the watershed have occurred, and we will monitor progress carefully. Post-watershed, when more difficult material is shown, clear signposting is obligatory.

The Governors will meet their obligation to ensure that high standards are maintained. New guidelines on matters of taste and decency are in preparation, following a Governors' Seminar, and will be published in the autumn.

Commercial Policy

The Governors' Fair Trading Audit Committee oversees the BBC's commercial and fair trading policies.

There were no significant external fair trading challenges to the BBC this year. Governors are content that the BBC's commercial activities, designed to generate additional income to invest in programmes, accord with the Corporation's core

values. There is now a genuine understanding within the BBC that this should be so and that such activities should be operated through transparent and arm's length structures.

BBC Worldwide Limited, the Corporation's principal commercial arm, has made further progress in ensuring that its activities – including programme licensing, publishing, multimedia and channel operation – arise from and reflect the same values as the BBC's core services. Elsewhere, however, the BBC faces increasing pressure from other commercial organisations wishing to forge relationships between their products and services and the BBC's publicly funded services. In a small number of cases, promotional relationships have been entered into that, in our view, could have called into question the independence and integrity of the Corporation's programming. Action has been taken to tighten up guidelines covering such relationships, and the challenge for the coming year is to ensure that the guidelines are effectively enforced, and any further similar pressures are successfully resisted.

Our Fair Trading Statement and a note from the Corporation's fair trading auditors may be found on page 66.

Other compliance matters are covered on pages 65 to 69.

BBC Worldwide

The Governors have a new duty under the Charter to oversee the BBC's commercial activities and to ensure that they trade fairly. We established a Governors' Worldwide Committee to assist the Board in overseeing the BBC's commercial arm, BBC Worldwide Limited. Governors want to see more progress by BBC Worldwide in key markets and have asked management for a clear five-year business plan which we can monitor. We noted significant progress in channel development in Australia and Japan and a change of satellite in Asia which promises to extend viewing in that very important region. While regretting that it has not proved possible to sustain an Arabic television news channel, the Governors are determined that the BBC's editorial integrity should not be compromised.

Organisation

Finance

The Governors have a responsibility to insist on value for money. Before the start of the year we agree the budget with management and each month examine the management accounts, tracking spending and business performance. The BBC's finances are strong. Target savings have been achieved; there has been greater investment in programmes and borrowings have been reduced. The financial information on pages 71 to 93 gives the detailed picture.

Efficiency

Governors asked management to pursue opportunities for further efficiency savings, and, in particular, to improve and simplify current processes and procedures. The Producer Choice system has brought internal supply and demand into balance. Market testing has established that in general BBC costs are at or below the industry average. Resources reduced capacity further this year and, together with Production, will be at the heart of the BBC's continuing efficiency drive. Tough targets for efficiency underpin the BBC's digital ambitions.

Communication

We asked management to continue to strengthen the relationship with the staff. This is a continuing concern, but there is evidence that internal communication is improving and that staff appreciate better what the BBC is doing and why it has to do it.

The Governors were pleased to see more effective communication with the public. We believe there is still more to be done to establish that the quality and breadth of BBC programmes is directly related to funding by the licence fee.

Listening to audiences

The Governors have a Charter obligation to ensure constant and effective external review of BBC performance and to see that the BBC consults

before making material changes to its proposition for the home services. We have put in place a number of initiatives to improve the way the BBC listens to its audiences. Further ideas are being developed and we will report more fully on these in next year's Annual Report.

Programme Strategy Review

Following the publication of *People and Programmes* last year, the BBC has continued to subject particular areas of output to careful review. Each study makes a thorough assessment of audience need and BBC provision, leading to a revised brief for programme makers. So far, Governors have considered work on religion, ethnic minorities, children and daytime television.

Religion The Governors attach great importance to the BBC's long standing commitment to religious broadcasting. We are encouraged to see progress in religious programmes for the younger audience on BBC1 and a growing number of commissions for Radio 1. The Review concluded that the BBC should develop a clear strategy for each network for programmes of worship, religious culture and tradition which recognise festivals and days of major religious significance.

Ethnic Minorities The Review recommended that the BBC improve the overall representation of all ethnic minorities and counteract the perception that they are ill-served in and by BBC programmes. We believe that a more diverse workforce is key to improving the BBC's understanding of, and connections with, ethnic minority audiences.

Children The BBC children's schedule had been losing audience to ITV and satellite. The Review highlighted the fact that only 20 per cent of children's viewing is of children's programmes. There was strong demand for 'family programmes' – adult programming with suitable content of interest to children.

BBC programmes for children must be distinctive. We are glad to note that a number of new and successful drama series have been

developed, and that children's programming has been placed on BBC2 on weekday mornings. The weekend programmes are of high quality and attract good audiences. A new pre-school project is being developed for next year.

Daytime The Review concluded that BBC daytime programming was insufficiently challenging or different. New programmes have been developed for the morning schedule which combine entertainment and knowledge/skill building. A revised BBC1 daytime schedule was launched in January and new programmes will be introduced in the autumn, moving more of the daytime spend from the morning to the afternoon.

The Governors will next consider Consumers and Social Action broadcasting. The Programme Strategy Review plan of work for 1996/97 includes consideration of business programming, reflecting the world, the view from the North and sport.

Seminars

Governors' Seminars provide focused advice on matters relating to the Governors' regulatory role, in particular on subjects of public concern or controversy where the Governors feel it necessary to consult widely. We held two Seminars during the year – one on taste and decency and one on children and the BBC. Both subjects are at the core of the Governors' responsibilities to the audience.

At each seminar, we had the benefit of a wide range of expert opinion; we considered the latest research and questioned programme makers about BBC policies. We were also joined by members of the *Video Nation* project so that the opinions and responses of listeners and viewers were directly represented.

The aim of the taste and decency seminar was to assess what standards people expect from the BBC. Specially commissioned research established that there has been a fragmentation of attitudes to what is and what is not acceptable, but most people expected the BBC to reflect generally higher standards than the norm.

The children's seminar benefited from the findings of the children's programme strategy

review. We looked in particular at children's programmes on television; the role of radio; the challenge of new technology and education; and at language and standards in family programmes. Again, the message which emerged was that the BBC was expected to be a leader in terms of the quality of its children's programmes.

Public meetings

Ten major public forums were held this year, one each in Scotland and Wales, and two in each of the three BBC English Regions and in Northern Ireland. At each, a Governor took part. A full report of each meeting is circulated widely within the BBC and the Governors consider carefully the concerns expressed on these occasions.

Independent Advice

The Governors had the benefit of focused external advice from the system of Independent Panels which was further developed this year.

Nine panels of external assessors reviewed performance in selected areas of network programme output: television drama; television music and arts; Radio 1; Radio 3; religious factual programmes on television and radio; technology and engineering; education: adults at home; News and Current Affairs weekly and special programmes on television and radio; and news and current affairs on Radio 5 Live. In addition, Scotland, Wales and Northern Ireland commissioned similar reviews of local news and current affairs coverage and one other genre – in Scotland, Gaelic programming; in Wales, Welsh language broadcasting; and in Northern Ireland, local coverage of music and arts. Each of the ten English television regions commissioned independent reviews of local news and current affairs output.

Governors found these independent panel reports useful. In the majority of cases, the panels were broadly supportive of the BBC's output, but their detailed comments and constructive criticism helped the Governors to identify areas of concern which we have asked management to address.

Plans for the Listening Strategy

Governors are concerned to develop a more focused programme of listening, in order to stay in touch with the audience and bring the public's needs and interests to bear on our strategic thinking, our monitoring of management actions and our review of performance. We are putting in place a three-year cycle of consultation with all groups in the audience and audiences to all services to ensure that the BBC has a full understanding of audience needs, especially changing needs. We have also asked management to find better ways of collating for us the vast range of opinions which are addressed to the BBC every day – in letters to programmes or to the press, phone calls to the information office and contributions at public meetings and audience participation shows.

Complaints

Governors have an obligation to ensure that complaints from viewers and listeners are properly considered.

We welcome the responsibility placed upon us in the Charter to ensure that the BBC acts on justified criticism and learns from mistakes.

The Programme Complaints Unit

The Unit, which investigates serious complaints about material broadcast by the BBC's domestic services, is independent of the production areas and reports to the Secretary of the BBC. Its findings are subject to review by the Governors, via the Programme Complaints Appeals Committee. An account of the Unit's work, including summaries of all complaints upheld, has been published every six months in the Governors' Programme Complaints Bulletin. In future the Bulletin will be published quarterly, and new procedures have been put in place to ensure that any lessons from the findings are learned and applied.

During the year the Programme Complaints Unit investigated 1,214 complaints, of which 193 (16 per cent) were wholly or partly upheld. The redress offered to complainants included written apologies on behalf of the BBC, on-air corrections,

and a number of specific remedies adapted to the circumstances of the complaint. Poor taste, bias (largely on non-political matters) and unfair treatment of the complainant were the matters which attracted the most complaint to the Unit.

In October 1995, Peter Dannheisser was succeeded by Fraser Steel as Head of Programme Complaints.

The Governors' Programme Complaints Appeals Committee

The Committee entertains appeals against decisions of the Head of Programme Complaints. During the 12 months to March 1996, the Committee reached decisions on 23 appeals, the adjudications in each case being published in the Programmes Complaints Bulletin.

The Committee plays a key role in the oversight of the work of the Programme Complaints Unit. Although appeals are few, they enable the Committee to keep the processes of the Unit under continuing review.

In the past year the Committee has found the Unit's work to have been of a high general standard.

Statement of Pledges to Audiences

A Statement of Pledges to Audiences will be published in the autumn, following consultation. The Governors will review performance against the Pledges in next year's Annual Report. Thereafter we shall publish the Pledges annually and hold management to account for their fulfilment.

BBC Objectives

The following objectives for the BBC in 1996/97 have been agreed by the Board of Governors and the Board of Management:

- rigorously maintain the impartiality and independence of the BBC's journalism
- re-inforce the BBC's high standards of quality and integrity in programme making, with particular emphasis on issues of taste and decency
- begin to implement *Extending Choice in the Digital Age*, introducing new services and means of delivery
- improve early evening entertainment and daytime programmes on television
- plan a further step-change in efficiency over the next three to five years and ensure the BBC has the information technology to achieve it
- maximise the benefits of a new structure for the BBC while maintaining the unique identities of the BBC's television, radio, educational, regional and world services
- continue to strengthen the relationship with staff
- deepen the BBC's understanding of the needs of its different audiences and improve its communication with licence payers.
- improve the performance of BBC Worldwide's commercial operations.

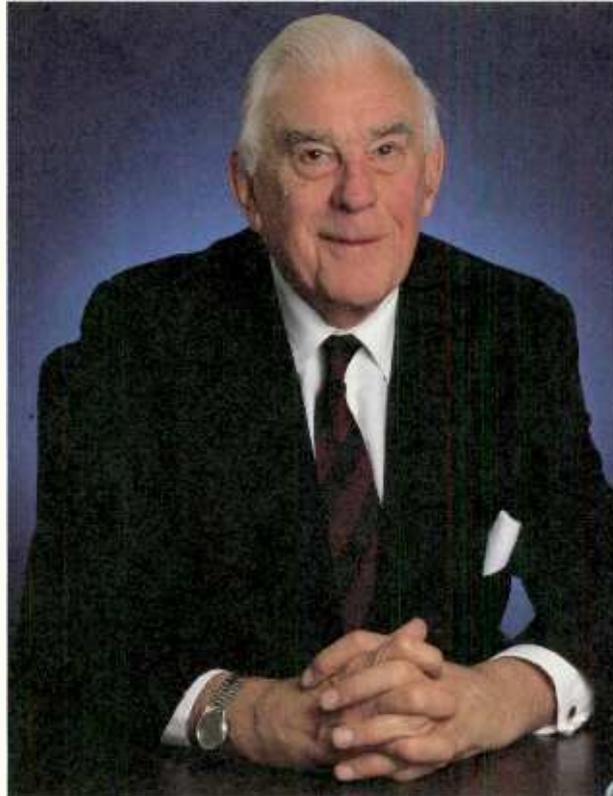
A Tribute to Marmaduke Hussey

“Any BBC chairman has a difficult task. He must win the respect and the allegiance of governors, management and staff, and yet command the confidence of the public, the politicians and every group and organisation in the United Kingdom. The task for Marmaduke Hussey has been particularly difficult for he has had to achieve these things at a time of necessary and sometimes painful change. The BBC today is a better organisation, demonstrably equipped for the challenges of the coming century. The credit is due to many people, but it is due above all to Duke Hussey, and to the response which he has drawn from staff and colleagues. He not only set the direction; he never lost sight of it. He has led the BBC with bravery and determination to Charter renewal.

“If the BBC is today more efficient, it is because he insisted that the standards of efficiency in the private sector could and should be achieved by a public corporation whilst retaining the integrity of a public corporation. If the BBC is now more accountable, it is because he saw that the licence payer should be at the heart of its affairs. Above all he has stood for broadcasting excellence in radio and television for every section of the audience. He is far-sighted. He plays a long game – not always the same thing – and for sheer willpower and guts he can scarcely be matched.

“These are qualities we value very highly. It is because Marmaduke Hussey possesses them in such measure that we are today debating how the BBC can flourish into the next century. He has been a great public servant in this post and I am sure that the whole House will wish him well for the future and will thank him for his efforts in the past.”

Lord Cocks of Hartcliffe, BBC Vice-Chairman, paid tribute to Marmaduke Hussey in the House of Lords debate on the BBC’s draft Charter and Agreement. The debate took place on the day of the announcement that Mr Hussey had decided to stand down as chairman of the BBC Board of Governors. It was a post he had held since 1986.



Marmaduke Hussey was honoured with a Life Peerage in the 1996 Queen's Birthday Honours.

Reports to the Board of Governors

The Broadcasting Council for Scotland

The Broadcasting Council is delighted to report on a year of significant success for BBC Scotland. It has been a record-breaking year in terms of awards and the level of programmes commissioned by the UK radio and television networks – a tribute to the skills and creativity of programme makers across Scotland.

Radio Scotland has maintained its place in an increasingly competitive market. Its schedule developed a lighter touch in the mornings and at weekends with the football fanzines, *On the Ball* and *Off the Ball*, being particularly effective. Its unique status as Scotland's only national service has been underlined by input to programmes from across the country from the Borders to Shetland.

Radio nan Gaidheal was extended to the Central Belt and the Aberdeen area, giving more than 90 per cent of Gaelic speakers access to the service. The Council has always supported the aspiration for a national radio service and welcomed new audience research which showed that 66 per cent of Gaelic speakers listened regularly.

Reporting Scotland, BBC Scotland's flagship news programme, brought its start time forward in November incorporating a full UK weather forecast in the programme. Early indications show that viewers appreciate this change as well as the introduction of news bulletins at weekends.

The professionalism of journalists and all programme makers in radio and television was severely tested this year, when Scotland faced one of the worst tragedies in its history at Dunblane Primary School. The Council was impressed by the quality and sensitivity of the output and the care that was taken during this traumatic time.

New television programmes such as *Wild Harvest*, *Big Country* and *The Nicky Campbell Show* have been important in establishing leisure and entertainment series, for which there is a clear audience demand.

In a year of network success television drama has been outstanding. Challenging series like *A Mug's Game* and the popularity of *Hamish Macbeth* are testimony to the rich creativity of those involved.

The Council was also delighted that aspirations in children's programmes have been rewarded with

a second series of the weekend show, *Fully Booked*, and a range of other programmes.

Our review has been conducted with advice from our advisory committees in Education, Gaelic, Religion and Rural Affairs; from regular audience research and, for the first time, from independent panellists who assessed news and current affairs programmes and Gaelic output. The progress in both these areas was commended and some of the panellists' recommendations will be developed further.

