

1 Overview

- 1.1 BBC Television is subject to a number of formal quotas and targets relating to programme commissioning, programme production and programme content. These quotas and targets are defined in either the Communications Act 2003 or in the agreement between Her Majesty's Secretary of State for Culture, Media and Sport and the BBC of July 2006 ("the Agreement").
- 1.2 The BBC's Executive Board are responsible for ensuring that all of these quotas and targets are delivered each year.
- 1.3 The responsibility for assessing the BBC's compliance against these quotas and targets rests with either the BBC Trust or with Ofcom.
- 1.4 This document explains the formal quotas and targets, how the BBC Executive Board will ensure delivery and what the reporting processes are. A glossary of terms is also provided.

2 Quotas and Targets

- 2.1 The quotas and targets can be broken down into the following categories:
 - i. The so called "*Tier 2 Quotas*" relating to levels of news and current affairs, levels of original production, levels of regional production and levels of regional programming.
 - ii. The *Independent Production Quota* relating to levels of programming made by independent producers.
 - iii. The *Window of Creative Competition* (the "WOCC") relating to levels of programming that are open to either BBC in-house production or external suppliers on a fair and transparent basis.
 - iv. The *In-house Production Guarantee* relating to levels of programming that are reserved for BBC in-house production.
 - v. *Non-network creative opportunities* relating to ensuring opportunities for competition between BBC in-house producers and external producers for regional programming.
 - vi. The Access Services targets relating to the provision for the deaf and visually impaired.
 - vii. The *European Television Without Frontiers quotas* relating to the levels of European programming.

The "Tier 2 Quotas"

- 2.2 The Agreement sets out the specific obligations of the Tier 2 quotas:
 - i. Levels of *News* programming on BBC One and levels of *Current Affairs* programming across BBC One and BBC Two (Clause 47).
 - ii. Levels of *Original Production* on BBC One, BBC Two, BBC Three, BBC Four, CBeebies channel, CBBC channel, BBC News24 and BBC Parliament (Clause 49).
 - iii. Levels and range of *Regional Productions* i.e. network programmes that are produced outside of London (Clause 51).
 - iv. Levels and range of *Regional Programming* i.e. non-network productions that are produced for the Nations and English Regions (Clause 50).



- 2.3 The levels of the quotas may be adjusted year on year. The BBC Trust, after consulting with the Executive Board, co-ordinates the process of consultation and/or agreement (as applicable) for these quotas with Ofcom.
- 2.4 The BBC utilises Ofcom's definitions of News, Current Affairs, Original Production, Regional Production and Regional Programming (see Annex 1).

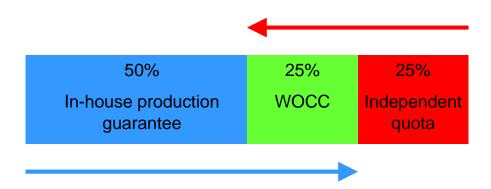
The Independent Production Quota

- 2.5 The Communications Act 2003 places a duty on the BBC to ensure that at least 25% of the total amount of time allocated to the broadcasting of qualifying programmes across its television broadcasting services is allocated to the broadcasting of a range and diversity of independent productions.
- 2.6 The Agreement (Clause 52) requires the BBC to also ensure that at least 25% of BBC One qualifying programmes and at least 25% of BBC Two qualifying programmes are allocated to the broadcasting of a range and diversity of independent productions.
- 2.7 The definitions of a qualifying programme and an independent production are provided in the statutory Broadcasting (Independent Productions) Order (see Annex 2).
- 2.8 It is Ofcom's responsibility to determine whether the BBC has delivered a 'range and diversity' of programming from independent producers. Generally 'range and diversity' is assessed by looking at the range of genres, the costs and the transmission timebands of programming produced by independent producers.

