National Audit Office

REPORT

BBC savings and reinvestment

The BBC

SESSION 2026-27
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HC 769

Key facts



£700mn

BBC target for recurring annual savings between 2022-23 and 2027-28, some of which funded reinvestment



£602mn

delivered savings classified by the BBC as recurring in 2025-26



£500mn

minimum additional recurring annual savings the BBC expects to need to deliver by March 2029



£489mn

savings reinvested in BBC activities as part of the £700-million savings and reinvestment programme, by March 2026



£113mn

one-off savings achieved by the BBC in 2025-26



£209mn

the BBC's public service broadcasting operating deficit in 2025-26



26%

real-terms fall in the BBC's licence fee income between 2016-17 and 2025-26



81%

percentage of UK adults who used the BBC TV/iPlayer, Radio or Online on average per week in 2025-26, down from 90% in 2021-22



15.4mn

accounts using BBC iPlayer on average per week in 2025-26, an increase from 12.1 million in 2021-22



January 2028

start of the BBC's next Charter period

Summary

1 The BBC is the UK's main public service broadcaster, providing a wide range of television, radio and digital services. Under its Royal Charter, it has a mission to serve all audiences through impartial, high-quality and distinctive outputs and services which inform, educate and entertain. The BBC is operationally independent of the government, and is sponsored by the Department for Digital, Culture, Media & Sport (DCMS), and regulated by Ofcom. The BBC Group comprises two main components. Its public service broadcaster (PSB) activities are mainly funded by a licence fee and exists to deliver the purposes and objectives set by the Royal Charter. The BBC also has a Commercial Group, which generates value from BBC assets, including by making and selling programmes to UK and international broadcasters. The BBC received £3,879 million from the licence fee in 2025-26, which represented 91% of the PSB Group's total income that year.

2 The BBC is operating in a period of financial and strategic change. It faces pressure on licence fee income, rising production costs, changing audience behaviour and increasing competition from streaming and digital platforms. As the result of economic, policy and behavioural changes, real-terms licence fee income declined by 26%, or £1.3 billion in real terms, between 2016-17 and 2025-26. Like other UK PSBs, the BBC experienced falling audience reach between 2021-22 and 2025-26 from 90% of adults on average per week to 81%. This included a decline from 81% on average per week to 63% among 16- to 34-year-olds. Audience perceptions of BBC News have also declined, in line with a wider decline in trust across many UK news providers. The proportion of UK adults who considered BBC News effective at providing trustworthy news and current affairs fell from 63% in 2021-22 to 55% in 2025-26, although the BBC remained the UK's leading media provider for trusted reporting. Its current Royal Charter expires in December 2027. As part of its Charter Review, the government is considering the BBC's future remit, governance and funding arrangements ahead of the next Charter period, which begins in January 2028.

3 To help manage the financial pressures, the BBC announced plans in May 2022 to make £500 million of recurring annual savings in the PSB by March 2028, and in 2024 increased the target by a further £200 million, bringing the total to £700 million. The BBC designed its £700-million savings and reinvestment programme (£700-million programme) both to reduce costs and to release funding for reinvestment elsewhere in the organisation, primarily to support strategic priorities, such as its digital-first strategy.

4 In February 2026, while continuing to deliver the £700-million programme, the BBC announced a further objective to reduce spending by around 10% by March 2029, against a March 2026 baseline. The BBC expects it will need to achieve at least £500 million recurring annual savings by March 2029 through this new £500-million cost-reduction programme (£500-million programme). The BBC assessed that the £700-million programme alone could not address continuing financial pressures, including rising costs and declining licence fee income. Unlike the £700-million programme, which combined cost reduction with reinvestment and organisational transformation, the BBC intends for the £500-million programme to address a forecasted funding gap and support its longer-term financial sustainability. The BBC's latest viability statement set out its plan for continuing to operate and meet liabilities in the three years to 31 March 2029. This included making progress with its transformation and savings plans as a key assumption.

