



National Audit Office

An Overview of the
**Department for Culture,
Media & Sport and BBC**
for the new Parliament 2023-24

December 2024

OVERVIEW

Contents

Part 1: Introduction

Introduction to the National Audit Office	4
How the NAO can help you as a Member of Parliament	5
About this Overview	6

Part 2: Department for Culture, Media & Sport

The Department for Culture, Media & Sport (DCMS) and the economic sectors it oversees	8
How DCMS is structured	9
Where DCMS spends its money	10
DCMS's main programmes	11
Delivery through arm's-length bodies	12
DCMS's COVID-19 response	13
DCMS's work on major events	14
What to look out for	15

Part 3: BBC

The British Broadcasting Corporation (BBC)	17
How the BBC is structured	18
Where the BBC spends its money	19
The BBC's areas of strategic focus	20
Licence fee income	21
Managing spending	23
Commercial activities	24
Implementing change	25
What to look out for	26



1 Introduction

→ Next

← Back

☰ Contents



1.1 Introduction to the National Audit Office

Welcome to our Overview of the Department for Culture, Media & Sport and British Broadcasting Corporation, part of our series of Overviews for the new Parliament, covering government departments and cross-cutting issues.

The National Audit Office (NAO) is the UK's independent public spending watchdog and is responsible for scrutinising public spending for Parliament. We audit the financial accounts of all departments, executive agencies, arm's-length bodies, some companies and charities, and other public bodies. We also examine and report on the value for money of how public money has been spent.

The NAO is independent of government and the civil service. The NAO's wide remit and unique access rights enables us to investigate whether taxpayers' money is being spent in line with Parliament's intention and to respond to concerns where value for money may be at risk.

We support all Members of Parliament to hold government to account and we use our insights to help those who manage and govern public bodies to improve public services. In 2023, the NAO's work led to a positive financial impact through reduced costs, improved service delivery, or other benefits to citizens, of £1.59 billion.

We are funded by, and accountable to, Parliament. As an Officer of the House of Commons, I am committed to ensuring that we support you and your staff in your work as a Member of Parliament, and your scrutiny of public spending and performance.

Our dedicated Parliamentary team can offer you support and put you in touch with our experts on subjects of interest to you and your constituents. If you would like more information about our work, or to arrange a briefing with me or one of my teams, please contact our Parliamentary Relations team at parliament@nao.org.uk.



Gareth Davies

COMPTROLLER & AUDITOR GENERAL
NATIONAL AUDIT OFFICE

Gareth Davies was appointed Comptroller & Auditor General (C&AG) in June 2019. He was appointed by the Queen, following the approval of the House of Commons.

The C&AG has statutory authority to examine and to report directly to Parliament on whether government departments and other public sector bodies have spent taxpayers' money in the way Parliament intended. The C&AG and his staff are totally independent of government.

Gareth is a Fellow of the Chartered Institute of Public Finance and Accountancy and a Fellow of the Institute of Chartered Accountants in England and Wales. He is a non-executive Board member of the INTOSAI Development Initiative (IDI), which supports Supreme Audit Institutions (SAIs) in developing countries to sustainably enhance their performance and capacity.

→ Next

← Back

≡ Contents

1.2 How the NAO can help you as a Member of Parliament

→ Next

← Back

☰ Contents

How we support Parliament

We produce reports:

- on the annual accounts of government departments and their agencies;
- on the economy, efficiency and effectiveness with which government has spent public money; and
- to establish the facts where there are concerns about public spending issues.

We do not question government policy objectives. We look at how government has spent money delivering those policies and if that money has been used in the best way to achieve the intended outcome.

What we can offer

Through our website or our Parliamentary Relations team, MPs, peers and staff can:

- request a personal briefing on areas of our work that are of interest to them;
- sign up to receive embargoed copies of our reports on subjects of interest;
- make general queries about public spending, or raise concerns with us about value for money; and
- request advice on understanding and scrutinising departments' annual reports and accounts.

Resources available on our website

- **Reports:** Reviews of public spending and how well government is delivering.
- **Insights:** Learning and best practice to help people across government and the wider public sector.
- **Overviews:** Factual overviews of government departments, sectors and services.
- **Work in progress:** Our schedule of future publications.
- **Briefings:** Background information and factual analysis to support Select Committees.

Keep up to date with our work

- Sign up to our [latest report updates](#)
- Follow us on [X](#) or [LinkedIn](#)

How to get in touch

- Via our Parliamentary email inbox: parliament@nao.org.uk.



Auditing the accounts of all government departments and public organisations, helping assure money is being spent the way Parliament intended



Reporting to Parliament on the value for money of how public money has been spent and what has been achieved



Sending you embargoed copies of our reports before they are available to the public



Providing briefings to you or a member of your team on our work



Providing advice and training on examining government departments' annual reports and accounts



Giving evidence to Select Committees



Our fortnightly newsletter with our latest reports and new work



You can write to us with any queries or concerns about the misuse of public money or behaviour in public bodies we audit

1.3 About this Overview

This report has been produced to provide an introduction to the Department for Culture, Media & Sport (DCMS) and the British Broadcasting Corporation (BBC) and the NAO's examination of their spending and performance. **It is intended to support the Committee of Culture, Media and Sport and Members across the House in their examinations of DCMS and the BBC.**

It summarises the key information and insights that can be gained from our examinations of DCMS and related bodies in the sector in the UK, and the BBC, and their annual reports and accounts.

The whole DCMS group spent nearly **£7.9 billion in 2023-24** to unite the residents of the country, support growth and provide people with equal opportunities to culture, sports, arts and beyond. It was also responsible for overseeing the National Lottery, which distributed £1.7 billion for good causes.

The BBC spent nearly **£5.7 billion in 2023-24** to fulfil its mission to act in the public interest, serving all audiences through the provision of impartial, high-quality and distinctive output and services which inform, educate and entertain. The licence fee is the largest source of BBC funding (£3.7 billion).

The report includes, firstly, for DCMS, and then for the BBC:

- the role and remit of each organisation;
- how they are structured;
- where they spend their money;
- major programmes and strategic focus;
- insights from the NAO's work over the previous Parliament; and
- what to watch for in the near future likely to affect each organisation.

This report updates our previous reports, the [Department for Culture, Media & Sport Departmental Overview 2022-23](#), published in January 2024 and the [BBC Departmental Overview](#), 2022-23, published in October 2023.

How we have prepared this report

The information in this report draws on the findings and recommendations from our financial audit and value for money programme of work, and from publicly available sources, including the annual report and accounts of DCMS and its bodies and the BBC.

We have cited these sources throughout the guide to enable readers to seek further information if required. Where analysis has been taken directly from our value-for-money or other reports, details of our

audit approach can be found in the Appendix of each report, including any evaluative criteria and the evidence base used.

Other analysis in the guide has been directly drawn from publicly available data and includes the relevant source as well as any appropriate notes to help the reader understand our analysis.

Other relevant publications

More information about our work on DCMS and the BBC, as well as information about our other recent and upcoming reports, can be found on the [NAO website](#).



2 Department for Culture, Media & Sport

→ Next

← Back

☰ Contents



2.1 The Department for Culture, Media & Sport (DCMS) and the economic sectors it oversees

DCMS’s purpose is “to drive growth and enrich the lives of citizens and communities across the UK”.

DCMS aims to support culture, arts, media, sport, tourism and civil society across every part of England – recognising the UK’s world position in these areas and the importance of these sectors in contributing to the nation’s economy, way of life and reputation around the world. DCMS aims to champion sport for all at every level, support cultural and creative industries, and enhance the cohesiveness of communities.