The Window of Creative Competition and In-house Production Guarantee

- 2.9 The Window of Creative Competition (WOCC) was introduced to optimise the quality of content available to audiences, regardless of supplier. It creates a space within the commissioning supply system which is open to both in-house and external producers where commissioning decisions will be based entirely on the merit of the idea. The volume of business available in the WOCC is determined as the amount of business available to be contested outside of our other supplier commitments.
- 2.10 The Agreement (Clause 56) requires the BBC to use its best endeavours to ensure that 50% of qualifying network programming transmitted in any year is allocated to the broadcasting of a range and diversity of programmes which were made by the BBC through its in-house production facility in order to deliver its public service purposes. This forms the 50% in-house production guarantee.
- 2.11 As the independent quota is set at 25% and the in-house production guarantee at 50%, then the WOCC is 25% of qualifying network commissioned programming. This meets the requirement in the Agreement (Clause 54) that the BBC uses its best endeavours to ensure that in any year 50% of qualifying network programming is allocated to qualifying independent productions (as part of the quota) and the WOCC. The WOCC significantly increases the volume of business contestable to external suppliers.





- 2.12 For the purpose of the WOCC and in-house production guarantee the BBC utilises the same definition of a qualifying programme as used in the Independent Production Quota.
- 2.13 Whereas only qualifying independent producers can compete for commissions in the independent quota, the WOCC is contestable by any external producer (as well as BBC in-house production).
- 2.14 To accommodate the WOCC the BBC's in-house fixed capacity has been reduced in order to align with the 50% in-house production guarantee.

Non-network creative opportunities

- 2.15 The BBC broadcasts around 1,400 hours each year of qualifying regional programming (ie non-network output which is considered qualifying for the Independent Production quota) across the Nations and English Regions. Each of the three Nations commissions between 250 hours and 500 hours a year across the whole range of genres.
- 2.16 As a result of the relatively low volume of hours involved and the nature of the in-house and independent production supply base the Agreement (Clause 55) does not prescribe a formal WOCC as developed for network output but instead requires the BBC to 'ensure that suitable arrangements are in place to provide appropriate opportunities for competition between in-house and external producers' for qualifying regional programming (ie non-network programming produced for the Nations and Regions).
- 2.17 For this purpose the BBC utilises the definition of regional programming as agreed with Ofcom and used for the Tier 2 quotas (see Annex 1).

Access Services Targets

- 2.18 The Agreement (Clause 59) requires the BBC to observe Ofcom's Access Services Code ("the Code") and any additional BBC targets relating to the provision of Subtitling, Signing and Audio Description services for the deaf and visually impaired (subject to any exclusions agreed between Ofcom and the BBC).
- 2.19 The Code is applied separately to each of the qualifying Public Television Services by the BBC.
- 2.20 The targets are expressed as percentages of the service for all programmes other than "excluded programmes" which are described in the Code. The definition of "programme" excludes any advertisements, trails or continuity. The BBC has committed itself to meet the following targets:



Table 1: BBC One and BBC Two

Service/Year ¹	2005	2006	2007	2008
Subtitling	90%	95%	97%	100%
Signing	3%	4%	4%	5%
Audio Description	6%	8%	8%	10%

Table 2: BBC Three, BBC Four, CBBC, CBeebies, News24

Service/Year ¹	2005	2006	2007	2008
Subtitling	70%	80%	90%	100%
Signing	3%	4%	4%	5%
Audio Description	6%	8%	8%	10%

¹ The relevant twelve month period for audio description and signing on the BBC's channels runs from 1 November, and for subtitling from 1 April.

2.21 Additionally, the BBC has committed to raising its annual live subtitling target for BBC Parliament from 450 hours/year to 810 hours/year from April 2007.

European Television Without Frontiers Quotas

- 2.22 The Communications Act 2003 and the European Union Council Directive 89/552/EEC (Articles 4 and 5) set requirements regarding the level of European programming:
 - i. Where practical the majority of programmes shown must be European (including UK productions)
 - ii. At least 10% must be independent European works
 - iii. At least 50% of the independent productions must be "recent" (made within the last five years).
- 2.23 These quotas are applied to the BBC's network public services as a whole rather than each network channel (although BBC Vision does monitor and report the position on each network).
- 2.24 The BBC complies with Ofcom's definitions and guidance on applying these quotas. Further details are provided in Annex 3.

3 Procedures to deliver the quotas and targets

<u>Planning</u>

3.1 The Executive Board will ensure that in each year a plan is in place which delivers all of the quotas and targets including the in-house production guarantee, the independent production quotas, the WOCC, the Tier 2 quotas, the Access Services targets and the European Television Without Frontiers quotas.



