

*Extracts from the Research Report on Public Service Broadcasting in Selected Places
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Public Service Broadcasting in Selected Places

Collection of licence fee

3.3.42 The BBC adopts a wide range of methods for payment of the television licence fee. In 2005-2006, 59% of licence holders paid by Direct Debit, with the BBC aiming at maximizing the use of this facility.³⁰ It also actively promotes online payment. In 2004-2005, the combined costs of evasion, collection and enforcement of the licence fee were about 11% of the licence fee income, or £300 million (HK\$4,062 million).³¹ The government intends to examine the problem on the licence fee collection further in the context of the next settlement of the licence fee.

Corporate governance

The BBC Board

3.3.43 Under the existing Charter, the BBC is answerable to the BBC Board of Governors which is appointed to act as the trustee for the public interest and to ensure that the organization is properly accountable while maintaining its independence. The Governors are responsible for:

- (a) approving objectives for the BBC services, programmes and other activities and monitoring their performance;
- (b) holding the BBC accountable to the terms of the Framework Agreement and its fair trading commitment;
- (c) determining strategies and key management appointments and remuneration;
- (d) ensuring that comments, proposals and complaints are properly handled;
- (e) making sure that the BBC fulfils its legal and contractual obligations, particularly regarding impartiality and standards of taste and decency, and that it complies with any directions from Ofcom; and
- (f) publishing the BBC Annual Report and Accounts.

3.3.44 There are 12 BBC Governors, all of whom are appointed by the Queen on advice from the government in accordance with the Nolan Principles that public appointments should be made on merit.

³⁰ See Department for Culture, Media and Sport (2006a).

³¹ See Department for Culture, Media and Sport (2005b).

The Executive Board

3.3.45 The day-to-day management of the BBC is handled by the Executive Board and three sub-boards, namely the Creative Board, the Journalism Board and the Commercial Board. The Executive Board, made up of nine directors and chaired by the Director-General, is answerable to the Board of Governors. The Director-General is the chief executive and editor-in-chief of the BBC, and is appointed by the Board of Governors.

Arrangement under the new Charter

3.3.46 Under the new Charter, the government will change the governance structure of the BBC, with the Board of Governors being replaced by the BBC Trust. The BBC Trustees are responsible for:

- (a) representing the interests of licence fee payers;
- (b) ensuring that the independence of the BBC is maintained;
- (c) assessing the views of licence fee payers;
- (d) exercising rigorous stewardship of public money;
- (e) monitoring the competitive impact of the BBC's activities on the wider market; and
- (f) ensuring that the BBC observes high standards of openness and transparency.

3.3.47 The existing Executive Board will also be reconstituted into a new Executive Board, which is responsible for the delivery of the BBC's services within the framework set by the Trust. Appendix IV provides information on the functions of both the Trust and the new Executive Board.

Composition and appointment of the BBC Trust

3.3.48 The BBC Trust will be composed of a Chairperson, a Vice-Chairperson and 10 members, appointed by Order in Council. In other words, they will, like the current Governors, be appointed by the Queen on the advice of the government. All new positions will be advertised and filled according to the Nolan Principles. The term of office of a Trustee shall not exceed five years, and can be re-appointed for a further term, in line with best practice in public appointments. The Trust will have its own supporting staff.

Composition and appointment of the Executive Board

3.3.49 The Executive Board will be composed of eight to 12 members, and at least four are non-executive members. It will be chaired by the Director-General or, at the discretion of the Trust, a non-executive member.

3.3.50 In line with best practice, the Executive Board shall set up at least three committees, namely audit, remuneration and nominations committees. The audit and remuneration committees are made up of non-executive members only.

3.3.51 Executive members of the Executive Board will be appointed on the recommendation of the nominations committee. For the purposes of appointing executive members, the nominations committee will be made up of the Director-General, an executive and two non-executive members. Where necessary, the Director-General will have a casting vote.

3.3.52 Non-executive members will be appointed according to the Nolan Principles subject to the approval of the Trust. The terms of office of non-executive members will be decided and made available to the public by the Trust.

Accountability

To Parliament

3.3.53 The BBC's accountability to Parliament is specified in the Royal Charter and the Framework Agreement. Under the Charter, the BBC is required to submit its Annual Report and Accounts to the Secretary of State for Culture, Media and Sport who lays copies of them before Parliament. The Annual Report and Accounts are presented to the Culture, Media and Sport Select Committee for scrutiny before being made public. The BBC is also subject to inquiry by the Culture, Media and Sport Select Committee.

To the National Audit Office

3.3.54 The BBC is accountable to the National Audit Office, an independent organization which scrutinizes public spending on behalf of Parliament, and the Public Accounts Committee of the House of Commons for the value-for-money audit of the collection and enforcement arrangements of the television licensing system but ~~not for the delivery of value for money across its activities as a whole.~~