Machinery of government changes in February 2023 led to the creation of the new Department for Science, Innovation and Technology (DSIT). It includes most of the digital portfolio that was previously part of DCMS. As a result of the change, full-time equivalent staff numbers for the core of DCMS on 31 March 2023 fell from 1,669 to 930.

Priority outcomes

Following the machinery of government changes DCMS set out its new priority outcomes. They reflect its refocused policy portfolio and aims. DCMS’s priorities for 2023-24 were to:

- drive growth across all its sectors, including creative industries and tourism, and support local economies;
- create opportunity for young people and enrich communities, alongside its arm’s-length bodies (ALBs) and charities sector, by increasing participation in, and expanding access to, grassroots sports, arts and heritage, libraries and youth services;
- showcase the UK to the world and boost our global reputation by delivering major cultural and sporting events across the country; and
- deliver reforms to make the UK’s media sector fit for the 21st century, make the UK the safest place in the world to gamble, and “protect the excellence and financial sustainability of English football, putting fans at the heart of clubs”.

DCMS oversees sectors which make a big contribution to the UK economy

DCMS measures the value the sectors it oversees bring to the economy, using the ‘gross value added’ measure – the value of goods and services produced by each industry. Provisional estimates for 2022 show that DCMS sectors (excluding tourism) grew faster than the UK economy.

- DCMS sectors (excluding tourism due to data lags) contributed £169.4 billion to the UK economy an increase of 7.0% from 2021. DCMS sectors contributed 7.7% of total UK gross value added (GVA) in 2022, compared with 7.2% in 2019.
- The main contribution to the growth of DCMS sectors came from its biggest sector, the creative industries.

Data for tourism are not available for 2022. In 2021, tourism contributed £15.9 billion to the UK economy, 7.0% lower than in 2020, and accounted for 0.8% of UK GVA.

For information on the impact of the COVID-19 pandemic on key DCMS sectors, see page 14 of the [2021-22 DCMS Overview](#).

Gross value added and number of employees of DCMS sectors

	Gross value added (GVA) contribution in 2022 (£bn)	Growth in GVA from 2021 to 2022 (%)	Proportion of the UK economy (%)	Number of employees, April 2023 to March 2024 (thousands)
Gambling	4.9	15.2	0.2	94
Sport	18.1	1.3	0.8	563
Civil society	22.3	9.8	1.0	1,004
Cultural sector	34.6	6.4	1.6	685
Creative industries	124.6	6.8	5.7	2,387
All DCMS sectors (excluding tourism)	169.4	7.0	7.7	4,010
UK economy	2,194.1	4.4	100	33,910

Note

1 Some sector definitions overlap with others, so the total for all DCMS sectors does not equal the sum of each individual sector.

Source: National Audit Office analysis of Department for Culture, Media & Sport’s Economic Estimates for GVA (2022), and employment (April 2023 to March 2024)

2.2 How DCMS is structured

DCMS's core department provides oversight and funding to its bodies delivering government policies. The DCMS family contains the core department, 34 arm's-length bodies (ALBs), seven other public bodies and the National Lottery Distribution Fund.

DCMS's ALBs have a wide range of policy and operational responsibilities. They are all governed by their own independent boards. All are incorporated into DCMS's group accounts.

DCMS sponsors and has lead policy responsibility for two non-ministerial government departments, two advisory non-departmental public bodies, and three public corporations. They are not incorporated into the DCMS group accounts.

DCMS has responsibility for the operation of the National Lottery Distribution Fund (NLDF). NLDF distributes lottery income to 12 bodies that make grants to good causes. Six are overseen by DCMS and six by the devolved administrations. NLDF is accounted for separately and has its own accounts.

34 arm's-length bodies including two advisory non-departmental public bodies (NDPBs) ¹			Seven public bodies	Lottery distributing bodies overseen by DCMS ²
15 museums and galleries British Museum Geffrye Museum (Museum of the Home) Horniman Public Museum and Public Park Trust Imperial War Museum National Gallery Natural History Museum National Museums Liverpool National Portrait Gallery Royal Armouries Museum National Maritime Museum (Royal Museums Greenwich) Science Museum Group Sir John Soane's Museum Tate Gallery Victoria and Albert Museum Wallace Collection	Four sports bodies The English Sports Council (Sport England) Sport Grounds Safety Authority UK Anti-Doping Birmingham The United Kingdom Sports Council (UK Sport) Three heritage bodies Churches Conservation Trust The Historic Buildings and Monuments Commission for England (Historic England) National Heritage Memorial Fund Three media/creative industries bodies British Broadcasting Corporation (BBC) British Film Institute S4C	Two arts and libraries bodies Arts Council England British Library Two civil society bodies National Lottery Community Fund (Big Lottery Fund) National Citizen Service Trust Two cultural property bodies (advisory NDPBs)³ Reviewing Committee on the Export of Works of Art and Objects of Cultural Interest Treasury Valuation Committee Two gambling bodies Gambling Commission Horserace Betting Levy Board One tourism body British Tourist Authority (VisitBritain and VisitEngland)	Three sponsored public corporations Channel 4 Historic Royal Palaces The Royal Parks Two non-ministerial government departments The National Archives The Charity Commission Two advisory NDPBs Advisory Council on National Records and Archives The Theatres Trust	Two arts bodies Arts Council England British Film Institute Two sport bodies Sport England UK Sport One heritage body National Lottery Heritage Fund One community body National Lottery Community Fund

Notes

- 1 An additional DCMS ALB, the Birmingham 2022 Organising Committee for the 2022 Commonwealth Games, entered liquidation on 15 March 2023.
- 2 The British Film Institute, Arts Council England, Sport England and UK Sport account for government-funded and lottery-funded activities separately and produce two sets of accounts. They are both ALBs and lottery distribution bodies. Along with the National Lottery Heritage Fund and National Lottery Community Fund, they are sponsored by DCMS and included within the DCMS accounts.
- 3 Committees funded by DCMS.

2.3 Where DCMS spends its money

DCMS spends around £8 billion a year

In 2023-24, DCMS group total expenditure decreased by £291 million (3.6%) to £7,899 million (£8,190 million in 2022-23). Year-on-year comparison figures take account of the machinery of government changes in 2023, so are comparable.

Highlights

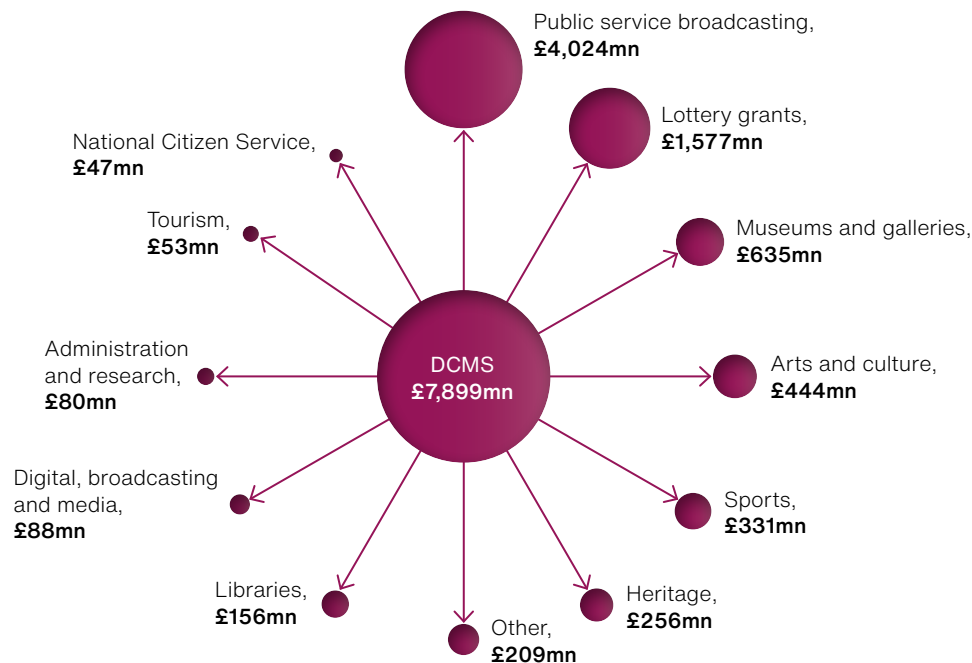
The BBC accounted for half of DCMS's spending in 2023-24 – £3,930 million (£3,961 million in 2022-23). The BBC operates independently of DCMS, but its public service broadcasting activities are consolidated into DCMS's accounts.

