



Department
for Culture
Media & Sport

Updated Draft Royal Charter

November 2016

Updated draft Royal Charter for the continuance of the British Broadcasting Corporation

This document has been published following the debates in the devolved legislatures, the House of Lords on 12th October 2016 and the House of Common on 18th October 2016. It is an updated version of the draft Charter published on 15 September (Cm 9317) and contains minor and technical changes. The Charter is now expected to be submitted to Privy Council for consideration.



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ROYAL CHARTER FOR THE CONTINUANCE OF THE BRITISH BROADCASTING CORPORATION

ELIZABETH THE SECOND by the Grace of God of the United Kingdom of Great Britain and Northern Ireland and of Our other Realms and Territories Queen, Head of the Commonwealth, Defender of the Faith:

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETING!

WHEREAS on the 20th December 1926 by Letters made Patent under the Great Seal, Our Royal Predecessor His Majesty King George the Fifth granted to the British Broadcasting Corporation (“the BBC”) a Charter of Incorporation:

AND WHEREAS on various dates by Letters made Patent under the Great Seal, further Charters of Incorporation and Supplemental Charters have been granted to the BBC, the last such Charter having been granted to the BBC on the 19th September 2006 (“the 2006 Charter”):

AND WHEREAS the period of incorporation of the BBC under the 2006 Charter will expire on the 31st December 2016 and it has been represented to Us by Our right and trusty and well beloved Counsellor Karen Anne Bradley, Our Principal Secretary of State for Culture, Media and Sport, that it is expedient that the BBC should be continued for the period ending on the 31st December 2027 and that the objects, constitution, organisation and regulation of the BBC should be reformed so as to enable the BBC still better to serve the interests of Our People:

AND WHEREAS in view of the widespread interest which is taken by Our People in services which provide audio and visual material by means of broadcasting, the internet or the use of newer technologies, and of the great value of such services as means of disseminating information, education and entertainment, We believe it to be in the interests of Our People that there should continue to be an independent corporation and that it should provide such services, and be permitted to engage in other compatible activities, within a suitable legal framework:

NOW KNOW YE that We by Our Prerogative Royal and of Our especial grace, certain knowledge and mere motion do by this Our Charter for Us, Our Heirs and Successors will, ordain and declare as follows:

INCORPORATION AND OBJECTS

1. Incorporation of the BBC

- (1) The BBC shall continue to be a body corporate by the name of the British Broadcasting Corporation.
- (2) The members of the Board of the BBC shall be the members of the Corporation, but membership of the Corporation shall not enable any individual to act otherwise than through the Board.
- (3) Paragraph (2) is subject to article 25 (the Director General).
- (4) Additional and technical provisions about the BBC's corporate nature and powers are contained in article 52 (BBC's corporate nature and powers).

2. Term of Charter

- (1) This Charter will take effect as from the beginning of the Effective Date, but that general statement must be read subject to paragraph (2).
- (2) In technical terms, this Charter shall come into force on the day after the day on which it is granted (see the date given in the formal text following article 72 (general declaration), but in order to facilitate the transition from the constitutional and other arrangements in force under the 2006 Charter to those under this Charter, the Schedule modifies this Charter's effect (in relation to times both during and after the Transitional Period, within the meaning given in the Schedule).
- (3) Subject to article 60 (dissolution and winding-up), this Charter shall continue in force until the end of 31st December 2027.
- (4) The 2006 Charter is to continue to have effect until the end of 31st December 2016, but is also subject to the provisions of the Schedule to this Charter.
- (5) In this article, "the 2006 Charter" means the Royal Charter for the continuance of the BBC which came into force on 1st January 2007.

3. The independence of the BBC

- (1) The BBC must be independent in all matters concerning the fulfilment of its Mission and the promotion of the Public Purposes, particularly as regards editorial and creative decisions, the times and manner in which its output and services are supplied, and in the management of its affairs.

- (2) Paragraph (1) is subject to any provision made by or under this Charter or the Framework Agreement or otherwise by law.

4. The BBC's Object

The BBC's Object is the fulfilment of its Mission and the promotion of the Public Purposes.

5. The BBC's Mission

The Mission of the BBC is 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.

6. The Public Purposes

The Public Purposes of the BBC are as follows.

- (1) **To provide impartial news and information to help people understand and engage with the world around them:** the BBC should provide duly accurate and impartial news, current affairs and factual programming to build people's understanding of all parts of the United Kingdom and of the wider world. Its content should be provided to the highest editorial standards. It should offer a range and depth of analysis and content not widely available from other United Kingdom news providers, using the highest calibre presenters and journalists, and championing freedom of expression, so that all audiences can engage fully with major local, regional, national, United Kingdom and global issues and participate in the democratic process, at all levels, as active and informed citizens.
- (2) **To support learning for people of all ages:** the BBC should help everyone learn about different subjects in ways they will find accessible, engaging, inspiring and challenging. The BBC should provide specialist educational content to help support learning for children and teenagers across the United Kingdom. It should encourage people to explore new subjects and participate in new activities through partnerships with educational, sporting and cultural institutions.
- (3) **To show the most creative, highest quality and distinctive output and services:** the BBC should provide high-quality output in many different genres and across a range of services and platforms which sets the standard in the United Kingdom and internationally. Its services should be distinctive from those provided elsewhere and should take creative risks, even if not all succeed, in order to develop fresh approaches and innovative content.
- (4) **To reflect, represent and serve the diverse communities of all of the United Kingdom's nations and regions and, in doing so, support the creative economy across the United Kingdom:** the BBC should reflect the diversity of the United Kingdom both in its output and services. In doing so, the BBC should accurately and authentically represent and portray the lives of the people of the United Kingdom today,

and raise awareness of the different cultures and alternative viewpoints that make up its society. It should ensure that it provides output and services that meet the needs of the United Kingdom's nations, regions and communities. The BBC should bring people together for shared experiences and help contribute to the social cohesion and wellbeing of the United Kingdom. In commissioning and delivering output the BBC should invest in the creative economies of each of the nations and contribute to their development.

- (5) **To reflect the United Kingdom, its culture and values to the world:** the BBC should provide high-quality news coverage to international audiences, firmly based on British values of accuracy, impartiality, and fairness. Its international services should put the United Kingdom in a world context, aiding understanding of the United Kingdom as a whole, including its nations and regions where appropriate. It should ensure that it produces output and services which will be enjoyed by people in the United Kingdom and globally.

7. The activities of the BBC

- (1) The only activities that may be carried out by the BBC are—
- (a) provision of the UK Public Services;
 - (b) provision of the World Service;
 - (c) non-service activities;
 - (d) through commercial subsidiaries, commercial activities;
 - (e) trading activities; and
 - (f) the specified activities.
- (2) The activities referred to in paragraph (1) must be carried out in accordance with the terms of this Charter and the Framework Agreement.
- (3) The UK Public Services must fulfil the Mission and promote one or more of the Public Purposes and consist of—
- (a) the existing services specified in the Framework Agreement; and
 - (b) any activity aimed primarily at users in the United Kingdom involving the provision of output supplied by means of—
 - (i) television, radio and online services; or
 - (ii) similar or related services which make output generally available and which may be in forms or use technologies which either have not previously been used by the BBC or which have yet to be developed.
- (4) The World Service consists of the broadcast or other distribution of output, and the delivery of services, in English and other languages, aimed primarily at users outside the United Kingdom.
- (5) “Non-service activities” means activities which are not UK Public Services but which directly or indirectly fulfil the Mission and promote one or more of the Public Purposes. Such activities should support or enable the provision of the UK Public Services and the World Service.

- (6) “Commercial activities” means activities which—
- (a) fit with the Mission and Public Purposes;
 - (b) are not funded by licence fee revenue; and
 - (c) are undertaken with a view to generating a profit (regardless of whether the profit generated will or may be used to fund the fulfilment of the Mission and the promotion of the Public Purposes). This means that something can be a commercial activity even if it also promotes the Public Purposes, if it is done with a view to generating profit.
- (7) “Trading activities” means activities which are commercial in nature but are excluded from the definition of commercial activities in the Framework Agreement.
- (8) The specified activities are those activities that the BBC is required to carry out by the Framework Agreement.

GENERAL DUTIES

8. Introduction

The BBC, in exercising its functions in relation to the UK Public Services, the World Service, non-service activities and trading activities, must comply with the general duties in articles 9 to 17.