The objectives agreed with the Board of Governors for the coming year include an increase in the level of entertainment and leisure programmes on television and the continuing development of music and entertainment on Radio Scotland. News and current affairs will ensure that the range and balance of subjects covered properly reflects the major themes on Scotland's agenda. Following the extension of Radio nan Gaidheal, the station is being asked to provide more programmes for young listeners.

The new Royal Charter offers a real opportunity for partnership with the Board of Governors. The Council will grasp this opportunity to ensure that programmes made for Scotland and from Scotland continue to serve the diverse regions and audiences in the country and contribute to the BBC networks on both radio and television.

The Broadcasting Council for Wales

In 1995/96 considerable progress has been made on many of BBC Wales' services. Last year we expressed reservations about some of these services, but we are pleased that the objectives we put forward then have been substantially met, and there are signs of further encouraging developments.

We have seen a strengthening of the news and current affairs output, with *Wales Today* becoming the BBC's leading regional news programme, *Week In Week Out* demonstrating consistent quality, *Taro Naw* – the Welsh language current affairs programme – winning the RTS award for best regional current affairs, and *Eye on Wales* from Radio Wales winning a Sony Gold – two of four UK awards won by BBC Wales in the year. The successful new children's television news programme for S4C, *Ffeil*, introduced children to the language and conventions of news coverage. This is a valuable investment for the future. The Council looks forward to the planned review of its Welsh language news programme *Newyddion*.

The welcome improvements to the centrepiece of BBC Wales' sports output, *Scrum V*, succeeded in doubling its audience. However, the Council is concerned about the issue of Sports Rights in general, and the Five Nations competition in particular. It has made representations to National Heritage and to MPs on these points.

Documentary output on radio and television has shown flair and imagination and has covered an international canvas. It demonstrates that Wales has much to offer the BBC networks in the factual field. The Council has also encouraged Heads of Production to increase the amount of entertainment programming.

1995 saw some fundamental changes to Radio Cymru as it sought to reposition itself in the light of the changing nature of the Welsh speaking audience. As always, change brought protest, and where appropriate, this has been acted upon. The service's appeal has to encompass younger adults, the less fluent and Welsh learners. Early indications are that it is achieving its aim.

Radio Wales saw its audience share and reach recover sharply. The Council was encouraged by the changes made during the year and by the plans for further development during 1996, but is still frustrated that frequencies have not yet been allocated for FM transmission.

The Council's main area of concern a year ago was that BBC Wales was not winning enough television network commissions. It is pleasing, therefore, to be able to see an initial recovery, and that radio commissions are up by 33 per cent. The Council expects further progress.

Streetlife and *Trip Trap* were two single dramas of exceptional quality, and the Council looks forward to this being matched by successful series which will have the potential for recommission. Polished production of the *Cardiff Singer of the World* competition for BBC2 emphasised the abilities of BBC Wales in the music field. The Council has encouraged the BBC to build further on these talents.

The BBC National Orchestra of Wales' Japanese tour was a fitting climax to Maestro Otaka's long and highly successful relationship with the orchestra. The repertoire being developed by newly appointed Principal Conductor Mark Wigglesworth promises an equally exciting future.

The Council is pleased at this level of progress across a wide front and is encouraged by the determination of the staff to build on this work in

the year ahead. Managing change is never easy, but the Council appreciates the way in which BBC Wales has made the necessary changes over the last year.

It has also been a significant year for the Broadcasting Council itself. It made strong representations to the BBC, and to National Heritage about the future responsibilities of National Councils. The new Royal Charter re-inforces the role Councils play in the accountability of the BBC, and in the increasingly rigorous process of annual Performance Review. This is greatly valued by the Council, as is the Board of Governors' commitment to consultation on financial, resource and strategic issues.

The Broadcasting Council for Northern Ireland

This has been a particularly strong year for Northern Ireland drama and we must praise the success of *The Hanging Gale*, which reached an audience of ten million, as well as that of *Ballykissangel*, reaching more than 14 million viewers. We also commend the high quality of *Life after Life* and *A Breed of Heroes*.

The new nightly news programme *Newsline 6.30* is now placed an hour later in response to audience research which indicated that more people were available to view at that time. We believe that the style, pace, audience accessibility and production values will be enhanced as the programme develops.

We wish to see Radio Ulster's speech-based service maximised at key points of the day whilst meeting the needs of the specialist audiences at appropriate times. We recognise the work already accomplished with regard to broadening the age profile and look forward to its continuation.

Council is delighted at the success of the entertainment series *PK Tonight* particularly in its appeal across all age groups. It is pleasing to see new talent, such as that of Patrick Kielty, nurtured and developed by programme makers in Northern Ireland. We also welcome the success of *Anderson on the Road* in meeting audience concern, expressed at public forums, that BBC Northern Ireland television did not adequately reflect their communities.

We believe that this has been a most successful year for the provision of television documentaries. We note, particularly, the continuing success of the

Home Truths and *Spotlight* series with a particular commendation for *Fowl Play* which won a Royal Television Society award.

In September of 1995 a most successful *Schools Forum* attended by two hundred and forty young people was held in Belfast. Five workshops were offered with an opportunity to take part in two. Participants were free to choose from news and current affairs, sport, drama, music (classical, pop and traditional) and youth programming. The day ended with a plenary discussion session. Council was pleased to note broadcasting colleagues from London and Northern Ireland working together on that day.

The Broadcasting Council for Northern Ireland wishes to praise the management of BBC Northern Ireland for the way in which it reacted to the breaking of the IRA cease-fire and the events surrounding it. The service it provided to the community on that evening was commendable, not only in covering the unfolding events, but also in the courage shown in the decision to broadcast *PK Tonight* later in the evening.

English National Forum

The English National Forum represents the ten Regional Advisory Councils in England. This report is based on the review of regional and local programmes which they carry out with the help of Local Advisory Councils every year.

Overall, the BBC has met its objective of providing high quality, professional and authoritative journalistic output.

Achievements include the introduction of a regional television Sunday bulletin, longer weekday lunchtime bulletins and an increase in time given to the 9.28 pm bulletin, although this is still felt to be too short.

Regional specialist correspondents have brought added authority to news programmes and a wider spread of news stories has generally been achieved.

There continues to be an unmet demand for "localness" in news coverage and it is hoped that the arrival of fast response vehicles will enable better coverage of the local news agenda. Some areas continue to press for sub-opts.

Repetition of stories which have featured on network news is a source of irritation to many viewers and regional news programmes could make more of the regional perspective they bring to such stories.

Weekly current affairs programmes are regarded as significant in all regions. They have approached a wide range of locally relevant subjects in a

sensitive and professional manner and it is regrettable that such important programmes are placed up against *EastEnders* in the schedule.

Local radio phone-ins increasingly follow up issues raised in these programmes, providing a distinctive service from the BBC – although not all subjects work well, and there is a mismatch between the audience profile of BBC2 and local radio.

Viewers and listeners want a wider view of life in their own region. The new weekly leisure strand will help in this respect, but there is some doubt as to whether it can meet the demand for more arts, culture and local history coverage.

Weekly political programmes are widely appreciated for bringing a non-Westminster perspective to political coverage and there has been a welcome improvement in coverage of European matters relevant to the English regions. These programmes belong to a family of output at Sunday lunchtime, but their slot inevitably reduces the available audience and they would benefit from better trailing between channels.

BBC Local Radio continues to be greatly valued by the communities it serves and the Asian Networks from Radio WM and Radio Leicester have earned particular praise. Reaction to shared programming is mixed, however, and Advisory Councils will continue to monitor its quality and relevance.

With regard to portrayal of the English regions on BBC networks, there has been a welcome improvement in the "north/south" balance in religious programmes and the location outside the South East of news features which affect the whole country. Overall, however, more regional variety and less stereotyping are still called for.

The BBC must not only reflect public opinion, it should lead it. As a public service broadcaster, it is expected to observe higher standards than commercial broadcasters.

Issues of taste and decency have been widely debated by Advisory Councils. There is a desire for the BBC to be at the leading edge of innovation and to tell the story of the world as it is, but audiences are concerned about gratuitous sex or violence and there is a fear that people become immune to shock as they become accustomed to images in news or drama.

There is concern, too, about conduct, language, sex and innuendo in programmes seen by children. The English National Forum has asked the BBC to provide clearer signposting, to operate the watershed effectively and to consider a later watershed at weekends when children tend to stay up later.

Report on Compliance

The Board of Governors are charged by the Charter and Agreement with a series of specific regulatory functions. The Governors are, *inter alia*, required to ensure compliance with high standards of corporate governance; legal and contractual obligations including the terms of DNH Approvals for commercial ventures; separate funding of commercial services; and Fair Trading.

Over the following five pages, the Governors give reports on:

- compliance with quotas for independent and European originated production
- compliance with the terms of DNH Approval for European Channel Broadcasting Ltd
- Fair Trading
- the Remuneration Committee
- the Audit Committee
- compliance with the Cadbury Code.

There are reports from the BBC's auditors on Fair Trading and Cadbury compliance.

Statutory Obligations

The Office of Fair Trading (OFT) reported in September 1995 that the BBC had complied with its statutory requirement to broadcast 25 per cent of qualifying programmes from independent producers in the year ended 31 March 1995. During this period the BBC exceeded the specified quota to the extent that 26.5 per cent of qualifying programmes were independently produced.

The BBC has also significantly exceeded EU targets in the calendar year 1995 for the proportion of its output represented by programmes of European origin and programmes produced by European independents (independent output on BBC TV). Eighty-five per cent of the eligible output was of European origin (as against a quota of 50 per cent) and 14 per cent was made by European independent producers (as against a quota of ten per cent).

Compliance with DNH approval for European Channel Broadcasting Ltd

The Department of National Heritage Approval dated 11 December 1994 set out three main conditions on which the BBC should provide the BBC World and the BBC Prime satellite channel services in Europe:

- arm's length trading relationships
- to provide the services for reception in mainland Europe, not the United Kingdom
- compliance with the relevant Independent Television Commission ("ITC") codes.

The BBC's Fair Trading policy applies here and the services have operated on an arm's length trading basis.

The services continue to be marketed only within mainland Europe.

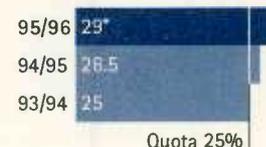
During the course of the year, an experienced compliance officer was appointed to assist the two channel editors and so strengthen the compliance role. In addition to compliance with the relevant ITC Codes, it should be noted that the BBC-made programmes shown on the channels have been produced in accordance with the Producer's Guidelines and the Thames-made programmes have been produced in accordance with the ITC Codes.

The two services received 629 comments and complaints during the year comprising:

- content (programmes) 536
- news 16
- general 77

All complaints were investigated and answered. The compliance officer is currently reviewing the complaints process.

Independent output (on BBC Television)
Independent output as a proportion of all "qualifying" output (using OFT definitions)
%



*This figure is an estimate based on the information available to the BBC. The OFT will publish its own assessment later in 1996. Note: Radio (10.2% in 1995/96 vs 4.5% in 1994/95)

Performance against EC targets for the calendar year 1995
%



*The definition differs from that used under UK legislation. Under Article 5 of the Television without Frontiers directive, it is calculated as a proportion of total European hours broadcast and excludes sports events, game shows, news programmes, teletext services, and non-transmission times when the channels are off the air or the test card is being displayed.

Fair Trading Audit Committee

The Royal Charter granted to the BBC in 1996 and the accompanying Agreement require the Governors to oversee the provision of commercial services in such a way as to ensure that they are funded, operated and accounted for separately from the public services and that arrangements are in place to ensure the avoidance of cross-subsidies between public and commercial services. The Charter and the accompanying Agreement underpin the BBC's published Fair Trading Commitment, which explains how the BBC will fulfil its responsibilities to licence payers, customers and competitors, and contains three main objectives:

- clear criteria established for all our commercial activities
- fair competition
- no risk to the licence payer.

The Fair Trading Commitment requires arm's length relationships between commercial activities and the rest of the BBC, supported by transparent contracts and fair prices for resources, services and programmes provided by the public services to the commercial services.

At the end of 1994, the Governors established a Fair Trading Audit Committee to monitor and review the compliance with and effectiveness of the controls and procedures implemented throughout the Corporation to give reasonable assurance of achieving the objectives of the Fair Trading Commitment and to ensure that management's response to fair trading issues is appropriate.

The members of the Committee are Lord Nicholas Gordon Lennox, Lord Cocks and Janet Cohen. The Committee met periodically during the year to consider reports from both internal and external audit and BBC's management. The Committee now offers the following review.

Review of Fair Trading

A framework for fair trading is now in place throughout the BBC.

Senior managers in each directorate, known as Fair Trading Representatives, are responsible for ensuring that the fair trading framework is implemented across their areas of responsibility. During the year, they have communicated the commitment widely across their directorates and established procedures and controls to give reasonable assurance that across the BBC:

- existing and new commercial activities are approved and monitored against fair trading principles
- key supplies of programmes, services and resources from the BBC's public services to its commercial activities are underpinned by contracts which are negotiated on an arm's length basis with clear transfer prices.

As part of the process to monitor internal transfer prices, a programme of market testing or benchmarking, as appropriate, has begun. This programme will form part of the continuing monitoring process over forthcoming years.

A new role of Fair Trading Central Compliance Officer has been established to co-ordinate the work of the Fair Trading Representatives and to ensure that recommendations arising from reviews by internal and external audit are implemented across all directorates.

The BBC also met the terms of its undertaking to the Office of Fair Trading concerning on-air trails for BBC products.

KPMG have performed an independent review and their report on Fair Trading is shown on pages 66 to 67.

Report by KPMG to the BBC on Fair Trading

We have been requested by the Fair Trading Audit Committee to undertake an independent review of the progress being made towards the development and implementation of those procedures and controls throughout the BBC designed to give reasonable assurance of achieving the objectives of the Fair Trading Commitment published in April 1994, subsequently underpinned by the Royal Charter granted to the BBC in 1996 and the accompanying Agreement.

Respective responsibilities of the Governors and Board of Management and KPMG

The Governors' responsibility, through the Fair Trading Audit Committee, is set out in the first three paragraphs of the Governors' Statement on Fair Trading on page 66. The Board of Management is responsible for implementing a system of controls and procedures to give reasonable assurance of achieving the objectives of the Fair Trading Commitment.

The objective of our review is to provide periodic reports to the Fair Trading Audit Committee on the development, implementation and compliance with such procedures and controls to assist the Committee in its role, and additionally on the basis of that review to express an opinion on the Governors' Statement on Fair Trading on page 66.

Our review was not performed with any specific transaction in mind and it should not be relied upon for any such purpose. Because of the limitations of any system of control, errors or irregularities may occur and not be detected.

Basis of our opinion

We have performed a detailed programme of work to review the procedures and controls in conjunction with Internal Audit. Our work has primarily comprised:

- discussions with senior management including the Fair Trading Representatives of each directorate covering fair trading issues and their implications
- assessment, through discussions, of the process of communication of the fair trading guidelines throughout the directorates and of the procedures implemented so that any external enquiries with potential fair trading implications are raised centrally as and when they arise
- assessment, by reviewing the work undertaken by Internal Audit, of how key terms and the pricing of a sample of material relationships both internally between the BBC's public services and its commercial activities, and externally were agreed
- discussions with the Central Fair Trading Compliance Officer and members of the Policy and Planning department on commercial issues that may have fair trading implications and the procedures for dealing with potential fair trading issues arising from internal or external enquiries

- attendance at regular meetings of the Fair Trading Audit Committee to discuss the progress of the procedures and controls being implemented and to present such recommendations for potential improvements as we have identified during the course of our work.

Opinion

In our opinion, on the basis of the work set out above, the Governors' Statement on page 66, in particular that a framework for fair trading is now in place throughout the BBC, is consistent with the information obtained during our review of the procedures and controls implemented to meet the objectives of the Fair Trading Commitment.