Spending funded by lottery grants fell by £71 million (4%) from 2022-23 to 2023-24. Lottery grant-making is variable, demand led, and therefore fluctuates year on year. National Lottery funds are separate from Exchequer funding. These funds are distributed at arm's-length from government by 12 lottery distributing bodies to fund projects to fund good causes in the arts, heritage, sport and community sectors where core government funding would not normally be available.

Some activities generate income for DCMS. It received £215 million in 2023-24 (£202 million in 2022-23). This includes:

- £103 million from the arts sector;
- £47 million from ceremonial and heritage activities; and
- £35 million from administration and research activities.

How the Department for Culture, Media & Sport (DCMS) spent its money in 2023-24



Notes

- 1 Figures include resource and capital funding. Resource funding is spent on day-to-day resources and administration costs. Capital funding is spent on investments. Both are net of any income received by DCMS.
- 2 Public service broadcasting covers the BBC and S4C. Under the licence fee arrangement, the BBC collects licence fee revenue from customers and transfers it to the Consolidated Fund. The revenue collected is then passed back to the BBC as grant-in-aid from DCMS.
- 3 'Other' includes net spend on the horse racing and gambling sector, Office for Civil Society, Olympics legacy programmes, levy bodies and provisions, impairments and other annually managed expenditure (AME). AME is money spent on programmes that are demand-led such as welfare, tax credits or public sector pensions.
- 4 Numbers may not sum due to rounding.

Source: National Audit Office analysis of Department for Culture, Media & Sport's Annual Report and Accounts 2023-24, Statement of Outturn of Parliamentary Supply 1.1 and 1.2

2.4 DCMS's main programmes

→ Next

← Back

☰ Contents

An overview of the work of DCMS and its ALBs across its priorities in terms of examples of major programmes and activities in 2023-24 is set out below.

Priority outcome	Department's assessment of its progress against these outcomes in 2023-24	
<p>1 Drive growth across all its sectors, including creative industries and tourism, and support local economies</p>	<ul style="list-style-type: none"> ● Provided support to museums and galleries for major infrastructure and maintenance issues via the Museums and Estates Development Fund for regional museums and via the Public Bodies Infrastructure Fund. ● Part-funded the £221 million Natural History Museum Unlocked programme, with £201 million coming from HM Treasury, to unlock significant R&D opportunities through securing, digitising and improving access to the Museum's national collection. 	<ul style="list-style-type: none"> ● £77 million for the Creative Industries Sector Vision, aiming to boost the creative industries by an extra £50 billion by 2030. ● £28.4 million Create Growth Programme to develop high-growth creative businesses in 12 English regions outside London. ● Historic England concluded the last year of funding for the £95 million High Street Heritage Action Zones programme.
<p>2 Create opportunity for young people and enrich communities, by increasing participation and access to grassroots services</p>	<ul style="list-style-type: none"> ● Over £250 million to 226 organisations through the Youth Investment Fund to build, renovate and expand youth provision in levelling up areas of England. ● £93 million to deliver improvements to more than 1,100 projects through the Multi-Sport Grassroots Facilities Programme. ● £61 million to support publicly-owned leisure centres with swimming pools, for investment in decarbonisation and energy efficiency. 	<ul style="list-style-type: none"> ● £19 million DCMS funding added to the Know Your Neighbourhood Fund, widening participation in volunteering and tackling loneliness in 27 disadvantaged areas across England. ● Passed secondary legislation to focus the English portion of dormant assets funding on youth, financial inclusion, social investment wholesalers, and community wealth funds.
<p>3 Showcase the UK to the world and boost its global reputation by delivering major cultural and sporting events</p>	<ul style="list-style-type: none"> ● Established the £70 million Commonwealth Games Legacy Enhancement Fund, investing nearly £16 million into projects across the West Midlands in 2023-24. ● Supported ongoing planning for the delivery of major sporting events, including the UEFA Champions League Final, the men's UEFA European Championships in 2028 and the 2025 Women's Rugby World Cup. 	<ul style="list-style-type: none"> ● Organised the central weekend of His Majesty King Charles III's Coronation. ● Worked with the BBC and the City of Liverpool to arrange the 2023 Eurovision Song Contest.
<p>4 Making the UK's media sector "fit for the 21st century", improving the safety of gambling, and protecting "the excellence and financial sustainability of English football"</p>	<ul style="list-style-type: none"> ● Concluded the mid-term review of the BBC's regulation and governance and started a review of how it is funded. ● Introduced legislation to ban foreign states from controlling newspapers or news magazines, through the Digital Markets, Competition, and Consumer Act 2024. 	<ul style="list-style-type: none"> ● Presented the <i>High stakes: gambling reform for the digital age</i> white paper to Parliament, setting out plans for reform of gambling regulation. ● Appointed an Interim Chief Operating Officer to lead the preparatory work to set up the new independent football regulator (IFR), and established the Shadow Regulator to undertake preparatory activity to set up the IFR.

2.5 Delivery through arm's-length bodies

→ Next

← Back

☰ Contents

Our work over the last Parliament often focused on ALBs delivering DCMS's priority outcomes and illustrates the wide range of work that DCMS group undertakes, including creating opportunities to participate in grassroots sport, making the UK a safe place to gamble, and supporting museums.

Grassroots participation in sport and physical activity

July 2022

Our report focused on what DCMS and Sport England had achieved with their spending on grassroots sport and physical activity among adults.

Grassroots participation in sport did not receive the post-London Olympics boost hoped for. From 2015, DCMS refocused its messaging on the benefits of sport and physical activity, targeting the inactive.

Overall activity levels were gradually increasing before the pandemic, but these gains were lost as facilities and clubs were disrupted. We recommended DCMS should tackle persistent inequalities in participation where progress had been mixed.

Latest developments

In 2023, DCMS published a new sport strategy, *Get Active*, to encourage activity, particularly in groups where inactivity rates remain high. A new Taskforce aims to get 2.5 million more adults and one million more children classed as active by 2030.

Gambling regulation: problem gambling and protecting vulnerable people

February 2020

We examined the role and work of the Gambling Commission and the wider regulatory framework to assess whether gambling regulation protected people from gambling-related harms.

Licensed gambling had grown by 57% (£4.1 billion) over a decade, mainly due to a massive increase in online and smartphone gambling. The risks to gamblers were changing as technologies developed, yet the Commission is a small regulator in a huge and fast-evolving industry. While the Commission had made improvements, gambling regulation lagged behind the industry. The Commission and government needed to work together to ensure that regulation kept pace with the risk to gamblers.

Latest developments

In April 2023 DCMS published the white paper *High stakes: gambling reform for the digital age* and subsequently consulted on the measures proposed in this, such as the introduction of stake limits for online slots games. DCMS and the Gambling Commission are leading on implementing the measures.

Investigation into maintenance of the museum estate

March 2020

Our financial audit work highlighted museums' concerns about the condition of their estates. This report set out the facts about the maintenance of the 15 museums and galleries DCMS sponsors.

