



National Audit Office

Department for Culture, Media & Sport, and the BBC 2024-25

January 2026



OVERVIEW

C&AG introduction

In 2025, we set out our [new five-year strategy](#). In delivering our statutory responsibilities, we aim to maximise our contribution to two outcomes – more productive and resilient public services and better financial management and reporting in government.

Our overviews summarise the key information and insights from our examinations of departments and from their annual report and accounts, and explore departments' progress against these crucial outcomes, highlighting positive examples and opportunities to improve.

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.

Contents

Part One: The Department for Culture, Media & Sport

Summary	4
About DCMS	5
How DCMS is structured	6
Where DCMS spends its money	8
Financial management – Expenditure management	10
Financial management – Spending Review 2025	11
Performance – Priority outcomes	12
Performance – Economic benefits	13
Risk and resilience – Delivery risks	14
Risk and resilience – Management of the COVID-19 loan book	15
Performance – Major programme and developments	16
What to look out for	17

Part Two: The BBC

Summary	19
About the BBC	20
How the BBC is structured	21
Where BBC PSB spends its money	22
Financial management – Licence fee	23
Financial management – PSB savings initiatives	25
Financial management – BBC Commercial Group	26
Performance – BBC audiences	27
Performance and productivity – BBC's digital services	28
Risk and resilience – BBC risks to resilience	29
What to look out for	30
About the NAO	31



Part One
**Department for
Culture, Media
& Sport**





Summary

Background to the Department for Culture, Media & Sport (DCMS)

DCMS supports culture, arts, media, sport, tourism and civil society, and it worked with 42 public bodies to deliver its priorities in 2024-25.

Objectives

In July 2024, DCMS introduced new priority outcomes:

1. Growth and good jobs in every place.
2. Richer lives with choices and opportunities for all.
3. A more socially cohesive country with an inclusive national story.

Financial position, 2024-25

- DCMS group total expenditure was £7.6 billion, a decrease of £259 million (3.3%) from 2023-24.
- The BBC accounted for half of DCMS's spending (just under £4 billion).
- Spending funded by lottery grants fell by £106 million (7%) year-on-year.
- DCMS underspent against its annual estimate by £156 million for Resource Departmental Expenditure Limit (DEL) and £200 million for Capital DEL, mainly due to lower grant-in-aid to arm's-length bodies (ALBs).

Insights from our work

Financial management and reporting

- DCMS has consistently underspent against its delegated limits for resource, capital and total spending over the past five years. Museums and galleries contributed the largest underspend, driven by increased visitor income and using their own reserves, rather than expecting additional departmental funding.
- DCMS faces a 1.4% average real-terms funding decline over the next five years and will need to manage this challenge.

Performance and productivity

- DCMS sectors contributed significantly to the UK economy, supporting 4.9 million jobs and generating £220 billion in economic value in 2023.
- The tourism sector delivered £58.2 billion gross value added (GVA) in 2023 (2.5% of the UK economy), representing an 8.5% increase compared with 2022. DCMS launched new investments and the Creative Industries Sector Plan in June 2025, to boost business investment and make the UK a global creative leader, with the aim to support growth.
- DCMS delivered £125 million investment into grassroots sport facilities, targeting deprived areas and under-represented groups, with the aim to increase participation and support wider social and economic outcomes.

Risk and resilience

- DCMS faces key risks in delivering its priorities, particularly through its ALBs with financial sustainability, cyber security, and capability identified as their principal concerns by these bodies.
- The British Library experienced a significant cyber-attack in October 2023, which tested operational resilience, resulting in service disruption and significant recovery costs.
- There is ongoing uncertainty over recovery of loans issued during the COVID-19 pandemic, with some borrowers insolvent and the full financial impact yet to be determined.

DCMS aims to support culture and arts, media, sport, tourism and civil society and enhance the lives of people across England. It aims to provide children and young people with essential skills for life through sports and physical activity, and through art and culture.

Priority outcomes

In February 2023, DCMS established a set of priority outcomes that reflected its refocused policy portfolio after machinery of government changes:

1. Drive growth across all its sectors, including creative industries and tourism, and support local economies.
2. Create opportunity for young people and enrich communities, alongside its ALBs and charities sector, by increasing participation in, and expanding access to, grassroots sports, arts and heritage, libraries and youth services.
3. Showcase the UK to the world and boost the UK's global reputation by delivering major cultural and sporting events across the country.
4. Deliver reforms to make the 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.

Following the arrival of the new government in July 2024, DCMS introduced a new set of priority outcomes for 2024-25:

1. Growth and good jobs in every place.
2. Richer lives with choices and opportunities for all.
3. A more socially cohesive country with an inclusive national story.



How DCMS is structured



DCMS core department provides oversight and funding to its bodies delivering government policies. In 2024-25, DCMS worked with 42 public bodies.

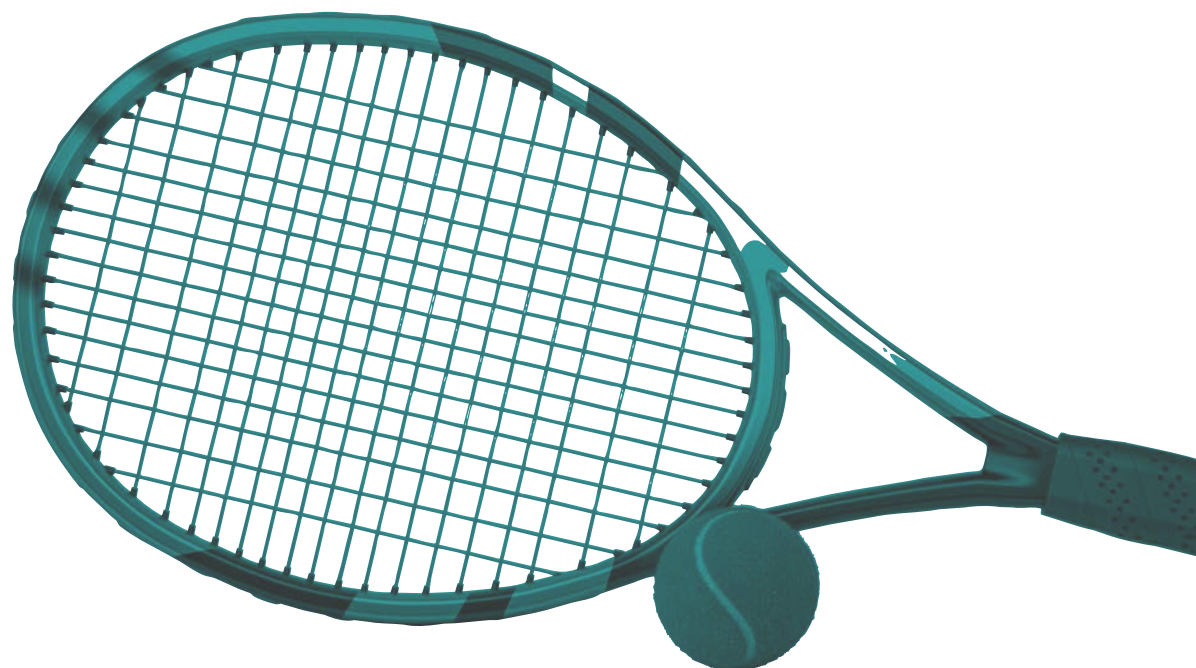
DCMS's ALBs have a wide range of policy and operational responsibilities. They are all governed by their own independent boards. All are incorporated into DCMS's group accounts.

DCMS sponsors and has lead policy responsibility for two non-ministerial government departments 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.

The Football Governance Act established a new Independent Football Regulator for 2025-26. During 2024-25, a Shadow Regulator was already in place within DCMS to ensure the new Independent Regulator could make an impact as quickly as possible.

The National Citizen Service, a public body for youth, was wound down at the end of 2024-25.