9. Acting in the public interest

- (1) The BBC must act in the public interest.
- (2) In complying with this article, the BBC must—
- (a) ensure that the benefits (whether direct or indirect) of decisions relating to the fulfilment of its Mission and the promotion of the Public Purposes outweigh the costs (whether direct or indirect); and
 - (b) in doing so, have regard to economic, social and cultural benefits and costs.

10. Engagement with the public

- (1) The BBC must carefully and appropriately assess the views and interests of the public and audiences, including licence fee payers, across the whole of the United Kingdom.
- (2) The BBC must make arrangements to ensure that the diverse perspectives and interests of the public and audiences, including licence fee payers, across the whole of the United Kingdom are taken into account in its decision-making.

11. Market impact

- (1) The BBC must have particular regard to the effects of its activities on competition in the United Kingdom.
- (2) In complying with this article, the BBC must-

- (a) seek to avoid adverse impacts on competition which are not necessary for the effective fulfilment of the Mission and the promotion of the Public Purposes;
- (b) have regard to promoting positive impacts on the wider market.

12. Openness, transparency and accountability

- (1) The BBC must observe high standards of openness and seek to maximise transparency and accountability.
- (2) The BBC must ensure that the following are made public as soon as possible—
 - (a) the minutes of the meetings of the Board;
 - (b) important decisions (and reasons behind them and a summary of the evidence that supports them) concerning changes to the creative remit, work plan and material changes to the UK Public Services, non-service activities, and commercial activities; and
 - (c) such other information (including minutes of the meetings of committees of the Board) it is reasonable and proportionate to publish to comply with paragraph (1).
- (3) The BBC must have regard to the benefits of undertaking consultation with interested persons in relation to the functions set out in article 20 (principal functions of the Board).
- (4) In complying with this article, the BBC is not required to publish or otherwise disclose information that it would not be required to disclose under the Freedom of Information Act 2000.

13. Partnership

- (1) The BBC must work collaboratively and seek to enter into partnerships with other organisations, particularly in the creative economy, where to do so would be in the public interest.
- (2) In complying with this article, the BBC must—
 - (a) enter into partnerships, which, overall, are with a wide range of organisations including commercial and non-commercial organisations and organisations of all sizes, throughout the nations and regions of the United Kingdom, covering television, radio and online services; and
 - (b) ensure that its partnerships are fair and beneficial to all organisations in the partnership and, in particular, that partners are given due attribution and recognition, including in the branding and promotion of the output and services created or distributed.

14. Diversity

- (1) The BBC must ensure it reflects the diverse communities of the whole of the United Kingdom in the content of its output, the means by which its output and services are delivered (including where its activities are carried out and by whom) and in the organisation and management of the BBC.

- (2) The BBC must ensure that its output and services overall provide a duly accurate and authentic portrayal and representation of the diverse communities of the whole of the United Kingdom.
- (3) The BBC must ensure that it assesses and meets the needs of the diverse communities of the whole of the United Kingdom.
- (4) In complying with this article, the BBC must have particular regard to the need to reflect underrepresented communities.
- (5) The BBC must support the regional and minority languages of the United Kingdom through its output and services and through partnerships with other organisations.

15. Technology

- (1) The BBC must promote technological innovation, and maintain a leading role in research and development, that supports the effective fulfilment of its Mission and the promotion of the Public Purposes.
- (2) In complying with this article, the BBC must—
 - (a) focus on technological innovation to support the delivery of the UK Public Services, non-service activities and the World Service;
 - (b) seek to work in partnership with other organisations; and
 - (c) share, as far as is reasonable, its research and development knowledge and technologies.

16. Stewardship of public money

- (1) The BBC must exercise rigorous stewardship of public money in accordance with the following principles.
- (2) Regularity: the management of all of the BBC's resources must accord with the provisions of the Charter, Framework Agreement and other agreements the BBC enters into with Government Ministers.
- (3) Propriety: the management of all of the BBC's resources must meet high standards of public conduct, robust governance and duly consider the expectations of Parliament (including those of the Public Accounts Committee) which have been formally communicated to the BBC.
- (4) Value for money: procurement, projects and processes must be systematically evaluated and assessed to provide confidence about suitability, effectiveness, prudence, quality, value and avoidance of error and other waste, taking into account the wider public interest, not just that of the BBC itself.
- (5) Feasibility: proposals using public funds should be implemented accurately, sustainably and to the intended timetable.

17. Guidance and best practice

The BBC, in exercising its functions, must have regard—

- (a) to such general guidance concerning the management of the affairs of public bodies as it considers relevant and appropriate; and
- (b) to generally accepted principles of good corporate governance, but only:
 - (i) where to do so would not be incompatible with sub-paragraph (a); and
 - (ii) to the extent that such principles may reasonably be regarded as applicable in relation to its functions and within the particular constitution of the BBC as a chartered corporation.

18. General duties in relation to commercial activities

The BBC, in exercising its functions in relation to the commercial activities, must—

- (a) comply with the duties in article 9 (acting in the public interest), article 10 (engagement with the public) and article 12 (openness and transparency);
- (b) ensure that its commercial activities do not, as a result of their relationship with the UK Public Services, non-service activities or trading activities, distort the market or gain an unfair competitive advantage.

CONSTITUTION - THE BOARD

19. Introduction

- (1) There shall be a Board of the BBC which, acting collectively, is responsible for the proper, effective and independent exercise of all the functions of the BBC in accordance with the provisions set out in this Charter and the Framework Agreement.
- (2) In addition, the Board has all the functions expressly or impliedly conferred upon it elsewhere by or under this Charter or the Framework Agreement.
- (3) The Board may obtain independent advice to support the exercise of its functions.

20. The principal functions of the Board

- (1) The principal functions of the Board are contained in this article.
- (2) In accordance with article 3 (independence of the BBC), each member of the Board must at all times uphold and protect the independence of the BBC including by acting in the public interest, exercising independent judgement and neither seeking nor taking instructions from Government Ministers or any other person.
- (3) The Board must ensure that the BBC fulfils its Mission and promotes the Public Purposes by, in particular, setting—
 - (a) the strategic direction for the BBC within the framework set by this Charter and the Framework Agreement;

- (b) the creative remit (including the direction of the BBC's editorial and creative output and services and in regard to the nations and regions of the United Kingdom);
 - (c) the budgets for the UK Public Services and the World Service;
 - (d) a framework to assess the performance of the BBC in delivering its strategies and creative remit, and obligations under this Charter and the Framework Agreement, including performance measures (and targets for those measures where appropriate) to assess the performance of the UK Public Services in fulfilling the Mission and promoting the Public Purposes;
 - (e) a framework to assess the performance of the World Service;
 - (f) the standards for the BBC's editorial and creative output and services;
 - (g) a framework within which the BBC must handle complaints;
 - (h) a policy on the distribution of the UK Public Services;
 - (i) a plan for compliance with each of the BBC's general duties; and
 - (j) a strategy and governance arrangements for the BBC's commercial activities and for assessing the effectiveness of those activities.
- (4) The Board must consider proposals for material changes to the UK Public Services, non-service activities or trading activities, and must assess both the public value and impact on competition of such proposals.
- (5) The Board must consider proposals for material changes to the commercial activities, and must assess the proposed changes in terms of their alignment with the Public Purposes, their commercial efficiency, their impact on the BBC's reputation and whether the proposed changes, as a result of their relationship with the UK Public Services, trading activities or non-service activities, distort the market or create an unfair competitive advantage.
- (6) The Board must secure the effective and efficient management of the BBC and its commercial subsidiaries by, in particular—
- (a) appointing, and holding to account, the management of the BBC;
 - (b) ensuring that the organisational structure of the BBC and the skills of the staff of the BBC are fit for purpose; and
 - (c) setting the terms and conditions for the staff of the BBC and reviewing these regularly.
- (7) The Board must secure the effective and efficient management of the finances of the BBC by, in particular—
- (a) putting in place appropriate policies and controls to ensure that licence fee and other income is spent and operations are managed efficiently, effectively and in accordance with regularity, propriety, value for money and feasibility; and
 - (b) ensuring that arrangements for the collection of the licence fee are efficient, appropriate and proportionate.
- (8) The Board must ensure compliance by the BBC with its obligations under this Charter, the Framework Agreement, the Operating Framework and the general law by, in particular—
- (a) complying with requests made by Ofcom;

- (b) complying with any decision made by Ofcom; and
- (c) complying with any request made by or decision of Ofcom relating to the commercial subsidiaries including ensuring that any necessary action is taken by commercial subsidiaries controlled by the BBC to give effect to a request or decision.

