

BBC Trust



**THE BBC TRUST REPORT:
EDITORIAL CONTROLS & COMPLIANCE**

MAY 2008

I. Summary

- **BBC management and staff have been energetic about putting right the wrongs of the past**
- **The Trust's independent evaluation shows significant progress by the BBC in putting its house in order**
- **Further measures are proposed to cement this progress**
- **Arrangements around premium rate telephony services are a key area for further work – and this is underway**
- **A problem from the past has been discovered associated with phone votes made when lines closed.**
- **The practice stopped in September 2007, corrective action is being taken, and arrangements are already in place to prevent it recurring in the future.**

The reputation of the BBC for editorial integrity is its most valuable asset. During 2007 that reputation was brought into question when serious editorial failings were revealed.

In response, the BBC Trust and the Director-General undertook to put the BBC's house in order. Since then several significant measures have been put in place to restore and regenerate public trust in the integrity of the BBC and to prevent any repetition of the practices that did the damage.

Following an extensive and independent evaluation of the BBC's response to the failings revealed during 2007, the Trust is pleased to report that the BBC's editorial controls are now much stronger. Some changes have yet to be fully implemented, but early indicators are positive and crucially, managers and staff have demonstrated energy and commitment to putting right the wrongs of the past.

The independent review has identified some additional measures to reinforce and strengthen editorial controls further – all of which have been endorsed by the Trust. The BBC Executive will respond formally to these shortly, but have already indicated they plan to accept them in full. The Trust has made some additional requests of the Executive, which include: reviewing the timetable for revising the BBC's Editorial Guidelines; existing staff to sign up to a revised undertaking in respect of compliance with the BBC's Editorial Guidelines during 2008; ongoing reports on progress of embedding the renewed culture in respect of editorial controls and compliance across all parts of the BBC; and a report early in 2009, six months after the new in-house Interactive Advice and Compliance Unit (IACU) is fully operational.

In October of last year as part of its Fair Trading responsibilities, the Trust commissioned an independent review of the BBC's financial and contractual arrangements for premium rate services. This work discovered a previously undisclosed practice relating to premium rate telephony (PRS). The practice, by Audiocall (a trading division of BBC Worldwide), was to retain all money raised from telephone calls mistakenly made by the audience when voting lines were closed,

including money that could be due to charity. In light of this finding, a separate and detailed investigation was carried out by the Trust's legal advisers.

This further investigation established that the practice started in October 2005 and ceased in September 2007, because of changes in technology introduced across the industry to prevent callers being charged for votes which were not counted. The individual sums from individual programmes retained by Audiocall were small. Cumulatively the amount retained by Audiocall that should have gone to charity was £106,000 (around 1.3 per cent of the total money raised for charity from the use of PRS by the BBC during the period).

This practice was wholly wrong and it is a matter of regret.

The sums due to charity have been repaid with interest, the BBC Trust has requested the BBC apologise on air to the viewers and charities involved, and has asked the Director-General to consider disciplinary action.

Two documents are published alongside this report:

1. The Independent Evaluation of the BBC's Action Plan (Editorial Controls and Compliance)
2. A report from PricewaterhouseCoopers on Economic Aspects of Premium Rate Services (which includes the Trust's findings in light of this report and a response from the BBC Executive).

Since the first editorial failing came to light in 2007, the BBC has acted swiftly and not shied away from providing full information about its mistakes and errors. It also gave a firm commitment to put its house in order.

The Trust believes there is real evidence of this commitment being met. However, this latest disclosure underlines that there is no room for complacency and for the BBC to maintain the confidence of its audiences it must continue to demonstrate its respect for those who pay for and own the BBC.

2. Independent Evaluation of the BBC's Action Plan (Editorial Controls & Compliance)

In 2007 it became clear that the BBC had in some crucial areas failed to keep the high editorial standards the licence fee payer expects of the BBC.

Instances came to light of programme makers misleading their audiences over on-air competitions and votes; there was a separate incident relating to the trailing of a documentary about the Queen.

