

A Brief Guide to BBC Governance

This briefing paper has been prepared by BBC Governance & Accountability for the seminar on BBC governance on 16 September 2004.

The BBC Governors

There are 12 Governors (with two currently vacant positions). Their names, individual roles and responsibilities are listed below.

Position	Name	Specific responsibilities
Chairman	Michael Grade	
Vice Chairman	Anthony Salz	(took up position in August 2004)
National Governor for Wales	Merfyn Jones	Member of CABC
National Governor for Northern Ireland	Fabian Monds	Member of FTCC, GPCC, CABC
National Governor for Scotland	Robert Smith	Chair of GPCC, member of Property Committee, Audit Committee, Remuneration Committee and CABC
International Governor	Pauline Neville-Jones	Chair of Audit Committee, Chair of Governors' World Service Consultative Group, member of GPCC and Remuneration Committee
Chairman of English National Forum	Ranjit Sondhi	Chair of CABC, member of GPCC,
	Dermot Gleeson	Member of Audit Committee and Property Committee
	Ruth Deech	Member of FTCC
	Angela Sarkis	Member of GPCC
	Deborah Bull	
	Richard Tait	(took up position in August 2004)

Key to abbreviations: CABC - Council & Advisory Bodies Committee; FTCC – Fair Trading Compliance Committee; GPCC – Governors' Programme Complaints Committee

Appointment of Governors

Governors are appointed on the basis of open competition and following Nolan procedures. They are appointed for fixed terms of five years or less, but may be reappointed for a second term. The Department for Culture, Media & Sport is responsible for the applications process, including advertising vacant posts. Appointments are made by the Queen in Council, on advice from Government ministers.

Governors' role and responsibilities

The Board's broad responsibilities are established in the Charter and Agreement. These state that the Governors embody the powers and responsibilities of the BBC, supervise its activities and ensure that it is accountable to Parliament and the public.

The Board made some changes to Governance arrangements in 2002, in order to clarify the responsibilities of the Board, relative to the Executive Board. These stated that the Governors' role is to:

- Set key objectives (which are initially proposed by the Executive Board)
- Consider strategy and policies developed by the Executive. Once approved by the Board, the Executive Board operates the Corporation within this framework
- Monitor performance and compliance and report in the Annual Report and Accounts
- Ensure public accountability, by consulting the public on an independent basis and being held accountable to them
- Appoint the Director General of the BBC and other Executive Board members; determine their remuneration

Board of Governors meetings

These take place monthly. They require four members to be quorate. Questions before the Board are decided by a majority of votes, with the Chair or Vice Chair taking decisions on equal votes. A summary of the Board's discussions is published on the BBC's website.

Board sub-committees

These committees all report to the main Board of Governors.

Audit Committee

Ensures that the BBC meets the highest standards of corporate governance, particularly with respect to internal control and risk management. Agrees internal financial controls and monitors effectiveness. Considers issues arising from internal audit and ensures that management responds to these issues appropriately. Recommends external auditors to the Board and reviews their work. Reviews audits of major investments. Reviews and approves the annual financial statements. Meets quarterly.

Fair Trading Compliance Committee (FTCC)

The FTCC's remit is to agree and review the BBC's Fair Trading Commitment and Guidelines which set out the principles by which it undertakes commercial activities. Monitors the effectiveness of the BBC's procedures. Contracts external fair trading auditors and considers their audit opinions at year end. Considers external auditors' opinion on World Service Trading Protocols. Meets quarterly.

Governors' Programme Complaints Committee (GPCC)

Provides independent oversight of the BBC's strategic approach to complaints handling, and monitors the effectiveness of its processes, to ensure that it serves the public interest and reflects best practice. Requires that serious programme complaints are handled promptly, investigated rigorously and impartially. Ensures that where a complaint is upheld, the BBC not only apologises for the breach in programme standards but takes remedial action to guard against the breach occurring again and/or to discipline individuals responsible for the breach. Ensures that where the complainant is not happy with the BBC's initial finding,

he/she is appropriately informed about how to escalate the complaint, including the ultimate right of appeal to the GPCC. Considers appeals against decisions of the Programme Complaints Unit or of BBC Directors in dealing with serious editorial complaints, taking independent advice. Meets monthly.