KPMG

Chartered Accountants
London
27 June 1996

Remuneration Committee

The remuneration of the Board of Management is determined by the Board of Governors who are advised by the Remuneration Committee.

The main objective of the BBC's executive remuneration policy is to enable the BBC to attract, retain and motivate members of the Board of Management and to pay them fairly for their individual contributions.

The Remuneration Committee is responsible for recommending to the Board of Governors:

- the BBC's executive remuneration policy and its relationship with appropriate external comparators
- individual remuneration packages for each member of Board of Management
- the relationship that should exist between the remuneration of members of the Board of Management and that of other employees.

The BBC operates within a competitive market for high calibre executives, and during the past few years has needed to recruit from outside of the BBC directly into the Board of Management.

Understanding remuneration in a broad range of comparator organisations is an essential part of determining executive remuneration in the BBC.

Market levels are established with reference to annual surveys conducted by external consulting firms. An appropriate comparator group of companies has been established which includes

other companies involved in broadcasting, some major public limited companies and Central Government Agencies. The BBC seeks to maintain a total cash (basic salary plus annual bonus payment) position around the median for this group taking into account the relative size of jobs.

In addition to external market comparisons, the Remuneration Committee reviews remuneration practice for the wider senior management group in the BBC. The Committee seeks to ensure that Board of Management remuneration is managed in a way which is consistent with that of this wider group.

The members of the Committee during the financial year were Marmaduke Hussey, Lord Cocks, Lord Nicholas Gordon Lennox and Sir David Scholey (from 1 November 1995).

Audit Committee

During the course of the year, the Committee reviewed the effectiveness of internal financial control; approved and monitored the Internal Audit workplan; considered issues arising from Internal Audit's work; reviewed the quality of management's response to internal control issues; approved the external audit fee; considered the external audit strategy and plans; reviewed the external auditors' reports; and reviewed and approved the annual accounts.

Following a formal audit tender process, the Committee recommended to the Board of Governors the appointment of KPMG for five years from 1 April 1995. KPMG were appointed, with the prior approval of the Secretary of State for National Heritage.

The members of the Committee are Sir Kenneth Bloomfield (Chair), Bill Jordan, Sir David Scholey (from January 1996) and Adrian White (from January 1996).

Governors' Statement of Compliance with the Cadbury Code of Best Practice

The Governors have reviewed the Corporation's compliance with the Code of Best Practice published by the Cadbury Committee on the Financial Aspects of Corporate Governance. Although the BBC is not required to comply with the Code, it wishes to demonstrate high standards of corporate governance through voluntary compliance. The Governors believe that during the financial year the Corporation fully complied with the Code insofar as it is relevant to its constitution and structure.

In contrast to listed companies, the BBC does not have a unitary board structure. The Board of Governors are the Members of the Corporation. They act as trustees in the public interest whilst BBC Management takes responsibility for day-to-day operations. The Governors have important responsibilities under the new Charter to ensure that the BBC complies with the requirements as to programmes, management and direction, as well as its legal and contractual obligations.

The requirements of the Code can be applied to the BBC with two exceptions. Firstly, those relating to the appointment of non-executive directors are inapplicable since Governors are appointed by the Queen in Council and their remuneration is set by the Secretary of State for National Heritage. Secondly, those relating to shareholders can only be applied to the BBC insofar as the BBC is accountable to the public, rather than shareholders, through the stewardship of the Governors.

Going concern

After making enquiries, the Governors and the Board of Management have the expectation that the BBC has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Internal financial control

No system of internal financial control can provide absolute assurance against material misstatement or loss. The Corporation's system of internal financial control is designed to provide reasonable assurance against material misstatement or loss.

The responsibilities of the Governors and the Board of Management in relation to internal financial control are clearly defined. The Governors are ultimately accountable for the proper use of public money. The Audit Committee, which meets at least three times a year, is charged with: reviewing the Report and Accounts and Auditors' Report; reviewing the effectiveness of internal financial control; and ensuring that management's response to internal financial control issues is appropriate. The Governors' Remuneration Committee advises the Governors on the remuneration which is appropriate for members of the Board of Management. The Governors' Fair Trading Audit Committee monitors the effectiveness of procedures in place to achieve compliance with the Fair Trading commitment.

The Board of Management is responsible for the system of internal financial control. The Cadbury Compliance Committee meets quarterly to monitor the effectiveness of the system of internal financial control across the Corporation. The Committee comprises three members of Board of Management, the Secretary of the BBC, the BBC's Legal Adviser, the Head of Internal Audit and a representative from external audit. The Committee advises the Board of Management and reports quarterly to the Audit Committee. The Managing Director of each directorate is required to report quarterly to this Committee.

There are established systems for monitoring and reporting the Corporation's financial performance, identifying future business risks and addressing internal control issues. Annually, each directorate prepares a capital, revenue and cash budget for the next financial year and an outline rolling business plan for the following four years will be prepared. Directorates prepare detailed monthly management accounts and consolidated management accounts are reviewed by the Board of Management and the Governors. Actual results are compared against budget and appropriate action is taken. Annually, the Director-General undertakes a comprehensive review of directorate performance, including financial performance.

There are clearly defined authorisation procedures which ensure that significant decisions are considered by the Governors and the Board of Management. The effectiveness of the internal financial control system is reviewed by Internal Audit which reports to the Audit Committee and the Director-General.

Report by the Auditors to the Corporation on Corporate Governance Matters

In addition to our audit of the financial statements, we have reviewed the Governors' statement on pages 68 and 69 on the Corporation's compliance with the paragraphs of the Code of Best Practice insofar as it relates to paragraphs 1.4, 1.5, 2.3, 2.4, 3.1, 3.2, 3.3, 4.3, 4.4, 4.5 and 4.6 of the Code. The objective of our review is to draw attention to non-compliance with those paragraphs of the Code which is not disclosed.

Basis of opinion

We carried out our review in accordance with Bulletin 1995/1 'Disclosures relating to corporate governance' issued by the Auditing Practices Board. That Bulletin does not require us to perform any additional work necessary to express any opinion on the effectiveness of either the Corporation's system of internal financial control or its corporate governance procedures, or on the ability of the Corporation to continue in operational existence.

Opinion

With respect to the Governors' statements on internal financial control on pages 68 and 69 and going concern on page 68, in our opinion the Governors have provided the disclosures required by paragraphs 4.5 and 4.6 of the Code (as supplemented by the related guidance for directors) and such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.

Based on enquiry of certain Governors and officers of the Corporation, and examination of relevant documents, in our opinion the Governors' statement on pages 68 and 69 appropriately reflects the Corporation's compliance with the other paragraphs of the Code specified for our review.

KPMG
Chartered Accountants
London

27 June 1996

Report of the Joint Boards for the year ended 31 March 1996

The Governors and members of the Board of Management present their annual report and the audited financial statements for the year ended 31 March 1996.

Principal activities

The British Broadcasting Corporation ("BBC") is a broadcasting corporation set up by Royal Charter. Its object is to provide a public service of broadcasting at home and overseas.

The Home Services and the World Service both receive income voted by Parliament, the former derived from the sale of television broadcast receiving licences, the latter from Grants-in-Aid. The Open University Production Centre receives a grant from the Open University.

The BBC has a remit to pursue its commercial objectives within the framework established by its Royal Charter and an Agreement with the Secretary of State for National Heritage.

Review of business and results

The Director-General's Review and Governors' Assessment on pages 10 to 53 and 54 to 60 provide information on the development of the BBC's activities during the year and outlook for the future.

Details of the results for the year and transfers to reserves of the Home Services Group and the World Service are set out in the statements of income and expenditure on pages 74 and 88 respectively and in the notes to the financial statements.

Transmission privatisation

On 27 November 1995 the Secretary of State for National Heritage announced that the transmission facilities of the BBC would be privatised. Details of the transmission privatisation are disclosed in the financial statements in note 19 for the Home Services Group and note 14 for the World Service.

Members of the Boards

The present Governors and members of the Board of Management are listed on pages 7 to 9.

On 31 March 1996 Marmaduke Hussey retired as Chairman of the BBC and Sir Christopher Bland was appointed in his place on 1 April 1996. Dr Jane Glover and Shahwar Sadeque retired from the Board of Governors on 30 April 1995. On 1 November 1995 Richard Eyre and Adrian White were appointed and Sir David Scholey reappointed to the Board of Governors.

On 31 July 1995 David Hatch retired from the Board of Management. On 31 August 1995 Dr John Thomas and Nicholas Chapman left the Board of Management but continue on the Board of BBC Worldwide Limited. Liz Forgan has resigned from the Board of Management since the year end and Michael Green has been appointed on an acting basis.

No Governors or members of the Board of Management have any shareholdings or other beneficial interests in any of the subsidiary companies.

Research and development

During the year the BBC spent £6.2m (1994/95 £6.4m) on engineering research and development; in addition, the BBC incurs expenditure on the development of programme scripts.

Creditor payment policy

It is the BBC's policy to comply with the CBI prompt payment code in relation to the payment of suppliers. The BBC monitors compliance against the terms of this code.

Employee participation

Internal communication and employee participation are described in the Organisation and Management section of the Director-General's Review.

Regular meetings are held with the recognised trade unions BECTU, NUJ and AEEU.

Equal opportunities

The BBC is committed to equal opportunities for all, irrespective of race, colour, creed, ethnic or national origin, gender, marital status, sexuality, disability or age.

The BBC is committed to promoting equal opportunities. Recruitment, training and promotion procedures are based on the requirements of the job. Ethnic and gender targets have been set and are supported by a number of equal opportunities initiatives.

Training

Training initiatives are described in the Organisation and Management section of the Director-General's Review.

Disabled persons

BBC procedures are designed to facilitate the employment of disabled persons. Disabled persons, whether registered as such or not, are fully and fairly considered for vacancies arising within the BBC and are given equal opportunities with other staff in relation to training, career development and promotion.

Existing employees who become disabled are retained in the BBC's employment wherever possible, after the provision of any necessary rehabilitation or training.

Donations

The BBC does not make political donations.

Charitable appeals are broadcast regularly on television and radio. The BBC presents special evening schedules in support of Children in Need (every year) and Comic Relief (every other year).

Auditors

KPMG were appointed as auditors for the five year period commencing 1 April 1995.

By order of the Governors and Board of Management.

Michael Stevenson
The Secretary of the BBC
London

27 June 1996

Financial Statements 1995/96

Statement of Responsibility

Statement of Governors and Board of Management responsibility for the preparation of the Financial Statements

The Governors and Board of Management are required by the BBC's Charter and Agreement to prepare Statements of Accounts (financial statements) for each financial year.

The financial statements are prepared on a going concern basis to give a true and fair view of the state of affairs of the BBC as at the end of the financial year and of its income and expenditure for the year then ended and to comply with applicable accounting standards.

The Governors and Board of Management confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the financial statements.

In addition, the Governors and Board of Management are responsible for maintaining adequate accounting records, and taking such steps as are reasonably open to them to safeguard the assets of the BBC, and to prevent and detect fraud and other irregularities.

Auditors' Report

Report of the Auditors to the members of the British Broadcasting Corporation ("BBC")

We have audited the financial statements on pages 72 to 93 which comprise the financial statements of the Home Services Group and the World Service and which are prepared on the basis set out in the statement of accounting policies on pages 72 to 73.

Respective responsibilities of the Governors and Board of Management and Auditors

As described on page 71 the Governors and Board of Management are responsible for preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Governors and Board of Management in the preparation of the financial statements, and of whether the accounting policies are appropriate to the BBC's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Home Services Group, the Home Services and the World Service as at 31 March 1996 and of the surpluses of the Home Services Group and the World Service for the year then ended.

KPMG
Chartered Accountants
Registered Auditors
London

27 June 1996

Statement of Accounting Policies

The principal accounting policies of the British Broadcasting Corporation ("BBC") are set out below.

Basis of preparation of financial statements

The financial statements have been prepared in accordance with the provisions of the BBC's Charter and Agreement, with applicable accounting standards consistently applied and, insofar as they are appropriate to the BBC's activities, with the accounting and disclosure provisions of the Companies Act 1985. They are presented under the historical cost convention as modified by the revaluation of the Home Services' plant and machinery.

Basis of consolidation

The BBC comprises the Home Services Group and the World Service. The Home Services Group comprises the Home Services, its subsidiaries, and the Open University Production Centre.

Consolidated financial statements of the Home Services Group are presented on pages 74 to 87. A separate statement of income and expenditure for the Home Services is not presented.

Separate financial statements for the World Service are presented on pages 88 to 93. The World Service receives Grants-in-Aid funding which is not available to fund other BBC activities.

Income

(a) Home Services Group

Income derived from television broadcast receiving licences, received from the Department of National Heritage, represents the value of licences issued in the year. The amount which can be paid to the BBC for any year cannot exceed the total amount voted by Parliament for that year, and variations between income collected and the vote are allowed for either in the current or the following year.

The Open University Production Centre receives an annual grant from the Open University.

All other income is accounted for on an accruals basis.

All income is disclosed net of value added tax.

(b) World Service

Income derived from Grants-in-Aid from the Foreign and Commonwealth Office cannot exceed the total amount voted by Parliament for the year. Sums received are intended to meet estimated expenditure but unexpended receipts for the year are not liable to surrender.

All other income is accounted for on an accruals basis.

All income is disclosed net of value added tax.

Foreign currency translation

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction.

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at 31 March or at forward rates where related hedging contracts are in place. Surpluses and deficits arising from the translation of assets and liabilities at these rates of exchange, together with exchange differences arising from trading activities, are included in the statement of income and expenditure.

The profit and loss accounts of overseas subsidiaries are translated into sterling at average rates for the year. Exchange differences arising on consolidation are taken directly to the operating reserve.

Pension costs

The regular pension cost of the BBC's defined benefit scheme, reduced by the amortisation of any scheme surplus over the average remaining service lives of employees in the scheme, is charged to the statement of income and expenditure.

The cost of unfunded pensions is charged as incurred.

Research and development

Research and development expenditure is written off as incurred.

Operating leases

Operating lease rentals are charged to the statement of income and expenditure on a straight line basis over the term of the lease.

Goodwill

Goodwill arising on investment in subsidiaries represents the excess of the fair value of the purchase consideration over the fair value attributable to their net tangible assets on acquisition and is deducted from the operating reserve in the year of acquisition. On disposal, goodwill previously written off against reserves is transferred to the statement of income and expenditure for the year.

Tangible fixed assets

Expenditure on fixed assets and internal costs incurred on capital projects are capitalised.

Depreciation is calculated so as to write off the cost or valuation less residual value of fixed assets on a straight line basis over their expected useful lives. Depreciation commences from the date an asset is brought into service. Freehold land is not depreciated.

Tangible fixed assets (continued)

The BBC's useful lives for depreciation purposes for the principal categories of assets are:

Land and buildings

Freehold and long leasehold buildings	- 40 to 50 years
Freehold and long leasehold building improvements	- 15 years
Short leasehold land and buildings	- unexpired term of the lease

Plant and machinery

Transmitters and power plant	- 20 to 25 years
Electrical and mechanical infrastructure	- 10 to 20 years
Other	- 3 to 10 years

Furniture and fittings	- 3 to 10 years
-------------------------------	-----------------

Home Services' plant and machinery is stated at the estimated current replacement cost of the assets, adjusted for service potential, as at 31 March 1993, or cost if acquired subsequently, less accumulated depreciation.

During 1995/96 asset lives have been reviewed. As a result, with effect from 1 April 1995, the useful lives of electrical and mechanical infrastructure have been increased from ten years to between ten and 20 years and the useful lives of furniture and fittings have been increased from between three and five years to between three and ten years. The effect on the reported surplus for the year is not material.

Investment in programmes for future sale

Investment in programmes for future sale is stated at cost, after writing off the costs of programmes that are considered irrecoverable, less accumulated amortisation. Amortisation of investment in programmes for future sale is charged against income over the average marketable life which generally is estimated to be five years. The cost and accumulated amortisation of investment in programmes for future sale are reduced by the original cost of programmes over five years old.