These events combined prompted the Director-General to issue a ten-point action plan in July. His plan included important organisational changes to improve the rigour and consistency of editorial standards across the BBC; an independent inquiry by Will Wyatt into circumstances surrounding the misleading trail. All competitions were suspended and training to safeguard the trust of audiences was announced for all editorial staff.

The Executive had begun a review of telephony in May 2007 when the first breach came to light. New measures included a new referral system for the use of PRS involving the BBC's Editorial Policy Department, a system of approved telephone providers and a revised policy on PRS charges. Amongst other measures the BBC also decided to suspend all competitions which had to be resolved in a half hour period, look at text voting and work with service providers on how to close lines after large scale votes had concluded to stop people being charged for ringing when the lines were closed. (At that stage it was not technically possible to prevent people being charged.)

The BBC Trust announced in July 2007 that it would commission an independent evaluation of the changes being introduced as part of the Director-General's ten-point action plan once they were implemented (including those already announced in May relating to PRS). The Trust said the objective of this exercise would be to satisfy itself of a distinct improvement in the BBC's attitude to safeguarding the public's trust; that the actions were addressing the underlying causes of the problems; and that going forward the BBC would be able to comply with its own editorial guidelines and external regulation.

In January 2008 the Director-General reported on the actions taken to date which also included the establishment of an Editorial Standards Board chaired by the Deputy Director-General a significant action which for the first time drew together all the BBC's directors to consider editorial standards issues.

The independent review for the Trust was carried out by Ronald Neil, Tim Suter and Margaret Salmon and immediately followed. The main focus was:

To explore the progress that had been made in implementing the undertakings set out in the BBC's own ten point action plan, and the adopted recommendations in the Wyatt report.

To consider whether the actions that have been taken thus far would reduce the likelihood of similar events recurring or whether further steps needed to be taken.

To consider the processes for managing future risk

The independent team was able to consider a series of initiatives both pan-BBC and in the relevant divisions, but it is important to stress that whilst some are fully in place others are at the stage of being "road tested" and a number are still under development.

That said, the overwhelming and positive message of the review is that a great deal of detailed work has been undertaken by the Executive to strengthen editorial controls and the BBC's ability to comply with all necessary rules and regulations.

The review team endorsed all the changes being introduced by the management. However, they made numerous suggestions in order to cement these changes or strengthen them further. These are too many to detail here, but all are included in the report which is published as an appendix to this document. Many centre round the need for the Executive to maintain an ongoing awareness and commitment to the importance of editorial discipline and compliance amongst existing staff and new recruits. The Trust has asked the BBC Executive to report progress on this early next year.

The Trust has also asked the Executive to report to the Trust's Editorial Standards Committee in the autumn on its plans to revise the BBC's Editorial Guidelines. The Trust has made clear its preference to bring forward the timetable for the next edition in light of the Executive's plans to prepare a new set of training modules for staff on the guidelines. In the meantime, and as a matter of urgency, the Trust has asked the Executive to consider that all existing staff be asked to sign a revised undertaking in respect of compliance with the Editorial Guidelines (including revised guidance on competitions) during 2008, to ensure everyone is fully aware of their responsibilities.

The Trust's independent review team has made some significant recommendations in respect of contractual arrangements with telephony service providers. These are linked closely to the recommendations and actions taken in light of the PwC review of the economic aspects of PRS.

The Executive has accepted the recommendations and will address them via the new Interactive Advice and Compliance Unit (IACU). Plans for the IACU formed part of the Director-General's report to the Trust in January this year. This unit has been developed by the Executive to ensure that the BBC meets all relevant regulatory requirements in the area of interactivity, and particularly in votes, competitions and the use of premium rate services. The Trust has reviewed the scope of the IACU in detail and is satisfied that it will meet the Trust's requirements for a central unit to provide expert advice, guidance and control of risk of audience facing interactive content on all BBC output platforms. The IACU will be fully operational during the summer of 2008.