Continued

How DCMS is structured



The Department for Culture, Media & Sport's (DCMS's) arm's-length and other bodies, 2024-25

DCMS works with over 40 public bodies

Departmental group

Heritage

- The Historic Buildings and Monuments Commission for England (Historic England)
- National Heritage Memorial Fund
- Churches Conservation Trust

Media/Creative industries

- British Broadcasting Corporation (BBC)
- S4C (Sianel Pedwar Cymru)
- British Film Institute

Museums and galleries

- British Museum
- Geffrye Museum (Museum of the Home)
- Horniman Public Museum and Public Park Trust
- Imperial War Museum
- National Gallery
- 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 (Tate)
- Victoria and Albert Museum
- The Wallace Collection
- Natural History Museum

Sport

- UK Anti-Doping
- Birmingham Organising Committee for the 2022 Commonwealth Games (Birmingham 2022)
- The English Sports Council (Sport England)
- The United Kingdom Sports Council (UK Sport)
- Sports Grounds Safety Authority

Tourism

- British Tourist Authority (operating as VisitBritain and VisitEngland)

Gambling

- Gambling Commission
- Horserace Betting Levy Board

Arts and libraries

- Arts Council England
- British Library

Civil society

- Big Lottery Fund (operating as National Lottery Community Fund)
- National Citizen Service Trust

Cultural

- Reviewing Committee on the Export of Works of Art and Objects of Cultural Interest
- Treasure Valuation Committee
- Festival 2022
- The Theatres Trust

Wider departmental group

Non-ministerial government departments

- The Charity Commission for England and Wales
- The National Archives

Public corporations sponsored by DCMS

- Channel Four Television Corporation
- Historic Royal Palaces
- The Royal Parks Limited

Notes

- 1 The 'Departmental group' includes public sector bodies that are inside the departmental accounting boundary.
- 2 The 'Wider departmental group' includes public sector bodies that are outside the departmental accounting boundary.
- 3 Birmingham 2022 was the parent company of Festival 2022 Limited, which was a wholly-owned subsidiary and part of the Birmingham Organising Committee for the 2022 Commonwealth Games Ltd (BOCCG). Both Birmingham 2022 and Festival 2022 entered liquidation on 15 March 2023. Festival 2022 Limited was subsequently dissolved on 11 March 2025. The National Citizen Service was dissolved in April 2025. Additionally, the Independent Football Regulator was established on 1 November 2025.

Source: National Audit Office analysis of the Department for Culture, Media & Sport's Annual Report and Accounts 2024-25

Where DCMS spends its money



DCMS spends around £7.6 billion a year

In 2024-25, DCMS group total expenditure decreased by £259 million (3.3%) to £7,640 million (£7,899 million in 2023-24).

Highlights

The BBC accounted for half of DCMS's spending in 2024-25 – £3,890 million (£3,930 million in 2023-24). The BBC operates independently of DCMS, but its public service broadcasting activities are consolidated into DCMS's accounts.

Spending within DCMS group funded by lottery grants fell by £106 million (7%) from 2023-24 to 2024-25. Lottery grant-making is variable and 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 the government by 12 lottery distributing bodies to fund projects for good causes in the arts, heritage, sport and community sectors where core government funding would not normally be available.

In 2024-25, the government announced the winding down of the National Citizen Service from the end of the financial year saving millions in administrative costs. In the year, DCMS provided £42.9 million in funding that delivered 420,000 experiences to young people.



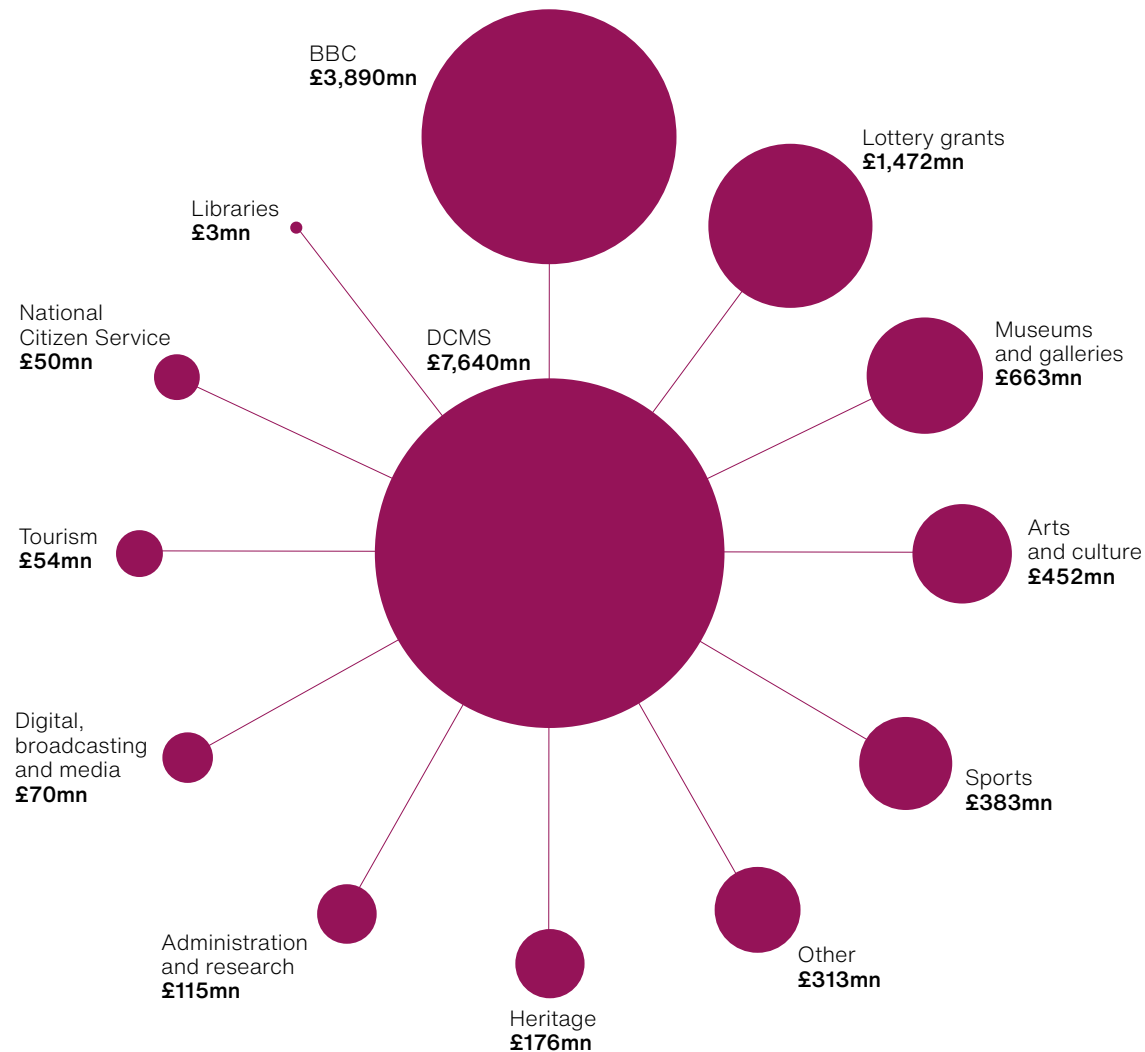
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Where DCMS spends its money



The Department for Culture, Media & Sport's (DCMS's) total expenditure, 2024-25

In 2024-25, DCMS group expenditure totalled £7,640 million



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 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 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 the Department for Culture, Media & Sport's Annual Report and Accounts 2024-25

Financial management – Expenditure management



DCMS works with a wide range of ALBs which operate within different accounting frameworks and budgets.

Over the past five years, DCMS has consistently underspent against its delegated spending limits set by HM Treasury, in terms of its resource, capital and total expenditure.

In 2024-25, DCMS underspent by £156 million against the limit on its annual day-to-day operational costs (Resource Departmental Expenditure Limit (DEL)), and by £200 million against the limit on its expenditure on assets, investments and capital (Capital DEL). A major cause of these underspends was DCMS's provision of £167 million less in grant-in-aid to its 33 ALBs than its original estimate (£5,583 million, as opposed to £5,750 million).

The Department for Culture, Media & Sport's (DCMS's) changes in resource, capital and total Departmental Expenditure Limits (DEL), 2020-21 to 2024-25

Over the past five years, DCMS has consistently underspent against its delegated limits

Annual savings	2020-21	2021-22	2022-23	2023-24	2024-25
% resource DEL - savings against estimate	19%	20%	7%	5%	9%
% capital DEL - savings against estimate	22%	18%	11%	12%	28%
% total DEL - savings against estimate	20%	19%	8%	7%	14%

Notes

- 1 Resource DEL relates to spending by DCMS on its day-to-day operational costs which does not give rise to an asset.
- 2 Capital DEL relates to expenditure on assets, investments and capital.
- 3 Total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL.
- 4 Figures shown above are not restated to reflect the machinery of government changes which took place in 2022-23 under which the digital, telecom and technological teams of DCMS transferred to the Department for Science, Innovation and Technology.