Originated programme stocks and work in progress

Originated programme stocks and work in progress, including those commissioned from independent producers, are stated at the lower of cost and net realisable value, after deducting contributions from co-producers. With the exception of the costs of prepaid repeats of independent programmes, the full stock value is charged to operating expenditure on first transmission.

Cost includes all direct costs and a proportion of production and other attributable overheads calculated at standard rates based on normal levels of activity.

Net realisable value is based upon arms length contract prices negotiated between the channel controllers and programme makers.

Acquired programme and film stocks

The costs of acquired programmes and film stocks are charged on first transmission except to the extent that further showings are likely in the foreseeable future when they are written off over their expected transmissions. A typical write-off profile is 70% on first transmission, 20% on second transmission and 10% on third transmission.

Assets and liabilities relating to acquired programmes are recognised at the point of payment or commencement of the licence period; whichever is earlier. Agreements for the future purchase of programmes whose licence period has not commenced at the balance sheet date are disclosed as purchase commitments.

Other stocks

Raw materials and other stocks are stated at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation is computed under the liability method. Provision is made in respect of timing differences between the treatment of certain items in the financial statements and their treatment for taxation purposes to the extent that it is probable that a liability will crystallise in the foreseeable future.

Capital reserve

The value of the capital reserve is equivalent to the historical cost net book value of the fixed assets of the Home Services and the World Service.

Each year an amount equivalent to the costs incurred by the Home Services and the World Service on fixed assets over and above historical cost depreciation, adjusted for disposals, is transferred to the capital reserve.

Related party disclosures

The Accounting Standards Board has published Financial Reporting Standard 8, Related Party Disclosures. This is mandatory for accounting periods beginning on or after 23 December 1995. The BBC has established procedures to collect the relevant information. Full disclosure of related party transactions will be made in the 1996/97 financial statements.

Home Services Group

Consolidated Statement of Income and Expenditure for the year ended 31 March

	Note	1996 £m	1995 £m
Income	1	2,226.9	2,108.5
Operating expenditure		(2,151.6)	(1,987.4)
Income from interests in associated undertakings		1.2	1.5
Operating surplus	1, 2, 3	76.5	122.6
Restructuring costs	5	-	(31.3)
Surplus before interest and taxation		76.5	91.3
Net interest	6	3.4	4.0
Surplus before taxation		79.9	95.3
Taxation	7	(7.1)	(2.1)
Surplus for the financial year	15	72.8	93.2
Transfer to capital reserve	15	(17.1)	(24.7)
Surplus for the year transferred to operating reserve	15	55.7	68.5

The above results are derived from continuing operations.

Balance Sheets at 31 March

	Note	Group 1996 £m	Group 1995 £m	Home Services 1996 £m	Home Services 1995 £m
Fixed assets					
Tangible fixed assets	8	884.9	878.4	866.3	856.6
Investment in programmes for future sale	9	73.6	54.5	–	–
Investments in subsidiaries	10	–	–	0.3	0.3
Other investments, including associated undertakings	10	1.2	2.2	0.1	0.1
		<u>959.7</u>	<u>935.1</u>	<u>866.7</u>	<u>857.0</u>
Current assets					
Stocks	11	350.2	361.0	337.9	344.2
Current debtors	12	290.3	289.2	222.2	238.8
Long term debtors	12	25.0	43.0	41.2	48.7
Short term investments		15.0	34.4	15.0	34.4
Cash at bank and in hand		97.2	43.4	81.9	31.4
		<u>777.7</u>	<u>771.0</u>	<u>698.2</u>	<u>697.5</u>
Creditors – amounts falling due within one year	13	<u>(593.7)</u>	<u>(623.7)</u>	<u>(477.4)</u>	<u>(516.7)</u>
Net current assets		<u>184.0</u>	<u>147.3</u>	<u>220.8</u>	<u>180.8</u>
Total assets less current liabilities		1,143.7	1,082.4	1,087.5	1,037.8
Creditors – amounts falling due after more than one year	13	(19.3)	(12.5)	(19.3)	(12.5)
Provisions for liabilities and charges	14	(39.9)	(58.9)	(39.9)	(57.6)
		<u>1,084.5</u>	<u>1,011.0</u>	<u>1,028.3</u>	<u>967.7</u>
Represented by					
Capital reserve	15	836.0	818.9	836.0	818.9
Revaluation reserve	15	30.7	38.1	30.7	38.1
Operating reserve	15	217.8	154.0	161.6	110.7
		<u>1,084.5</u>	<u>1,011.0</u>	<u>1,028.3</u>	<u>967.7</u>

The financial statements were approved by the Governors and Board of Management on 27 June 1996 and signed on their behalf by:

Sir Christopher Bland Chairman of the BBC
 John Birt Director-General
 Rodney Baker-Bates Director of Finance and Information Technology

Consolidated Statement of Total Recognised Gains and Losses for the year ended 31 March

	1996 £m	1995 £m
Surplus for the financial year	72.8	93.2
Translation differences on foreign currency net investments	0.7	(1.0)
Total recognised gains and losses relating to the year	73.5	92.2

Note of Consolidated Historical Cost Surpluses for the year ended 31 March

	1996 £m	1995 £m
Surplus before taxation	79.9	95.3
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on revalued assets	7.4	7.4
Historical cost surplus before taxation	87.3	102.7
Historical cost surplus for the financial year	80.2	100.6

Reconciliation of Movement in Consolidated Net Assets for the year ended 31 March

	1996 £m	1995 £m
Surplus for the financial year	72.8	93.2
Other recognised gains and losses relating to the year	0.7	(1.0)
Increase in net assets	73.5	92.2
Opening net assets	1,011.0	918.8
Closing net assets	1,084.5	1,011.0

Consolidated Cashflow Statement for the year ended 31 March

	Note	1996 £m	1995 £m
Net cash inflow from operating activities	16	198.8	152.0
Return on investments and servicing of finance			
Interest received		5.3	1.8
Interest paid		(0.2)	(0.1)
Dividends received from associated undertakings		1.8	0.4
Net cash inflow from return on investments and servicing of finance		6.9	2.1
Taxation			
UK Corporation tax paid		(3.9)	(2.7)
Overseas tax paid		(2.5)	(3.7)
Tax paid		(6.4)	(6.4)
Investing activities			
Purchase of tangible fixed assets		(136.5)	(132.0)
Investment in programmes for future sale		(49.4)	(30.6)
Purchase of fixed asset investments		(0.5)	(1.0)
Purchase of short term investments		(27.1)	(34.4)
Proceeds from the sale of tangible fixed assets		22.0	9.1
Proceeds from the sale of short term investments		47.7	-
Net cash outflow from investing activities		(143.8)	(188.9)
Net cash inflow/(outflow) before and after financing		55.5	(41.2)
Increase/(decrease) in cash and cash equivalents	17	55.5	(41.2)

Notes to the Financial Statements for the year ended 31 March

1 Income

1a Income by nature of activity

1996		Home Services £m	BBC Worldwide Commercial Activities £m	Other Activities £m	Total £m
Note					
Licence fee	1b	1,819.7	-	-	1,819.7
Open University Production Centre		-	-	11.9	11.9
Commercial turnover	1c	-	338.4	-	338.4
Other income	1d	56.6	-	0.3	56.9
Total external income		1,876.3	338.4	12.2	2,226.9
Operating expenditure	2	(1,813.1)	(326.9)	(11.6)	(2,151.6)
Income from interests in associated undertakings		-	1.2	-	1.2
Operating surplus		63.2	12.7	0.6	76.5
Net assets/(liabilities)		1,045.4	55.2	(16.1)	1,084.5

1995		Home Services £m	BBC Worldwide Commercial Activities £m	Other Activities £m	Total £m
Note					
Licence fee	1b	1,751.3	-	-	1,751.3
Open University Production Centre		-	-	12.3	12.3
Commercial turnover	1c	-	305.1	-	305.1
Other income	1d	39.0	-	0.8	39.8
Total external income		1,790.3	305.1	13.1	2,108.5
Operating expenditure	2	(1,680.8)	(292.5)	(14.1)	(1,987.4)
Income from interests in associated undertakings		-	1.5	-	1.5
Operating surplus/(deficit)		109.5	14.1	(1.0)	122.6
Net assets/(liabilities)		982.7	45.5	(17.2)	1,011.0

The net assets in the Home Services' balance sheet shown on page 75 include provisions of £17.1m (1995 £15.0m) which are eliminated on consolidation.

BBC Worldwide Commercial Activities comprise BBC Worldwide Limited and its subsidiaries.

Other Activities comprise the Open University Production Centre, BBC Subscription Television Limited and BBC Investments Limited.

1b Licence fee

Licence fee income	1996 £m	1995 £m
Colour	1,773.3	1,690.0
Monochrome	17.1	22.4
Concessionary	3.0	3.5
	1,793.4	1,715.9
Quarterly payment scheme premium	17.0	18.0
Other income and adjustments	9.3	17.4
	1,819.7	1,751.3

Licence fee	1996 £	1995 £
Colour	86.50	84.50
Monochrome	28.50	28.00
Concessionary	5.00	5.00

Licences in force	1996 Number m	1995 Number m
Colour	20.5	20.0
Monochrome	0.6	0.8
Concessionary	0.6	0.7
	21.7	21.5

Licences in force represent current television licences held at 31 March.

During the year 3.4m (1994/95 3.6m) colour licences were issued under the quarterly payment scheme at a premium of £5.00 each (1994/95 £5.00). In addition 2.3m (1994/95 1.2m) colour licences were issued under the monthly payment scheme.

Other income and adjustments include the year on year impact of licences issued in the year but not in force at 31 March either through late or early renewals or through refunds.

1c Commercial turnover (BBC Worldwide Commercial Activities)

	1996 £m	1995 £m
Television programme sales and satellite income	131.4	112.3
Magazine and book publishing	134.9	117.5
Videos, records and tapes	47.5	51.2
Other activities	24.6	24.1
	<u>338.4</u>	<u>305.1</u>

1d Other income

	1996 £m	1995 £m
Hire of facilities	17.8	19.8
Rents receivable	7.4	5.7
Other	31.7	14.3
	<u>56.9</u>	<u>39.8</u>

Other income is derived primarily from the sale of surplus transmission capacity and of secondary acquired programme rights.

1e Analysis of commercial turnover and income from other activities by geographic segment

1996	BBC Worldwide Commercial Activities £m	Other Activities £m
Turnover by destination		
United Kingdom	213.5	12.2
Rest of the World	124.9	-
	<u>338.4</u>	<u>12.2</u>

1995	BBC Worldwide Commercial Activities £m	Other Activities £m
Turnover by destination		
United Kingdom	195.7	13.1
Rest of the World	109.4	-
	<u>305.1</u>	<u>13.1</u>

All turnover originates from within the United Kingdom.

2 Operating expenditure

2a Home Services

	1996 £m	1995 £m
Funded from the licence fee:		
Television	1,130.3	1,094.4
Radio	381.0	353.4
Collection costs of licence fee	95.0	91.0
Other	150.2	103.0
	<u>1,756.5</u>	<u>1,641.8</u>
Funded from external income	56.6	39.0
	<u>1,813.1</u>	<u>1,680.8</u>

Other includes the cost of operating the corporate centre, including governance; unallocated surpluses and deficits arising on internal trading; and corporately managed expenditure such as realised and unrealised exchange differences, amortisation of the pension prepayment and movement in corporate provisions. In 1995/96 restructuring costs of £35.2m have also been included within Other (note 5).

2b BBC Worldwide Commercial Activities

	1996 £m	1995 £m
Cost of sales	198.5	163.8
Distribution costs	63.3	65.9
Administrative and other costs	33.7	33.0
Amortisation of programme investment (note 9)	31.4	29.8
	<u>326.9</u>	<u>292.5</u>

3 Operating surplus

Operating surplus is stated after charging/(crediting) the following items:

	1996 £m	1995 £m
Payments under operating leases:		
Land and buildings	11.9	11.9
Plant and machinery	13.4	9.3
Other	3.1	3.1
Research and development	6.2	6.4
Depreciation	108.7	95.2
Amortisation of investment in programmes for future sale	31.4	29.8
(Profit)/loss on disposal of tangible fixed assets	(0.7)	10.6
Own work capitalised	(18.8)	(19.8)
Auditors' remuneration	0.5	0.5

Other fees paid to the current auditors, KPMG, totalled £1.2m in the year and comprised consultancy fees relating to systems' reviews and other advisory fees.

In 1994/95 other fees paid to Coopers & Lybrand, the previous auditors, totalled £2.0m including consultancy fees relating to the restructuring of the BBC as a result of the introduction of new internal trading systems and other initiatives of £0.4m, taxation compliance and advisory fees £0.2m and systems' reviews and other advisory fees of £1.4m.

Notes to the Financial Statements (continued)

4 Employees and remuneration

4a Persons employed

The number of persons employed in the year at their full-time equivalent was:

	Average for the year		At 31 March	
	1996 Number	1995 Number	1996 Number	1995 Number
Programme Directorates	10,734	10,480	10,571	10,771
Resources, Transmission and Services	9,526	10,279	9,311	9,958
Total Home Services	20,260	20,759	19,882	20,729
BBC Worldwide Commercial Activities	1,120	1,145	1,149	1,199
Other Activities	221	231	217	232
	21,601	22,135	21,248	22,160

Within the averages above, 1,095 (1994/95 1,110) part-time employees have been included at their full-time equivalent of 656 (1994/95 628).

In addition to the above, the Home Services Group employed an average full-time equivalent of 774 (1994/95 770) persons on a casual basis. Their payroll costs are included in note 4b.

4b Staff costs

	1996 £m	1995 £m
Salaries and wages (excluding redundancy costs)	613.7	604.2
Social security costs	53.8	53.7
Other pension costs – principal scheme	32.1	28.8
– other schemes	0.5	0.8
	700.1	687.5
Comprising:		
Home Services	655.7	645.3
BBC Worldwide Commercial Activities	37.7	35.8
Other Activities	6.7	6.4
	700.1	687.5

4c Pensions

The principal pension scheme of the BBC, the BBC Pension Scheme, provides salary related pension benefits on a defined benefit basis. The scheme is subject to independent valuation by a professionally qualified actuary at least every three years, on the basis of which the actuary certifies the rate of employer's contributions which, together with the specified contributions payable by employees and proceeds from the scheme's assets, are expected to be sufficient to fund the benefits payable under the scheme. The most recent actuarial valuation of the scheme was prepared as at 1 April 1993, using the projected unit method. A valuation has been commissioned as at 1 April 1996, the results of which are not yet known.

The main long-term assumptions of the most recent valuation were that the annual rate of return on investments would exceed increases in earnings by 1.9% and exceed pension increases by 3.8%.

At the date of the most recent actuarial valuation, the market value of the assets of the scheme was £3,436m and the actuarial value of the assets was sufficient to cover 118% of the benefits due to members, after allowing for expected future increases in earnings. The employer's and employees' standard contribution rates are 4.5% of pensionable earnings. This maintains the scheme surplus within the parameters of the Inland Revenue guidelines.

The scheme surplus is being amortised over 11 years, the expected average remaining service lives of the employees.

In the Home Services Group an amount of £20.4m (1995 £36.7m) is included in prepayments, representing the cumulative net excess contributions to the pension fund. The pension charge for 1995/96 was £32.1m (1994/95 £28.8m).

4d Governors

Governors are appointed by the Queen in Council to serve for periods not exceeding five years. The remuneration of the Board of Governors is determined by the Secretary of State for National Heritage with the approval of the Minister for the Civil Service. In addition, Governors are reimbursed for expenses incurred on BBC business.

The aggregate fees and remuneration of the Governors was £231,635 (1994/95 £248,837). In addition an amount of £20,000 per annum was provided in both years to meet the BBC's pension obligations under the Charter to former Chairmen and their surviving spouses. The increase in annual remuneration notified for 1995/96 was 2.5%.