Without prejudice to any right of the BBC to seek appropriate legal remedies, where it appears to the Board that their obligations under this Charter, the Framework Agreement and the Operating Framework conflict with any request or decision made by Ofcom (who must take into account their obligation under article 45(2)(c)), the Board must nevertheless comply with Ofcom's request or decision.

21. Composition of the Board

- (1) The Board must consist of a number of non-executive members (including the Chair) and a number of executive members. The total number of members must be 14.
- (2) The non-executive members of the Board must be the Chair, the four Nation Members and five other members.
- (3) The non-executive members of the Board must, with the agreement of the Secretary of State, select one of their number to serve as Senior Independent Director, who shall have a role that accords with the generally accepted principles of good corporate governance (to the extent that such principles may reasonably be regarded as applicable in relation to the Board's functions and within the particular constitution of the BBC as a chartered corporation).
- (4) The executive members of the Board must be the Director General and three other members.
- (5) The members of the Board must be selected to ensure that, collectively, they have the range of skills and experience necessary to secure the proper exercise of the functions of the BBC.
- (6) The total number of members, the number of non-executive members and the number of executive members may, with the agreement of the BBC, be amended by Order in Council.
- (7) It shall not be necessary to fix a lower number by Order in Council merely to reflect the existence of a vacancy which is intended to be filled by a further appointment in due course.

22. Appointment of the Chair of the Board

- (1) The Chair of the Board must be appointed by Order in Council.
- (2) The appointment may only be made following a fair and open competition.

- (3) The Governance Code, including the public appointment principles, must be followed in making the appointment. The Commissioner for Public Appointments will ensure that the appointment is made in accordance with the Governance Code.
- (4) The Secretary of State must consult the BBC on the process for appointing the Chair (including on the job specification, skills description and time commitment which must be developed to ensure that the requirements of article 21(5) (composition of the Board) are met).
- (5) No recommendation may be made to Her Majesty in Council to appoint the Chair unless a pre-appointment hearing has been held and a report published by the Select Committee.
- (6) Whenever the office of Chair is vacant, the Secretary of State, having consulted the Board, must appoint one of the non-executive members as 'Acting Chair' with all the powers of the Chair until a new Chair is appointed.

23. Non-executive Board members for the nations

- (1) A non-executive member of the Board must be designated—
 - (a) the Board member for England;
 - (b) the Board member for Scotland;
 - (c) the Board member for Wales; and
 - (d) the Board member for Northern Ireland, ("Nation Members").
- (2) The Nation Members must be appointed by Order in Council.
- (3) The appointments may only be made following a fair and open competition.
- (4) The Governance Code, including the public appointment principles, must be followed in making the appointments. The Commissioner for Public Appointments will ensure that the appointments are made in accordance with the Governance Code. The Chair must be a member of the selection panel for the appointment of the Nation Members and must have particular regard to article 21(5) (skills and experience of Board members).
- (5) No recommendation may be made to Her Majesty in Council to appoint a Nation Member unless selected from those put forward by the selection panel.
- (6) Each person appointed under this article must be suitably qualified by virtue of—
 - (a) having skills and experience that contribute to the work of the Board;
 - (b) having knowledge of the culture, characteristics and affairs of the people in the nation for which he or she is to be appointed; and
 - (c) being in close touch with opinion in that nation.

- (7) The Secretary of State must consult the BBC on the process for appointing the Nation Members (including the job specification, skills description and time commitment which must be developed to ensure that the requirements of article 21(5) are met).
- (8) No appointment shall be made for the Board member for Scotland without the agreement of the Scottish Ministers.
- (9) No appointment shall be made for the Board member for Wales without the agreement of the Welsh Ministers.
- (10) No appointment shall be made for the Board member for Northern Ireland without the agreement of the Executive Committee established by section 20 of the Northern Ireland Act 1998.
- (11) For the purposes of this article, “England” includes the Channel Islands and the Isle of Man and references to “nation” shall be interpreted accordingly.

24. Other non-executive members of the Board

- (1) The other non-executive members of the Board must be appointed by the Board. However, the Board may only make an appointment which has been proposed to the Board by the Nomination Committee (see article 31(4) (committees of the Board)).
- (2) For the purposes of this article, the roles of proposing and approving the making of an appointment relate not only to the identity of the person to be appointed but also the terms of the appointment (see article 27 (the terms on which non-executive members of the Board serve)).
- (3) The BBC must have regard to and observe, where appropriate, the Governance Code, including the public appointment principles, in making the appointments.

25. The Director General

- (1) There must be a Director General of the BBC.
- (2) The Director General must be the chief executive officer of the BBC. The Director General must be an executive member of the Board.
- (3) The Director General must also be the editor-in-chief of the BBC. As such, the Director General shall have final responsibility and is accountable to the Board for individual decisions on the BBC’s editorial matters and creative output.

26. Executive members of the Board

- (1) The executive members of the Board must be appointed by the Board. However, the Board may only make an appointment which has been proposed by the Nomination Committee (see article 31 (committees of the Board)).

- (2) For the purposes of this article, the roles of proposing and approving the making of an appointment relate not only to the identity of the person to be appointed but also (subject to the requirements of article 29 (terms of executive members of the Board)) the terms of his appointment.

27. The terms on which non-executive members of the Board serve

- (1) The appointment of a non-executive member of the Board must be for a period of no longer than four years but may be increased for up to a further year in exceptional circumstances. The period of the appointment must be specified in the terms of appointment.
- (2) A serving non-executive member of the Board may at any time be reappointed once only by Order in Council or by the Board, in accordance with articles 22, 23 and 24 (Chair and non-executive members) as the case may be, for any further period specified in the terms of appointment. Such a further period may not be longer than four years but may be increased for up to a further year in exceptional circumstances. The power may be exercised with effect from a date other than that on which the previous term would have expired.
- (3) Non-executive members of the Board must be remunerated by the BBC at a rate determined by the Secretary of State.
- (4) The BBC must pay, or make provision for paying, to or in respect of any non-executive member of the Board, such amounts (if any) by way of pension, allowances or gratuities as the Secretary of State may determine.

28. Termination of office of non-executive members

- (1) A non-executive member of the Board ceases to hold office—
- (a) on the expiration of the period for which the member had most recently been appointed (see article 27 (terms on which non-executive members of the Board serve));
 - (b) in the case of appointments under articles 22 and 23 (Chair and the Nation Members)—
 - (i) if the member resigns by written notice to the Secretary of State; or
 - (ii) if the appointment is terminated by Order in Council;
 - (c) in the case of appointments under article 24 (other non-executive members)—
 - (i) if the member resigns by written notice to the Board; or
 - (ii) if two-thirds of the non-executive members of the Board vote to terminate the appointment;
 - (d) if—
 - (i) the member becomes bankrupt;
 - (ii) the member's estate is sequestrated;
 - (iii) the member grants a trust deed for the member's creditors; or
 - (iv) the member makes any arrangement or composition with the member's creditors generally;
 - (e) if—

- (i) the member fails to attend meetings of the Board continuously for three months or longer without the consent of the Board; and
 - (ii) the Board resolves that the member's office be vacated.
- (2) An appointment may only be terminated under paragraph (1)(b)(ii) if, in the opinion of the Secretary of State, having consulted the Board (and, in relation to a Nation Member, the relevant devolved government), the member is unable, unfit or unwilling to perform the functions of a member.
- (3) An appointment may only be terminated under paragraph (1)(c)(ii) if, in the opinion of the Board, the member is unable, unfit or unwilling to perform the functions of a member.

29. The terms on which executive members of the Board serve

- (1) Each executive member of the Board shall hold and vacate office in accordance with the terms of their appointment.
- (2) Those terms must provide for the appointment to be terminated in accordance with the following requirements of this article, and may not provide for it to be terminated prematurely without the consent of the member in any other way.
- (3) A proposal for the premature termination of an appointment must always be made by the Chair of the Board.
- (4) If such a proposal is approved by the Board, the Board must terminate the appointment.
- (5) The Remuneration Committee (see article 31(5) (committees of the Board)) shall determine the remuneration of executive members of the Board. The terms on which such members are appointed must be compatible with this requirement.
- (6) For the purposes of this article, an appointment is terminated prematurely if it is terminated in the exercise of a discretionary power to terminate the appointment before the occurrence of any date on which the terms of the appointment provide for the appointment to be terminated (whether by reference to the expiry of a fixed term, the attainment of a specified retirement age or in any other way).