Tier 2 Quotas and Independent Production Quota

- 3.2 The Trust is responsible for co-ordinating each year the process of consultation and/or agreement (as applicable) of the Tier 2 quotas with Ofcom. The Trust will consult with the Executive Board before this process of consultation and/or agreement with Ofcom is undertaken.
- 3.3 The Executive Board will ensure that commissioning processes and transmission scheduling deliver all of the Tier 2 guotas and Independent Production guota requirements.
- 3.4 Details of processes, commissioning cycles, development priorities, a guide to who's who in commissioning, the BBC's Terms of Trade and Code of Practice for independent commissions and BBC guidelines and policies are available at http://www.bbc.co.uk/commissioning.

Window of Creative Competition and the In-house Production Guarantee

Structure and Process

- 3.5 In order to ensure that decisions are truly meritocratic the BBC is committed to operating a fair and level playing field between all suppliers competing for commissions in the WOCC.
- 3.6 The Executive Board will ensure that BBC in-house production capacity levels are in line with the 50% in-house guarantee.
- 3.7 The Executive Board will ensure that there is clear separation between the commissioning and inhouse production functions to ensure that there is no conflict of interest in decision making.
- 3.8 Clear development priorities, where appropriate, will be communicated for the in-house production guarantee, the WOCC and the independent production quota. These priorities along with commissioning processes and structures will be set out for all suppliers on our commissioning website at http://www.bbc.co.uk/commissioning.
- 3.9 BBC Vision will ensure that the operation of the in-house production guarantee and the WOCC are conducted fairly so that there is no undue advantage to in-house production when competing in the WOCC.
- 3.10 Any future changes to the BBC's commissioning structure or process will be reported to the BBC Trust. The Trust will determine if the Television Statement of Operation needs amending in light of these changes.
- 3.11 BBC Vision will ensure that the in-house production guarantee delivers a strong and sustainable production base that protects the breadth of public service programming the BBC can offer, underpins the BBC's creative heritage, benefits the wider industry in terms of training, and secures high quality content for the audience without commercial boundaries.

Fair Access

3.12 All suppliers will be given fair access to information by ensuring that programme needs are communicated effectively to producers across the UK on a regular basis via the BBC's commissioning website, genre briefings and briefings out of London.

Fair Dealing

3.13 BBC Vision will ensure fair dealings with suppliers including the time taken to respond to ideas (provided on the commissioning website http://www.bbc.co.uk/commissioning), the allocation of development funds and opportunities to pitch ideas where specific development needs emerge (also on the commissioning website).



Review Procedure

- 3.14 BBC Vision has a clearly stated complaints process for external suppliers. BBC Vision will ensure that complaints are monitored so that any consistent issues emerging are dealt with.
- 3.15 Complaints which relate to the operation of the Code of Practice for commissioned television programmes fall under the dispute procedure in the Code of Practice. These complaints are reported annually to Ofcom.
- 3.16 BBC Vision will seek and act on feedback from suppliers gathered by a commissioning process survey and other evidence as appropriate.
- 3.17 A Commissioning Compliance role sits within BBC Operations division to monitor the delivery of a level playing field in commissioning and create a point of appeal for complaints outside of BBC Vision.

Non-network creative opportunities

- 3.18 For non-network television the framework to deliver appropriate opportunities for competition between in-house and external producers is as follows:
- 3.19 In each of the three Nations:
 - Independent producers will deliver at least 25% of the qualifying output. This will be monitored to protect the range and diversity of programming.
 - Independent producers will compete within a further 15%. Most of this will be targeted exclusively for competition among independent producers. Again, range and diversity will be protected.
 - iii. In-house production will have a guarantee of 60%.
- 3.20 For the English Regions which primarily has a news-dominated output and therefore a very low volume of qualifying hours:
 - i. Independent producers will deliver at least 25% of the qualifying output
 - ii. Remainder will be delivered by in-house production.
- 3.21 The reason for the Nations 60% in-house production guarantee is that the output includes a relatively large number of long-running, returning strands and it would be uneconomic and impractical to split such strands between in-house and independent production (e.g. *River City* in Scotland). At 60%, the guarantee supports the continuation of these long-running, returning strands in-house with some minimal levels of "creative headroom" for non-returning work.
- 3.22 In the Nations the National Controllers oversee both commissioning and in-house production. However, the day-to-day commissioning decisions are functionally separated from the day-to-day management of production. The only exceptions are in local indigenous language output, sport in Scotland, and the English Regions where the specialist nature of programming and low volumes justify full integration.
- 3.23 BBC Nations and Regions will ensure that local commissioning processes in the Nations continue to be well-publicised and well-understood by both in-house and independent suppliers. Regular briefings will continue to be held to inform producers of available opportunities and information is made public on the BBC's commissioning website http://www.bbc.co.uk/commissioning.