Amounts paid to the Governors (excluding pension contributions) comprised:

	Fees £000	Benefits £000	1996 Total £000	1995 Total £000
Marmaduke Hussey (Chairman)	69	19	88	79
Lord Cocks	16	2	18	18
Sir Kenneth Bloomfield	16	5	21	17
Janet Cohen	8	1	9	9
The Rev Norman Drummond	16	8	24	11
Richard Eyre	3	–	3	–
Dr Jane Glover	1	–	1	8
Dr Gwyn Jones	16	5	21	16
Bill Jordan	8	4	12	10
Lord Nicholas Gordon Lennox	8	4	12	11
Shahwar Sadeque	1	–	1	13
Sir David Scholey	3	–	3	7
Margaret Spurr	12	1	13	40
Adrian White	3	–	3	–
Retired Governor	–	–	–	7

The number of Governors who received remuneration (excluding pension contributions) in the following bands was:

	1996 Number	1995 Number
£0 – £5,000	5	–
£5,001 – £10,000	1	5
£10,001 – £15,000	3	3
£15,001 – £20,000	1	3
£20,001 – £25,000	3	–
£40,001 – £45,000	–	1
£75,001 – £80,000	–	1
£85,001 – £90,000	1	–

These amounts include £87,473 (1994/95 £78,898) in respect of the Chairman who was the highest paid Governor. The Chairman retired on 31 March 1996.

4e Board of Management

Members of the Board of Management are appointed by the Governors. The aggregate remuneration of the members of the Board of Management was:

	1996 £	1995 £
Salaries and other benefits	2,364,659	2,276,411
Performance related bonus payments	213,792	161,350
	2,578,451	2,437,761
Pension contributions	190,689	191,192
Termination payments	197,802	-
	2,966,942	2,628,953

The remuneration of members of the Board of Management appointed or leaving during the year is included in respect of their period of membership of the Board only.

The typical remuneration arrangements for Board of Management in the BBC include basic salary; opportunity for annual variable bonus awards based on performance; post-retirement benefits and other benefits. The following briefly describe these remuneration elements:

Basic Salary

Salaries are reviewed in August each year, taking into account external market levels and internal relativities. Increases (if any) are awarded on the basis of individual performance and recommended increases are submitted for approval to the Board of Governors by the Remuneration Committee. On appointment to the Board of Management, basic salary is settled through discussions with the individual concerned, subject to ratification by the Remuneration Committee and Board of Governors.

Annual Bonus

Most members of the Board of Management were eligible to receive a bonus of up to 20% of basic salary for meeting certain performance targets in respect of 1995/96. The bonus of Dr John Thomas and Nicholas Chapman is calculated with reference to the performance of BBC Worldwide Limited. Qualitative and quantitative objectives were set for each individual at the beginning of the financial year and performance was reviewed at the year end. All bonuses awarded to Board of Management are recommended by the Remuneration Committee to the Board of Governors for their approval. Bonuses are generally reflected on a paid basis, other than in respect of bonuses accrued for members of the Board who left during the year.

Post Retirement Benefits

Members of the Board of Management normally participate in the principal BBC employee pension scheme, the BBC Pension Scheme, which provides salary related pension benefits on a defined benefit basis, providing an accrual of 1/60th of final salary per year of service subject to the Inland Revenue earnings cap. Pensionable salary is defined as basic salary only. A variety of special arrangements have been made for those individuals who have joined the BBC late in their careers. These include funded and unfunded arrangements outside the BBC Pension Scheme for those individuals earning in excess of the approved pensions cap. Within the BBC Pension Scheme there is a provision for early retirement on medical grounds, and life insurance cover of four times salary, subject to the Inland Revenue earnings cap.

Other Benefits

Members of the Board of Management are eligible for the following benefits: a chauffeur driven car for business use, a company car and free petrol for private use, medical insurance covering the executive and family and telephone rental.

Contracts

Service contracts for members of the Board of Management have been individually determined. It is normal policy for Board of Management members to have rolling or fixed term service contracts with a maximum of one year's notice of termination by the BBC or the individual executive. The following are exceptions:

- John Birt has a rolling contract whereby the BBC is required to give two years' notice until December 1997, and thereafter one year's notice.
- Bob Phillis has a fixed term contract terminating on 1 April 1998.
- Liz Forgan had a fixed term contract terminating on 1 February 1998. She left the BBC on 12 April 1996.

A termination payment of £197,802 (1994/95 £ Nil) was paid to David Hatch of which £14,228 was in respect of pension benefits.

In 1995/96 there were 16 (1994/95 16) members of the Board of Management who served for part or all of the year. Their remuneration, including bonus payments but excluding pension contributions and termination payments, fell in the following bands:

	1996 Number	1995 Number
£45,001 - £50,000	1	1
£75,001 - £80,000	1	1
£85,001 - £90,000	-	1
£90,001 - £95,000	1	-
£120,001 - £125,000	1	-
£125,001 - £130,000	1	1
£140,001 - £145,000	-	1
£145,001 - £150,000	-	1
£150,001 - £155,000	1	1
£160,001 - £165,000	1	4
£165,001 - £170,000	2	1
£170,001 - £175,000	-	1
£175,001 - £180,000	1	-
£180,001 - £185,000	2	1
£185,001 - £190,000	1	-
£190,001 - £195,000	1	-
£215,001 - £220,000	-	1
£240,001 - £245,000	1	-
£260,001 - £265,000	-	1
£295,001 - £300,000	1	-

The highest paid member of the Board of Management received remuneration of £299,495 (1994/95 £264,630). This included performance related bonus payments of £24,000 (1994/95 £18,500) but excluded pension contributions made by the BBC of £30,264 (1994/95 £27,092).

Notes to the Financial Statements (continued)

5 Restructuring costs

Restructuring costs in 1994/95 resulted from a continuation of the fundamental change in the method of running the Home Services' activities - Producer Choice. These costs amounted to £31.3m in 1994/95.

In 1995/96 restructuring costs of £35.2m have been incurred and charged as operating expenditure in arriving at the operating surplus.

6 Net interest

	1996 £m	1995 £m
Interest receivable	3.9	4.2
Interest payable on bank loans and overdrafts repayable within five years	(0.5)	(0.2)
	<u>3.4</u>	<u>4.0</u>

7 Taxation

The Home Services Group is only liable to taxation on profits derived from those activities carried on with a view to profit and on rent, royalties and interest receivable.

The charge for the year, based on a rate of Corporation tax of 33% (1994/95 33%), comprised:

	1996 £m	1995 £m
Current year:		
Corporation tax	11.0	10.7
Deferred taxation	(3.1)	(3.5)
Double taxation relief	(1.1)	(0.8)
	<u>6.8</u>	<u>6.4</u>
Overseas taxation	3.1	2.9
	<u>9.9</u>	<u>9.3</u>
Prior year:		
Corporation tax	(4.6)	(11.5)
Deferred taxation	1.8	4.3
	<u>(2.8)</u>	<u>(7.2)</u>
	<u>7.1</u>	<u>2.1</u>

8 Tangible fixed assets

8a Home Services Group

	Land and buildings £m	Plant and machinery £m	Furniture and fittings £m	Assets in the course of construction £m	Total £m
Cost or valuation					
At 1 April 1995	522.5	883.4	14.0	115.5	1,535.4
Additions	11.0	54.5	5.2	65.8	136.5
Brought into service	17.2	61.9	4.8	(83.9)	-
Disposals	(9.3)	(63.2)	(1.3)	(3.2)	(77.0)
Transfers	(10.7)	(6.7)	17.4	-	-
At 31 March 1996	<u>530.7</u>	<u>929.9</u>	<u>40.1</u>	<u>94.2</u>	<u>1,594.9</u>
Comprising:					
Cost	530.7	251.5	40.1	94.2	916.5
Valuation 31 March 1993	-	678.4	-	-	678.4
	<u>530.7</u>	<u>929.9</u>	<u>40.1</u>	<u>94.2</u>	<u>1,594.9</u>
Depreciation					
At 1 April 1995	114.9	531.3	10.8	-	657.0
Charge for the year	19.8	84.7	4.2	-	108.7
Elimination in respect of disposals	(3.7)	(51.7)	(0.3)	-	(55.7)
Transfers	(2.6)	(2.1)	4.7	-	-
At 31 March 1996	<u>128.4</u>	<u>562.2</u>	<u>19.4</u>	<u>-</u>	<u>710.0</u>
Net book value					
At 31 March 1996	<u>402.3</u>	<u>367.7</u>	<u>20.7</u>	<u>94.2</u>	<u>884.9</u>
At 31 March 1995	<u>407.6</u>	<u>352.1</u>	<u>3.2</u>	<u>115.5</u>	<u>878.4</u>
Home Services' plant and machinery was revalued at 31 March 1993 based on the estimated current replacement cost of the assets, adjusted for service potential. Included in the balance sheet are certain tangible fixed assets which are expected to be subject to privatisation during the 1996/97 financial year (note 19).					
Historical cost basis					
The net book value of tangible fixed assets included in the above table determined on an historical cost basis is as follows:					
Plant and machinery				1996 £m	1995 £m
Cost				784.5	738.0
Depreciation				447.5	424.0
Net book value				<u>337.0</u>	<u>314.0</u>

8b Home Services

	Land and buildings £m	Plant and machinery £m	Furniture and fittings £m	Assets in the course of construction £m	Total £m
Cost or valuation					
At 1 April 1995	511.5	852.8	4.9	115.5	1,484.7
Additions	11.0	49.6	3.8	65.8	130.2
Brought into service	17.2	61.9	4.8	(83.9)	-
Disposals	(4.8)	(60.7)	(1.3)	(3.2)	(70.0)
Transfers	(10.7)	(6.7)	17.4	-	-
At 31 March 1996	524.2	896.9	29.6	94.2	1,544.9
Comprising:					
Cost	524.2	218.5	29.6	94.2	866.5
Valuation 31 March 1993	-	678.4	-	-	678.4
	524.2	896.9	29.6	94.2	1,544.9
Depreciation					
At 1 April 1995	111.3	514.1	2.7	-	628.1
Charge for the year	19.6	80.2	3.2	-	103.0
Elimination in respect of disposals	(2.0)	(50.2)	(0.3)	-	(52.5)
Transfers	(2.6)	(2.1)	4.7	-	-
At 31 March 1996	126.3	542.0	10.3	-	678.6
Net book value					
At 31 March 1996	397.9	354.9	19.3	94.2	866.3
At 31 March 1995	400.2	338.7	2.2	115.5	856.6

Historical cost basis

The net book value of tangible fixed assets included in the above table determined on an historical cost basis is as follows:

	1996 £m	1995 £m
Plant and machinery		
Cost	751.5	707.4
Depreciation	427.3	406.8
Net book value	324.2	300.6

8c Land and buildings at net book value comprise:

	Group 1996 £m	Group 1995 re-presented £m	Home Services 1996 £m	Home Services 1995 re-presented £m
Freeholds	353.6	353.9	353.6	351.0
Long leaseholds	13.3	13.6	9.5	9.7
Short leaseholds	35.4	40.1	34.8	39.5
	402.3	407.6	397.9	400.2

The Governors and the Board of Management have reviewed the valuation of freehold properties prepared by the BBC's surveyors and are satisfied that there has been no permanent diminution in their carrying values.

Land and buildings in the Home Services Group and the Home Services include freehold land at a cost of £42.2m (1995 £42.2m) which is not depreciated.

Certain short leaseholds were misclassified as long leaseholds in the 1994/95 financial statements. As a result, the comparative figures have been re-presented.

9 Investment in programmes for future sale

	Group £m
Cost	
At 1 April 1995	106.9
Exchange adjustment	2.5
Additions	49.4
Written off during the year	(8.3)
Elimination of programmes fully amortised	(9.1)
At 31 March 1996	141.4
Amortisation	
At 1 April 1995	52.4
Exchange adjustment	1.4
Charge for the year	31.4
Elimination in respect of programmes written off during the year	(8.3)
Elimination in respect of programmes fully amortised	(9.1)
At 31 March 1996	67.8
Net book value	
At 31 March 1996	73.6
At 31 March 1995	54.5

Notes to the Financial Statements (continued)

10 Investments

10a The Home Services own 100% of the issued ordinary share capital of the following companies which are incorporated in Great Britain and registered in England and Wales:

	Cost 1996 £m	Cost 1995 £m
BBC Worldwide Limited	0.3	0.3
BBC Subscription Television Limited	-	-
BBC Investments Limited	-	-
	<u>0.3</u>	<u>0.3</u>

The principal subsidiary, BBC Worldwide Limited, co-produces and subsequently licences television programmes worldwide, publishes books and magazines and distributes videos, tapes and programme related products.

The following significant investments are also held in companies incorporated in Great Britain and registered in England and Wales:

	Holding of issued ordinary shares %
Parliamentary Broadcasting Unit Limited	33
Broadcasters Audience Research Board Limited	50
RAJAR (Radio Joint Audience Research) Limited	50

10b BBC Worldwide Limited holds the following significant interests in companies which, except where otherwise stated, are incorporated in Great Britain and registered in England and Wales:

	Holding of issued ordinary shares %
Subsidiaries	
BBC Worldwide Americas Inc. (registered in Delaware, USA)	100
Woodlands Publishing Limited	100
BBC World Service Television Limited	100
European Channel Broadcasting Limited	75
Associates	
European Channel Management Limited	45
Frontline Limited	23
Investments	
UK Gold Television Limited	20
Satellite News Corporation Limited	20

BBC Worldwide Limited does not have an obligation to provide European Channel Management Limited with financial support under the investment agreement. As a result BBC Worldwide Limited's share of pre-tax losses for the year of £8.7m (1994/95 £5.2m) and net liabilities at 31 March 1996 of £13.8m (1995 £5.1m) have not been included within these financial statements.

11 Stocks

	Group 1996 £m	Group 1995 £m	Home Services 1996 £m	Home Services 1995 £m
Raw materials	5.7	5.3	2.9	2.5
Work in progress:				
Originated programmes	152.6	158.5	152.6	156.7
Payments on account	29.7	21.5	29.7	21.5
Other	9.1	8.0	4.0	2.4
Finished programmes:				
Acquired programmes and films	84.6	80.3	84.6	80.3
Originated programmes	63.6	80.6	63.6	80.6
Other	4.9	6.8	0.5	0.2
	<u>350.2</u>	<u>361.0</u>	<u>337.9</u>	<u>344.2</u>

12 Debtors

	Group 1996 £m	Group 1995 £m	Home Services 1996 £m	Home Services 1995 £m
Receivable within one year				
Trade debtors	77.8	82.1	17.7	27.1
Amounts owed by associated undertakings	18.7	9.8	-	-
Department of National Heritage licence fee debtors	109.0	115.3	109.0	115.3
VAT recoverable	16.8	20.6	16.8	20.6
Amounts owed by subsidiaries	-	-	24.7	22.9
Other debtors	24.2	25.9	18.6	23.2
Prepayments	43.8	35.5	35.4	29.7
	<u>290.3</u>	<u>289.2</u>	<u>222.2</u>	<u>238.8</u>
Receivable after more than one year				
Trade debtors	0.5	0.3	0.2	-
Amounts owed by subsidiaries	-	-	17.1	6.8
Other debtors	-	0.3	-	0.3
Prepayments	4.1	5.7	4.1	5.7
Prepaid pension contributions	20.4	36.7	19.8	35.9
	<u>25.0</u>	<u>43.0</u>	<u>41.2</u>	<u>48.7</u>
	<u>315.3</u>	<u>332.2</u>	<u>263.4</u>	<u>287.5</u>

The amount owed by subsidiaries receivable after more than one year represents the drawn down element of an unsecured £40m interest bearing facility provided to BBC Worldwide Limited which is repayable within five years.