30. Meetings of the Board

- (1) The Board must meet for the transaction of its business and affairs.
- (2) The Board must make standing orders dealing with the summoning, notice, time, place, quorum, management and adjournment of its meetings, including provision for the exercise of a casting vote, which may only be exercised by a non-executive member of the Board.

- (3) The standing orders may make provision for meetings of the Board to be held in circumstances in which members participate without being physically present in the same place as other participating members (for example, by means of telephone or video conferencing).

31. Committees of the Board

- (1) The Board may set up committees of the Board.
- (2) The number, remit and composition of such committees are a matter for the Board, subject to the following paragraphs of this article.
- (3) There must always be an Audit and Risk Committee, which must have the functions commensurate with the highest standards of corporate governance. Only non-executive members of the Board may be members of the Committee.
- (4) There must always be a Nomination Committee, which must at least perform the functions described in articles 24 (other non-executive members of the Board) and 26 (executive members of the Board). The Committee must have a majority of non-executive members of the Board and must be chaired by the Chair of the Board. The Director General must be a member of the Committee.
- (5) There must always be a Remuneration Committee, which must at least perform the functions described in article 29(5) (terms of executive members). Only non-executive members of the Board may be members of the Committee.
- (6) No committee of the Board shall include anyone who is not a member of the Board or an employee of the BBC.

32. Delegation by the Board

The Board may delegate its functions, including decision-taking—

- (a) to a committee set up under article 31 (committees of the board);
 - (b) to an individual member of the Board; or
 - (c) to other members of staff,
- on such terms and conditions as it thinks fit.

33. Regulations

- (1) The Board may make regulations about the transaction of the business and affairs of the BBC.
- (2) Regulations may provide for the transaction of urgent business of the Board between meetings of the Board, including provision for such business to be transacted by a single member of the Board.

- (3) Regulations may make provision for or about the filling of vacancies of executive members of the Board in circumstances in which it is impossible for articles 25 and 26 (Director General and executive members) to be complied with. (An example of such a situation would be if all the executive members of the Board resigned with immediate effect.)
- (4) Regulations may be made only at a meeting of the Board.
- (5) The standing orders mentioned in article 30 (meetings of the Board) must be made as regulations in accordance with this article.

34. BBC staff

- (1) The BBC must appoint staff for the efficient performance of its functions and transaction of its business.
- (2) This article does not apply to the Director General or to other executive members of the Board (for whom see article 29 (terms of executive members of the Board)).

35. Communication with staff of the BBC

- (1) The BBC must ensure that at all times it has in place suitable arrangements under which it (or its representatives) will, where appropriate—
 - (a) consult BBC staff on all matters affecting the interests of those staff; and
 - (b) seek to consult with any appropriate organisation with a view to maintaining or (as the case may be) establishing and maintaining adequate arrangements of the kind mentioned in paragraph (2).
- (2) The arrangements are for—
 - (a) the settlement by negotiation of the terms and conditions of BBC staff; and
 - (b) the discussion of matters of mutual interest to the BBC and its staff, including—
 - (i) the health, safety and welfare of such staff;
 - (ii) equal opportunities and training (without cutting back on any specific obligations as to those matters set out in the Framework Agreement); and
 - (iii) efficiency in the operation of the BBC's services.

ANNUAL PLAN, REPORT AND ACCOUNTS

36. Annual plan

- (1) The BBC must prepare and publish an annual plan for each financial year in accordance with this article.
- (2) The annual plan must include at least—
 - (a) the creative remit for that year;
 - (b) the work plan for that year;

- (c) provision for the United Kingdom's nations and regions;
- (d) provision for the World Service; and
- (e) the BBC's proposals for how it will comply with its general duties including measurable criteria to assess compliance.

(3) The BBC must publish the annual plan in advance of the period to which it relates.

37. Annual report

(1) The BBC must prepare and publish an annual report for each financial year in accordance with this article.

(2) The annual report must include at least—

- (a) how the BBC delivered the creative remit and its work plan;
- (b) significant changes to the BBC's activities including any material changes to the UK Public Services and commercial activities;
- (c) how the BBC complied with each of its general duties and its regulatory obligations in the Operating Framework;
- (d) provision for the United Kingdom's nations and regions, including how the BBC delivered the creative remit in the nations and regions;
- (e) provision for the World Service;
- (f) how the BBC has set, reviewed and met high editorial standards, how complaints have been handled and what the BBC has learned;
- (g) how it has made the BBC's output and services available to the public;
- (h) expenditure on the UK Public Television Services by genre (as defined in accordance with industry standards);
- (i) a report from the Nomination Committee on the appointment of members of the Board and senior executives;
- (j) a report from the Remuneration Committee on—
 - (i) how senior executive pay is determined;
 - (ii) the names of all senior executives of the BBC paid more than £150,000 from licence fee revenue in that financial year; and
 - (iii) the names of all other staff of the BBC paid more than £150,000 from licence fee revenue in that financial year set out in pay bands; and
- (k) a report by the Audit and Risk Committee.

(3) In preparing the annual report, the BBC must comply with any directions, given by the Secretary of State or the Foreign Secretary with regard to such additional information of a different nature to the requirements in paragraph (2) which must be given in the report about the finance, administration and work generally of the BBC.

(4) Before giving any such directions the Secretary of State or Foreign Secretary must consult with the BBC and, where appropriate, the Scottish Ministers, the Welsh Ministers and the Northern Ireland Ministers.

(5) The BBC must send the annual report, as soon as possible and in any event no later than seven months after the end of the period to which it relates, to the Secretary of

State, and on the same day to the Scottish Ministers, the Welsh Ministers, the Northern Ireland Ministers and Ofcom.

- (6) The Secretary of State must then lay the annual report before the United Kingdom Parliament. When this has been done, the BBC must publish the report.
- (7) The BBC must lay the annual report before the Scottish Parliament, the National Assembly for Wales and the Northern Ireland Assembly respectively on the same day as, or as soon as possible after, it has been laid before the United Kingdom Parliament.

38. Accounts

- (1) The BBC must—
 - (a) keep adequate accounting records;
 - (b) take reasonable steps to secure that relevant subsidiaries keep such accounting records as to enable the preparation of the group accounts;
 - (c) prepare in respect of each financial year group accounts for the BBC in accordance with International Financial Reporting Standards and such directions as the Secretary of State or Foreign Secretary may give;
 - (d) within such period after the end of the financial year as the Secretary of State may direct send the group accounts to the Comptroller and Auditor General;
 - (e) send the group accounts to the Secretary of State, the Scottish Ministers, the Welsh Ministers and the Northern Ireland Ministers, and Ofcom at the same time as it sends the annual report (see article 37(5) (annual report)).
- (2) For the purposes of this Charter-

“adequate accounting records” means records that are sufficient: (a) to show and explain the BBC’s transactions; (b) to disclose with reasonable accuracy, at any time the financial position of the BBC; and (c) to enable the members of the Board to ensure that any accounts required to be prepared comply with this Charter;

“group” means the BBC and its relevant subsidiaries;

“group accounts” means the accounts required to be prepared under paragraph (1)(c); and

“relevant subsidiary” means an entity that, in accordance with International Financial Reporting Standards, is controlled by the BBC and falls to be included in consolidated group accounts; and includes a subsidiary that is established or otherwise becomes a relevant subsidiary after this Framework Agreement comes into force.

39. Audit of the BBC

- (1) The BBC must appoint the Comptroller and Auditor General to examine, certify and report on the group accounts prepared by the BBC in respect of each financial year. The report must include an opinion on regularity on the group accounts (see article 16 (stewardship of public money)) and must be addressed to the members of the Board

in terms that acknowledge that Parliament also places reliance on the group accounts and report.

- (2) The BBC must send a copy of the report to the Secretary of State.
- (3) The Secretary of State must lay the group accounts and the report of the Comptroller and Auditor General before Parliament. When this has been done, the BBC must publish the group accounts and the report.
- (4) The BBC must lay the group accounts and the report of the Comptroller and Auditor General before the Scottish Parliament, the National Assembly for Wales and the Northern Ireland Assembly respectively on the same day as, or as soon as possible after, those documents have been laid before the United Kingdom Parliament.

40. Audit of the subsidiaries of the BBC

Unless the Comptroller and Auditor General and the BBC agree otherwise, the BBC must ensure that each relevant subsidiary appoints the Comptroller and Auditor General (or such auditor as may be appointed with the agreement of the Comptroller and Auditor General) as auditor of the subsidiary in respect of each financial year.