Property Committee

A supervisory and advisory body with no delegated decision-making authority from the Board. Supervises implementation of the BBC's property strategy (but the Audit Committee determines satisfactory compliance with internal and external controls).

Remuneration Committee

Determines matters relating to the remuneration of Executive Committee members, including basic salaries, bonus awards, benefits and pensions. Considers the performance of Executive Committee members before recommending their annual remuneration and bonus awards to the Board. Meets three times a year, and at other times as required.

Councils and Advisory Bodies Committee (CABC)

Approves nominations for membership of the Broadcasting Councils for Scotland, Wales and Northern Ireland, the English Regional Advisory Councils, the Appeals Advisory Committee and the Central Religious Advisory Committee. Reviews the membership of the Local Advisory Councils in England. Meets annually.

Support and independent advice to Governors

BBC Staff

The Governance & Accountability department is led by the BBC Secretary. The department provides the following support to Governors:

- The Secretary provides a range of supporting activities to the Chairman and Governors: he advises on and supports all of their work; he manages the relationship between the Board of Governors and the Executive Board; he works with the National Secretaries in Scotland, Wales, Northern Ireland and the English Regions. Note, that the Secretary also reports to the Director General, providing advice on the Executive Board's responsibilities to the Governors and its obligations under the Charter and Agreement
- Business Administration - co-ordinates and administrates the Board of Governors and sub-committees alongside administration of the Executive Board. This ensures co-ordination and avoids duplication.
- Communications – provides external and internal communications service to the Board, handles press enquiries and oversees the production and publication of the Annual Report & Accounts and the Statements of Programme Policy.
- Performance & Accountability – provides independent advice to Governors on the setting and monitoring of the BBC's objectives, Statements of Programme Policy and other issues relating to performance of BBC services. Also organises Accountability events which enable Governors to consult the public on an independent basis

Statutory advisory bodies

Appointments to these bodies are made according to Charter requirements and Nolan principles. See below for further details.

Broadcasting Councils for Scotland, Wales and Northern Ireland

Represent the culture, language, interests and tastes of each Nation. Monitor public opinion in each Nation and advise the BBC on the extent to which its objectives reflect opinions and needs in the Nations; ensure that comments, proposals and complaints from the Nations are given due consideration; advise on the potential contribution to BBC services from the Nations.

Vacant positions are advertised publicly and members are appointed by a panel chaired by the National Governor and including independent members, using formal selection criteria. Membership is approved by the CABC.

English Regions' Regional Advisory Councils and English Local Advisory Councils & English National Forum

Regional Advisory Councils (RACs) advise on whether regional programmes and services meet their objectives and advise on all matters which affect the interests of persons in that region. Potential RAC members are attracted via on-air trails; the selection panel is made up of the Chair of the RAC, the local BBC manager and the Secretary to the Council. Membership is then approved by the CABC.

The English National Forum is responsible for reporting advice from the Regional Advisory Councils to the Board. The ENF is composed of the Chairs of the RACs plus the Governor with responsibility for English regions, who chairs it.

There are 37 Local Advisory Councils, one for each BBC English local radio station. They are made up of members of the public. They offer advice and feedback of the quality and range of programmes and services provided by the BBC in the area they live. Members to the LACs are attracted via on-air trails and nominations, then passed by local radio editors for assessment by a panel made up of the Head of Regional and Local Programmes and members of the RAC.

Other advisory bodies

Appeals Advisory Committee

Advises the Board on policy matters relating to broadcast appeals; assists the Board in scrutiny of major fundraising projects such as Children in Need and Comic Relief; advises the Board on the allocation of the weekly Radio 4 Appeal and monthly BBC One Lifeline appeal.

Central Religious Advisory Committee (CRAC)

Advises the BBC (and Ofcom) on religious issues connected with broadcasting. The BBC consults CRAC on proposed changes to religious broadcasting policy and CRAC advises the BBC of the likely implications of such changes. CRAC is also empowered to act as a pressure group to support religious broadcasting.

World Service & Global News Consultative Group

Provides Governors with independent external advice on the range and quality of World Service output and on the development, implementation and performance of the BBC Global News Strategy. Reviews World Service output in English and other languages over a three-year cycle. A summary is reported to the Board of Governors.