13 Creditors

	Group 1996 £m	Group 1995 £m	Home Services 1996 £m	Home Services 1995 £m
Amounts falling due within one year				
Unpresented cheques	49.2	43.2	43.6	38.6
Bank overdrafts	-	7.7	-	5.4
	<u>49.2</u>	<u>50.9</u>	<u>43.6</u>	<u>44.0</u>
Trade creditors				
Programme creditors	56.5	76.8	56.5	76.7
Programme acquisitions	26.4	32.8	26.4	32.8
Salaries and wages	58.3	54.9	57.4	54.1
Residual copyright payments	33.1	24.1	-	-
Licence fee collection creditors	2.8	4.1	2.8	4.1
Other trade creditors	105.4	103.3	76.9	75.7
	<u>282.5</u>	<u>296.0</u>	<u>220.0</u>	<u>243.4</u>
Other creditors				
Fixed asset creditors	27.4	27.4	27.4	27.4
Corporation tax	9.9	8.4	4.9	3.3
	<u>37.3</u>	<u>35.8</u>	<u>32.3</u>	<u>30.7</u>
Accruals and deferred income				
Licence saving stamps and direct debit instalments	71.5	87.2	28.3	44.8
	<u>153.2</u>	<u>153.8</u>	<u>153.2</u>	<u>153.8</u>
	<u>224.7</u>	<u>241.0</u>	<u>181.5</u>	<u>198.6</u>
	<u>593.7</u>	<u>623.7</u>	<u>477.4</u>	<u>516.7</u>
Amounts falling due after more than one year				
Programme acquisitions	19.0	12.5	19.0	12.5
Other	0.3	-	0.3	-
	<u>19.3</u>	<u>12.5</u>	<u>19.3</u>	<u>12.5</u>

Creditors falling due after more than one year are all repayable within five years.

14 Provisions for liabilities and charges

	Restructuring £m	Litigation and insurance £m	Deferred taxation £m	Other £m	Total £m
Group					
At 1 April 1995	38.1	13.9	1.3	5.6	58.9
Expenditure during the year	(25.5)	(8.0)	-	(1.2)	(34.7)
Charge/(credit) for the year	3.7	6.3	(1.3)	7.0	15.7
At 31 March 1996	16.3	12.2	-	11.4	39.9
Home Services					
At 1 April 1995	38.1	13.9	-	5.6	57.6
Expenditure during the year	(25.5)	(8.0)	-	(1.2)	(34.7)
Charge for the year	3.7	6.3	-	7.0	17.0
At 31 March 1996	16.3	12.2	-	11.4	39.9

15 Reserves

	Capital reserve £m	Revaluation reserve £m	Operating reserve £m	Total £m
Group				
At 1 April 1995	818.9	38.1	154.0	1,011.0
Exchange differences	-	-	0.7	0.7
Surplus for the financial year	-	-	72.8	72.8
Revaluation reserve transfer	-	(7.4)	7.4	-
Transfer to capital reserve	17.1	-	(17.1)	-
At 31 March 1996	836.0	30.7	217.8	1,084.5
Home Services				
At 1 April 1995	818.9	38.1	110.7	967.7
Surplus for the financial year	-	-	60.6	60.6
Revaluation reserve transfer	-	(7.4)	7.4	-
Transfer to capital reserve	17.1	-	(17.1)	-
At 31 March 1996	836.0	30.7	161.6	1,028.3

The cumulative goodwill arising on acquisition previously written off to reserves is £4.8m (1995 £4.8m).

The revaluation reserve transfer represents the additional depreciation charged through the statement of income and expenditure as a result of the revaluation of plant and machinery.

Notes to the Financial Statements (continued)

16 Reconciliation of surplus before interest and taxation to net cash inflow from operating activities

	1996 £m	1995 £m
Surplus before interest and taxation	76.5	91.3
Income from interests in associated undertakings	(1.2)	(1.5)
(Profit)/loss on disposal of tangible fixed assets	(0.7)	10.6
Exchange differences	(0.4)	-
Gain on sale of short term investments	(1.2)	-
Depreciation and amortisation	140.1	125.0
Decrease/(increase) in stocks	10.8	(82.1)
Decrease/(increase) in debtors	15.1	(33.3)
(Decrease)/increase in creditors	(22.6)	61.4
Decrease in provisions	(17.7)	(19.7)
Provision for diminution in value of investments	0.1	0.3
Net cash inflow from operating activities	198.8	152.0

Included within the surplus before interest and taxation above is a charge of £35.2m (1994/95 £31.3m) for restructuring (note 5). The cash flows relating to these items are shown below:

	1996 £m	1995 £m
Restructuring charge	(35.2)	(31.3)
Increase/(decrease) in creditors	2.3	(1.6)
Decrease in provisions	(21.8)	(18.8)
Cash outflow from restructuring	(54.7)	(51.7)

17 Analysis of changes in cash and cash equivalents during the year

	Cash at bank and in hand £m	Unpresented cheques £m	Bank overdrafts £m	Total £m
Group				
At 31 March 1994	87.1	(51.2)	(2.2)	33.7
Change in the year	(43.7)	8.0	(5.5)	(41.2)
At 31 March 1995	43.4	(43.2)	(7.7)	(7.5)
Change in the year	53.8	(6.0)	7.7	55.5
At 31 March 1996	97.2	(49.2)	-	48.0

18 Commitments

18a Purchases

	Group 1996 £m	Group 1995 £m	Home Services 1996 £m	Home Services 1995 £m
Contracted but not provided:				
Fixed asset additions	14.8	36.6	14.8	36.6
Programme acquisition and sports rights	294.5	310.4	294.5	310.4
Independent programmes	66.0	37.1	66.0	37.1
	375.3	384.1	375.3	384.1
Authorised but not contracted:				
Fixed asset additions	86.4	73.7	83.9	72.7
Independent programmes	22.5	43.0	22.5	43.0
	108.9	116.7	106.4	115.7

In addition to the above, in the ordinary course of business the BBC enters into a large number of contracts with artists and writers and with providers of other services including licence collection agencies.

18b Operating leases

Operating lease commitments payable in the following year analysed according to the period in which the lease expires:

	Land and buildings 1996 £m	Land and buildings 1995 £m	Other 1996 £m	Other 1995 £m
Group				
Within one year	1.3	1.7	1.4	2.0
In two to five years	1.5	1.1	12.3	8.2
After five years	9.0	9.0	-	0.4
	11.8	11.8	13.7	10.6
Home Services				
Within one year	1.3	1.6	1.3	1.9
In two to five years	1.2	1.0	11.2	7.4
After five years	8.3	8.1	-	0.4
	10.8	10.7	12.5	9.7

19 Transmission privatisation

On 27 November 1995 the Secretary of State for National Heritage announced that the transmission facilities of the BBC would be privatised, the future cost to the BBC of transmission would be regulated, and the BBC would benefit from any future productivity savings. The Government has asked the BBC to handle the sale and has agreed that the BBC will retain receipts from the sale of licence fee funded transmission assets.

It is expected that the transmission related net assets of the Home Services will be sold. At 31 March 1996 these net assets are included in the balance sheets of the Home Services Group and the Home Services at a value of some £210m stated in accordance with the BBC's standard accounting policies. No adjustments have been made to reflect future sales values which are not yet known.

The sale process is expected to be completed during the 1996/97 financial year.

20 Contingent liabilities

At 31 March 1996 the Home Services Group had unprovided contingent liabilities estimated to be £5.6m (1995 £4.5m).

The Home Services Group also has a number of contingent liabilities arising from litigation. The BBC makes specific provision against an estimate of any damages and costs which may be awarded.

In addition the BBC has guaranteed the bank facilities provided to BBC Worldwide Limited by Midland Bank plc up to a maximum of £10m.

World Service

Statement of Income and Expenditure for the year ended 31 March

	Note	1996 £m	1995 re-presented £m
Grants-in-Aid		180.6	174.9
Other income		11.9	10.9
Total income	1	192.5	185.8
Operating expenditure		(189.9)	(179.3)
Operating surplus	1, 2	2.6	6.5
Interest receivable		0.3	0.3
Surplus before taxation		2.9	6.8
Taxation	4	(0.4)	(0.4)
Surplus for the financial year	10	2.5	6.4
Transfer to capital reserve	10	(5.9)	(9.4)
Deficit for the year transferred to operating reserve	10	(3.4)	(3.0)

The World Service has no gains or losses other than those recognised above. There is no difference between the historical cost result for both years and that shown above. The above results are derived from continuing operations.

Balance Sheet at 31 March

	Note	1996 £m	1995 £m
Fixed assets			
Tangible fixed assets	5, 6	143.6	137.7
Current assets			
Stocks	7	0.9	1.3
Current debtors	8	9.8	10.4
Long term debtors	8	3.2	5.3
Cash at bank and in hand		6.2	5.9
		20.1	22.9
Creditors – amounts falling due within one year	9	(17.5)	(16.9)
Net current assets		2.6	6.0
Total assets less current liabilities		146.2	143.7
Represented by			
Capital reserve	10	143.6	137.7
Operating reserve	10	2.6	6.0
		146.2	143.7

The financial statements were approved by the Governors and Board of Management on 27 June 1996 and signed on their behalf by:

Sir Christopher Bland	Chairman of the BBC
John Birt	Director-General
Rodney Baker-Bates	Director of Finance and Information Technology

Cashflow Statement for the year ended 31 March

	Note	1996 £m	1995 £m
Net cash inflow from operating activities	11	28.4	28.8
Return on investments and servicing of finance			
Interest received		0.3	0.3
Taxation			
UK Corporation tax paid		(0.3)	(0.3)
Investing activities			
Purchase of tangible fixed assets		(28.4)	(27.9)
Net cash inflow before and after financing		-	0.9
Increase in cash and cash equivalents	12	-	0.9

Notes to the Financial Statements for the year ended 31 March

1 Operating surplus by nature of activity

1996	Broadcasting £m	Monitoring £m	Total £m
Grants-in-Aid	163.1	17.5	180.6
Other income	10.6	1.3	11.9
Total income	173.7	18.8	192.5
Operating expenditure	(171.5)	(18.4)	(189.9)
Operating surplus	2.2	0.4	2.6

1995	Broadcasting £m	Monitoring £m	Total re-presented £m
Grants-in-Aid	156.9	18.0	174.9
Other income	9.8	1.1	10.9
Total income	166.7	19.1	185.8
Operating expenditure	(161.4)	(17.9)	(179.3)
Operating surplus	5.3	1.2	6.5

Other income has been reclassified this year and is now disclosed within income in the statement of income and expenditure. In addition, other income includes £1.6m (1994/95 £1.4m) relating to the sale of transmission capacity which was previously set off against operating expenditure. The comparatives have been re-presented accordingly.

Other income is derived primarily from programme sales, transmission contracts and the sale of educational material and also publications from the Monitoring Service and listings magazines.

2 Operating surplus

Operating surplus is stated after charging/(crediting) the following items:

	1996 £m	1995 £m
Payments under operating leases:		
Land and buildings	7.5	7.8
Other	0.2	-
Depreciation	19.7	18.7
Amounts written off fixed assets	3.6	-
Own work capitalised	(3.3)	(1.7)

Operating expenditure also includes £30,000 (1994/95 £30,000) in respect of auditors' remuneration. There were no non-audit fees paid to the auditors in the year (1994/95 £0.6m). The 1994/95 amounts relate to the previous auditors, Compers & Lybrand.

3 Employees and remuneration

3a Persons employed

The number of persons employed in the year at their full-time equivalent was:

	Average for the year		At 31 March	
	1996 Number	1995 Number	1996 Number	1995 Number
Broadcasting	2,243	2,163	2,157	2,183
Monitoring	474	502	470	488
Other Activities (including self-funding)	212	162	228	195
	2,929	2,827	2,855	2,866

Within the averages above, 197 (1994/95 172) part-time employees have been included at their full-time equivalent of 113 (1994/95 97).

In addition to the above, the World Service employed an average full-time equivalent of 149 (1994/95 186) persons on a casual basis. Their salary costs are included in note 3b below.

3b Staff costs

	1996 £m	1995 £m
Salaries and wages (excluding redundancy costs)	76.0	74.4
Social security costs	6.4	6.8
Other pension costs	4.1	3.6
	86.5	84.8

Staff costs in relation to staff employed on self-funding activities are excluded from the analysis above as these are fully recovered from third parties.

In addition to the above, redundancy costs of £3.3m (1994/95 £3.0m) were incurred in the year.

3c Pensions

Most World Service employees are members of the BBC Pension Scheme, the principal scheme of the BBC. The funding of the scheme is described in note 4c to the Home Services Group financial statements. In the World Service an amount of £3.2m (1995 £5.3m) is included in prepayments, representing the cumulative net excess contributions to the pension fund. The pension charge for the World Service was £4.1m (1994/95 £3.6m).

3d Governors and Board of Management

Governors' remuneration is charged to the Home Services. The World Service financial statements include the remuneration of the Managing Director, World Service. Disclosure of remuneration is included in note 4d and note 4e to the Home Services Group financial statements.

Notes to the Financial Statements (continued)

4 Taxation

The World Service taxation charge is based on profits derived from rent, interest receivable and sale of transmission capacity. The charge for the year, based on a rate of Corporation tax of 33% (1994/95 33%), comprised:

	1996 £m	1995 £m
Current year:		
Corporation tax	0.7	0.4
Prior year:		
Corporation tax	(0.3)	-
	<u>0.4</u>	<u>0.4</u>

5 Tangible fixed assets

	Land and buildings £m	Plant and machinery £m	Furniture and fittings £m	Assets in the course of construction £m	Total £m
Cost					
At 1 April 1995	56.7	146.8	1.6	11.6	216.7
Additions	0.3	4.7	0.1	24.1	29.2
Brought into service	0.2	2.1	-	(2.3)	-
Amounts written off	(0.6)	(4.3)	-	-	(4.9)
Transfers	3.1	(5.6)	2.5	-	-
At 31 March 1996	59.7	143.7	4.2	33.4	241.0
Depreciation					
At 1 April 1995	15.4	62.5	1.1	-	79.0
Charge for the year	2.6	16.5	0.6	-	19.7
Elimination in respect of amounts written off	(0.4)	(0.9)	-	-	(1.3)
Transfers	0.5	(1.8)	1.3	-	-
At 31 March 1996	18.1	76.3	3.0	-	97.4
Net book value					
At 31 March 1996	41.6	67.4	1.2	33.4	143.6
At 31 March 1995	41.3	84.3	0.5	11.6	137.7

Included within assets in the course of construction are £17.4m of assets relating to a relay station under construction in Thailand. Legal ownership of these assets will be transferred to the Royal Thai Government when the relay station becomes operational, for the payment of a nominal sum. The BBC retains the rights to repurchase the assets, should the operation cease, for a similar nominal sum. World Service's use of these assets will not be affected by these transactions and it is therefore the intention to continue to carry them at cost less attributable depreciation.

Included in the balance sheet are certain tangible fixed assets which are expected to be subject to privatisation during the 1996/97 financial year (note 14).

Land and buildings at net book value comprise:

	1996 £m	1995 £m
Freeholds	22.1	24.1
Short leaseholds	19.5	17.2
	<u>41.6</u>	<u>41.3</u>

Land and buildings include freehold land at a cost of £0.2m (1995 £0.2m) which is not depreciated.

6 Investments

Included in fixed assets are the following investments at nominal value:

	Holding of issued ordinary shares %
BBC East Asia Relay Company Limited (incorporated in Hong Kong)	100
Caribbean Relay Company Limited (incorporated in Antigua)	45
Multimedia Ventures Limited (incorporated in Great Britain and registered in England and Wales)	50

In order to facilitate the refinancing of Mediaworld Services Limited the investment in that company has been exchanged for a 50% holding in Multimedia Ventures Limited.