Source: National Audit Office analysis of the Department for Culture, Media & Sport's Annual Reports and Accounts, 2020-21 to 2024-25

Museums and galleries

Museums and galleries underspent their Resource DEL by £64 million in 2024-25 and their Capital DEL by £68 million. Their underspend was the largest contributor to the total underspend across DCMS bodies. Underspend for museums and galleries is largely driven by the freedom they have to use their reserves under their 'freedoms' arrangement with HM Treasury. It is also due to their earning more of their own income as visitor numbers in 2024-25 were higher than forecast.

The National Audit Office is currently undertaking a study on the financial resilience of DCMS-sponsored museums and galleries. In 2024-25, DCMS provided grant-in-aid of £484 million to these bodies that have faced financial challenges as a result of COVID-19 and increasing costs.

Financial management – Spending Review 2025



In June 2025, the government announced each department’s funding settlements for the years to 2028-29. While DCMS total DEL is expected to increase in the next five years, real-terms funding for DCMS is projected to decline by 1.4% on average.

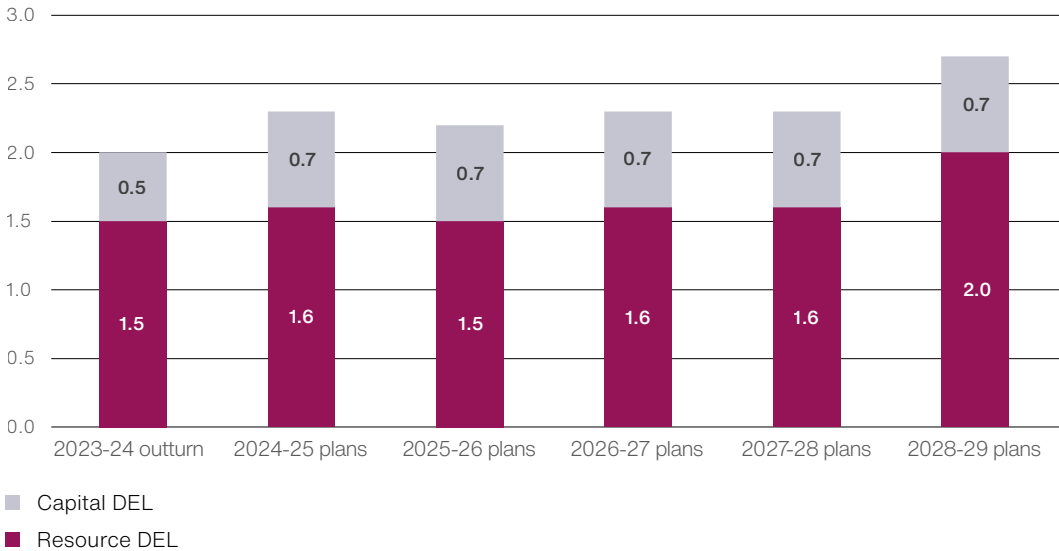
Capital DEL funding over the spending review period is expected to reach £2.8 billion in 2028-29 which will fund the safeguarding of cultural and heritage institutions while expanding access to local sport and physical activity. As part of DCMS’s National Youth Strategy, the government is committing to spending on new youth centres and improve existing facilities.

DCMS has committed to delivering at least 5% savings and efficiencies over Phase 2 of the Spending Review period. This includes savings from reducing its estate footprint across eight of its public bodies and the core department. It has also worked with the Office for Value for Money to identify £52 million of technical efficiencies by 2028-29.

The Department for Culture, Media & Sport’s (DCMS’s) total Departmental Expenditure Limits (DEL) as per Spending Review 2025, 2023-24 to 2028-29

While DCMS’s total DEL is expected to increase over the next five years, real-terms funding for DCMS is projected to decline by an average of 1.4%

Total DEL in £ billion



Notes

- 1 Resource DEL (RDEL) relates to spending by DCMS on its day-to-day operational costs which does not give rise to an asset.
- 2 Capital DEL (CDEL) relates to expenditure on assets, investments and capital.
- 3 Average annual real growth rates from 2025-26 to 2028-29 are -1.4% for total DEL, -1.2% for RDEL and -2.8% for CDEL.
- 4 Data are in current prices.

Source: National Audit Office analysis of the Spending Review 2025

Performance – Priority outcomes



After the election of the new government in July 2024, DCMS updated its priority outcomes, which set out the current aims and vision DCMS has for the country. In its 2024-25 annual report and accounts, DCMS outlined the progress it has made in delivering these outcomes since their introduction.

1. Growth and good jobs in every place

DCMS announced a new Creative Industries Taskforce to inform the development of a Creative Industries Sector Plan.

DCMS announced a £150 million Creative Places Growth Fund for six regions outside London, enabling local mayors to support creative businesses through finance, mentoring, networking, and skills programmes.

In January 2025, DCMS announced that creative industries will receive additional funding of £60 million; support for the sector was also received through commitments from the British Business Bank.

DCMS announced funding for growth in the creative industries sector, including funding for Discover! Creative Careers Programme. In 2024-25, the Discover! Programme reached 33,000 students aged 11 to 18 and received a £3 million uplift per annum at the Autumn Budget.

For arts and museums, DCMS continued to support its sponsored museums and galleries, including the Natural History Museum's Unlocked programme. Unlocked is a large-scale capital project which includes the development of a new research and development centre at Thames Valley Science Park.

VisitBritain campaign increased delegated spending from £24.5 million to £27.5 million after delivering a record 36 business events.

VisitBritain launched the 'Starring Great Britain' campaign which uses films and TV shows to inspire more visitors to choose Britain.

Bradford UK City of Culture received a further £5 million of funding to support the creation of 6,500 jobs, deliver 6,000 training opportunities and accelerate £700 million of growth for the district by 2030.

2. Richer lives with choices and opportunities for all

DCMS announced £270 million investment in art venues, museums, libraries and the heritage sector. The funding aims to not only drive economic growth but also unlock opportunities for young people to engage with venues.

DCMS delivered £125 million investment into grassroots sport facilities in 2024-25. The programme targeted deprived areas and aimed to increase participation among under-represented groups including women and girls, ethnic minorities and disabled players. DCMS has announced additional funding of £98 million for 2025-26.

The DCMS £125 million investment includes £25 million for the Lionesses Future Fund, a dedicated fund to deliver gold-standard facilities and experiences for women and girls. In 2024-25, the first sites received funding.

Dormant assets of £440 million were allocated to supporting a variety of causes: youth (£132.5 million); financial inclusion (£132.5 million); social investment (£87.5 million); and community wealth funds (£87.5 million).

3. A more socially cohesive country with an inclusive national story

DCMS has committed to supporting a number of international sporting events, such as the Commonwealth Games in 2026, UEFA Euro 2028 and the Grand Départ of Tour de France and Tour de France Femmes in 2027. It has also supported the UK's bids to host the 2029 World Athletics Championship and the 2035 FIFA Women's World Cup.

The National Lottery Heritage Fund awarded a number of grants to support heritage projects, including the Heritage Schools Programme, delivered by Historic England, which aims to develop a sense of pride in children.

DCMS started work on the Local Media Strategy and introduced the Community Radio Order to support the sustainability of local news and radio sectors, with the aim that these measures maintain trusted information channels and strengthen community representation in media.

Performance – Economic benefits



The sectors supported by DCMS are considered a huge driver in economic growth, worth £220 billion, supporting 4.9 million jobs and a source of soft power and pride for Britain abroad. DCMS considers that the growth these sectors generate places them right at the heart of the government's mission to kickstart economic growth in all parts of the country.

Gross valued added

DCMS measures the value that the sectors it oversees bring to the economy, using the 'gross value added' (GVA) measure – the value of goods and services produced by each industry. Provisional estimates for 2023 show that the GVA of DCMS sectors increased slightly, remaining broadly in line with the wider UK economy.

- Provisional estimates for 2023 show that the GVA of DCMS sectors increased by 0.1% in 2023 to £220 billion, compared to an increase for the UK economy of 0.3%. DCMS sectors contributed 9.3% of total UK GVA in 2023, compared with 10.5% in 2019.
- The main contribution to the growth of DCMS sectors came from the tourism sector, which delivered GVA in 2023 of £58.2 billion (2.5% of the UK economy) and increased by 8.5% compared with 2022.