DCMS's grant-in-aid funding to the museums from fell 20% in real terms between 2010-11 and 2018-19 and was not enough to cover their repairs. Although museums had succeeded in accessing other sources of funding, they faced difficulties getting funders to cover estate maintenance.

In 2017 DCMS prioritised maintenance funding, and allocated an additional £42 million in 2019. Although concerned about the museum estate, DCMS did not collect data to quantify how much maintenance funding was needed. While DCMS underspent its capital budgets, museums prioritised their most urgent repairs. Funding uncertainty meant they could not plan effectively.

Latest developments

Since the publication of the report, the COVID-19 pandemic and inflationary pressures have further contributed to museums' funding challenges. The 2021 Spending Review allocated a further £300 million as part of the Public Bodies Infrastructure Fund for distribution among the DCMS sponsored museums and galleries, the British Film Institute and British Library for critical maintenance investment. In March 2024, DCMS announced Round 3 of the £86 million Museum Estate and Development Fund – £22.6 million to 26 projects in regional museums across England.

2.6 DCMS's COVID-19 response

In March 2021, we published two reports on DCMS's response to the COVID-19 pandemic.

We chose to examine the design and operation of the **Culture Recovery Fund** given its large size, the need to work at speed, and the need to give funding to vulnerable organisations, many of which were not usual recipients of government funding.

Following the announcement of a **financial support package for charities** in April 2020, Parliament and charities raised concerns about the transparency of funding decisions, the speed at which funds were being distributed to charities, and the deadlines by which charities had to spend funds or return them.

NAO work on DCMS's management of the COVID-19 loans portfolio

DCMS provided around £2.6 billion of support for the arts and sports sectors to help them survive the pandemic. Of this, £474 million was in the form of loans. In October 2021 DCMS decided to manage the loan scheme for culture, and a separate scheme for sports organisations, as one. Arts Council England and Sport England administer the loan schemes for DCMS. This is the first time that DCMS has run a large loan book, and it will be overseeing the loans for around 20 years. Our report will be published in the winter of 2024-25.

Investigation into the Culture Recovery Fund

March 2021

The COVID-19 pandemic meant that museums, galleries, entertainment venues, arts centres and similar venues were required by law to close their doors in March 2020 when the UK entered lockdown. Without targeted support, DCMS expected large-scale financial failures. In July 2020, DCMS announced a £1.57 billion Culture Recovery Fund including both grants and loans to help the UK's cultural, arts and heritage institutions survive the pandemic, and support their long-term sustainability.

DCMS aimed to support the survival of 75% of the organisations in the sector at risk during 2020-21. DCMS's funding package comprised different types of financial support aimed at discrete parts of the sector. DCMS and HM Treasury ministers determined the overall criteria for awarding funding but were not involved in specific award decisions. DCMS gave responsibility for awarding the funding to four ALBs: Arts Council England, Historic England, the National Lottery Heritage Fund and the British Film Institute. They awarded funding using their established governance and assurance processes. In common with other emergency COVID-19 funding, implementing the Culture Recovery Fund has presented risks of fraud, error, duplication and overpayment.

Latest developments

Between April 2023 and March 2024, over £25 million of loan repayments were made by Culture Recovery Fund borrowers back to the Exchequer.

Investigation into government funding to charities during the COVID-19 pandemic

March 2021

On 8 April 2020, the government launched a £750 million financial support package for frontline charities. It intended departments to distribute £360 million to charities in England with which they had pre-existing links and which were providing key services and supporting vulnerable people. DCMS allocated £513 million across a range of schemes and a network of at least 198 partners.

DCMS set objectives for each scheme, including funding charities supporting vulnerable people and relieving pressure on public services during the pandemic.

DCMS's decisions meant that at least £306 million of the package was to be awarded to charities through open competition, and £95 million without competition.

Latest developments

[NatCen Social Research](#) evaluation found that there was strong evidence to conclude that funding to charities did contribute to the financial position of grant holders, with 75% reporting it helped their financial health.

2.7 DCMS's work on major events

→ Next

← Back

☰ Contents

DCMS plays a key role in delivering major cultural and sporting events across the country, including big royal ceremonial occasions.

We have published two responsive reports focused on this area of DCMS's work.

DCMS's work on major events in 2023-24

DCMS was the lead government department planning the Coronation of Their Majesties the King and Queen in May 2023. DCMS costs towards the Coronation of King Charles III and Queen Camilla were £50.3 million, funded by HM Treasury.

Other cultural and sport events that DCMS supported in 2023-24 included the following:

- Working with the BBC and the City of Liverpool on the 2023 Eurovision Song Contest.
- Celebratory events marking the 120th anniversary of the Entente Cordiale with France.
- Securing and planning major UK sporting events, including the UEFA men's European Championships in 2028, the 2024 UEFA Champions League final, and the women's Rugby World Cup 2025.

Investigation into the UNBOXED festival

December 2022

In September 2022 the then Chair of the Digital, Culture, Media & Sport Select Committee contacted us with concerns about the value for money and audience engagement figures of the UNBOXED festival. The festival, which focused around 10 creative projects which were free to visit and delivered across the UK, ran alongside the Commonwealth Games and Platinum Jubilee and had an overall budget of £120 million.

In December 2022 we reported that, although final cost and audience data were not available, it looked like the festival would meet the audience targets set in 2022. However, the 2022 audience target was lower than that which DCMS expected when it approved the festival's 2021 business case.

As the planned evaluation was not yet available, we were unable to conclude on the festival's value for money, but made suggestions, important for public transparency and visibility, for what should be included. These included information on the audiences achieved and costs of each project, their performance against targets, and lessons learned about setting clear objectives and performance targets earlier in similar programmes.

Factual briefing: Funding of Coventry City of Culture Trust

July 2023

Following concerns raised with us after the Trust went into administration in February 2023, we published a factual briefing on central government and National Lottery funding to the Coventry City of Culture Trust.

UK City of Culture is a DCMS programme that, every four years, invites places across the UK to host a year of cultural events to support culture-led regeneration. Coventry was UK City of Culture from May 2021 to May 2022. From June 2022 to March 2024, the Trust was responsible for a 'legacy phase'. It had publicly reported financial pressures in October 2022.

Our briefing set out the funding awarded by DCMS and its ALBs to the Trust and Coventry City Council, and how DCMS and its ALBs oversaw the Trust's use of the funds they awarded. Arts Council England administered most of the grants and financial monitoring for DCMS.

In total, DCMS and the National Lottery paid £21.3 million of the £22.8 million awarded to the Trust.

2.8 What to look out for

→ Next

← Back

☰ Contents

Commitments in the King's Speech and beyond

- Growing the creative industries sector, as part of wider industrial strategy, through continuing to fund relevant programmes and publishing in Spring 2025 a plan for the sector's growth.
- A new National Youth Strategy for the delivery of better coordinated youth services and policy at a local, regional and national level.
- An initial £85 million from government for more youth facilities and £100 million from the Dormant Assets Scheme to improve youth outcomes between 2024 and 2028.
- Increasing participation of children and young people in sports, and creative and vocational subjects at school.
- Requiring publicly funded national museums and galleries to increase the loans they make from their collections to communities across the country.
- A National Music Education Network, sharing details of courses and classes with parents, teachers and children.
- Introducing new consumer protections on ticket resales.
- Improving safety and security of public venues.
- New tax reliefs for smaller film productions and VFX (visual effects) firms, and higher rates of tax relief for productions by museums, galleries, theatres and orchestras.
- A new Civil Society Covenant for a new relationship between government and civil society.