- 3.24 In the English Regions, ad hoc opportunities for independents are communicated locally and a significant proportion of the independent output is subject to a tender process, usually where the format is one which is replicated across all the regions.
- 3.25 BBC Nations and Regions will ensure that there is an effective and clearly stated complaints process for external suppliers. In the first instance, Nations & Regions local management will attempt to resolve the issue. Complainants can appeal to National Controllers and then to Director, Nations & Regions. Complaints that are still unresolved can then be referred to the Commissioning Compliance Officer in BBC Operations. Complaints will be monitored and reported alongside any network complaints to the Executive Board and the Trust.

Access Services

- 3.26 The Executive Board have put in place a managed service contract with an external partner (Red Bee Media) to deliver the provision of services for the deaf and visually impaired. The Executive Board is responsible for ensuring that all Access Services requirements are achieved.
- 3.27 BBC Vision monitors the service delivery of the external partner and ensures any appropriate actions are taken in order to meet the access services targets.

European Television Without Frontiers quotas

3.28 The Executive Board will ensure that commissioning processes and transmission scheduling deliver all of the European Television Without Frontiers quotas.

4 Monitoring

- 4.1 The WOCC, the in-house production guarantee and the independent production quota are reliant on the commissioning and production process. The BBC operates these processes by considering programmes delivered within a financial year operating from 1st April to 31st March.
- 4.2 Unlike quotas, there is no single headline measure that can be used to demonstrate that within the WOCC a level playing field has been applied and that commissioning decisions have been meritocratic. Patterns of in-house or external levels commissioned may fluctuate year on year depending on the strength of ideas submitted. These patterns are therefore not an indicator of fairness or meritocracy. The Executive Board reviews and the Trust's biennial reviews will therefore need to look at a range of indicators which together demonstrate the measures that have been put in place to achieve the specified goals and the effectiveness of them.
- 4.3 Only over time will the Executive Board be able to report if there are any directional trends emerging (e.g. the geographical locations of external producers).
- 4.4 The formal reporting of the quotas and targets is based on programmes transmitted during a calendar year. The difference in timing between the commissioning/production activity and transmission will vary due to a number of factors including the type of production, the television transmission needs and budget/stock issues. The BBC therefore ensures that the quotas and targets are achieved by monitoring the commissioning/production process as well as transmission.
- 4.5 The Executive Board is responsible for monitoring performance against the quotas and targets and for ensuring that BBC Television complies with all of the requirements. The Executive Board will report performance to the Trust on a half-yearly basis.



- 4.6 The Executive Board should report to the Trust on an interim basis where a significant risk of not achieving a quota arises. The Trust may request further updates as necessary to ensure appropriate remedial action is taken.
- 4.7 As soon as possible after the end of the financial year the Executive Board submits a report to the BBC Trust which includes the outturn for each of the quotas along with the Executive Board's commentary on the effectiveness of the operation of the arrangements for the year concerned.

5 Assurance

- 5.1 The Executive Board will ensure business assurance by inviting BBC Internal Audit to review processes. Each of these reviews may focus on a different element of the processes such as:
 - i. That appropriate plans are in place to provide the in-house production guarantee, the independent production guarantee and the WOCC
 - ii. The process of briefings and validity of information
 - iii. The process for recording response rates and the validity of information
 - iv. The process for complaints and the validity of information
- 5.2 The Executive Board will act on recommendations from the reviews and will provide information to the BBC Trust as part of the annual reporting and the biennial reviews.