The gross value added (GVA) and number of filled jobs of the Department for Culture, Media & Sport (DCMS) sectors, 2023

The GVA of all DCMS sectors increased by 0.1% in 2023, compared with a 0.3% increase for the UK economy

	Gross value added (GVA) contribution in 2023 (£bn)	% change in GVA from 2022 to 2023	Proportion of the UK economy (%)	Number of filled jobs, 2023 (thousands)
Gambling	5.2	-4.50%	0.22%	84
Civil society	18.5	2.30%	0.78%	981
Sport	20.0	2.20%	0.84%	559
Cultural sector	35.0	-1.80%	1.48%	666
Tourism	58.2	8.50%	2.46%	1,044
Creative industries	124.0	-3.30%	5.23%	2,419
All DCMS sectors	220.3	0.10%	9.30%	4,897
UK economy	2,368.7	0.30%	100.00%	34,006

Notes

- The GVA of all DCMS sectors is lower than the sum of individual DCMS sectors because of overlaps between sectors.
- The percentage change in GVA from 2022 to 2023 has been calculated using chained volume measures, which adjust for inflation by applying 2022 prices.

Source: National Audit Office analysis of the Department for Culture, Media & Sport's (DCMS's) Economic Estimates for gross value added and employment in the DCMS sectors (2023)

Risk and resilience – Delivery risks



DCMS worked with 42 public bodies over the course of 2024-25 and identified governance and delivery of its priorities through these bodies as a key risk.

Risks involving public bodies

DCMS has recognised that, as its public bodies are governed by their own independent boards, there is a risk that its public bodies may not be able to deliver its own priorities due to:

- mis-aligned priorities;
- failure to implement best practice governance arrangements; and
- financial pressures.

DCMS uses a number of mechanisms to monitor risks within its public bodies and regularly reviews in detail any risks that may impact it.

We reviewed the governance statements contained in the 2024-25 annual reports and accounts of a sample of DCMS's ALBs which operate across museums, galleries, arts, libraries and heritage sectors. We found that common key risks identified in a number of these included financial sustainability, cyber security, people and capability, and maintenance and operation of their buildings.

Cyber security risk

For DCMS, cyber security is a key risk both for itself and its ALBs. In October 2023, the British Library was significantly impacted by such an attack. It reported in its 2024-25 accounts that the attack had caused ongoing disruption to services and projects and increased costs from recovery work.

Operational impact: The cyber-attack prevented user access to online resources and physical collections, prevented cataloguing, and disrupted digital collection.

Recovery: The Library has had to implement a comprehensive recovery plan, based on detailed forensic investigation, addressing both the impact of the cyber-attack on services and systems, and the reputational impact from loss of user and employee data.

Financial impact: Despite DCMS's support for the recovery programme, the Library has faced significant expenditure to fund the recovery, including additional staff time, and has incurred costs on a heightened cyber resilience and security programme.

The scale of the rebuild required in the wake of the cyber-attack has meant that recovery has taken longer than originally anticipated and is still on-going. Progress during 2024-25 included, for example, restoring full access to the physical collection and enabling remote ordering of content to the reading rooms.

Other risks to DCMS

DCMS has identified a number of other risks:

- Inability to deliver sustainability and environmental goals.
- External events, such as technology, financial difficulties in certain sectors, and the impact of artificial intelligence (AI).
- Project delivery, including delivery of the Fourth National Lottery Licence, closure of the National Citizen Service, management of the COVID-19 Loan Book, and the establishment of the Independent Football Regulator.
- AI and DCMS's ability to maximise the benefits of this while reducing its threats.

Risk and resilience – Management of the COVID-19 loan book



In December 2024 the NAO published a report on [DCMS's management of its COVID-19 loan book](#).

DCMS provided around £2.6 billion of support for the culture and sports sectors to help them survive the pandemic. Of this, £474 million was in the form of loans. DCMS now manages the separate loan schemes for culture and sports organisations as one. Arts Council England and Sport England administer the loan schemes as agents 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.

Repayment of loans

All borrowers had initial repayment holidays of up to four years. By October 2024, 50 borrowers had made at least one repayment. All remaining borrowers were due to start repayments by September 2025.

DCMS issued loans of £46.1 million to nine borrowers who had become insolvent. DCMS expected to recover between 38% and 46% of the amount loaned to those borrowers who had become insolvent and will not receive the interest that would have accrued over the lifetime of those loans.

Sports borrowers

A total of £218 million of loans were made to 83 sports bodies.

The largest sport loan to an individual borrower was to the Horserace Betting Levy Board (£21.5 million). In 2024-25, it started to make repayments on this loan.

Culture borrowers

DCMS gave £145.1 million to performing arts organisations, £67.9 million to heritage organisations, and £14.5 million to museums and galleries.

Loans worth £2.5 million were issued to borrowers who had become insolvent as of October 2024. DCMS did not expect to recover any of this amount.

Historic Royal Palaces received the largest loan for an individual borrower (£40 million). It began to make repayments on this loan in 2024-25.

Report conclusion

The NAO's report concluded the following:

- The circumstances in which the loans were being provided were extremely demanding and the loans helped many organisations to survive the pandemic.
- DCMS was slower than originally planned to develop its loan book operating model.
- Of the repayments scheduled for October 2024, 97% had been repaid.
- 11 borrowers had repaid their loans in full.
- It was expected that DCMS would not recover between £25 million and £29 million in the capital value of the loans to borrowers who later became insolvent, and the taxpayer would miss out on £11 million of interest, while £10 million has been recovered through insolvency settlements.
- DCMS should prioritise putting in place measures to track costs and performance of the loan book.

It also concluded that there remains a high degree of uncertainty over how much of the loan book will be repaid. The report said that, building on the progress it had made, DCMS now had an opportunity to develop its plans for the medium and longer term to improve the effectiveness of its approach to managing the loan book.

Performance – Major programme and developments



DCMS has five projects that are included in the Government Major Project Portfolio and are being overseen by the National Infrastructure and Service Transformation Authority. They have total whole-life costs of £1.45 billion and total projected monetised benefits of £29.4 billion.

National Lottery Licence Competition

From 1 February 2024, Allwyn Entertainment Limited took on the Fourth National Lottery Licence, succeeding Camelot UK Lotteries Limited as the licensee for the National Lottery. Camelot had previously held the licence for 30 years.

Since 1 February 2024, Allwyn has operated the Fourth National Lottery on the terms agreed with the Gambling Commission, as per the Licence. The Commission continues to oversee Allwyn's implementation of its application commitments. Some of these commitments are dependent on the integration of new technology, and others were always intended to be delivered over the course of the Licence.

The Gambling Commission's decision to award the Licence to Allwyn remains subject to legal challenge. The Fourth National Lottery Licence project has had a risk rating of 'red' as of Q4 2024-25.¹

Natural History Museum (NHM) Unlocked

NHM is looking to build a new science and research centre at Thames Valley Science Park, which includes relocating 38 million specimens – of which 28 million will be housed in the new centre – and capturing digital specimen data. The project is funded by £201 million from the government and is due to complete in 2027, with full operation by 2031.

Delivery of Unlocked is seen as a way of mitigating one of the museum's risks around care of its collection and increasing engagement, but the project is seen as a principal risk if it is not delivered to time, quality and budget. The project has a risk rating of 'amber'.²

British Museum Energy Centre Programme

The Energy Centre Programme will introduce a coherent, site-wide approach to infrastructure, powered by a new state-of-the-art energy transition hub. This project will improve resilience and flexibility, reduce risk to the collection, and release valuable space on a crowded site. Replacing inefficient plant and introducing greater simplicity will improve operating efficiency, reduce the maintenance burden, and be an essential step towards the museum's net zero-carbon future. The project has a whole-life cost of £209 million and has a 'green' risk rating.³

Euro 2028

In 2028, the UK and Ireland will host the men's UEFA European Football Championships. DCMS is working closely with partners on preparations for the tournament's delivery. These preparations have a risk rating of 'amber'.

Youth Investment Fund

DCMS is investing over £300 million in revenue and capital funding for youth services across England. The aim is to build, renovate, and expand youth provision at over 250 projects across England. The project has a risk rating of 'amber'.

1. A 'red' rating means that successful delivery of the project appears to be unachievable.

2. An 'amber' rating means that successful delivery appears feasible but significant issues already exist, requiring management attention. These appear resolvable at this stage and, if addressed promptly, should not present a cost/schedule overrun.