Oversight of the media industry

DCMS is responsible for the **Media Act 2024**, which, among other things, introduces similar standards for TV to video-on-demand services, to be drafted and enforced by Ofcom, and allows Channel 4 to make more of its own programmes. DCMS is also managing the **BBC Charter review**, examining how the BBC should be funded after its Charter ends in 2027-28.

Look out for: DCMS and Ofcom's progress in implementing the Media Act. DCMS announcing its plans for the BBC Charter review.

Football governance bill

In the last Parliament, DCMS worked on a bill about football governance, which did not progress due to the 2024 general election.

The 2024 King's Speech included a bill to create an independent football regulator to ensure greater sustainability in the game and strengthen protections for fans.

Look out for: Progress of the Bill through Parliament.

Governance and risk management in heritage ALBs

Although the DCMS group holds considerable heritage assets, most have not been valued and included in its annual accounts. However, heritage assets held by the museums and galleries overseen by DCMS are alone valued at £1.7 billion. In 2023 the British Museum announced thefts from its collections. There was also a major cyber-attack on the British Library.

Look out for: ALBs' work to improve the safeguarding of national heritage.

Gambling reform

Following a white paper in 2023, the Gambling Commission is part-way through updating gambling rules to improve safety and consumer choice.

Look out for: Further changes to be announced in 2025.

Transfer of National Lottery Licence to Allwyn

The Fourth National Lottery Licence was formally granted to Allwyn on 1 February 2024. The Gambling Commission's decision to award the licence to Allwyn remains subject to legal challenge.

Look out for: The Court's judgement following the substantive trial which is set to begin in October 2025.

3 BBC

→ Next

← Back

☰ Contents



3.1 The British Broadcasting Corporation (BBC)

→ Next

← Back

☰ Contents

The BBC is a public corporation, operationally and editorially independent of government but sponsored by the Department for Culture, Media & Sport (DCMS) and regulated by Ofcom, the communications regulator.

The BBC's constitutional basis is set out in its Royal Charter. This establishes its independence, mission and public purposes. The Charter is reviewed periodically by the government, and the current Charter came into effect on 1 January 2017 and will run until 31 December 2027.

Public Service Broadcasting

The BBC is a public service broadcaster. Public service broadcasting (PSB) in the UK is delivered by specified television services designed to meet purposes and objectives set by Parliament. The UK's other current public service broadcasters are ITV, STV, Channel 4, S4C and Channel 5. The BBC is the largest public service broadcaster and principally funded through the TV licence fee.

The BBC's PSB services are the largest part of the BBC Group.

Commercial Group

The BBC's Charter also permits the BBC Group to undertake commercial activities, provided that these:

- fit with the BBC's mission and public purposes;
- are not funded through licence fee income; and
- are undertaken with a view to generating profit.

The BBC's Mission

Based on the Royal Charter, the BBC's mission is to act in the public interest, serving all audiences by providing impartial, high-quality and distinctive output and services that inform, educate and entertain.

- **Inform:** This includes the delivery of BBC News, which is used by 75% of UK adults on average each week, which the BBC reports is well ahead of the next nearest news provider.
- **Educate:** The BBC provides services such as Bitesize, which in 2023-24 was used by 75% of secondary school pupils and 59% of primary school pupils.
- **Entertain:** In 2023-24, people in the UK spent six hours on average watching BBC TV/iPlayer per person per week – more than Netflix, Disney+ and Amazon Prime Video combined.

The Royal Charter

The Royal Charter outlines the BBC's five public purposes, which are:

- to provide impartial news and information to help people understand and engage with the world around them;
- to support learning for people of all ages;
- to show the most creative, highest quality and distinctive output and services;
- to reflect, represent and serve the diverse communities of the United Kingdom's nations and regions and, in doing so, support the creative economy across the United Kingdom; and
- to reflect the United Kingdom, its culture and values to the world.

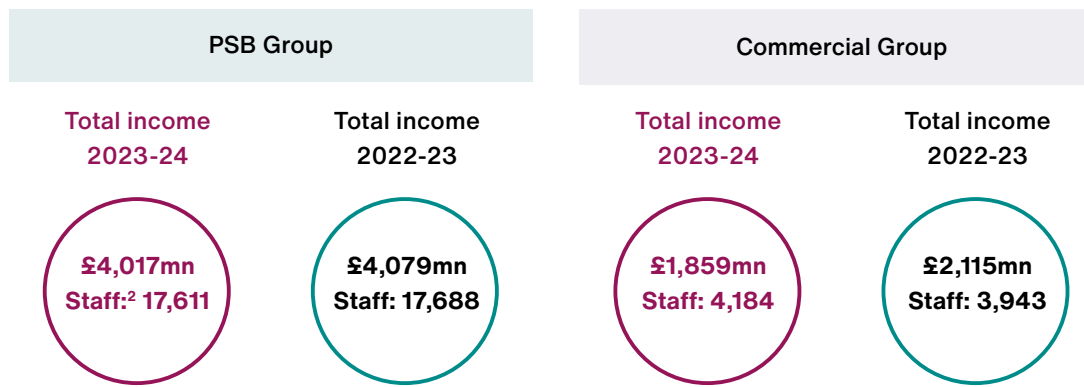
In January 2024, the government published a [mid-term review](#) of the BBC's Charter. The review focused on the BBC's governance and regulatory arrangements and has made recommendations for how the BBC could improve them over the remainder of the Charter period.



3.2 How the BBC is structured

In 2023-24, the BBC Group total income was £5.4 billion and its operating costs were £5.7 billion.¹ The BBC Group's income and expenditure fluctuates between operating surpluses and deficits from year to year. Individual years can vary due to exceptional televised events (sporting tournaments or significant national public events) as well as the impact of licence fee settlements agreed with DCMS.

The BBC Group structure separates its PSB activities from its commercial operations, in line with its Charter. The overall number of full-time equivalent staff in the BBC Group increased slightly during 2023-24, with increases within BBC commercial operations and in apprenticeships.



Public Service Broadcasting (PSB)

The PSB arm of the BBC receives licence fee income for the purpose of making content available for audiences. The licence fee contributed £3,660 million (2022-23: £3,740 million) to the BBC Group's income. The decline arose from the freezing of the licence fee combined with lower sales volumes. Most of the remaining income derives from the BBC's commercial activities. The PSB arm is responsible for BBC public service activities and provides a wide range of programmes to audiences across the UK on TV, radio and digitally. The BBC has eight pan-UK TV channels, two national channels and 56 radio stations (10 pan-UK, seven national and 39 local across England and the Channel Islands).

Commercial Group

The Commercial Group is the BBC's production and distribution business. It uses the BBC's intellectual property to create and distribute content globally, to generate financial returns to the BBC Group. It is self-funded and operates independently to the PSB arm of the BBC Group. Its main entity is BBC Studios, whose performance we look at in section 3.7. The BBC's commercial businesses must deal with the PSB arm as arm's-length bodies – for example, paying fair market value for PSB-owned content. Examples of some of its well-known brands include: *Bluey*, *Strictly Come Dancing* and *Doctor Who*. The Commercial Group has experienced challenging operating conditions in the past year, but has made some strategic acquisitions to expand production capabilities and the media and streaming business.

Notes

- 1 The sum of individual income figures reported above do not equal total income at a PSB Group and Commercial Group level or the overall group total. This is due to intragroup eliminations of £487 million in 2023-24 required to prepare the BBC Group financial statements.
- 2 Staff numbers show full-time equivalent staff.

The BBC Board

The Board is responsible for ensuring that the BBC fulfils its mission and public purposes.