Scope of the report

5 This report supports Parliamentary and public scrutiny of the BBC's progress in delivering its £700-million savings and reinvestment programme. It assesses the BBC's progress implementing the programme and identifies lessons to inform future savings, efficiency and business change initiatives. This includes the £500-million programme it announced in February 2026. The report does not assess the wider merits of the BBC's public service remit, funding model or future Charter settlement. It focuses on savings within the BBC's PSB activities and it does not consider the savings and efficiencies in the BBC Commercial Group.

The report covers:

- the BBC's progress with its £700-million savings and reinvestment programme (Part One); and
- the BBC's approach to delivering its £700-million savings and reinvestment programme and lessons for its new £500-million cost-reduction programme (Part Two).

Key findings

Progress so far

6 The BBC expects to achieve its £700 million recurring annual savings target a year ahead of schedule. The £700-million programme aims to achieve £700 million of recurring annual savings by March 2028. In 2025-26, the BBC reported savings of £715 million, comprising £602 million recurring annual savings since 2022 and £113 million one-off savings achieved in 2025-26. The BBC now expects to achieve the remaining recurring annual savings by March 2027. The BBC has achieved savings through reducing staffing levels, rationalising its estate, modernising technology, simplifying processes and changing the mix and scope of content and services. By March 2026, the BBC had reinvested £489 million of its savings in other activities, while the remainder contributed to reducing its overall expenditure (paragraphs 1.16 to 1.18).

7 The BBC has used its £700-million programme to support digital transformation in response to changing audience behaviour. The BBC used savings to fund digital services, such as higher-impact content for iPlayer, and changes to its news offer. For example, through its video digital remix programme it reduced spending on lower-performing content and reinvested in higher-impact content intended to grow iPlayer audiences. The number of accounts using BBC iPlayer on average per week increased from 12.1 million in 2021-22 to 15.4 million in 2025-26, and iPlayer accounted for 27% of all BBC TV viewing in 2025-26 (paragraphs 1.5 and 1.15, and Figure 8).

8 Despite achieving savings to target, the BBC's financial position in 2025-26 was weaker than it forecast and continued a trend of operating deficits and eroding reserves. The BBC reports separately on the performance of its PSB and commercial segments. In its Annual Plan 2025-26, the BBC forecast the PSB would report an operating deficit of £94 million, excluding dividends from its commercial arm. However, in the BBC's 2025-26 annual report and accounts, PSB recorded an actual operating deficit of £209 million, a variance of £115 million to its Annual Plan. Although the 2025-26 operating deficit showed an improved position against the 2022-23 real-terms operating deficit of £410 million, the PSB has continued to spend more than it has received in income. In 2025-26, after taking account of non-operating items including an operating surplus from its commercial arm, the BBC Group recorded a deficit for the year of £121 million, £88 million worse than planned. The BBC forecasts that the group deficit for the year will increase to £329 million in 2026-27. The BBC's cash reserves have also depleted over the last four years to £257 million in 2025-26, a £310 million reduction in real terms since 2022-23, underlining why it considers further savings to be essential (paragraph 1.19 and Figure 5).

How the BBC has achieved savings

9 The BBC delegated responsibility for identifying savings to its divisions but did not develop a central framework to assess savings proposals against wider organisational priorities. The BBC organises its output delivery into divisions, including Content, Nations and News. The BBC set savings targets centrally and allocated them across divisions. Divisions were then responsible for identifying initiatives to achieve these targets, although there were also a small number of cross-divisional initiatives. The BBC told us it centrally challenged initiatives to ensure they aligned with wider priorities. We saw some evidence that the BBC's corporate priorities, such as 'Across the UK' commitments (moving programming and decision-making across the UK to reflect a broader audience), influenced savings decisions, but limited evidence of a consistent, centrally managed process for assessing and challenging divisional savings against those priorities. This increased the risk that divisions would make decisions that were not aligned with the BBC's overarching principles (paragraphs 2.3 to 2.5).