41. Access to information

- (1) The agreements made between the BBC and the relevant subsidiaries and the Comptroller and Auditor General pursuant to the duties to appoint in articles 39 (audit of the BBC) and 40 (audit of the subsidiaries of the BBC) are—
 - (a) agreements for the purposes of section 25(4) of the Government Resources and Accounts Act 2000 (examinations by Comptroller and Auditor General) (meaning that section 8(1) of that Act (Comptroller and Auditor General: access to information) applies for the purposes of the examination of the accounts of the BBC and the relevant subsidiaries); and
 - (b) arrangements for the purposes of articles 2 and 5 of the Government Resources and Accounts Act 2000 (Rights of Access of Comptroller and Auditor General) Order 2003 (No. 1325) (meaning that section 8(1) of that Act applies in relation to certain grant payments, contracts and subcontracts of the BBC and the relevant subsidiaries).
- (2) In addition, by virtue of sections 499 and 500 of the Companies Act 2006 (Auditor's general right to information, and right to information from overseas subsidiaries), the Comptroller and Auditor General will have a general right to information and a right to information from overseas subsidiaries, in relation to relevant subsidiaries which must be audited in accordance with Part 16 of that Act.
- (3) The BBC must ensure, in relation to other relevant subsidiaries (in particular, overseas subsidiaries), that such subsidiaries provide the Comptroller and Auditor General with such information as may be reasonably required to carry out the functions under article 40 (audit of the subsidiaries of the BBC).

42. Appearing before the devolved assemblies

- (1) The BBC must comply with a request of a devolved assembly or a committee of a devolved assembly—
 - (a) to attend its proceedings for the purpose of giving evidence; and
 - (b) to submit reports,(in the same way that it must comply with a request of either House of Parliament or one of their committees) concerning matters relating to the nation to which the assembly relates.
- (2) For the purposes of this article, “devolved assembly” means the Scottish Parliament, the National Assembly for Wales or the Northern Ireland Assembly.

FUNDING SETTLEMENT

43. Funding settlement

- (1) The period of the first funding settlement is 1 April 2017 to 31 March 2022.
- (2) The period of the second funding settlement commences on 1 April 2022. The duration of this period of this settlement will be at least five years.
- (3) The Secretary of State must notify the BBC of the funding settlement in advance of the period to which it relates.
- (4) The Secretary of State, in determining a funding settlement, must—
 - (a) assess the level of funding required for effective fulfilment of the Mission and promotion of the Public Purposes;
 - (b) consider an assessment of the BBC’s commercial income and activities; and
 - (c) consult the BBC.
- (5) The BBC must provide the Secretary of State with such information and other assistance as the Secretary of State may reasonably require from the BBC in connection with the determination of a funding settlement by the Secretary of State including a set of data on its funding needs and income streams in a format determined by the Secretary of State, having consulted the BBC.
- (6) For the purposes of this article, “funding settlement” means a determination by the Secretary of State of the level of the licence fee and the level of licence fee revenue for the period of the settlement.

REGULATION

44. Ofcom

- (1) It shall be a function of Ofcom, pursuant to section 198 of the Communications Act 2003 (functions of Ofcom in relation to the BBC), to the extent that provision for them to do so is contained in this Charter and the Framework Agreement, to regulate the

BBC. References in this Charter to the functions of Ofcom are references to the functions contained in or under the Charter and the Framework Agreement.

- (2) By virtue of section 1(3) of the Communications Act 2003 (functions and general powers of Ofcom), Ofcom may do anything which appears to them to be incidental or conducive to the carrying out of their functions, including borrowing money.

45. General duties

- (1) The general duties of Ofcom in section 3 of the Communications Act 2003 (general duties of Ofcom) apply to the carrying out of their functions contained in this Charter and the Framework Agreement.
- (2) Ofcom must have regard, in carrying out their functions, to such of the following as appear to them to be relevant in the circumstances—
 - (a) the object of the BBC to fulfil its Mission and promote the Public Purposes;
 - (b) the desirability of protecting fair and effective competition in the United Kingdom;
 - (c) the requirement for the BBC to comply with its duties under the Charter, including its general duties (set out in articles 9 - 18).
- (3) Where it appears to Ofcom that there is a conflict between their duties in a particular case, they must secure that the conflict is resolved in a manner they think best in the circumstances.

46. Principal functions of Ofcom

- (1) The principal functions of Ofcom are contained in this article.
- (2) Ofcom must prepare and publish an Operating Framework which must contain the provisions Ofcom consider appropriate to secure the effective regulation of the activities of the BBC as set out in this Charter and the Framework Agreement.
- (3) Ofcom must set an operating licence for the UK Public Services, in accordance with the Operating Framework, which must contain regulatory conditions they consider appropriate for requiring the BBC—
 - (a) to fulfil its Mission and promote the Public Purposes;
 - (b) to secure the provision of distinctive output and services; and
 - (c) to secure that audiences in Scotland, Wales, Northern Ireland and England are well served.
- (4) Ofcom may determine measures (further to those determined by the BBC under article 20(3)(d) (principal functions of the Board)) they consider appropriate to assess the performance of the UK Public Services in fulfilling the Mission and promoting the Public Purposes.
- (5) Ofcom must set requirements, in the Operating Framework, to protect fair and effective competition in the United Kingdom in relation to—

- (a) material changes proposed by the BBC to the carrying on of UK Public Services and non-service activities;
- (b) the effect on fair and effective competition of UK Public Services, trading activities and non-service activities; and
- (c) agreements with, and conduct affecting, third parties in relation to UK Public Services, trading activities and non-service activities.

(6) Ofcom must set requirements, in the Operating Framework, in relation to interaction between the BBC and its commercial activities to ensure that the commercial activities do not, as a result of their relationship with the UK Public Services, trading activities or non-service activities, distort the market or gain an unfair competitive advantage. In considering whether the commercial activities gain an unfair competitive advantage, Ofcom may consider in particular whether the commercial services are, or will be, undertaken in line with normal market principles, including making a commercial rate of return.

(7) Ofcom must secure the observance of standards in the content in the relevant UK Public Services which must be in accordance with the Standards and Fairness Codes.

47. Provision of information to Ofcom

Ofcom may require the BBC and any other person to provide information for the purposes of the carrying out by Ofcom of their functions.

48. Miscellaneous powers

- (1) Ofcom may conduct research to inform the carrying out of any of their functions.
- (2) Ofcom may provide information to any person for the purpose of facilitating the carrying out by Ofcom any of their functions.
- (3) Ofcom may publish such information as they consider conducive to the carrying out of their functions.

49. Enforcement powers of Ofcom

- (1) Ofcom must enforce compliance by the BBC of those requirements specified as enforceable in the Framework Agreement or Operating Framework (“specified requirements”) and, in particular, may—
 - (a) consider complaints made to them by any person; and
 - (b) carry out such investigations as they consider appropriate.
- (2) If Ofcom are satisfied that the BBC has failed to comply with a specified requirement, Ofcom may direct the BBC, or accept undertakings from the BBC, to take such steps Ofcom consider will—
 - (a) remedy the failure to comply;
 - (b) ensure that the BBC complies with their requirements properly in future.

- (3) If Ofcom are satisfied that the BBC has failed to comply with a specified requirement, they may serve on the BBC a notice requiring it to pay them, within a specified period, a specified penalty.
- (4) The amount of the penalty that may be imposed on any occasion under this article must not exceed the maximum specified in section 198(5) of the Communications Act 2003 (functions of Ofcom in relation to the BBC).
- (5) Ofcom are not to exercise their powers under paragraphs (2) and (3) unless they have given the BBC a reasonable opportunity of making representations to them about the matters appearing to them to provide grounds for the exercise of the power.
- (6) Ofcom must make provision in the Operating Framework, including provision for procedural matters, on how Ofcom will exercise their enforcement powers under this article.

50. Annual report by Ofcom

- (1) Following the receipt of the BBC's annual report, Ofcom must prepare and publish an annual report in accordance with this article.
- (2) The report must set out how Ofcom carried out their functions under article 46 (principal functions of Ofcom) across the whole of the United Kingdom.
- (3) The report must include at least an assessment of compliance with the specified requirements.

51. Periodic and ad hoc reviews by Ofcom

- (1) Ofcom must carry out and publish two or more detailed periodic reviews on the extent to which the BBC is fulfilling its Mission and promoting each of the Public Purposes, and addressing any specific issues of concern identified by Ofcom.
- (2) The first review must be published in sufficient time to inform the mid-term review (see article 57 (mid-term review)).
- (3) Ofcom must, where appropriate, carry out and publish additional reviews addressing any specific issue of concern identified by Ofcom relating to the activities of the BBC that are subject to regulation by Ofcom under this Charter and the Framework Agreement.