During 2023-24 the Board was initially chaired by Richard Sharp, who resigned from his role in April 2023, departing in June. Dame Elan Closs Stephens was appointed acting chair by DCMS from 27 June 2023 until 4 March 2024, when Samir Shah was appointed as the new permanent chair.

The Board delegates some of its responsibilities and is required to have a number of subcommittees, including the Remuneration and People, Nominations and Governance, and Audit and Risk committees.

In 2023-24 the work of these committees was complemented by the Fair Trading Committee, the Editorial Guidelines and Standards Committee, and committees for each of the four nations of the UK. The Commercial Board oversees the BBC's commercial subsidiaries.

3.3 Where the BBC spends its money

BBC Public Service Broadcasting (PSB) spends most of its money on content

BBC PSB spent £2,969 million directly on content in 2023-24. This was 4% lower than last year, mainly due to its coverage of major sporting events in 2022-23.

BBC PSB spent £1,747 million on television content, 59% of total content expenditure. Content for BBC One accounted for most of the spending, at £1,125 million.

BBC PSB spent £507 million on radio and £334 million on the World Service (17% and 11% of content spend respectively) and £239 million on BBC Online and the Red Button service in 2023-24. Around £100 million of the World Service expenditure was funded by the Foreign, Commonwealth and Development Office.

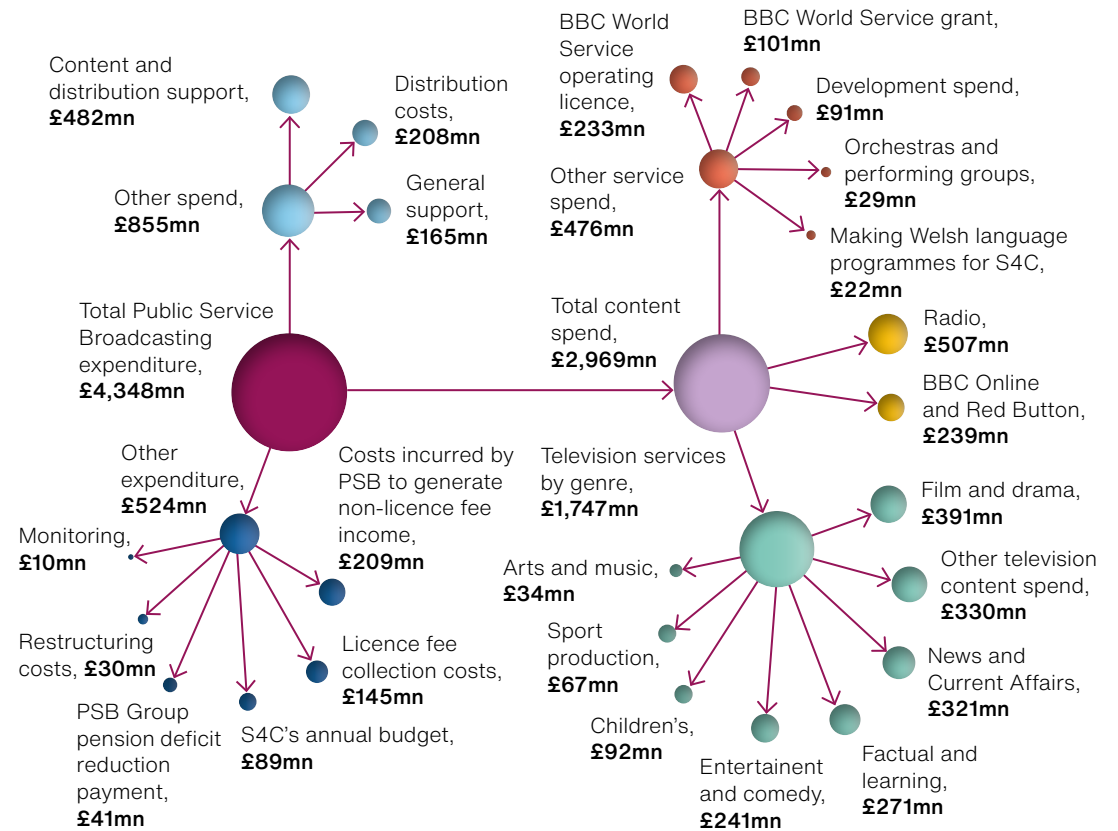
At £145 million, licence fee collection costs accounted for 4% of total licence fee income in 2023-24, up from 3.7% in the prior year. The increase was due to falling sales volumes and flat licence fee pricing, which impacted the total licence fee income, and an increase in external collection costs.

Commercial Group has bought other companies

In 2023-24 BBC Commercial bought into other companies. This included BBC Studios' purchase of ITV's 50% share of BritBox International for £272 million, giving the BBC full ownership. BritBox International is a British specialist streaming service with 3.8 million global subscribers.

Cost of sales, which includes the cost of producing content, was the largest expense for the BBC Commercial Group. It spent £1,440 million on making content to sell in 2023-24, £168 million less than in 2022-23.

How BBC Public Service Broadcasting (PSB) spent its money in 2023-24



Notes

- 1 Total BBC Group expenditure reported in the Annual Report and Accounts was £5,652 million in 2023-24. This is £556 million lower than the combined total expenditure on public service broadcasting and commercial activities reported above due to intra-group eliminations required to prepare the BBC Group financial statements.
- 2 Numbers may not sum due to rounding.

Source: National Audit Office analysis of BBC Annual Report and Accounts 2023-24, page 56

3.4 The BBC's areas of strategic focus

The BBC aims to be more relevant and universally used, and to offer outstanding value to all. It believes that its strategy to deliver value for all is essential for delivering its public mission, and has a direct impact on its users' intention to pay for a licence, and therefore on its revenue. Key metrics used to measure audience engagement and perceived value include overall average weekly reach and usage, and public perceptions of the BBC's delivery of its mission and purposes. For example, 85% of UK adults used BBC services on average each week in 2023-24, with the average time spent with BBC services for UK adults per head at 15 hours and 32 minutes per week.

Trends in audiences and the market

- News consumption is shifting towards digital platforms, especially among younger people. Social media is a dominant news source for those aged 16–24. Ofcom reported in 2024 that 82% of this age group used social media for news consumption.
- Artificial intelligence (AI) is rapidly evolving, with substantial investment in generative AI technologies.
- Online video consumption continues to rise, although almost all streaming services are operating at a loss. This has led to price increases, content cuts, staff lay-offs, a crackdown on password-sharing between users and a focus on advertising-supported models. The UK broadcasting sector has also experienced significant advertising declines and has seen the worst downturn in advertising since 2008.

The BBC's long-term strategy, **A BBC for the Future**, published in March 2024, is informed by the BBC's own research into market and viewing trends and into what licence fee payers consider to be important. The strategy sets out what the BBC thinks are "three essential roles that make the BBC different and will shape what it will do".

Three essential roles that make the BBC different and will shape what it will do	Activities include
1 Pursue "truth with no agenda by reporting fairly and fearlessly"	<ul style="list-style-type: none"> • Enhance fact-checking, particularly during elections, through expanded investment in BBC Verify. • Create a new BBC News investigation unit to collaborate with investigative specialists across BBC News, including Current Affairs and the World Service. • Explore the use of AI to translate more of the BBC's journalism for more audiences around the world and to combat disinformation. • Develop off-platform content to reach all audiences, while also seeking to bring audiences back to the BBC's own digital services.
2 Back the best homegrown storytelling by investing in homegrown talent and creativity	<ul style="list-style-type: none"> • Continue shifting content and decision-making away from London and the South East. The BBC aims for more than 60% of its TV production to be outside of London by 2026, and 50% of radio and music by 2027. • Invest further in all parts of the UK, this includes commissioning and broadcasting more than 500 hours of content in 2024-25 to represent and portray audiences outside of London. • Strengthen its media talent development programmes.
3 Bring people together by "connecting everyone to unmissable content"	<ul style="list-style-type: none"> • Increase investment to integrate, personalise, and improve accessibility of BBC online products. • Invest in content that brings communities together, such as national events and sports. • Become the UK's leading destination for live video and audio streaming by expanding its live offer online. • Collaborate to launch a new free service, 'Freely', to deliver live TV over broadband with the aim of making sure no-one is left behind in the digital transition.