10 The BBC strengthened programme governance over time, introducing weekly reporting on savings delivery. Over the course of the £700-million programme, the BBC introduced governance arrangements including: a central reporting database to record progress against savings targets; central finance review of delivery; and oversight through central steering and working groups. Beyond the central governance arrangements, governance varied between individual initiatives. However, the BBC lacked a consistent approach for how governance arrangements should change in response to differences in the scale and complexity of initiatives. This limited the BBC's ability to maintain a consistent approach to oversight across the programme (paragraphs 2.6 and 2.7).

11 The BBC's risk management arrangements were not commensurate with the scale and significance of the £700-million programme, and did not sufficiently support strategic decision-making. Risks were primarily identified and managed at an initiative level, and were aggregated and assessed at a programme level. Senior committees received regular risk reporting, with risks and mitigations reviewed and updated over time. Key risks reported centrally included risks to delivery of the savings target, resource availability and business readiness. However, the quality and completeness of risk reporting was inconsistent, and often provided no rationale for significant changes in risk exposure, ratings, mitigations or areas of focus (paragraphs 2.9 to 2.12).

12 The BBC could not demonstrate how its corporate risk appetite had been applied in the context of the £700-million programme, including how risk tolerances, trade-offs and escalation thresholds informed programme decision-making. There was also limited evidence that programme risks, dependencies and cumulative impacts were systematically considered alongside wider organisational risks through the BBC's corporate risk framework. While programme governance arrangements provided oversight of delivery risks, the BBC could not demonstrate that corporate risk management provided consistent challenge, integration and organisation-wide visibility of the programme's evolving risk profile. As a result, it could not clearly demonstrate that decision-makers had a comprehensive understanding of how programme risks interacted, accumulated and evolved over time (paragraphs 2.10 and 2.11).

13 The BBC's programme monitoring focused primarily on delivery of savings and did not provide an understanding of the cumulative non-financial impacts. While the BBC monitors a range of wider audience, service and organisational performance measures, these were not consistently integrated into programme monitoring and reporting. Good practice for performance information is that it includes a balanced set of financial and non-financial measures to inform decision-making and management of trade-offs. The BBC introduced a framework to assess the non-financial impacts of some initiatives but did not apply a consistent approach across the £700-million programme. This would have enabled it to bring together information on audiences, quality, organisational capability and financial delivery. Given the many external factors that influence audience behaviour, it is difficult to attribute changes in audience outcomes directly to the savings, a conclusion also reached by EY-Parthenon's independent review of the programme. However, without a consistent approach to assessing impacts across initiatives, the BBC had limited visibility of the cumulative effects of the programme (paragraphs 2.13 to 2.21).

The BBC's new £500-million programme

14 The BBC's £500-million programme is a significant step up in the level of challenge and is likely to result in more noticeable changes for audiences. Unlike the £700-million programme, which combined cost reduction with reinvestment and reprioritisation, the £500-million programme is primarily intended to close a funding gap. The BBC expects to need to deliver at least £500 million of additional recurring annual savings by March 2029, in addition to completing its existing £700-million programme by March 2028. The BBC identified that it needs to find further savings because its financial outlook has weakened. Closing the funding gap through the £500-million programme means the BBC is more likely to need to make choices about the scale and scope of its services. The BBC intends to prioritise back-office efficiencies and productivity improvements before reducing audience-facing services. However, it does not expect these measures alone to be sufficient to close its funding gap, and its planning assumptions indicate that future savings may require reductions in content and services (paragraphs 1.21 and 1.22).

15 The BBC has begun implementing the £500-million programme, including the decision not to recommission some programmes. This new savings programme will require the BBC to reduce spending on content and news programming, with it already decommissioning programmes such as *Live at the Apollo* and *The World Tonight*. The BBC aims to deliver savings while maintaining audience reach. It aims to do this by continuing to commission high performing, lower-cost programming, utilising YouTube to drive digital growth and investing in premium content to attract less frequent viewers. The BBC is developing its approach and intends to draw lessons from its £700-million programme (paragraphs 1.23 to 1.24 and 2.25).