6 Reporting

Tier 2, Independent Production, Access Services & European Television Without Frontiers quotas

- 6.1 Ofcom is responsible for determining the BBC's final performance against the Tier 2 quotas, the Independent Production Quota, the Access Services targets and the European Television Without Frontiers quotas.
- 6.2 The Executive Board is responsible for providing all the necessary programme and transmission information to Ofcom in order for it to assess the BBC's performance against these quotas and targets.
- 6.3 The Executive Board will provide the BBC Trust with its self-assessment of performance against the quotas and targets.

Window of Creative Competition, In-house Production Guarantee & Non-network Creative Opportunities

- 6.4 The Agreement (Clause 57) requires the BBC Trust to review the operation of the WOCC, the inhouse production guarantee and the creative opportunities for non-network programming at least every two years. It places particular emphasis on whether an appropriately wide range and diversity of programmes have been made through the WOCC and whether the process has been fair, transparent and meritocratic.
- 6.5 The Executive Board will liaise with the BBC Trust over the terms of reference for its biennial review of the operation of WOCC and associated arrangements.
- 6.6 The BBC Trust is responsible for publishing its conclusions.



Glossary of Terms

BBC Nations and Regions – internal BBC division commissioning and producing output for the BBC's regional programming services.

BBC Operations – internal BBC division combining strategy, policy, distribution, property, legal and business continuity.

BBC Vision – internal BBC division commissioning and producing visual output across network television and other platforms.

Broadcasting (Independent Productions) Order – this statutory order defines the expressions "qualifying programmes" and "independent productions" for the purposes of the independent production quota. See Annex 2 for more detail.

European works – programmes that are considered as being of European origin. Definitions are provided in the EU Television Without Frontiers Directive (see Annex 3).

Independent Producer - an external production company which does not share significant common business ownership with a broadcaster. See Annex 2 for more detail.

Independent Production – a programme which has been made by an "independent producer". See Annex 2 for more detail

Network – refers to programmes that are transmitted across all of the Nations and English Regions and are therefore not "regional programmes". See Annex 1 for more detail.

Original Production – a programme, whether a first run transmission or a repeat, which has been commissioned by the BBC. See Annex 1 for more detail.

Regional Production – these are network programmes that have been produced in either the Nations (i.e. Wales, Northern Ireland, Scotland) or the English Regions. See Annex 1 for more detail.

Regional Programme – these are non-network programmes produced for the local audience in the three Nations (i.e. Wales, Northern Ireland, Scotland) or the English Regions. See Annex 1 for more detail.

Qualifying Programme – a programme which is not news, not an acquisition and not a repeat and is subsequently considered when assessing the BBC's performance against the Independent Production Quota. See Annex 2 for more detail.

WOCC - a space within the BBC's commissioning supply system which is open to both in-house and external producers and where commissioning decisions will be based entirely on the merit of the idea



Annex 1

Ofcom definitions utilised for Tier 2 quotas

News

A newscast or news bulletin providing national, international or regional news coverage. News magazines are also included which may contain a range of items related to news stories, with comment and elements of general interest.

Current Affairs

A programme which contains explanation and analysis of current events and issues, including material dealing with political or industrial controversy or with public policy.

Topical programmes about business matters and financial issues which are of current interest.

Original Production

"Original productions" are defined as programmes which -

- (a) are commissioned by or for a public service channel with a view to their first showing on television in the United Kingdom being either on that channel
- (b) are European programmes.

The BBC is unique in that it has more than one public service channel and therefore the agreement with Ofcom is that:

- (a) all programmes commissioned by or for any of the BBC's public service channels, including first runs and repeats, are considered original productions.
- (b) The exception is on BBC3 and BBC4 where repeats of programmes first shown on another BBC public service channel are excluded (in line with the Secretary of State's conditions for these channels).

Regional Production

Regional Productions are those productions which meet at least two out of the following three criteria:

- (a) the production company must have a substantive business and production based in the UK outside the M25. A base will be taken to be substantive if it is the usual place of employment of executives managing the regional business, of senior personnel involved in the production in question, and of senior personnel involved in seeking programme commissions;
- (b) at least 70% of the production budget (excluding the cost of on-screen talent, archive material and copyright costs) must be spent in the UK outside the M25; and
- (c) at least 50% of the production talent (i.e. not on-screen talent) by cost must have their usual place of employment in the UK outside the M25. Freelancers without a usual place of employment outside the M25 will nonetheless count for this purpose if they live outside the M25. Ofcom will consider as part of their 2004 review whether this percentage should rise over time.