GENERAL

52. The BBC's corporate nature and powers

- (1) The BBC shall have perpetual succession. That is to say, it shall continue to exist as a legal person, regardless of changes in its composition which occur when particular

individuals cease to be members of the Corporation and are succeeded by other individuals.

- (2) The BBC shall have a Common Seal. The BBC may alter its Common Seal or replace it with a new one.
- (3) The BBC shall have the capacity to sue and be sued and do anything appertaining to a body corporate. In addition, the BBC shall have all the capacity of a natural person.
- (4) Paragraph (3) enables the BBC to maintain, establish or acquire subsidiaries through which commercial activities may be undertaken.
- (5) Paragraph (3) enables the BBC to do anything incidental or conducive to the carrying out of their functions.
- (6) However, the BBC may use these general powers only in accordance with articles 4 to 7 (Object, Mission, Public Purposes and activities of the BBC). The use of any of these powers for other purposes would amount to a breach of this Charter, with all the consequences that could follow from that (see in particular article 56 (compliance with Charter and Framework Agreements)). Subject to any overriding rules of law, such a use of powers shall, nevertheless, be valid: for example, contracts entered into by the BBC would be valid and enforceable against the BBC for so long as the BBC continues to exist, to any extent permitted by law.

53. Framework Agreement

- (1) A “Framework Agreement” is an agreement between the BBC and the Secretary of State which contains a statement to the effect that it is a Framework Agreement made for BBC Charter purposes.
- (2) The Secretary of State and the BBC must consult Ofcom on any amendments to a Framework Agreement relating to the regulation of the BBC by Ofcom.
- (3) In anticipation of the grant of this Charter, the BBC has entered into a Framework Agreement with the Secretary of State for Culture, Media and Sport dated []. Further Framework Agreements may be made during the life of this Charter (and may amend or revoke the existing Framework Agreement).
- (4) Framework Agreements may in principle impose obligations on the BBC in relation to particular topics which are addressed in this Charter, as well as in relation to topics which are not. A Framework Agreement may, for example, impose more detailed requirements. For example, article 7(5) (the activities of the BBC) defines non-service activities which is elaborated in clause 16 of the Agreement made on []. However, a Framework Agreement must be consistent with this Charter and, in the event of any contradiction, the terms of this Charter shall prevail. It is hereby declared that the content of the Framework Agreement as made on [] (mentioned in paragraph (3)) is fully compatible with the intentions of this Charter.

- (5) The BBC must comply with the Framework Agreement, for so long as it is in force (see article 56 (compliance with Charter and Framework Agreements)).

54. Overseas concessions

The BBC must obtain the consent of the Foreign Secretary before it—

- (a) acquires any licence, concession, right or privilege from; or
- (b) enters into any arrangement with,
the Government of any country or place overseas.

55. Validity of acts and proceedings

- (1) The existence of a vacancy in any of the bodies mentioned in paragraph (2) does not as such affect the validity of anything done by that body (though any specific requirements for a quorum must still be observed).
- (2) The bodies are the Board and any committee or sub-committee of the Board. However, the Nomination Committee of the Board may exercise a function described in article 31 (committees of the Board) only if fully constituted in accordance with applicable requirements laid down in that article.

56. Compliance with Charter and Framework Agreements

- (1) The BBC must strictly and faithfully comply with this Charter and the Framework Agreement in force. This includes complying with requirements set out in other documents which have effect by virtue of provisions of this Charter or a Framework Agreement.
- (2) Where the BBC fails to comply with paragraph (1) of this article in any respect, anyone who is aggrieved and/or adversely affected may be entitled to seek an appropriate remedy.
- (3) The BBC must establish a framework for handling and resolving complaints to provide transparent, accessible, effective, timely and proportionate methods of securing that the BBC complies with its obligations and that remedies are provided which are proportionate and related to any alleged non-compliance. Where Ofcom exercise a function to regulate the BBC, the framework must provide that Ofcom will normally consider a complaint only after the complaint has been in the first instance resolved by the BBC.
- (4) Complaints can sometimes also be made to other bodies with regulatory and law enforcement powers such as the Competition and Markets Authority.
- (5) The courts may have an appropriate role to play in exercising judicial review according to normal principles of public law.

- (6) This article does not seek to exclude any other remedy which may be available but, so far as relevant, it is the intention of this Charter that remedies should be appropriate and proportionate to the issues at stake.

57. Mid-Term Review

- (1) The Secretary of State may undertake a mid-term review focussing on the governance and regulatory arrangements for the BBC in accordance with the terms of this article.
- (2) The Secretary of State must determine the scope and terms of reference (including the timing) of the review following consultation with the BBC, Ofcom, the Scottish Ministers, the Welsh Ministers and the Northern Ireland Ministers.
- (3) The review must not be undertaken before 2022 and must be completed by 2024.
- (4) The review must consider any relevant reviews carried out by Ofcom under article 51 (periodic and ad hoc reviews by Ofcom).
- (5) The review must not consider—
- (a) the Mission of the BBC;
 - (b) the Public Purposes of the BBC; or
 - (c) the licence fee funding model of the BBC for the period of this Charter.
- (6) The BBC and Ofcom must co-operate with the Secretary of State, and provide the Secretary of State with such information and other relevant assistance as the Secretary of State may reasonably require, in connection with the review.

58. Supplemental Charters

The BBC may apply for and accept a supplemental Charter, or promote a Bill in Our United Kingdom Parliament, the Scottish Parliament, the National Assembly for Wales and the Northern Ireland Assembly.

59. Charter Review

- (1) No recommendation may be made to Her Majesty in Council to grant a further charter for the continuance of the BBC to take effect at the expiry of this Charter unless the requirements in this article have been met.
- (2) The Secretary of State must undertake a review of this Charter in accordance with the terms of this article.
- (3) The Secretary of State must consult the Scottish Ministers, the Welsh Ministers and the Northern Ireland Ministers—
- (a) on the draft terms of reference for the review of the Charter in advance of their publication;
 - (b) through the process of reviewing the Charter; and
 - (c) before making a recommendation to grant a further charter.

- (4) The Secretary of State must lay the final terms of reference for the review before Parliament. The Secretary of State must send the final terms of reference to the Scottish Ministers, the Welsh Ministers and the Northern Ireland Ministers who must then lay them before the Scottish Parliament, the National Assembly for Wales and the Northern Ireland Assembly respectively.
- (5) The Secretary of State must consult—
 - (a) the public;
 - (b) the BBC;
 - (c) Ofcom; and
 - (d) any person the Secretary of State considers appropriate.
- (6) A draft of the proposed charter and framework agreement must have been laid before Parliament and debated by each House.
- (7) A draft of the proposed charter and framework agreement must have been laid before the Scottish Parliament, the National Assembly for Wales and the Northern Ireland Assembly and debated by each of those assemblies if the assembly deems it appropriate.
- (8) The BBC must co-operate with the Secretary of State, and provide the Secretary of State with such information and other assistance as the Secretary of State may reasonably require from the BBC, in connection with the review.

60. Dissolution and winding-up

- (1) The BBC may—
 - (a) surrender this Charter with the permission of Us, Our Heirs or Successors in Council and upon such terms as We or They may consider fit; and
 - (b) wind up or otherwise deal with the affairs of the BBC in such manner as may be approved by the Secretary of State.
- (2) Where the BBC is to be dissolved voluntarily or compulsorily, the property and assets of the BBC must, before the dissolution occurs—
 - (a) be applied in satisfaction of the debts and liabilities of the BBC; and
 - (b) subject to sub-paragraph (a), be disposed of in accordance with the directions of the Secretary of State.
- (3) When this Charter expires at the end of 31st December 2027, the undertaking of the BBC shall cease, so far as it may depend upon this Charter unless We, Our Heirs or Successors, shall by writing under Our or Their Sign Manual declare to the contrary and authorise the continuance of the undertaking under some or all of the provisions of this Charter and under such provisions and conditions as We, Our Heirs or Successors may think fit.
- (4) This article is subject to any applicable statutory provision or other legal requirement.

61. Approvals, directions and notifications

- (1) Where, under this Charter, any act or thing is required to be done with the approval of any Government Minister—
 - (a) the approval must be given in writing;
 - (b) the approval may be given absolutely or subject to such terms and conditions as the Minister thinks fit (having consulted the BBC); and
 - (c) may be revoked or varied (in which case paragraphs (a) and (b) apply as they applied to the giving of the original approval).