3. A 'green' rating means that successful delivery of the project on time, budget and quality appears highly likely and there are no major outstanding issues that at this stage appear to threaten delivery significantly.

What to look out for



Football Governance Act 2025

The Act established an Independent Football Regulator and a new set of rules to protect clubs, empower fans and keep clubs at the heart of their communities. In autumn 2025, the Regulator began consulting the sector on licensing arrangements that it plans to provisionally implement during the 2026-27 season.

Creative Industries Sector Plan

In November 2024, DCMS announced a taskforce to support the development of the Creative Industries Sector Plan. In June 2025, DCMS published this plan, which seeks to position the UK as a global hub for creative sectors including film, TV, video games, music, visual arts and advertising. It set an overall target to increase business investment from £17 billion to £31 billion. Delivery of the plan in 2025-26 will focus on:

- transforming cross-cutting support;
- supporting high-potential sub-sectors such as film and TV, video games and music, performing and visual arts;
- realising the potential of Creative Industries clusters; and
- delivering joint commitments from government and industry, working in partnership.

New National Youth Strategy

In November 2024, DCMS announced plans for a National Youth Strategy to improve outcomes for young people across England. The strategy will focus on better coordination of youth services at all levels, empower local decision-making, and rebuilding the sector. Government funding of £85 million will be allocated to youth facilities due to urgent need, and £132.5 million to get young people involved in music, drama and sport between 2024 and 2028. In October 2025, preparation of the strategy was ongoing.

Commonwealth Games

In 2024-25, DCMS worked with the Scottish Government to confirm UK Government support for Glasgow to host the 2026 Commonwealth Games. Preparations for the Games will continue in 2025-26.

Gambling Reform Review

DCMS and the Gambling Commission are working together to deliver an appropriate programme of work to evaluate the impact of the Gambling Act Review. The evaluation will be responsive to live policy decisions to ensure that it answers the evaluation questions with respect to final policy positions. In October 2025, work on this evaluation was ongoing.

Fourth National Lottery Licence

There have been delays in Allwyn achieving full implementation which was agreed under the Licence would be delivered by February 2025, which Allwyn was legally committed to. As a result, in October 2025, the Gambling Commission initiated enforcement action, which is ongoing.

Cross-government review of ALBs

A cross-government review of ALBs, including those in DCMS, was launched by the Cabinet Office in April 2025. The review will assess ALBs against principles like ministerial oversight and efficiency, aiming to create a more productive and agile government by streamlining public bodies.

In addition to the above, Baroness Hodge of Barking was appointed to conduct an independent review of the Arts Council England. This review is an opportunity to ensure Arts Council England is best positioned to successfully steward the cultural and creative sectors in every part of England. The government will publish its response to the review in 2026.

Tourism

In November 2024, DCMS announced a new ambition for the UK to welcome 50 million international visitors a year by 2030, as well as a new Visitor Economy Advisory Council to kickstart this. The Council was to work to launch a National Visitor Economy Strategy in autumn 2025.



Part Two

The BBC



Summary



Summary

Background to the BBC

The BBC is the UK's largest public service broadcaster. Its responsibilities are set out in its Royal Charter, which runs until the end of 2027. It is sponsored by the Department for Culture, Media & Sport and regulated by Ofcom. The BBC Group comprises Public Service Broadcasting (PSB), funded mainly by the licence fee, and a Commercial Group operating at arm's length to generate profit.

Objectives

The BBC's mission is to act in the public interest, serving all audiences through impartial, high-quality and distinctive output and services which inform, educate and entertain. Its five public purposes are to:

1. Provide impartial news and information.
2. Support learning for all ages.
3. Show creative, high-quality and distinctive output and services.
4. Reflect and serve diverse UK communities, and support the creative economy across the UK.
5. Represent UK culture and values globally.

Financial position, 2024-25

Total income – £5.9 billion; operating costs – £6.0 billion. Total income comprises:

- **PSB income** – £4,203 million (up from £4,017 million in 2023-24), driven mainly by licence fee of £169.50; and
- **Commercial income** – £2,155 million (up 16% from £1,859 million).

Licence fee accounts for 65% of income, with overall licence fee income rising 5% to £3,843 million despite a 1.3% fall in the number of licences in force and evasion rising to 12.52%.

Insights from our work

Financial management and reporting

- PSB spent £3,089 million on content (up 4%); online spend rose 17% to £278 million, reflecting the shift to digital.
- Other expenditure increased by £66 million due to restructuring, non-licence fee income generation, and licence fee collection costs.
- BBC PSB delivered £241 million savings in 2024-25, making a total of £564 million since 2022-23; the BBC aims for £700 million annual savings by 2028. Recent savings rely mainly on scope changes and programme reshaping, which may reduce output breadth.
- BBC Commercial aims to have returned £1.5 billion to PSB by 2027-28, and has achieved £1 billion to date.

Performance and productivity

- Audience reach among 16 to 34-year-olds, a key BBC audience, fell to 67% (target circa 70%), and only 51% felt the BBC reflected people like them, risking long-term licence fee support. Under its digital-first strategy iPlayer requests were up 10%, and BBC Sounds reached 2.6 billion plays. BBC is expanding TikTok and YouTube content to engage younger audiences and stay relevant.
- By September 2025, BBC World Service had achieved £46.8 million of its £54.2 million savings target, mainly by closing TV and radio output. It has not yet assessed the impact of its measures, but its digital reach has fallen 11% since 2021-22, partly due to external factors beyond its control.

Risk and resilience

- Funding risk from licence fee income decline persists despite flexible payment plans and retention initiatives.
- Editorial risks include impartiality and AI-generated content; to mitigate these risks the BBC provides impartiality training and fact-checks information via BBC Verify.
- The BBC Commercial Group faces market risks from competition for content and financing pressures amid declining linear and advertising revenues, as well as supply chain challenges.

About the BBC



The BBC is a public corporation, operationally and editorially independent of the 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.

The BBC Group comprises its public service broadcasting and commercial activities.

Public Service Broadcaster (PSB)

The BBC is the UK's largest public service broadcaster. Public service broadcasting 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's PSB services are the largest part of the BBC Group and are principally funded by the licence fee. The existence of the licence fee is guaranteed until the end of the current Charter period. The cost of the licence fee is determined annually by the Secretary of State for Culture, Media and Sport.

The PSB arm provides a wide range of programmes to audiences across the UK via its eight pan-UK TV channels, one national channel (BBC Scotland), one minority language channel (BBC ALBA), and 58 radio stations (13 pan-UK, three national, three minority language and 39 local across England and the Channel Islands). It also makes content available online, mainly via BBC iPlayer and BBC Sounds and the BBC News app.

The Commercial Group

The Royal Charter also permits the BBC Group to undertake commercial activities, provided these activities:

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

The BBC's commercial activities are undertaken by the BBC Commercial Group to create value by exploiting the significant assets that licence fee payers have paid for. The Commercial Group is self-funded, using profits, retained cashflow, and external debt. It operates independently of the PSB arm of the BBC Group as Ofcom requires that there be appropriate separation between the BBC and its commercial subsidiaries and that the relationship between these be at arm's length and on commercial terms.

The BBC Commercial Group's largest commercial entity is BBC Studios which comprises two main lines of business: Content Studio and Global Media and Streaming. The former makes and sells programmes to UK and international broadcasters and streaming services. The Global Media and Streaming business includes: a portfolio of broadcast channels, such as UKTV; digital services including its international website, BBC.com; and streaming services such as Britbox International.

The Royal Charter and the BBC's mission

The Royal Charter sets out the BBC's mission as "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 Royal Charter also sets out five public purposes, which guide the BBC mission:

- 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 all the UK's nations and regions and, in doing so, support the creative economy across the UK.
- To reflect the UK, its culture and values to the world.

The Royal Charter is reviewed approximately every 10 years by the government. The current Charter came into effect on 1 January 2017 and will run until 31 December 2027.

How the BBC is structured



In 2024-25, the BBC Group's total income was £5.9 billion, and its operating costs were £6 billion. The BBC Group's financial performance fluctuates between surpluses and deficits from year to year. Individual years' performance can vary due to: significant televised events, such as major sporting tournaments, which increase PSB's costs; BBC Commercial's performance, which can be impacted by market changes at a national and global level; and the licence fee level set by the Secretary of State for Culture, Media and Sport, along with the amount of the licence fee income received.