3.5 Licence fee income

→ Next

← Back

☰ Contents

The licence fee system

Every household in the UK that watches or records programmes as they are being shown on TV; views live streams via an online TV service; or downloads or watches BBC programmes on iPlayer, whether live, via catch-up or on demand (licensable content) must be covered by a valid TV licence. The BBC has a licence fee unit that collects licence fees, issues licences and enforces the licence system. Under section 2 of the Exchequer and Audit Departments Act 1921, the Comptroller and Auditor General is required to assess the adequacy of the BBC's arrangements for assessment, collection and proper allocation of the licence fee, published in the [BBC Television Licence Fee Trust statement](#).

Key facts and figures

Licence fee sales and income fell in 2023-24

In 2023-24, net licence fee income totalled £3,660 million, a reduction of £81 million or 2% from 2022-23 (see Figure next page). The number of paid-for licences also fell.

The numbers of people declaring “no licence needed” or evading the licence fee are growing

- In 2023-24, 3.3 million premises declared that they did not need a licence. This could represent £524 million of extra income to the BBC.
- Every year, the BBC's licence fee unit estimates the evasion rate. In 2023-24 estimated evasion was 11.30%. This has increased year-on-year since 2019-20, when it was 6.95%. Over half of evaders use BBC content more than once a week. Evasion represented £466 million of lost income to the BBC in 2023-24.

The licence fee increased in 2024

From April 2024, the government increased the cost of the licence fee in line with inflation to £169.50, after being frozen for two years at £159. For this increase, the government changed the way inflation was calculated, resulting in a lower increase than the BBC expected.

Behind the numbers

Viewer behaviour and perceptions influence licence fee sales

Against a background of increased costs of living, which impact licence fee affordability, BBC analysis showed:

- the increase in evasion was primarily due to a reduction in customers' consumption of BBC and other licensable content; and
- a link between customers' perception of the value of the TV licence and their intention to pay.

The BBC's efforts to maintain licence fee income

- The BBC has a dedicated team helping people to stay licensed. It can refer struggling customers to debt support charities. However, around half of customers using the scheme that allows them to pay in equal instalments are unable to keep up payments.
- To encourage and maintain licence fee payment, the BBC is trialling new communications that stress what the TV licence facilitates (the full range of content, not just from the BBC) and funds (the range of BBC services).
- Capita, the BBC's main contractor for collecting the licence fee, brought the number of visiting officers, who call at unlicensed premises, back to full complement in May 2024.

Section 3.5:

Licence fee income *continued*

→ Next

← Back

☰ Contents

Key trends in the BBC's licence fee take-up, 2019-20 to 2023-24¹

The BBC's licence fee income has fallen since 2021-22, as the proportion of households watching licensable content falls and evasion increases

	2019-20	2020-21	2021-22	2022-23	2023-24
Licence fee income ²	£3,267mn	£3,747mn	£3,800mn	£3,740mn	£3,660mn
Licences in force ³	25.67mn	25.28mn	24.71mn	24.37mn	23.89mn
Estimated proportion of households watching licensable content (annual average)	94.06%	93.02% ⁴	92.48%	91.54%	90.19%
Estimated evasion rate (annual average)	6.95%	7.58% ⁴	9.38%	10.58% ⁵	11.30%
No licence needed declarations	2.39mn	2.42mn	2.48mn	2.84mn	3.29mn

Notes

- 1 Time series begins at 2019-20 when the BBC changed how it calculated the evasion rate. Prior evasion estimates are not comparable.
- 2 Licence fee income figures for 2019-20 and 2020-21 are taken from the 2019-20 and 2020-21 BBC Trust Statements and do not include the grant payments from the Department for Work & Pensions to cover the cost of free licences for over-75s. The sums were £253 million in 2019-20, and £3 million in 2020-21 when the grant ended.
- 3 The number of licences in force is different to the number of households with a licence and the number of licences sold. Licences in force are higher than the number of licensed households as some may require more than one licence (for example, student accommodation). Licence sales are recorded monthly and differ from licences in force as at 31 March 2024 due to cancellations.
- 4 For 2020-21 COVID-19 prevented the Broadcasters Audience Research Board from completing its survey and therefore the percentage of households watching licensable content and related evasion rate were based on estimated figures.
- 5 The 2022-23 estimated evasion rate has been restated (previously 10.31%) due to more up-to-date census data for Scotland and updated household growth rates being received since this was initially calculated.

Source: BBC Television Licence Fee Trust Statement 2023-24, page 30



3.6 Managing spending

Context to our work

The BBC estimates that licence fee income reduced in real terms by 30% between 2010 and 2020 – a difference of more than £1 billion a year.

In 2021 we produced two reports on the BBC's efforts to manage its finances, through its approach to strategic financial management and delivering savings and reform.

The latest position

- In January 2022, the government announced that the licence fee would be frozen for two years to 2024 and then rise in line with inflation. In December 2023, the government changed the measure of inflation used, resulting in the licence fee increasing by a lower percentage than previously expected.
- In May 2022, the BBC announced a new £500 million annual savings plan. This was to manage the impact of the licence fee settlement from April 2022 and to enable investment in content and digital and to cover inflation. The BBC reports that it made £287 million of savings in 2023-24, through operational efficiencies and directing spend towards new content.
- In 2024, the BBC announced that further savings of £200 million a year will be required by 2027-28 to help strengthen content and digital services.
- The BBC plans a new savings programme in 2024-25 that will run to 2027-28.

The BBC's strategic financial management

January 2021

We concluded that the BBC faced significant strategic financial challenges and had experienced some uncertainty over its income owing to COVID-19. Falling viewing time also posed a risk to licence fee income, and the BBC's commercial activities had yet to make a significant contribution to its overall income.

The BBC considered that its ability to overcome these financial challenges through its savings programme would be tested as the remaining savings to deliver were also the most challenging.

Many of the BBC's competitors had moved ahead in the global marketplace in terms of size and scale of services offered, gaining audiences and investing in technology. The BBC introduced new services to capitalise on the opportunities offered by this new marketplace, launching BBC Sounds and improving its iPlayer service. Challenges remained, including:

- continuing to make savings while investing in new technology;
- addressing an underlying lack of pace when implementing change; and
- articulating its current wider value to the UK economy.

BBC savings and reform

December 2021

We concluded that the BBC had consistently made savings over the past decade. It exceeded its original target of £800 million in annual savings by 2021-22 and was largely on course to achieve its revised target of £1 billion, which covered the financial impact of the COVID-19 pandemic. At this point the BBC had protected audience-facing services, but this was increasingly challenging. It had reduced spending on content while audience numbers fell – it was not then clear what the longer-term impact of this would be.

With a new licence fee settlement due, the BBC was likely to need to make considerable further savings while also simultaneously:

- delivering its far-reaching reforms;
- attempting to address the decline in audience figures; and
- growing its commercial income.

The BBC would have to balance delivering savings and reform with taking care that its decisions about how to achieve this did not further erode its position with audiences.

3.7 Commercial activities

Context to our work

The terms of the BBC's Royal Charter permit it to undertake commercial activities through arm's-length commercial subsidiaries, the largest of which is BBC Studios. It is a global production and distribution business. BBC Studios and other commercial parts of the BBC Group provide financial returns to the BBC in several ways, including annual dividend payments and investment in programmes.