- (2) Where, under this Charter, any Government Minister has power to give a direction to the BBC—
 - (a) the direction must be given in writing; and
 - (b) the power includes a power to revoke or vary the direction (subject to any conditions or limitations that are applicable to the power concerned).

- (3) Where, under this Charter, any Government Minister has the power to notify the BBC the notification must be given in writing.

INTERPRETATION

62. Introduction

To enable this Charter to be drafted in language which is not too cumbersome or complex, We have relied on various principles or rules of interpretation which are explained below. These need to be borne in mind when reading the Charter. However, they need to be used with common sense: they do not apply where the context requires otherwise. For example, the principle in article 65(2) (gender and number) does not mean that article 22 (appointment of the Chair of the Board) can be read as enabling two Chairs to be appointed to serve simultaneously.

63. Some simple definitions in alphabetical order

In this Charter—

“BBC” means the British Broadcasting Corporation;

“the Director General” means the Director General of the BBC appointed under article 25;

“the Board” means the Board of the BBC established by article 19;

“the Commissioner for Public Appointments” means the Commissioner responsible for regulating and monitoring appointments made by UK Government Ministers, whose remit is set out in the Public Appointments Order in Council 2016;

“creative remit” means the BBC’s proposals for how each UK Public Service and the World Service will, for a particular year, contribute to the fulfilment of the Mission and the promotion of the Public Purposes;

“distinctive output and services” means output and services, taken as a whole, that are substantially different to other comparable providers across each and every UK Public Service both in peak time and overall, and on television, radio and online, in terms of-

- (a) the mix of different genres and output;
- (b) the quality of output;
- (c) the amount of original output produced in the UK;
- (d) the level of risk-taking, innovation, challenge and creative ambition; and
- (e) the range of audiences it serves;

“the Foreign Secretary” means Our Principal Secretary of State for Foreign and Commonwealth Affairs;

“Framework Agreement” is defined by article 53;

“functions” includes both powers and duties;

“Governance Code” means the code published under the Public Appointments Order in Council 2016 or any code on public appointments that may replace it;

“licence fee” means sums which a person is liable to pay by virtue of any regulations under section 365(1) of the Communications Act 2003 (sums payable for licences to use etc. television receivers);

“the licence fee revenue” means any sums which may be paid to the BBC by the Secretary of State from time to time, pursuant to the Framework Agreement, to fund the services provided by the BBC for the promotion of the Public Purposes;

“Mission” means the mission set out in article 5;

“Ofcom” means the Office of Communications established under the Office of Communications Act 2002;

“Public Accounts Committee” means a committee appointed by the House of Commons to examine the accounts showing the appropriation of the sums granted to Parliament to meet the public expenditure, and of such other accounts laid before Parliament as the committee may think fit.;

“Public Purposes” means the purposes set out in article 6;

“regional and minority languages” mean Welsh, Scottish-Gaelic, Irish and Ulster Scots;

“the Secretary of State” means Our Principal Secretary of State for Culture, Media and Sport;

“Select Committee” means the Select Committee for Culture, Media and Sport;

“staff” includes officers, employees and persons working under a contract for services;

“the United Kingdom” is to be taken to mean, for these purposes only, the United Kingdom of Great Britain and Northern Ireland, together with the Channel Islands and the Isle of Man;

“work plan” means the BBC’s strategy, objectives and outline budget and any significant developments planned for the year including any material changes to the UK Public Services and commercial activities.

64. References to Orders in Council

Any reference to the doing of anything by Order in Council is a reference to the doing of that thing by Us, Our Heirs or Successors in Council.

65. Gender and number

- (1) Words importing the masculine gender include the feminine, and vice versa.
- (2) Words in the singular include the plural. For example, article 55(1) (validity of acts and proceedings) which refers to “a vacancy”, also applies where there are several vacancies on the body concerned.
- (3) The following indexation formula is to be used to vary the amounts specified in article 37 (annual report) on 1st June 2022 and 1st June 2026:

$$(CPIA / CPIB) \times 100$$

Where: CPIA represents the Consumer Price Index all items index figure for the month before the proposed variation is to be made; and CPIB represents the Consumer Price Index all items index figure for the month before 1st January 2017.

66. Continuity of powers and duties

Where this Charter confers a power or imposes a duty it is implied, unless the contrary intention appears, that the power may be exercised, or the duty is to be performed, from time to time as occasion requires. For example, the power to change the number of members of the Board which is conferred by article 21(6) (composition of the Board) is to be interpreted not just as a “once and for all” power to change the number from fourteen to another number: it could be used to increase the number, then to reduce, then return it to fourteen, and so on.

67. Power to make different provision for different cases

In exercising any function under this Charter, any person may make different provision for different cases or purposes. For example, the power to determine the pay of non-executive members of the Board conferred by article 27(3) (terms on which non-executive members of the Board serve) could be used to determine a rate for the Chair that is higher than the rate determined for other members.

68. References relate to whatever time is relevant

- (1) Any reference to the holder of any office is to be read as referring to the holder of that office for the time being i.e. at the relevant time rather than the date on which this Charter is granted. For example, the power of determination conferred on the Secretary of State by article 27(3) (terms on which non-executive members of the Board serve) can be exercised by whoever holds that office at the time such a person wishes to exercise the power.

- (2) Similarly, references to anything else are to be read as relating to whatever falls within the reference at whatever time is relevant. For example, the reference in article 17 to generally accepted principles of good corporate governance should, in the year 2020, be read as referring to principles of good corporate governance which are generally accepted in 2020, rather than what was generally accepted when this Charter was granted.

69. Implied power to amend

Any power conferred on any person under this Charter to make any document, however expressed, implies the power, exercisable in the same manner and subject to the same conditions or limitations, to revoke, amend or re-make any document made under the power.

70. References to legislation

- (1) References to particular legislation should be read as referring to that legislation as amended or re-enacted from time to time.
- (2) In relation to the Isle of Man or the Channel Islands references to any Act are references to that Act as extended to the Isle of Man or the Channel Islands.

71. Headings

Headings are for convenience only and are not necessarily a reliable guide to the precise interpretation of the substantive text to which the heading relates. For example, to be useful, headings often have to oversimplify, or to be selective in what aspects of the actual content they flag up.

72. General declaration

This Charter shall be interpreted objectively. The presumption that a grant by the Crown is to be interpreted most beneficially for the Crown and against the subject shall not apply.

IN WITNESS whereof We have caused these Our Letters to be made Patent.

WITNESS Ourselves at Westminster the ... day of ... in the sixty-fifth year of Our Reign.

SCHEDULE: TRANSITIONAL ARRANGEMENTS

1. Introduction

- (1) No provision of this Charter has effect before the beginning of the Effective Date unless this Schedule or this Framework Agreement gives it effect (to any extent or for any purpose) during the Transitional Period. In general terms, this means that the Trust, the Executive Board, Ofcom and the Audience Councils will continue to exercise their respective functions under the 2006 Charter and the 2006 Agreement until the Effective Date. On that date, the Board and Ofcom will start to exercise their respective functions under this Charter and the Framework Agreement.
- (2) The Effective Date is 3rd April 2017.
- (3) The Secretary of State may, with the agreement of the BBC (Executive Board and the Trust) and if appointed, the Chair appointed under this Charter and Ofcom, change the Effective Date.
- (4) In anticipation of the grant of this Charter, the Framework Agreement also contains transitional provisions which are relevant to that agreement.

2. General provision about governance arrangements during the Transitional Period

- (1) During the Transitional Period—
 - (a) the Trust and the Executive Board shall continue to have all the functions provided for in the 2006 Charter and 2006 Agreement with the 2006 Charter and the 2006 Agreement continuing to apply, subject to any provision to the contrary contained in this Schedule or the Schedule to the Framework Agreement;
 - (b) the Board shall have only the functions contained in, or provided for in, this Schedule or the Schedule to the Framework Agreement;
 - (c) the members of the Trust and the Executive Board, not the members of the Board, shall be the members of the Corporation; and
 - (d) Ofcom shall continue to have all the functions contained in the 2006 Charter and 2006 Agreement, and any additional or amended functions contained in this Schedule or the Schedule to the Framework Agreement.
- (2) The Trust and the Executive Board, respectively, when considering the exercise in relation to any matter of any of their respective functions during the Transitional Period, must give due consideration to the question of whether it should refrain from doing so on the grounds that it would be more appropriate for the Board to deal with the matter in question on or after the Effective Date.