7 Stocks

	1996 £m	1995 £m
Raw materials	0.4	1.1
Work in progress – programmes	0.5	0.2
	<u>0.9</u>	<u>1.3</u>

8 Debtors

	1996 £m	1995 £m
Receivable within one year		
Trade debtors	4.5	5.1
VAT recoverable	0.4	0.4
Other debtors	3.0	2.9
Prepayments	1.9	2.0
	<u>9.8</u>	<u>10.4</u>
Receivable after more than one year		
Prepaid pension contributions	3.2	5.3
	<u>13.0</u>	<u>15.7</u>

9 Creditors

	1996 £m	1995 £m
Amounts falling due within one year		
Unpresented cheques	4.1	3.8
Trade creditors		
Programme creditors	0.8	0.8
Salaries and wages	1.2	1.6
Other trade creditors	6.1	8.6
	8.1	11.0
Other creditors		
Fixed asset creditors	1.7	0.9
Corporation tax	0.7	0.6
Other	2.9	0.6
	5.3	2.1
	17.5	16.9

10 Reserves

	Capital reserve £m	Operating reserve £m	Total £m
At 1 April 1995	137.7	6.0	143.7
Surplus for the financial year	-	2.5	2.5
Transfer to capital reserve	5.9	(5.9)	-
At 31 March 1996	143.6	2.6	146.2

11 Reconciliation of operating surplus to net cash inflow from operating activities

	1996 £m	1995 £m
Operating surplus	2.6	6.5
Amounts written off fixed assets	3.6	-
Depreciation	19.7	18.7
Decrease in stocks	0.4	2.1
Decrease in debtors	2.7	2.0
Decrease in creditors	(0.6)	(0.5)
Net cash inflow from operating activities	28.4	28.8

12 Analysis of changes in cash and cash equivalents during the year

	Cash at bank and in hand £m	Unpresented cheques £m	Total £m
At 31 March 1994	4.8	(3.6)	1.2
Change in the year	1.1	(0.2)	0.9
At 31 March 1995	5.9	(3.8)	2.1
Change in the year	0.3	(0.3)	-
At 31 March 1996	6.2	(4.1)	2.1

13 Commitments

13a Purchases

	1996 £m	1995 £m
Contracted but not provided:		
Fixed asset additions	5.0	12.9
Authorised but not contracted:		
Fixed asset additions	19.2	22.8

13b Operating leases

Operating lease commitments payable in the following year analysed according to the period in which the lease expires:

	Land and buildings 1996 £m	Land and buildings 1995 £m	Other 1996 £m	Other 1995 £m
In two to five years	0.2	-	0.2	-
After five years	7.2	7.2	-	-
	7.4	7.2	0.2	-

14 Transmission privatisation

On 27 November 1995 the Secretary of State for National Heritage announced that the transmission facilities of the BBC would be privatised. It is anticipated that the future cost to the World Service of transmission would be regulated and that the World Service would benefit from any future productivity savings. The BBC was asked to handle the sale and the Government will receive the proceeds from the sale of Grants-in-Aid funded transmission assets.

It is expected that only those assets of World Service transmission sited in the UK will be sold. At 31 March 1996 the net assets subject to privatisation are included in the balance sheet of the World Service at a net book value of some £30m stated in accordance with the BBC's standard accounting policies. No adjustments have been made to reflect future sales values which are not yet known.

It is probable that the BBC will retain an interest in the overseas sites and equipment but that the ongoing operation and maintenance of the sites will be contracted to an independent supplier.

The sale process is expected to be completed during the 1996/97 financial year.

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4 Comparative price per hour of viewing/listening

	95/96	94/95
Video Rental*	53p	51p
All Satellite Channels	18p	19p
Sky Multichoice Package	18p	16p
All BBC	3.7p	3.7p
BBC Viewing	4.8p	4.7p
BBC Listening	2.3p	2.1p

*Last year's published figure was 41p. The restatement here is due to better data and an improved methodology.

Source: BARB, BBC Corporate Strategy estimates.

5 Costs per hour of originated programmes
Increases in cost per hour reflect inflation and transmitting a richer mix of programmes within a genre or a channel, offset by efficiency improvement. Increases in the costs of weekly and special programmes are due to a richer mix eg more political history series.

1 Overall BBC reach
Estimated proportion of all UK households viewing and listening to at least two hours of programming per week.

	95/96	94/95
	%	%
	95	95

Source: BARB, RAJAR and Licence Fee Payers' Database.

3 The proportion of people aged 4+ watching or listening to each service in an average week (for 15 minutes or more)

	95/96	94/95
	%	%
Television		
BBC1	91.1	91.6
BBC2	73.4	73.0

	%	%
Radio		
Radio 1	23.7	23.8
Radio 2	16.0	16.6
Radio 3	4.5	4.8
Radio 4	16.1	16.1
Radio 5 Live	9.7	9.1
Local/Regional	18.0	18.8

Source: BARB/RAJAR.

	95/96	94/95
	£K	£K
Television		
BBC1	117	112
BBC2	86	89

Television Programme Type		
Drama	455	489
Entertainment	215	214
Sport	66	59
Documentaries / Features	132	133
Children's	95	116
Music and Arts	110	116
Daytime	40	41
News Programmes	83	78
Daily NCA Programmes	39	36
Weekly and special NCA programmes	175	146
Westminster	31	26
Schools	128	138
Continuing Education	121	124

Radio		
Radio 1	2.7	2.6
Radio 2	3.6	3.8
Radio 3	7.4	7.1
Radio 4	10.5	10.2
Radio 5 Live	3.3	3.1

2 The proportion of people watching or listening to each genre on the BBC each week (for one programme or more)

Combined BBC TV and Radio	95/96	94/95
	%	%
Documentaries/Features	88	85
Variety	87	71
Comedy	82	76
Drama (Series Et Serials)	81	65
National News	71	70
Drama (Soaps)	67	65
Art Et Music	62	63
Sport	57	55
Regional News/Local Radio	46	38
Children's	42	37
Films	36	45
Current Affairs	33	30

Source: Licence Fee Payers' database.

6 Transmission coverage
Terrestrial transmission coverage of UK population

	95/96	94/95
	%	%
TV Transmission	99.4	99.4

Radio Transmission		
FM, MW and LW	98	98
FM only	99	99

Transmitter building continued throughout the year to enhance radio and television coverage of poorly served communities widely distributed throughout the UK. Whilst this work was important, the number of people who benefited was less than 0.1 per cent of the population, and is therefore not reflected in the published figures.

FM coverage (99 per cent) is determined against a nationally accepted standard agreed between the BBC, the Radio Authority and the government. However, the equipment used by listeners has a very wide range of technical performance. Some of this equipment, particularly when using simple indoor aerials, is unable to achieve good reception throughout an area adequately served when measured against the objective standard. As a result of this, local geographical features and the difficulty some listeners' experience in tuning their radios, the levels of listeners' satisfaction, particularly towards the outer edges of a transmitter's service area, will be lower than implied by the measured coverage.

A Digital Audio Broadcasting pilot service was launched in September 1995 with an initial coverage of 18 per cent of the population.

7

Range of peak time UK-made programmes between 6pm-10.30pm

Type	BBC	ITV/C4	BBC1	ITV	BBC2	C4
Single Plays/TV Films	•					
Drama Series	•	•	•	•		•
Drama Serials	•	•	•	•		
Long Running Serials	•	•	•	•		•
Situation Comedy	•	•	•	•	•	•
Other Comedy	•	•	•		•	
Variety	•					
Quiz Et Panel Shows	•	•	•	•	•	
Family/People Shows	•	•	•	•		
Sport	•	•	•	•	•	
National News	•	•	•	•		•
Regional News	•	•	•	•		
Current Affairs	•	•	•		•	•
Consumer Affairs	•	•	•	•	•	•
Arts	•	•			•	•
Hobbies Et Leisure Pursuits	•	•	•		•	•
Natural History	•	•			•	
Science and Medical	•	•	•		•	•
Human Interest	•	•	•	•	•	•
Religious Programmes	•		•			
Music Contemporary	•		•		•	
Music Classical						
Special Events						
TOTAL 1995/96	20	18	17	11	12	10
TOTAL 1994/95	21	18	14	10	11	11

Source: BARB.

8

Network television output analysis

Hours of output

Programme type	BBC1	BBC1	BBC2	BBC2
	94/95	95/96	94/95	95/96
Features and documentaries	944	1,056	928	884
Current affairs	78	88	67	73
Sport	643	492	835	796
Light entertainment	539	567	332	360
Children's	458	419	203	223
Drama	368	385	95	81
Religion	105	110	40	42
Music	11	4	63	39
Weather	59	58	22	21
Subtotal	3,205	3,179	2,585	2,520
Education for adults	96	97	129	119
Schools			618	540
Subtotal	3,301	3,276	3,332	3,179
News and daily news related programmes	1,276	1,294	286	337
Parliamentary broadcasting	66	68	272	299
Subtotal	4,643	4,638	3,890	3,815
Acquired programmes				
Feature films	939	987	1,113	976
Children's series	344	371	202	242
Overseas sport	56	75	46	113
Teleseries	513	476	340	371
Other (including presentation)	87	49	298	369
Subtotal	6,582	6,595	5,889	5,885
Continuity	261	240	248	255
Night-time education			128	533
Open University			695	798
Total	6,843	6,835	6,960	7,471

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Subtitled output

	95/96 hours	94/95 hours
BBC Television	6,304	5,226
	95/96 %	94/95 %
Average BBC Television output	33	28 (33 ¹)
		97/98 % target
Average BBC Television output		50

¹As previously stated, based on the assumption of 1E,000 hours of annual BBC TV output which was made when the targets were originally set. Now restated to take into account additional hours of night-time broadcasting.

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Network radio output analysis

Hours of output

	Radio 1		Radio 2		Radio 3		Radio 4		Radio 5 Live		Totals	
	94/95	95/96	94/95	95/96	94/95	95/96	94/95	95/96	94/95	95/96	94/95	95/96
Arts			301	307	414	379	448	553		40	1,163	1,279
Comedy and light entertainment	121	80	173	126	3	13	351	321	54	74	702	614
Drama	40	4	7	15	139	138	1,023	1,085		1	1,209	1,243
Knowledge building	23	12	112	110	75	79	1,847	1,767	207	345	2,264	2,313
Leisure	3		57	66	5,408		87	95			5,555	161
Music	8,179	8,221	6,748	6,813		5,620					14,927	20,654
National debate		2	491	438	32		616	379	322	374	1,461	1,193
Religion			173	187	56	71	242	254			471	512
Sport		22					425	500	2,329	2,159	2,754	2,681
Multicultural							6	6			6	6
Presentation and trailing	2	52	185	193	163	140	223	124			573	509
News	355	391	488	529	64	118	2,147	2,468	5,709	5,657	8,763	9,163
Schools					295	220	1		119	134	415	354
Total	8,723	8,784	8,735	8,784	6,649	6,778	7,416	7,552	8,740	8,784	40,263	40,682
Open University					79	83	33	59			112	142
Total	8,723	8,784	8,735	8,784	6,728	6,861	7,449	7,611	8,740	8,784	40,375	40,824

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Television hours of output

All figures in hours	England London	England Midlands	England North	England South	Northern Ireland	Scotland	Wales	Total 95/96	Total 94/95
General Programmes									
Network	2,878	721	664	149	38	96	25	4,571	4,957
Regional service only		28	42	56	220	354	243	943	1,036
Total	2,878	749	706	205	258	450	268	5,514	5,993
Of which Independents									
Network	700	238	417	21	30	24	7	1,437	1,313
Regional service only		5	7	8	45	90	70	225	216
Total	700	243	424	29	75	114	77	1,662	1,529
News and daily news related programmes									
Network	1,631							1,631	1,563
Regional service only		793	791	1,075	282	264	273	3,478	3,258
Parliamentary broadcasting									
Network	367							367	338
Regional service only		35	53	66		46	23	223	195
Acquired programmes									
Feature films	402							402	321
Children's series and cartoons	243							243	175
Overseas sport	180							180	92
Teleseries	363	14						377	412
Other	317	4	13	38				372	259
Regional service only									
Total first transmissions									
Network	6,381	739	677	187	38	96	25	8,143	8,117
Regional service only		856	886	1,197	502	664	539	4,644	4,489
Repeats (all sources)									
Network	4,083	58	98	65	1	21	11	4,337	4,354
Regional service only						48	48	118	284
Total repeats	4,083	58	98	65	49	69	33	4,455	4,638
Total hours of broadcasting									
Network	10,464	797	775	252	39	117	36	12,480	12,471
Regional service only		856	886	1,197	550	712	561	4,762	4,773
Continuity									
Network								495	509
Regional service only		3	2	5	94	80	81	265	300
Night-time education									
Open University								799	695
Total hours of broadcasting									
Network	10,464	1,656	1,663	1,454	683	909	678	19,334	18,876
Regions									
Night-time education								533	128
Open University								799	695
Network								13,508	13,108
Total								19,334	18,876

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Radio hours of output

All figures in hours	Radio 1	Radio 2	Radio 3	Radio 4	Radio 5	Total Live Network	Regional service only	Local Radio	Total 95/96	Total 94/95
Programmes produced in London	8,259	5,548	5,120	6,060	8,439	33,426			33,426	35,763
Programmes produced in the regions										
England - Midlands	10	2,613	436	430	59	3,548			3,548	1,725
North	433	227	480	517	142	1,799			1,799	1,602
South		22	20	320	14	376			376	339
Northern Ireland		14	296	67	11	388	5,666		6,054	7,320
Scotland	82	337	314	101	119	953	6,603		7,556	6,850
Wales		23	112	57		192	10,933		11,125	10,863
Community stations							3,946		3,946	2,175
Total programmes produced in the regions	525	3,236	1,658	1,492	345	7,256	27,148		34,404	30,874
Total programmes produced in London and the regions	8,784	8,784	6,778	7,552	8,784	40,682	27,148		67,830	66,637
Local Radio										
Open University			83	59		142			142	112
Total hours of broadcasting	8,784	8,784	6,861	7,611	8,784	40,824	27,148	221,364	289,336	288,226

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Regional programme deliveries to the networks

	95/96 £m	94/95 £m
Midlands & East	61	61
North	61	57
South	35	32
Scotland	26	19
Wales	7	11
Northern Ireland	10	6

14

Regional television output analysis

	95/96 hours	94/95 hours	93/94 hours
News and Daily News-Related			
Current Affairs and Parliamentary Broadcasts	3,701	3,453	3,373
Opt-out / Specials and Current Affairs	194	200	212
Light Entertainment, Comedy, Children's and Drama	99	95	40
Factual	158	166	229
Music and Arts	55	75	78
Schools	38	36	37
Sport	399	464	470
Repeats	118	284	365
Sub-total	4,762	4,773	4,804
Continuity	265	300	284
Total	5,027	5,073	5,088

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Local Radio hours of transmission

Station	95/96 hours	94/95 hours	93/94 hours
Berkshire	4,875	4,430	3,738
Bristol (inc. Somerset Sound)	8,980	8,991	8,369
Cambridgeshire	5,350	5,407	6,006
Cleveland	5,019	4,962	5,050
Cornwall	5,499	5,295	4,588
Cumbria	5,584	6,070	6,074
Coventry and Warwickshire	2,380	5,159	5,011
Derby	5,843	5,521	5,029
Devon (inc. Dorset FM)	7,737	8,061	8,134
Essex	5,294	5,133	5,037
Gloucestershire	5,328	5,347	5,043
GLR	6,957	6,992	7,252
GMR	5,676	5,747	5,565
Guernsey	3,074	2,884	3,040
Hereford and Worcester	5,181	5,231	5,076
Humber and Yorkshire	5,461	5,476	5,177
Jersey	3,876	3,705	2,942
Kent	6,596	6,570	6,566
Lancashire	6,535	6,716	6,483
Leeds	6,414	6,293	6,157
Leicester	9,122	8,257	7,438
Lincolnshire	4,644	4,457	4,268
Merseyside	5,897	5,827	5,773
Newcastle	5,601	5,494	5,273
Norfolk	5,607	5,538	5,541
Northampton	5,878	6,008	6,032
Nottingham	5,762	5,651	5,628
Oxford	5,923	5,896	5,907
Sheffield	5,446	5,308	5,366
Shropshire	5,180	5,078	5,057
Solent	6,573	6,556	6,488
Southern Counties Radio	7,235	7,113	7,303
Stoke	4,958	4,936	4,959
Suffolk	5,212	5,112	5,075
Three Counties	5,928	5,887	5,788
WM	9,615	8,898	7,856
Wiltshire Sound	5,987	6,333	5,728
York	5,137	5,138	4,939
Total	221,364	221,477	214,756

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Letters and telephone calls
During 1995/96, Viewer and Listener Information handled 73,970 letters, 94 per cent of which were replied to within ten working days, and 515,382 telephone calls.