The BBC Group structure is separated into its PSB and Commercial activities. This distinction is important as the BBC must not cross-subsidise commercial activities through its PSB Group or grant-funded activities.

The BBC Board is responsible for assessing the performance of each operating segment, allocating resources between them and making strategic decisions.

	Public Service Broadcasting (PSB) Group	Commercial Group
Income ¹	In 2024-25, PSB income rose to £4,203 million from £4,017 million in 2023-24, driven mainly by an increase in the price of the TV licence fee. Licence fee income increased from £3,660 million to £3,843 million, while other income rose from £357 million to £360 million.	In 2024-25, commercial income totalled £2,155 million, an increase of 16% on income of £1,859 million in 2023-24.
Staff numbers	The full-time equivalent of individuals employed was an average of 17,531, a fall from 17,611 in 2023-24. PSB Group is restructuring to reduce staff numbers as part of its savings plan, while reallocating roles within public service and creating new positions in growth areas such as software engineering and digital.	The full-time equivalent of individuals employed was an average of 4,242, an increase from 4,184 in 2023-24.
Governance	<p>The BBC Board is responsible for ensuring the BBC fulfils its mission and public purposes. The Chair of the Board is Samir Shah.</p> <p>The Board delegates some of its responsibilities to subcommittees that it is required to have, such as the Remuneration and People, Nominations and Governance, and Audit and Risk committees.</p> <p>It also delegates to subcommittees relating to its operations, such as the Editorial Guidelines and Standards committee, and committees for each of the four nations.</p>	<p>The Commercial Group is overseen by the Commercial Board, which is chaired by Sir Damon Buffini, who is also the Deputy Chair of the BBC Board.</p> <p>The Commercial Board reports to the BBC Board on the delivery of the BBC's overall commercial strategy.</p> <p>The Commercial Board delegates some of its responsibilities to sub-committees, such as the Finance and Risk Group and the Commercial Remuneration Group.</p>

¹ The sum of the individual income figures reported do not equal total income due to intragroup eliminations of £458 million.



Where BBC PSB spends its money



BBC PSB spends most of its money on content

BBC PSB spent £3,089 million on content in 2024-25. This was a 4% increase on 2023-24, largely due to coverage of major sporting events.

Television content accounted for 59% of overall content spend, in line with the proportion spent in the previous year. The majority of this was content spend for BBC One, which accounted for £1,283 million of the £1,819 million spend on television content.

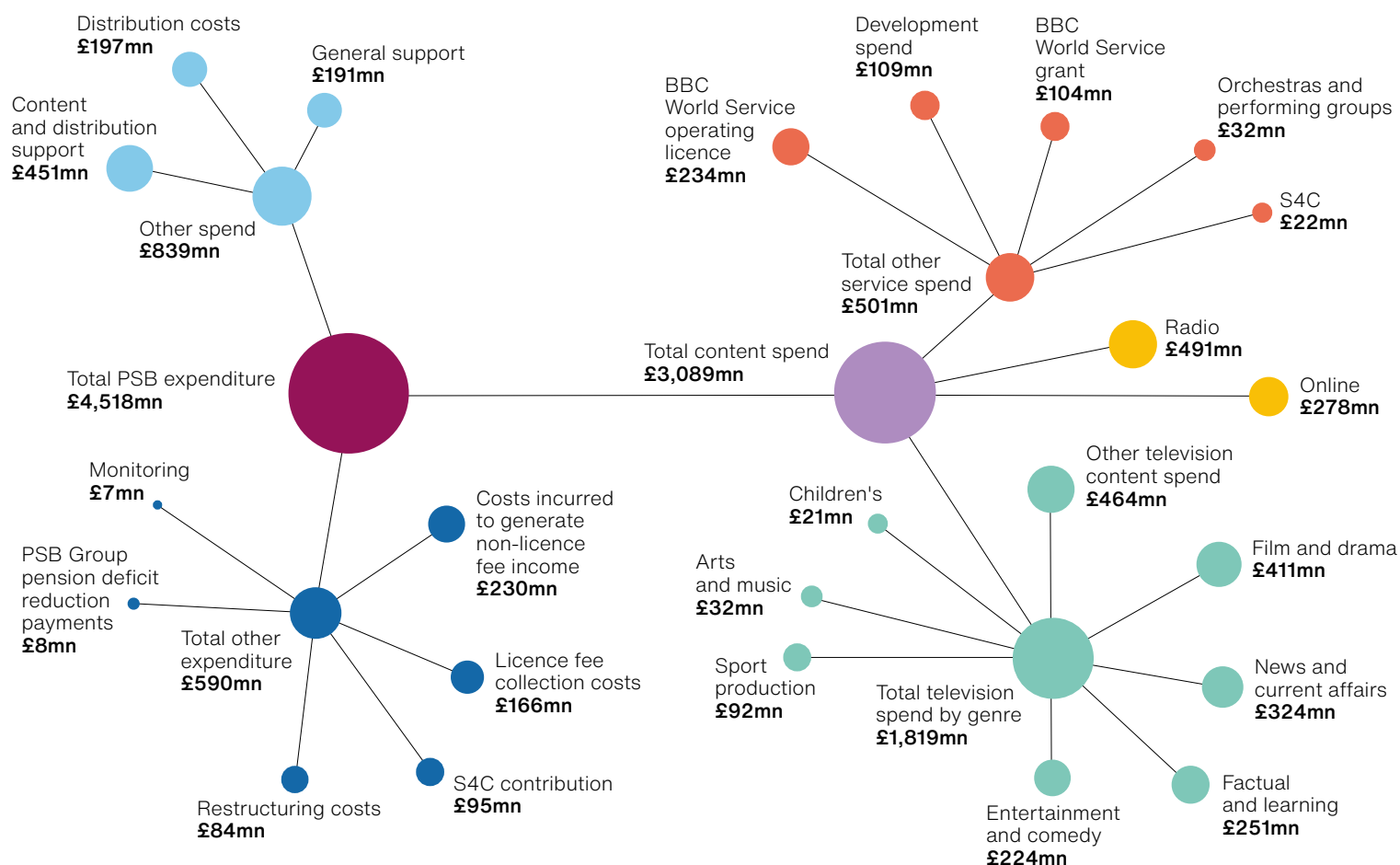
Radio and online spend make up a smaller proportion of content spend at 16% and 9%, respectively. Online content spend increased in 2024-25 by 17% to £278 million.

Other spend has increased

Other expenditure has risen by £66 million (13%) in 2024-25, due to increases in restructuring costs (£54 million), costs to generate non-licence fee income (£21 million), and licence fee collection costs (£21 million). Other costs within this category, such as PSB Group pension deficit reduction payments, have decreased.

BBC Public Service Broadcasting (PSB) total expenditure, 2024-25

In 2024-25, BBC PSB spent £3,089 million on content, a 4% increase on 2023-24, driven largely by coverage of major sporting events



Notes

1 Numbers may not sum due to rounding.

Source: National Audit Office analysis of the BBC Group Annual Report and Accounts 2024-25

Financial management – Licence fee



The licence fee system

The BBC Group's primary source of income is the licence fee, accounting for 65% of total income in 2024-25.

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*](#).

Licence fee trends

Overall income rose by 5% to £3,843 million, driven by an increase in the cost of a TV licence of 6.6%, from £159 in 2023-24 to £169.50 in 2024-25, following a two-year freeze in the cost. The BBC stated that the licence fee increase in 2024-25 was lower than it had expected, with an estimated cost impact of £90 million. This increase was partly offset by a 10.6% rise in 'no licence needed' declarations, contributing to a 1.3% decline in licences in force.

The estimated evasion rate continued to increase, with an estimate of 12.52% for 2024-25. BBC analysis shows that the increase in this rate is due to a reduction in customers' consumption of licensable content. Households consuming less content are less likely to see the value in purchasing a licence and therefore more likely to evade.