4. Economic Aspects of Premium Rate Services

In October 2007 the Trust commissioned a report from PricewaterhouseCoopers (PwC) LLP on the economic aspects of Premium Rate Services (PRS). The PwC review is published as an appendix to this report.

As one of its specific findings, the PwC review identified the practice by Audiocall (a trading division of BBC Worldwide) of retaining all money raised from telephone calls when voting lines were closed, including money that could be due to charity. In response, the Trust commissioned a further investigation by its independent legal advisers, Baker & McKenzie LLP¹, assisted by PwC. The investigation led by Baker & McKenzie LLP has established that there is no evidence of legal impropriety on the part of the BBC. However, it has raised serious issues which have been addressed.

In all its actions, the Trust places the audience first. There are a wide range of programmes that use PRS carried on the BBC's services, many of them much loved by the audience. The findings do not imply that there is anything wrong with these programmes, but the systems that support the use of PRS needed to work better. Nor should the findings diminish the very large amount of money raised by BBC audiences for charity (approximately £8m alone from PRS in the period covered by the PwC Review).

However, it is a central plank of the relationship with the audience that they should feel confident that when they participate in competitions or votes where money is destined for charity, every penny owed to those charities will make it there. Between October 2005 and September 2007 this did not happen when callers mistakenly voted when lines were closed. In one case an editorial failing in a programme (*Eurovision: Making Your Mind Up 2007*) led to large numbers of the public calling when lines were closed. Although individual sums in individual cases were small, cumulatively the amount that should have gone to charity was £106,000 (around 1.3 per cent of the total money raised for charity from the use of PRS).

This practice was wholly wrong and it is a matter of regret to the whole BBC.

The Trust has concluded that in view of the failings identified the BBC should apologise publicly and on air to the viewers and charities involved.

The sums due to charity have been repaid, with interest. The practice has ceased since September 2007. Since mid 2007 the Director General has been putting in place a range of safeguards regarding PRS and will also take additional measures to ensure that a repeat occurrence can not happen in the future.

¹ In accordance with the Trust Protocol for investigations, the Chairman informed the Director General of the investigation. He asked the Director General to assist him as part of a steering group along with Jeremy Peat (the then chair of the Trust Fair Trading Committee) and David Robbie (non-executive director and chair of the Audit Committee).

In addition, the Director General has been asked by the Trust to decide whether a small number of BBC Worldwide staff should be considered for investigation under BBC Worldwide's disciplinary procedures. The Director General has also been asked to consider the wider lessons and whether staff needed to be offered additional guidance as a result of this report.

The matters raised within the PwC review have been subject to consideration by the Trust's Editorial Standards Committee and the Public Value and Fair Trading Committee.

We regard these findings as the end of a complex and thorough investigation. The Trust very much hopes this is the last case of its kind it will have to deal with, but will act swiftly in the event of any future reoccurrence.

The IACU already referred to in this report will be central to addressing the main findings of the original report from PwC on the economic aspects of PRS. The Trust has requested the Executive report on progress early in 2009, six months after the IACU is fully operational.

5. The Trust's Conclusions

At the heart of the BBC's culture sits the basic commitment to honesty, integrity and straight dealing. It is those values that across eight decades have won the trust and support of the public.

Since the first editorial failing came to light in 2007, the BBC has acted swiftly and not shied away from providing full information about its mistakes and errors. It also gave a firm commitment to put its house in order.

The Trust believes there is real evidence of this commitment being met. However, the past practice by Audiocall now disclosed underlines that there is no room for complacency and for the BBC to maintain the confidence of its audiences it must continue to demonstrate its respect for those who pay for and own the BBC. The Trust believes the action being taken in response is right and the new measures being put in place will safeguard against the same thing happening in the future.

Overall, and on behalf of licence fee payers whose interest and investment in the BBC we have a duty to represent – we are satisfied that the public can be justified in maintaining its confidence in its BBC.

The Trust has no plans to commission further independent evaluation at this time, but will hold its decision on this in reserve pending progress reports from the Director-General and via its routine programme of audit and review during the remainder of this year.

The BBC Trust