16 The BBC will need stronger oversight, risk management and impact monitoring to manage the challenges of the £500-million programme. Our work on the £700-million programme identified lessons that could inform the BBC's approach to future savings. The BBC's governance arrangements will need to ensure greater consistency in the approaches taken to implementing different initiatives. Risk management will need to address weaknesses in the approach taken in the £700-million programme while considering potential new risks, such as managing outsourcing. Its monitoring will need to keep track of how cumulative savings affect measures including brand perception and propensity to pay the licence fee. The BBC has begun establishing governance arrangements for its new £500-million programme, including setting up a new Steering Group intended to provide executive oversight of savings delivery (paragraphs 2.23 to 2.29).

17 The new Charter may require the BBC to demonstrate efficiency more clearly in its reporting. In its December 2025 green paper, DCMS indicated that it will expect the BBC to demonstrate efficiency more regularly, including potentially setting efficiency targets. This is to provide greater transparency and comparability for Parliament, DCMS and the public. In its reporting on the £700-million programme, the BBC categorised some savings as productivity improvements, along with changes to the scope and mix of services, commercial income and reinvestment in strategic priorities. However, it does not currently measure at the programme level whether outputs or outcomes are maintained or improved despite savings reductions, which would be necessary for demonstrating improvements to efficiency. Clearer linking of inputs to outputs and outcomes will be important if future Charter arrangements require the BBC to report more regularly on its efficiency (paragraphs 2.30 and 2.31).

Conclusion on value for money

18 The BBC deserves credit for delivering significant recurring savings and expects to achieve its target of £700 million of recurring annual savings by March 2027, a year ahead of schedule. It has used these savings to support wider transformation, including investment in its digital strategy. While the BBC had a clear view of progress against its financial targets, it was less able to demonstrate how it understood and managed the wider consequences of savings decisions, including cumulative impacts and trade-offs between financial savings, audience value and service provision. In line with wider UK media trends, the BBC experienced declines in audience reach and perceptions of its trustworthiness between 2021-22 and 2025-26. The BBC was unable to measure if the cumulative impact of its £700-million programme contributed to these declines.

19 In its new, more demanding £500-million programme, the BBC will need to consider these wider impacts as it faces more difficult trade-offs between cost reduction, audience value and service provision. Strong governance, risk management and impact monitoring will therefore become increasingly important, helping the BBC make informed decisions, understand the consequences of savings and maintain delivery of its public service remit. Delivering and demonstrating value for money in the next phase of savings will depend not only on achieving financial targets, but on balancing financial sustainability with the needs of audiences and the long-term resilience of the organisation.

Recommendations

a **The BBC should review whether its governance arrangements for delivering savings and efficiencies remain appropriate for the scale and pace of its new £500-million programme.** As part of this review, it should consider whether existing governance arrangements need strengthening to: maintain effective central oversight; challenge and provide assurance over divisional savings plans; identify and manage interdependencies across the organisation; and enable timely decision-making and escalation where required.

b **The BBC should strengthen its risk management approach to ensure it is proportionate to the scale and significance of its future savings programmes so that it supports the design, governance and delivery of savings.** This should include ensuring that programme risks are reviewed dynamically as circumstances change; greater consideration of trade-offs; clear articulation of risk appetite and escalation routes; and maintaining clear links between programme risks, corporate risks and organisational decision-making.

c **The BBC should develop a consistent framework for understanding the wider consequences of initiatives in its new £500-million programme.** This should include assessment of financial and non-financial impacts, such as monitoring audience, service, reputational and capability metrics, as well as assessing whether expected benefits have been achieved. This is so that decision-makers can better understand the initiative-level and cumulative impacts of the programme to make trade-offs and take action where necessary.

d **The BBC should consider how its monitoring and reporting of progress against the £500-million programme will support any relevant requirements under the new Charter, once these are clear.** This could include distinguishing between efficiency and non-efficiency savings and showing the relationship between inputs and outputs.

e **The BBC should ensure its planned lessons learned review for the £700-million programme is completed in time to shape the implementation of its new £500-million programme.** This should include analysis of what worked well in the £700-million programme, what needs strengthening, and how lessons can be applied to improve its approach to options appraisal, decision-making, impact monitoring and risk management.