Continued

Financial management – Licence fee



Key trends in licence fee uptake, 2020-21 to 2024-25

The BBC's licence fee income increased in 2024-25 after falling for two years in a row, while the number of licences in force continued to fall

	2020-21	2021-22	2022-23	2023-24	2024-25
Licence fee income	£3,747mn	£3,800mn	£3,740mn	£3,660mn	£3,843mn
Licences in force ¹	25.28mn	24.71mn	24.37mn	24.10mn ²	23.79mn
Estimated proportion of households watching licensable content (annual average, BARB Establishment Survey)	93.02% ³	92.48%	91.54%	90.19%	-
Estimated proportion of households watching licensable content (annual average, BARB Panel) ⁴	-	-	-	91.45%	89.96%
Estimated evasion rate (annual average, BARB Establishment Survey)	7.58% ³	9.38%	10.58%	11.30%	-
Estimated evasion rate (annual average, BARB Panel)	-	-	-	12.04%	12.52%
No licence needed declarations	2.42mn	2.48mn	2.84mn	3.29mn	3.64mn

Notes

- 1 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 households may require more than one licence (for example, student accommodation).
- 2 The 2023-24 licences in force have been restated due to a system error in the calculation of cash scheme licences.
- 3 For 2020-21 COVID-19 prevented the Broadcasters Audience Research Board (BARB) from completing its survey and therefore the figures for the percentage of households watching licensable content and related evasion rate were based on estimated figures.
- 4 From 2024-25, the BBC has changed how it estimates the proportion of households watching licensable content and therefore how it estimates evasion. Prior to 2024-25, it used the BARB Establishment Survey. From 2024-25, it has determined that the BARB Panel provides a more robust estimate of the proportion of households watching licensable content. It has restated its estimate of the 2023-24 estimated proportion of licensable households and the corresponding evasion rate to allow for comparison between 2023-24 and 2024-25.

Source: National Audit Office analysis of BBC documents as presented in the BBC Television Licence Fee Trust Statement 2024-25

Financial management – PSB savings initiatives



BBC PSB savings initiatives

BBC PSB is implementing a savings and reinvestment plan focused on operational efficiencies and decommissioning, enabling investment in high-impact content and digital products to improve user experience and address licence fee and inflationary pressures.

This includes restructuring that seeks to deliver a net 500 reduction to PSB full-time equivalent roles over the two-year period to March 2026. As at March 2025, it had delivered a net 400 reduction.

In 2024-25, BBC PSB delivered £241 million of savings, contributing to a total of £564 million delivered since 2022-23. By March 2028, it intends to achieve £700 million of annual savings. The BBC confirmed that, with productivity savings decreasing, recent savings come primarily from scope changes, such as prioritising higher-impact content while reducing overall output.

We have previously examined the BBC's efforts to manage its finances following its estimate that licence fee income had reduced by 30% between 2010 and 2020 – a difference of more than £1 billion a year.

Our work:

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. The BBC introduced new services to capitalise on the opportunities offered by the changing 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.

Our work:

BBC savings and reform
December 2021

We concluded that the BBC had consistently made savings over the past decade. It exceeded its original £800 million annual savings target by 2021-22 and was largely on course to achieve its revised £1 billion target, set partly to offset the financial impact of the COVID-19 pandemic. Until 2019-20, the BBC had protected audience-facing services and focused on back-office divisions, but this inevitably became more challenging, and since then it has been making more of its cost reductions from audience-facing services. It had reduced content spending while audience numbers continued a longer-term decline.

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.

Our work:

The BBC World Service's savings programmes
November 2025

Since 2022, the World Service has been in the process of implementing three savings programmes aimed at saving a cumulative total of £54.2 million by March 2026. As at September 2025, the Service estimated it had made savings of £46.8 million against this target, largely through closing TV and radio output. However, the BBC has not tracked costs and savings in a way that allows it to demonstrate how the savings have affected outputs and audience outcomes, making it harder for the World Service to draw lessons as it undertakes a further restructuring as part of wider changes to the BBC's global news operation.

Financial management – BBC Commercial Group



BBC Commercial Group financial performance

BBC Commercial Group supports the BBC by generating income for the BBC Group. It has been set a target to return £1.5 billion over five years in dividends and payments to the BBC by 2027-28. According to the BBC, it has already achieved £1 billion of this and is on track to deliver the full amount.

In 2024-25, revenues for BBC Commercial Group rose to a record level of £2.2 billion, which it attributed to a strong performance for BritBox International, which BBC Commercial Group fully acquired in 2023-24, and growth in consumer products, with the licensing of the Bluey brand.

Earnings Before Interest, Taxes, Depreciation, and Amortisation (EBITDA), which BBC Commercial Group considers best illustrates its underlying profitability year-on-year, rose 15% to £228 million (2023-24: £199 million). BBC Commercial credits this to its acquisition of the remaining 50% of BritBox International from ITV and increased investment in BBC.com and UKTV.

DCMS set BBC Commercial Group borrowing limits of £800 million in 2024-25, £200 million of which is specifically for leases.

BBC Studios

BBC Studios, BBC Commercial's largest component, has generated the majority of the growth in 2024-25. Our previous work on BBC Studios identified a strong upward trend in performance and plans for further growth.

Our work: *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 (IP) which can create long-term, sustainable returns through the sale of distribution rights.
- BBC Studios plans to double its business between 2021-22 and 2027-28. To do so, it must significantly grow the size and profitability of its digital services in a competitive market facing macro-economic challenges, and focus on generating new IP while continuing to exploit its existing IP and brand.

Update on BBC Studios

In 2024-25, BBC Studios continued to grow, generating income of £2,131 million, an increase of 16% compared with 2023-24. Its EBITDA also improved from £202 million to £225 million. From 2022-23 to 2024-25, it had returned around £1 billion in total to the BBC against the £1.5 billion target, including £161 million of dividends in 2024-25.

Its Content Studio business produced several award-winning films and series, such as Conclave and series two of Sherwood. BBC Studios also had success on platforms favoured by younger audiences, claiming more YouTube watch time and the highest TikTok engagement rate of any major UK broadcaster.

Investments, divestments and future

BBC Commercial Group has made significant investments in recent years, with acquisitions, such as BritBox International, aiding its growth. The Group continues to expand, acquiring two production companies in the year - Werner Film Productions and Brutal Media. It also sold a 49.9% stake in New Video Channel America, LLC ('BBC America') in 2024-25.

Looking forward, BBC Commercial Group has said that it intends to create sustainable growth through both organic investment in developing existing services and further strategic acquisitions.

To ensure BBC Commercial Group meets its growth ambitions, the BBC must balance its immediate need for commercial dividends with ensuring there is sufficient cash for investment remaining within the Commercial Group.

Performance – BBC audiences



Performance

The BBC Group Annual Report and Accounts 2024-25 covers performance in detail against the BBC's public commitments, audience targets, and by public purpose.

To achieve its mission of educating, informing and entertaining, BBC outputs and services need to serve all audiences.

UK broadcasters continue to lose audience share as audiences switch their consumption from traditional methods of broadcasting to online services. The BBC remains within its target of 80%-90% for the proportion of UK adults using BBC TV/iPlayer, radio or online on average per week. However, its performance has steadily declined from 90% in 2020-21 to 84% in 2024-25.

The time UK adults are spending with the BBC per head on average per week is also in decline, falling to 15 hours 20 minutes in 2024-25.

Younger people, a key audience for the BBC, have continued to move away from broadcast TV in favour of subscription video-on-demand services and video-sharing platforms. The BBC reports that the percentage of 16 to 34-year-olds using BBC services on average per week dropped from 71% in 2023-24 to 67% in 2024-25, below its circa 70% target. Overall, 51% of that age group feel that the BBC reflects people like them in 2024-25, up from 45% in 2023-24. The BBC recognises this as a major challenge and is responding by focusing on reaching audience through alternative methods, such as Instagram and YouTube and developing new action plans.

Global performance

Global weekly reach (including BBC News and BBC Studios) has increased by 0.7% from 450 million people in 2023-24 to 453 million in 2024-25.

BBC customer metrics, 2020-21 to 2024-25

Metrics on BBC usage and customer perception of value for money and importance have varied

	2020-21	2021-22	2022-23	2023-24	2024-25
% of UK adults who use BBC TV/iPlayer, radio or online on average per week	90%	90%	88%	85%	84%
Length of time UK adults spend with the BBC per head on average per week (hours: mins) ¹	18:02	17:30	16:41	15:32	15:20
Rating of value for money, UK adults	5/10	5/10	5/10	5/10	5/10
% of UK adults who rate the BBC as effective at informing, educating and entertaining me/people in the UK	N/A ²	68%	69%	67%	68%

Notes

- ¹ For the length of time UK adults spend with the BBC per head on average per week (hours: minutes); the 2024-25 pan-BBC time per head figure is not comparable with 2023-24 due to a measurement change in BBC online time data.
- ² Data for 2020-21 are not available due to a methodology change during COVID-19. The 2020-21 data are not comparable and cannot be presented alongside earlier or later data.