In addition, significant numbers of calls and letters were handled by other departments across the corporation, particularly production departments.

17

Public meetings
Ten major public forums were held during 1995/96, one each in Scotland and Wales and two in each of the three English regions and in Northern Ireland.

An average of three meetings a week (over 150 in all across the UK) were held, when there was an opportunity for members of the public to put across their views. These included questionnaires at *Antiques Roadshow* recordings, and question and answer sessions before *Question Time* and at Local Open Events. Local Open Events are meetings involving the public, linked to BBC local radio stations.

18

Environment
The BBC set a target of reducing CO₂ emissions (through reduced energy consumption) by 15 per cent over a five year period from 1991/92 to 1996/97. We are on track to achieve this target.

We have installed and commissioned a 5MW combined heat and power plant at Television Centre which produces the major part of our electrical requirement together with our heating and chilling load.

The BBC has made progress within the year on recycling and has managed to recycle 50 per cent of all products disposed of from BBC London premises.

Major strides have been made in the use of recycled paper and 40 per cent of all paper in general office use for photocopying and laser printer applications in the BBC has been recycled. Paper purchased for high volume reprographics applications is non-chlorine bleached and produced from fibres derived from sustainable sources.

19

Television trailing of Worldwide Publishing
The terms of the BBC's undertakings with the Office of Fair Trading in relation to on-air minutage promoting BBC magazines commits us to not exceeding more than seven minutes as an aggregate across a seven day period; these terms have been met.

The restriction to seven minutes per week applies only to BBC Magazines. The BBC, however, voluntarily applies the spirit of the undertaking to all BBC Worldwide products.

During 1995/96 the weekly total for all BBC Worldwide products has averaged three minutes 30 seconds with an occasional maximum of four minutes and a minimum of two minutes. This is well within the restriction imposed by the OFT agreement - which, as indicated, applies only to magazines.

20

Overheads - corporate management and governance

	95/96 %	94/95 %
	3.1	3.1

21

Spending on major areas of creative talent

	95/96 £m	94/95 £m
Artists and contributors	95	100
Copyright (including music copyright)	54	57
House orchestras	18	16

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Spending on external providers of programmes and resources

Spending	95/96 £m	94/95 £m
Independent Producers	204	174
External Resource Use:		
By output directorates	77	78
By resources	56	70
Total	133	148

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Equal opportunities initiatives

	94/95 Year End	95/96 Year End	Target for the year 2000
Proportion of women in management			
Senior executives	19.5%	21.2%	30%
Senior managers	25.5%	28.1%	40%
Middle management and senior professionals	31.9%	33.3%	40%
Proportion of ethnic minorities			
London Based Directorates			
Network Television	8.3%	9.2%	8%
Network Radio	6.3%	6.3%	8%
World Service (recruited in UK)	12.9%	13%	8%
NCA	7.6%	7.4%	8%
Education	6.6%	7.2%	8%
London Based Resources	6.5%	6.8%	7%
Policy and Planning	8.5%	6.4%	8%
Legal Advisor	11.7%	7.2%	11%
Corporate Affairs	0.0%	3.2%	8%
Finance	12.6%	12.4%	13%
Personnel	5.0%	3.0%	11%
Regions (including Regional Broadcasting and Regional Resources)			
Scotland	1.0%	1.1%	2%
Wales	1.3%	1.6%	2%
North	3.8%	3.4%	4%
South	2.0%	2.5%	4.7%
Midlands & East	5.0%	5.8%	6%

Major Television Awards in 1995/96

BAFTA Lloyds Bank Production and Performance Awards

Best Single Drama
Persuasion

Best Factual Series
The Death of Yugoslavia

Best Light Entertainment (Programme or Series)
The Mrs Merton Show

The Huw Wheldon Award for the Best Arts Programme or Series
Children of the Revolution

Best Children's Programme (Factual)
Short Change

Best Actress
Jennifer Ehle for Pride and Prejudice

Best Comedy Performance
Martin Clunes for Men Behaving Badly

Best Sports/Events Coverage in Real Time
VE Day Coverage

Best Talk Show
Panorama Interview with HRH The Princess of Wales

The Lloyds Bank People's Vote for Favourite TV Programme
The X Files

BAFTA Lloyds Bank Council and Craft Awards

Best Make-up/Hair
Dorka Nieradzki for Cold Comfort Farm

Best Photography/Lighting (Fiction/Entertainment)
John Daly for Persuasion

Best Costume Design
Alexandra Byrne for Persuasion

Best Graphic Design
Iain Greenway/Jane Wyatt for BBC2 Christmas Animations

Best Sound (Fiction/Entertainment)
John Taylor, Craig Irving, Tim Hudnott, Pete Coillins and Chris Graver for Loved Up (Love Bites)

Best Editing (Fiction/Entertainment)
Trevor Waite for Go Now (Love Bites)

Best Design
William Dudley and Brian Sykes for Persuasion

Best Original Television Music
Jeremy Sams for Persuasion

Television Award for Originality
Close Shave (Aardman Animation)

BAFTA Lloyds Bank Awards in the Gift of Council

The Richard Dimpleby Award
Jeremy Paxman

The Dennis Potter Award
Roy Clark

The Lew Grade Award
The Antiques Roadshow

RTS Programme and Technology Awards

Situation Comedy and Comedy Drama
Men Behaving Badly
Hartwood Films for BBC TV

Entertainment
Shooting Stars
Channel X for BBC TV

Children's Drama
The Queen's Nose
Film and General Productions for BBC TV

Children's Factual
Short Change

Best Actor Female
Helen McRory for Streetlife

Best Actor Male
Robert Carlyle (Hamish Macbeth and Love Bites: Go Now)

Team
Eastenders

Operational Systems
BBC News Resources

Regional Programme
Two Ceasefires and a Wedding
BBC Northern Ireland

Regional Presenter
Paddy Kielty
BBC Northern Ireland

Presenter
VE Day Celebration Coverage
John Tusa

Multimedia Award
Science Zone: Interactive
BBC Education and the Multimedia Centre

Drama Series
Preston Front

Arts
The Homecoming

Live Event
VJ50: The Final Tribute

Television Performance
Caroline Hook (The Mrs Merton Show)

Writers Award
Paul Powell and Jimmy McGovern (Love Bites: Go Now)

Judges Award
Alan Yentob

Gold Medal
Bill Cotton

RTS Journalism Awards

News Award (Home)
Newsnight: Scott Report
by Graeme McLagan

News Event Award
Rabin's Assassination

Interview of the Year
Panorama: An Interview with HRH Princess of Wales

Regional Current Affairs
Taro Naw - Ken Jones

Current Affairs Award (Home)
Panorama: The Story of Child B

Judges' Award (Journalism)
The Death of Yugoslavia
Brian Lapping Associates

RTS Sports Awards

Sports News
Nine O'Clock News: England Fans Riot in Dublin

Sports Documentary
Ayrton Senna

Sports Presenter and Commentator Award
Steve Rider

RTS Craft and Design Awards

Costume Design (Non-Drama)
Anne Hardinge (BBC Design Group) for Oliver II

Costume Design (Drama)
Alexandra Byrne for Persuasion

Graphics Design (Channel Identities)
Jane Walker and Paula Williams for 1994 Christmas on BBC2

Graphics Design (Titles)
John Kennedy and McCallum Kennedy D'Auria for Reputations

Graphic Design (Content Sequences)
Steve Burrell and Matt Carter for Watch Out

Production Design (Drama)
William Dudley and Brian Sykes for Persuasion

Sound (Non-Drama)
Graham Haines, Barrie Hawes, Tim Davies, Tim Adamson and Dave Hill for VE Day 50th Anniversary

Tape and Film Editing (Drama)
Peter Hayes for Cardiac Arrest

Team
Persuasion

RTS Educational Awards

Secondary Arts
Scene: Loved Up
BBC Schools Programmes

Adult Education and Training
Sid's Heroes: Videoprint
Lauderdale Productions for BBC Education for Adults

Campaigns and Seasons
Read and Write Together Campaign
Bartle Bogle Hegarty for BBC Education for Adults

International EMMY Awards

Programmes for Children and Young People (Joint)
Little Lord Fauntleroy

Documentary (Joint)
Anne Frank Remembered

Directorate Award
John Birt

Academy Awards (Oscars)

A Close Shave
Nick Park and Aardman Animation for BBC TV

Anne Frank Remembered



Major Radio Awards in 1995/96

Sony Radio Awards

Sports Programme/Programming
Gold: Ryder Cup Coverage
BBC Radio 5 Live

Bronze: Sporting Partnerships
BBC North for
BBC Radio 5 Live

Documentary Programme
(Including Features)
Gold: War and Peace
BBC Radio 2

Silver: Doing The Business –
Whoops I've Got A Lot of
Money
BBC Radio 1

Bronze: Going Back: Mavis
BBC Radio 4

Magazine Programme
Gold: Offspring
BBC Radio 4

Silver: Top Gear
BBC Radio Midlands for
BBC Radio 5 Live

Bronze: Movies & Shakers
BBC Radio Scotland

Use of Comedy/Comedy
Programme
Gold: People Like Us
BBC Radio 4

Silver: Harry Hill's Fruit Corner
BBC Radio 4

Breakfast Show (Speech Based)
Gold: Europe Today
BBC World Service

Silver: Stuart Linnell Breakfast
Show
BBC Radio WM

Bronze: GLR Breakfast
BBC GLR

Breakfast Show (Music Based)
Silver: Chris Evans Breakfast
Show
Ginger Air Productions
for BBC Radio 1

Daytime Music Sequence
Programme/Programming
Gold: Sounds of the Sixties
BBC Radio 2

Silver: Mr Anderson's FineTunes
BBC Radio Scotland

Bronze: Lisa l'Anson Show
BBC Radio 1

Themed Music
Programme/Programming
Gold: Fairest Isle
BBC Radio 3

Silver: Isle of Wight Festival
1970 – The British Woodstock
BBC Radio 1

Bronze: Mark Goodyear Show –
The Mix
BBC Radio 1

Specialist Music
Programme/Programming
Gold: Kershaw in South Africa
BBC Radio 1

Silver: Music of the Motherland
BBC World Service

Arts Programme/Programming
(Speech or Music)
Gold: Green and Pleasant Land
BBC Radio 2

Joint Silver: The Colours of
Music: Cartoons Track Record
for BBC Radio 3

Joint Silver: Night Waves: in
Las Vegas
BBC Radio 3

Special Commendation:
Knoxville, Summer of 1995
by Alan Hall
for BBC Radio 3

and
Elgar's Final Enigma
Produced by Paul Hindmarsh
for BBC Radio 3

Drama Production
Gold: Albion Tower
BBC Radio 3

Silver: Barabbas the Witness
BBC Radio Scotland

Bronze: Who Was Emily
Davison?
BBC World Service

Service to the Community
Gold: Affairs of the Heart
BBC Radio 2

Silver: Student Choice '95
BBC Education for Radio 5
Live and Radio 1

Bronze: Vital Minutes
Campaign
BBC Radio York

Creativity/Innovation in
Radio Programming
Gold: Poetic Theorems
BBC Radio Scotland

Silver: Music on the Brain
BBC Radio 2

Best Event Coverage
Gold: Ryder Cup Coverage
BBC Radio 5 Live

Joint Silver: Jailbreak '95
BBC Hereford & Worcester

Best Educational
Programme/Programming
Gold: The Square on the
Pythagoras
BBC Radio 4

Bronze: In The News
BBC Education for
BBC Radio 3

Phone-in/Debate
Gold: Any Questions?
BBC Radio 4

Silver: The Magazine – Diana
BBC Radio 5 Live

News and Current Affairs
Programme
Gold: Inverdale Nationwide
(Major Result)
BBC Radio 5 Live

Silver: Up All Night
BBC Radio 5 Live

Special Commendation:
Women of the World
BBC Radio Scotland

News Presentation/Output
Gold: The Breakfast Programme
BBC Radio 5 Live

Joint Bronze: BBC Radio 5 Live
Entertainment News
Mentorn Radio for
BBC Radio 5 Live

Response to a News Event
Gold: Dallyn on Saturday
BBC Radio 5 Live

Silver: Shoreham Live Animal
Exports
BBC Southern Counties Radio

Interview of the Year
Gold: In The Psychiatrist's
Chair: Ffyona Campbell
Michael Ember Associates
for BBC Radio 4

Silver: Desert Island Discs –
Lady Margaret Tebbit
BBC Radio 4

Bronze: Robert Elms Interviews
Ian Hislop
BBC GLR

Best Dramatic Performance
Gold: Janet McTeer for
A Dolls House
BBC Radio 4

Silver: Richard Griffiths for
The Life of Galileo
BBC Radio 3

Bronze: Juliet Stevenson for
Victory
BBC Radio 3

Music Presenter of the Year
Gold: Brian Kay
BBC Radio 3

Silver: Mark Radcliffe
BBC North
for BBC Radio 1

Bronze: Tim Westwood
BBC Radio 1

Sports Broadcaster of the Year
Silver: Tony Adamson
BBC Radio 5 Live

Bronze: Alan Green
BBC Radio 5 Live

Radio Journalist of the Year
Gold: Jon Silvermen
BBC Radio 4

Silver: Alan Little
BBC Radio 4

Joint Bronze: Pat Kane
BBC Radio Scotland
Mark Whittaker
BBC Radio 1

Local Station of the Year
Bronze: BBC Hereford &
Worcester

Regional/Metropolitan Station
of the Year
Silver: BBC Radio Leeds

Bronze: BBC Radio WM

UK Station of the Year
BBC Radio 5 Live
BBC Radio 1

Society of Authors Awards
for Best Radio Writer
Gold: Lee Hall
for I Luv U Jimmy Spud
BBC North for BBC Radio 4

Silver: David Pownall for
Under the Table
BBC Radio 4

Bronze: Stephen Wyatt for
Fairest Isle
BBC Radio 3

UK Broadcaster of the Year
Chris Evans
Ginger Air Productions

Radio Academy Award
The Henry Wood Promenade
Concerts: The Proms

Gold Award
Richard Baker

Getting in touch with the BBC

We welcome your comments and enquiries about all aspects of the BBC.

For comments, queries or criticism relating to programmes or policy, write to:
BBC Viewer and Listener Correspondence, Villiers House, The Broadway, Ealing, London W5 2PA.

If you prefer to telephone, call the Television Information Office on 0181 743 8000 (8am to midnight, 7 days a week) or the Radio Information Office on 0171 580 4468 (7.30am to 9pm, 7 days a week).

If you are deaf or hard of hearing, you may wish to use our minicom number, 0181 576 8988.

All comments or criticism will be drawn to the attention of programme makers. Alternatively you can write directly to the editor of a programme or to a channel or network controller.

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Engineering Information Line
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The Programme Complaints Unit

If you think that a programme has included a specific and serious injustice, a serious invasion of privacy, a specific and serious inaccuracy or serious breach of broadcasting standards, please write to:

Head of Programme Complaints
Programme Complaints Unit
BBC Broadcasting House
London W1A 1AA

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