- (3) Nevertheless, anything duly done by the Board during the Transitional Period under or by virtue of this Schedule and the Schedule to the Framework Agreement shall be taken to be done for and on behalf of the Corporation.
- (4) The appointments of the Chairman, Vice-Chairman and ordinary members of the Trust, including any designation, shall continue until the beginning of the Effective Date.
- (5) The appointments of the executive and non-executive members of the Executive Board shall continue until the beginning of the Effective Date.
- (6) The Trust and the Executive Board are abolished at the beginning of the Effective Date.

3. General power to make preparations during the Transitional Period

- (1) During the Transitional Period, the Board (providing it comprises at least the Chair) and Ofcom may each do anything (including the exercise of functions) that appears necessary or expedient in order to be prepared to exercise any of its functions under the Charter or the Framework Agreement when the Transitional Period ends.
- (2) Sub-paragraph (1) does not apply where any provision of this Charter or the Framework Agreement shows (expressly or impliedly) that the contrary is intended.

4. Appointments

- (1) Without prejudice to paragraph 3 of this Schedule, all articles relating to appointments apply during the Transitional Period except as modified in this paragraph.
- (2) The Board may exercise any function in respect of appointments as provided for in this Charter where the Board consists of at least the Chair.
- (3) Article 31(4) is modified so that the Nomination Committee comprises the Chair appointed under this Charter, the Director General, and a member of the Trust and a non-executive member of the Executive Board, both whom have not applied to be members of the Board (where possible) and who are selected by the Chair or where already appointed, two non-executive members of the Board selected by the Chair.

5. Provision of services and performance measurement

- (1) The BBC must continue to provide the UK Public Services in accordance with the conditions contained in any service licence issued under the 2006 Charter and the 2006 Agreement until the first operating licence (see Article 46(3)) under this Charter is issued by Ofcom and comes into effect, whether that is on or after the Effective Date.

6. Regulatory complaints and appeals

- (1) The Executive Board must use its best endeavours to resolve any regulatory complaint made to the BBC before the Effective Date.

- (2) Any complaint not resolved by the Effective Date shall be treated as if it had been made to the Board (according to such complaints procedures as may have been set by the Board).
- (3) The Trust must use its best endeavours to resolve any regulatory complaint which is appealed, before the Effective Date.
- (4) Where the appeal under sub-paragraph (3) is not resolved by the Effective Date, the appeal proceedings shall cease.
- (5) Where an appeal ceases under sub-paragraph (4), any complaints re-submitted by the complainant will be considered by Ofcom in accordance with their procedures applicable at the time the complaint is re-submitted.
- (6) The Trust must provide notice to prospective and actual complainants about the change to the complaints procedure, including that appeals shall cease if they are not resolved by the Effective Date.

7. Editorial complaints and appeals

- (1) The Executive Board must use its best endeavours to resolve any editorial complaint made to the BBC before the Effective Date.
- (2) Any complaint not resolved by the Effective Date shall be treated as if it had been made to the Board (according to such complaints procedures as may have been set by the Board).
- (3) The Trust must use its best endeavours to resolve any editorial complaint which is appealed to the Trust, before the Effective Date.
- (4) The Trust may delegate to any member of staff of the Trust Unit the making of decisions as to whether any appeal qualifies for substantive consideration by the Trust or any committee of the Trust.
- (5) Where the appeal under sub-paragraph (3) is not resolved by the Effective Date, the appeal proceedings shall transfer to Ofcom.
- (6) The Trust must provide notice to prospective and actual complainants about the change to the complaints procedure, including that appeals shall transfer to Ofcom if they are not resolved by the Effective Date.
- (7) Ofcom shall consider the appeal as a complaint about the BBC's compliance with Ofcom's Standards and/or Fairness Codes in accordance with Ofcom's relevant procedures.
- (8) Ofcom must write to transferred appellants to explain the Codes and procedures they shall apply.

8. Ofcom's Standards Code and party political broadcasts

- (1) From 22nd March 2017, the BBC must observe—
 - (a) the standards set in sections 5 and 6 of Ofcom's Standards Code; and
 - (b) the requirements Ofcom must impose on the BBC under paragraph 5 of Schedule 3 to the Framework Agreement in relation to party political broadcasts and referendum campaign broadcasts.
- (2) From the same date, Ofcom shall consider complaints about the BBC's compliance with the standards and requirements referred to in sub-paragraph (1), in accordance with Ofcom's relevant procedures.
- (3) Ofcom's procedures shall provide that a complaint must normally in the first instance be resolved by the BBC.
- (4) From the end of 31st December 2016 until the end of 21 st March 2017, the Trust's functions under clause 48(2) and (3) of the 2006 Agreement (party political broadcasts) shall be performed by the Executive Board alone.
- (5) In addition, the Trust shall cease to have the following functions at the end of 31st December 2016—
 - (a) resolving appeals relating to the application of criteria for allocating party political and referendum campaign broadcasts;
 - (b) approving election guidelines prepared by the Executive Board (including any code adopted by the BBC under section 93 of the Representation of the People Act 1983).

9. BBC complaints procedures

- (1) The BBC must set and publish an interim framework for complaints handling by the Effective Date, having consulted Ofcom so far as the framework relates to relevant complaints.
- (2) The BBC must set and publish, following consultation with the public, a final framework for complaints handling within six months of the Effective Date.

10. Annual report and statement of accounts for year 2016/2017

- (1) The BBC must prepare the contents of the annual report and statement of accounts for the financial year 2016/2017 in accordance with articles 45(3) to (5) and (8) to (10) of the 2006 Charter, subject to the following modifications.
- (2) The report does not need to distinguish between "Part 1" and "Part 2" as set out in Article 45 of the 2006 Charter,
- (3) The responsibility for the contents lies with the Board, which must comply with Articles 37(5) to (7) of this Charter.

- (4) The Board may base the report on information provided by the Trust, the Executive Board and the Audience Councils.
- (5) The Trust, Executive Board and Audience Councils must provide the information under sub-paragraph (4) to the Board.
- (6) The BBC is not required to produce any additional annual report and statement of accounts for the year 2016/2017, other than the one provided for in this paragraph.

11. BBC budget for 2017/2018

- (1) The Executive Board is responsible for setting the budget for the UK Public Services and the World Service for the financial year commencing on 1 April 2017.
- (2) The Executive Board must set the budget for 2017/2018 before the Effective Date.
- (3) The BBC Trust is not required to approve the budget for 2017/2018.
- (4) The Board must consider the budget for 2017/2018 and adopt or modify it within three months from the Effective Date.

12. Annual plan for 2017/2018

- (1) Article 36 of this Charter is modified as follows.
- (2) The Board must prepare and publish an interim annual plan for the financial year commencing on 1 April 2017 by 3 July 2017 which must include the requirements in article 36(2) in so far as it is possible for the BBC to meet them.
- (3) The Board must publish a final plan within three months of Ofcom issuing the final version of the Operating Framework or the final version of the first operating licence, whichever is later (see articles 46(2) and (3) of the Charter).

13. Information sharing

The Executive Board and the Trust will work with Ofcom to seek to ensure that Ofcom can (where appropriate) have access to information relevant to the exercise of Ofcom's functions, subject to compliance with the general law, including the Data Protection Act 1998.

14. General savings

- (1) Except where the contrary intention is provided for in this Schedule or the Schedule to the Framework Agreement, where any matter is on-going and not resolved by the Effective Date, the provisions in this Charter and the Framework Agreement will apply.
- (2) Except where this Schedule or the Schedule to the Framework Agreement provides

otherwise, any existing BBC policies, regulations, and procedures continue to have effect until replaced by the Board on or after the Effective Date.

- (3) The Board will seek to make any replacement under sub-paragraph (2) in a timely Manner so as to ensure compliance with their obligations under this Charter and the Framework Agreement.

15. Interpretation

In this Schedule—

“The 2006 Agreement” means the agreement made on 30th June 2006 between the Secretary of State and the BBC (as subsequently amended), containing provision relating to the BBC and its services;

“The 2006 Charter” means the Royal Charter for the continuance of the BBC for the period ending on 31st December 2016;

“The Board” means the Board of the BBC established under article 19 of this Charter;

“The Executive Board” means the Executive Board of the BBC established under article 7 of the 2006 Charter;

“The Framework Agreement” means an agreement dated [] which was made in anticipation of the grant of this Charter, in accordance with article 53;

“The Transitional Period” means the period between the day after the day on which this Charter is granted (see articles 2(2) and 72) and the end of the day before the “Effective Date”;

“The Trust” means the BBC Trust established under article 7 of the 2006 Charter.