Source: National Audit Office analysis of BBC Annual Report and Accounts survey data, 2020-21, 2021-22, 2022-23, 2023-24, 2024-25

Performance and productivity – BBC's digital services



Performance and productivity in the digital marketplace

As viewing patterns evolve and technology improves, the BBC must adapt to a changing marketplace.

In May 2022, the BBC announced it would be implementing a 'digital-first' strategy. The approach focuses resource on content that appeals to audiences who choose to view it either live online or at any time on any device. The BBC's Director-General made it clear that the BBC would require transformation to have a market-leading role in the digital age.

Our work:

A digital BBC

December 2022

We concluded that the BBC's key digital products, especially iPlayer, had to date performed well, despite available funding being lower than that of its competitors. However, the BBC's iPlayer service had not been able to capture as much of the 16 to 34-year-olds market as its competitors such as Netflix.

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.

2024-25 update on BBC's digital performance

BBC iPlayer was the UK's fastest-growing long-form video-on-demand platform in 2024-25, up by 883 million hours year-on-year. iPlayer requests grew 10% year-on-year, while BBC Sounds grew to 2.6 billion plays in the year.

More than one third of UK adults used BBC News online on average per week, and the BBC News app was the number one app in the UK for monthly reach.

To engage with the younger audience going forward, the BBC intends to expand the amount of content it puts on platforms such as TikTok and YouTube.

Our work:

The BBC World Service's savings programmes

November 2025

Since 2022, the World Service has been in the process of implementing three savings programmes aimed at saving a cumulative total of £54.2 million by March 2026. The programmes had a clear rationale that was strategically aligned with the BBC's wider aims, including an intention to transform the Service's digital services in line with the BBC's overall digital-first strategy. Audience numbers have fallen since the Service implemented its savings programmes, although some of this reduction is due to factors outside the Service's control. Furthermore, the audiences for the Service's digital content have fallen 11% since 2021-22, indicating it is yet to achieve a switch in audiences from TV and radio services. In 2024-25, the World Service's overall digital audiences increased by 6% compared with previous year.

Risk and resilience – BBC risks to resilience



PSB services

The BBC identifies in its annual report several risks that could threaten its business model and future performance.

Audience risks

An inability to maintain high-quality content could negatively impact the BBC's reach to audiences. Similarly, an inability to grow its online offerings could result in a loss of market share to other providers.

The BBC mitigates these risks in a number of ways, including via its content supply and digital strategies which seek to meet the changing needs of its audiences.

Funding risks

Declining licence fee or government funding could impact on the BBC's ability to deliver its strategy and the right level of services to audiences.

Future planned BBC activities to manage this risk include increased resource in research, marketing and customer retention teams.

Editorial risks

The BBC could be perceived as not being impartial, accurate and trusted, which could lead to erosion of trust in the BBC. An emerging risk is the erosion of trust arising from amplifying unverified (often AI-generated) content, which could undermine the BBC's role as a trusted source of accurate information.

To manage this risk, the BBC provides impartiality training to all staff, and its content on all platforms must comply with its Editorial Guidelines. Its BBC Verify team works to fact-check information to provide reliable information via the BBC Verify service.

In 2024-25, the BBC's Executive Complaints Unit handled 658 stage-two editorial complaints and found 40 breaches of editorial standards. In February 2025, the Director-General commissioned an investigation into the documentary *Gaza: How to Survive a Warzone*.

Technological risks

Failure of broadcast, online, or operational technology could lead to disruption in the provision of BBC services. There is also a threat that outages or disruption to the BBC's operations could be caused by a significant cyber-attack.

The BBC manages this risk via plans for incident management, business continuity and disaster recovery. Operational support is put in place for the delivery of major events such as elections and sporting events. The BBC also has in place operational cyber-security controls to defend its infrastructure and data from cyber-attacks.

BBC Commercial Group resilience

BBC Commercial Group faces a number of risks that could impact its ability to meet financial targets and deliver its key services.

Macroeconomic risk and market conditions

Geopolitical uncertainty, including the potential impact of tariffs, continues to present risk to global markets and the economy. The content market remains challenging to win and finance commissions, which presents the risk that the value of pipeline and IP will not be secured for the long-term to facilitate long-term growth. Furthermore, the decline of traditional linear broadcast models, leading to reducing TV and advertising revenues, places pressure on revenues and margins. The Group continues to manage its costs and adapt its operating structures to meet its dividend requirements.

Business continuity and supply chain

BBC Commercial Group faces risks of failure or poor performance in its supply chain resulting from the above macroeconomic and market conditions. This could result in key suppliers withdrawing services supporting legacy business as they focus on digital services. This could lead to interruptions and possible cessation of lines of business. The Group continues to monitor major operations and supplier contracts, as well as preparing incident management and business continuity arrangements in the case of supplier failure.

What to look out for



Charter Review

The BBC's current Royal Charter expires in December 2027. In October 2025, the BBC published the results of a public consultation it had undertaken to inform the review process. In December 2025, the government published its green paper outlining the changes it was considering making, and went out to public consultation on these.

Look out for: The results of the government's consultation and progress on the Charter Review.

Review of licence fee funding model

The licence fee remains in place until the end of the current Charter in 2027, but in November 2024 DCMS announced that, as part of the Charter Review, it would be looking at funding options for the BBC after this date. In April 2025, the licence fee increased from £169.50 to £174.50. The number of licences in force has declined by 1.3% in 2024-25 and estimated evasion grew to 12.52%. The BBC has increased enforcement activity alongside supporting households struggling to pay the licence fee.

Look out for: The BBC's response to rising evasion and how it balances enforcement with encouraging the public to buy a licence. Potential changes to the BBC's future funding through the Charter Review.

Growth in commercial activities

BBC Studios reported a 16% increase in income to £2,131 million in 2024-25, with strong performance across streaming platforms and international partnerships. The BBC continues to balance dividend payments with reinvestment needs.

Look out for: Progress of BBC Studios' plans to double its business between 2021-22 and 2027-28.

Workplace culture reviews

The BBC published its independent workplace culture review in April 2025. This highlighted pockets of unacceptable behaviour and inconsistent handling of complaints. The BBC accepted all recommendations and launched a two-year implementation programme, including a new Code of Conduct, disciplinary policy, and culture dashboard.

Look out for: BBC's delivery of the review's recommended actions, including leadership development and the creation of a 'Respond Team'; and whether cultural improvements are embedded and sustained.

Across the UK

The BBC's Across the UK programme remains on track to exceed its £700 million out-of-London spend target by 2028, with over £350 million invested and more than 350 roles relocated to date. In 2024-25, network TV production spend outside London reached 61.2%, and the BBC continued to expand regional hubs and increase apprentice numbers, strengthening its creative presence across the UK.

Look out for: Whether the BBC exceeds its £700 million target by 2028, and progress on further decentralisation and skills development in the remainder of the programme.

Editorial standards

The BBC was found to be in breach of editorial standards on 40 occasions in 2024-25. In February 2025, the Director-General commissioned an investigation into the documentary *Gaza: How to Survive a Warzone* (page 29 above). A thematic review of the BBC's Middle East coverage is planned for 2025-26.

In November 2025, the Director-General of the BBC announced his intention to leave the BBC, and the CEO of BBC News announced her resignation, following criticism that a BBC Panorama documentary on President Trump had misled viewers and breached editorial standards.

Look out for: How the BBC addresses concerns about impartiality and public trust in its news coverage in light of recent developments.

BBC PSB savings initiatives

BBC PSB is delivering a savings plan to manage financial pressures aiming to deliver £700 million annual savings by March 2028. It has achieved £564 million since 2022-23. Recent savings have focused on reducing output while prioritising higher-impact content.

Look out for: Progress towards the £700 million savings target and the impact on BBC audiences.

About the NAO



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 enable 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.

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.

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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, please contact our Parliamentary Relations team at parliament@nao.org.uk.

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About this report

This report has been produced to provide an overview of NAO's examination of the spending and performance of the Department for Culture, Media & Sport (DCMS), and the BBC.

It is intended to support the Culture, Media & Sport Committee and Members across the House in their examination of DCMS, and the BBC.

This report updates our previous report, Overview: [Department for Culture, Media & Sport and BBC 2023-24](#)

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 work, and from publicly available sources, including the annual report and accounts of DCMS and its partner organisations, 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.