Alongside increased competition for content to broadcast and commercialise, and for the talent to create this content, the BBC needs to boost its income. One of its strategic priorities has been to build commercial income and deliver value to licence fee payers through long-term, sustainable returns to the BBC.

The BBC and the National Audit Office (NAO)

From April 2017 the NAO was granted access for the purposes of audit to the BBC's commercial activities. We have examined the BBC's commercial activities three times, starting with a landscape review of the [BBC's commercial activities](#) in 2018.

BBC Studios

January 2020

In May 2016, the BBC brought together in-house production teams from across PSB to form BBC Studios as a separate division. In April 2017, the BBC then established the division as a commercial subsidiary. In April 2018, the BBC created the new BBC Studios following a merger of the existing BBC Studios with BBC Worldwide, its commercial distribution business. We found the following:

- In 2018-19, BBC Studios' first full year after merger – for which we found a strong strategic rationale – sales were lower than in 2017-18, but profits higher, than forecast. BBC Studios met its overall profitability target set by the BBC Board, but with wide differences in profitability within business areas.
- A fast-developing market exposed BBC Studios to a rising risk profile in its business. It was therefore crucial that the BBC and Commercial Boards had a sound understanding of where weaknesses sat across BBC Studios' activities. This included clarity about the extent to which BBC Studios was winning new business and generating valuable intellectual property, and how far its investments were leading to sustainable margins and returns.
- From 2019 the BBC had strengthened governance over BBC Studios and taken steps to improve performance reporting, but it was too early to tell if these would be effective in practice.

BBC Studios

November 2024

Our most recent report assessed the performance of BBC Studios following its merger with BBC Worldwide, its future plans, and its governance arrangements. We found the following:

- BBC Studios' business increased substantially between 2018-19 and 2023-24. Income increased from £1,189 million to £1,837 million and profits from £159 million to £202 million.
- BBC Studios has adapted to the market to deliver growth to date, investing in digital services and diversifying how it generates income from its production and distribution of content. However, it has not met its targets for generating new intellectual property which can create long-term, sustainable returns through the sale of distribution rights.
- In the seven years up to and including 2023-24, BBC Studios has returned £1,906 million to the BBC in dividends and payments to the BBC, exceeding its targets for this period.
- BBC Studios plans to double its business between 2021-22 and 2027-28.

3.8 Implementing change

Context to our work

The BBC's 2020 Value for All strategy and its 2024 strategy, *A BBC for the Future*, set out the BBC's plans to extract more from online and to be a digital-first organisation for future generations that is globally admired. Its latest strategy also reasserts the commitment to shift more of the

BBC's people, decision-making power and investment out of London. In 2022 and 2023 we took an early look at two aspects of the Value for All strategy: 'Across the UK' and the BBC's ambition to be a digital-first public service.

The BBC's implementation of 'Across the UK'

November 2023

Through 'Across the UK', the BBC plans to strengthen delivery for the whole of the UK across three phases, principally by transferring £700 million of spending outside of London between 2021 and 2028. We concluded that the BBC had made progress in setting up 'Across the UK' and in making decisions resulting in extra spending outside of London.

By the end of phase one in March 2023, the BBC was £20 million short of its outside-London transfer expenditure target, but met this three months later. It had transferred 9.6% of its overall target and was confident it could meet this by 2028. This looked possible if it could quickly put in place plans for areas where it had experienced challenges in transferring expenditure, notably audio production.

The BBC acknowledged it would take time for 'Across the UK' to fully contribute to local creative and economic impact. To secure real

transformation and value for money it needed to sustain momentum by following through on its commitments. It also needed to track its objectives to improve value for audiences and secure economic value, and a better approach to evaluating medium- and long-term outcomes and sustaining the benefits beyond March 2028.

The latest position

In July 2024 the BBC reported that 'Across the UK' was now in phase two and on track to exceed its £700 million spend target outside of London. It had:

- transferred 350 roles out of London and more than doubled its apprentices since 2020;
- met its target to spend 60% of the Network TV budget outside of London; and
- increased audio production spend outside of London to 44% (50% target by 2027-28).

A digital BBC

December 2022

We concluded that the BBC's key digital products, especially iPlayer, had to date performed well. Its performance was impressive considering that the available funding was much lower than other competitors. The BBC had signalled its intention to move to an internet future with greater urgency. To do this, and achieve its targets for market share, the BBC needed to fully develop its digital-first plans and realistically consider whether it had the resources needed.

The BBC had some solid foundations to build on, for example, its clear vision for how digital technology could improve its services, and creating a product group organised in line with industry best practice.

There were areas the BBC needed to address if it was to keep up in a dynamic global media market. Digital leadership structures needed to evolve, and greater speed was needed

to tackle challenges such as the development of a personalisation strategy and managing potential data risks.

The latest position

In 2023-24, the BBC has accelerated its digital-first approach by:

- improving its sign-in experience, launching new mobile apps, and working with other broadcasters to launch the first live TV over broadband service – 'Freely';
- investing in underpinning technology, for example, developing a single, modular platform for products, and simplified editorial tools;
- improved the digital skills of its leaders and opened a Technology Hub in the North East to build capability; and
- improved data management and integration, and developed new digital risk metrics.

3.9 What to look out for

→ Next

← Back

☰ Contents

Review of the licence fee funding model

DCMS announced a review of the BBC's licence fee funding model in December 2023, to look at how the BBC should be funded after its Charter period ends in 2027. DCMS will organise the review, supported by a panel of independent experts. The panel's terms of reference include exploring the sustainability of the licence fee model, evidence around other models to fund the BBC, and how the BBC could transition to a new funding model.

The BBC is also exploring ways the licence fee could be reformed. It is researching whether the licence fee can and should be more progressive, and how to ensure enforcement is fair and proportionate.

Look out for: Progress of the government and BBC reviews of the licence fee after 2027.

Investigations and follow-up on workplace culture

The BBC conducted several reviews during 2023-24, including of its non-editorial complaints policy, following a complaint about the behaviour of Huw Edwards. The review recommended enhancements to processes, which the BBC accepted in full.

As a result of this case, in August 2024 the BBC also announced an independent workplace culture review. Its [terms of reference](#) include making recommendations on practical steps to improve the BBC's workplace culture.

Look out for: The findings from the workplace culture review, scheduled for Spring 2025.

Growth in commercial activities

BBC Studios aims to double 2021-22 revenues and profits by 2027-28. To achieve this, BBC Studios is investing in streaming services such as U (formerly UKTV Play) and BritBox International, and the global news [bbc.com](#) service, as well as strategic partnerships like its collaborations with Disney on *Doctor Who* and *Bluey*.

Look out for: BBC Studios' progress in doubling revenue and profits.

Digital-first BBC

The BBC will continue to invest in its online products, aiming to deliver a personalised and accessible user experience across TV and mobile. This includes ongoing experimentation with content release, improved discovery and search, personalised recommendations, and new linear channels on iPlayer.

Look out for: Global launch of the new English language [bbc.com](#) app. The BBC will also be piloting generative AI innovations across the BBC to explore potential audience and operational benefits.

The future of the news industry

The news industry has evolved, with decreasing usage and revenue, and increasing disinformation online. The BBC aims to maintain its reputation as a trusted and accurate source of news.

Look out for: The BBC expanding its digital news offerings with three new brands: BBC Verify, BBC Investigate, and an in-depth analysis magazine. BBC Verify addresses misinformation, while BBC Investigate consolidates investigative journalism.

The BBC World Service investing heavily in differentiated digital content and to streamline its broadcast distribution.