Governors' role in relation to Ofcom

The BBC is regulated by Ofcom in three areas:

- Competition law – Ofcom exercises concurrent responsibility with the OFT for the application of competition law across the media sector. The BBC's statutory obligations and relationship with Ofcom in this area are the same as other media organisations, though the Charter and Agreement additionally require the Board of Governors to approve and enforce the BBC's own fair trading policies which in some respects go further than statutory requirements.
- Licensing of spectrum use. The BBC has a similar relationship with Ofcom as other broadcasters in this area.
- Regulation of content – see below for details.

Tier 1 content regulation

Ofcom handles audience complaints about fairness and privacy, or any perceived harm or offence caused by BBC television and radio programmes under its code of programme standards, though usually only "on appeal" once they have been considered by the BBC (which may involve referral to the GPCC - see above). The BBC and the GPCC alone are responsible for handling complaints about programme accuracy and impartiality.

Tier 2 content regulation

Governors set all Tier 2 quotas. For those concerning programming for the Nations and Regions, and output of news, regional news and current affairs on particular channels, the Governors are required to consult Ofcom on their proposals and have regard to Ofcom's comments before establishing quotas. They require Ofcom's prior agreement if they wish to set a quota which is lower than a benchmark level set by reference to actual output in 2002.

The Board of Governors must secure Ofcom's prior agreement to their proposals for the Tier 2 quotas concerning:

- A suitable proportion of original productions, in peak and at other times, on each channel
- a suitable proportion, and range, of network output made outside the M25 area
- a suitable proportion of network expenditure on programme production outside the M25 area, and at a suitable range of programme production centres

Ofcom monitors the BBC's compliance with EU quotas regarding output of European origin. Ofcom also monitors the BBC's compliance with the 25% independent production quota, and the BBC's code of practice on commissioning independent productions must be agreed with Ofcom.

Enforcement of Tier 1 and Tier 2 commitments

In the case of a breach of compliance to Tier 1 or Tier 2 commitments Ofcom can, where appropriate, direct the BBC to broadcast a correction or a statement of findings, or (in the case of a serious or repeated breach) fine the BBC up to £250,000. In the case of the statutory independent productions quota, Ofcom can direct the BBC to roll forward any shortfall to be made up in the following year.

Tier 3 content regulation

The BBC is required to produce Statements of Programme Policy for each of its services, on an annual basis, which set out how each service will deliver its remit. Governors monitor compliance against these and publish an annual account of performance. Ofcom takes the

contribution of BBC services into account when it reviews public service television every five years.

The BBC is required to carry party political broadcasts and referendum broadcasts, subject to rules established by the Board of Governors.

The BBC is subject to Ofcom's codes on the provision of subtitling, signing and audio-description.

Other areas where the BBC is regulated by Ofcom

- Ofcom licenses the BBC's commercial broadcasting services in the UK
- The BBC is required to publish policies on equal opportunities and training, which are matters that Ofcom has general responsibility to promote.

The BBC has to contribute towards Ofcom's costs.

Planned changes to governance

(As outlined in *Building Public Value*.)

These planned changes aim to ensure distinct and independent governance which is secure from political interference or commercial influence. They will secure an effective and independent system of scrutiny of BBC services.

The changes due to be made are:

- The creation of a distinct and properly resourced Governance Unit which reports solely to the Board. This will provide wholly independent support, advice and expertise to the Board in the discharge of its responsibilities for holding the BBC to account
- A new framework of transparent scrutiny of the BBC's activities by the Board, using the tools of the public value test, service licences, regular public surveys and a new performance measurement framework
- A more rigorous approach to the consideration and approval of proposed new services, using the public value test and including an independent assessment of potential market impact
- A package of measures to make the BBC more responsive and accountable to the public, including a stronger role for the advisory bodies, more effective use of new communication technologies, and an improved and more objective complaints handling process
- An Annual Report produced solely on behalf of the Governors, based on consultation with the public and other stakeholders, as well as on BBC management's account of their performance
- Greater collaboration between Governors and other regulatory bodies, including Ofcom, on whose expertise Governors would draw, in areas such as market impact.

Many of these changes will be implemented immediately.