Regional Programming

Regional programmes are those programmes which are of particular interest to people living in the area for which the service is provided. A key consideration in judging regionality will be what distinguishes individual programmes from the output of other regions and of the networks. In particular regional programmes should:

- (a) deal with subject matter of specific interest to the region and of less interest elsewhere (e.g. regional events, concerns and interests); and
- (b) be clearly set within the region and/or feature people known to be residents of, or who have close connections with, the region.

For the purpose of determining whether a programme is made in the region, licensees should follow the rules set out in Regional Production above, substituting 'in the region' for 'outside the M25'.



Annex 2

Independent Production Quota definitions

The statutory Broadcasting (Independent Production) Order (1991 – amended 1995 and 2003) defines both 'qualifying programmes' (ie programmes considered when determining the position against the 25% independent production quota) and qualifying 'independent producers'.

Qualifying Programme

- A) The following programmes are "qualifying programmes" unless excluded under section B:
 - Programmes commissioned by the BBC whether made in-house or externally.
 - Co-productions (ie programmes made by the BBC and someone else or commissioned by the BBC and someone else) as long as the BBC meets more than 25% of the actual production costs.
 - Programmes containing live feeds from an external source as long as these feeds are less than 75% of the programme duration.
- B) The following programmes should be excluded:
 - Continuity/trails or any separate item/programme whose duration is two minutes or less
 - Repeats programmes previously shown "in substantially the same form" on the BBC public service channels.
 - News ie programmes which consists 'wholly or mainly of news'
 - Programmes (eg Newsnight) being part of a series which:
 - Consists wholly or mainly of news or items relevant to news
 - o Are presented live, and
 - o Are usually shown on at least four days in each of the weeks when they are shown
 - OU (Open University) programming
 - Party Political Broadcasts or any statement by a Minister of the Crown

Independent Producer

In brief, an 'independent producer' is a producer:

- (a) who is not employed by a broadcaster
- (b) who does not own more than 25% of a broadcaster (unless the producer is based in the EEA and the broadcaster it has a shareholding in is outside the EEA)
- (c) in which no single UK broadcaster owns a stake of more than 25% or no two or more UK broadcasters together own more than 50%.

A UK Broadcaster is any broadcaster who provides a television service intended for reception in any area of the UK (even if it is also intended for reception elsewhere).



Annex 3

European Television Without Frontiers Directive definitions

The Television Without Frontiers Directive provides the legal framework for television broadcasting within the European Union. It is intended to promote freedom of transmission in broadcasting by setting down minimum rules for the regulation of the content of television broadcasts by Member States. The rules are also intended to ensure that the interests of television viewers are fully and properly protected and to promote European and independent production.

The Directive (European Union Council Directive 89/552/EEC) requires broadcasters to reserve a majority proportion of their transmission time (ie at least 50%) for European Works. Transmission time is defined as all hours transmitted excluding the time appointed to news, sports events, games, advertising, teletext services and teleshopping:

News

A newscast or news bulletin providing national, international or regional news coverage. News magazines are also included which may contain a range of items related to news stories, with comment and elements of general interest.

Sport

Sports events including live transmissions; sports news concerning current events, which may include interviews.

Games

Quiz and game shows with high production values and large prizes.

Advertising

Any form of announcement broadcast whether in return for payment or similar consideration or broadcast for self-promotional purposes.

Teleshopping

Direct offers broadcast to the public with a view to the supply of goods or services in return for payment.

European Works are defined in the Directive but in general they are programmes mainly made with authors and production workers residing in one or more European countries, provided:

- i. they are made by one or more producers established in one or more European countries; or
- ii. the production of programmes is supervised and actually controlled by one or more producers established in one or more European countries; or
- iii. the contribution of co-producers of European countries to the total co-production is not controlled by one or more producers established outside European countries.

The Directive also requires broadcasters to ensure that at least 10% of transmission time must be independent European works and that at least 50% of these independent productions must be "recent" (made within the last five years):

Independent production has the same definition as in the Broadcasting (Independent Productions) Order (see Annex 2).

Ofcom have published guidance on the Television without Frontiers Directive quotas (February 2005).