

**BBC PROTOCOL
C5 – TRUST OVERSIGHT OF
LICENCE FEE COLLECTION
ARRANGEMENTS**

January 2007

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1 Scope

1.1 This protocol applies to the collection arrangements for the BBC licence fee.

2 Duties of the Trust

2.1 Under the Charter, the Trust is the guardian of the licence fee revenue and the public interest in the BBC. The Trust has the ultimate responsibility for the BBC's stewardship of the licence fee revenue and its other resources (Charter, Article 22(a)).

2.2 In exercising its functions, the Trust must act in the public interest and it must, as part of its general duties:

- (i) represent the interests of licence fee payers; and
- (ii) exercise rigorous stewardship of public money (Charter, Article 23).

2.3 The Trust has the specific function of ensuring that arrangements for the collection of the licence fee are efficient, appropriate and proportionate (Charter, Article 24(2)(m)).

3 Role of the Executive Board

3.1 The Executive Board is responsible under the Charter for the conduct of the BBC's operational financial affairs (except those relating directly to the affairs of the Trust and the BBC Trust Unit) in a manner best designed to ensure value for money (Article 38(1)(h)).

4 Approach

4.1 The approach adopted by the Trust to the licence fee collection arrangements reflects the general principle that the Trust is the sovereign body within the BBC (Charter, Article 9(2)) but is not, in general, involved in the day-to-day management of the BBC. It is the Executive Board which will review and oversee the detailed licence fee collection arrangements.

4.2 The Trust will require the Executive Board to submit a licence fee collection strategy, alongside the Executive Board's financial strategy. The Trust will

approve the licence fee collection strategy if it considers the arrangements are efficient, appropriate and proportionate.

- 4.3 The Executive Board will be required to report regularly to the Trust on its performance regarding licence fee collection.

5 Procedures

Licence fee collection strategy

- 5.1 The Trust will require the Executive Board to submit to the Trust each year a licence fee collection strategy that:
- (i) sets out key principles concerning the collection and enforcement of the licence fee;
 - (ii) sets out key performance targets (financial and non financial as appropriate) for collection and costs of enforcement; and
 - (iii) is consistent with the BBC's overall financial strategy as approved by the Trust.
- 5.2 The licence fee collection strategy should be presented alongside the Executive Board's financial strategy for the BBC and in advance of the financial year to which it relates.
- 5.3 In considering the licence fee collection strategy, the Trust will consider whether the arrangements to collect the licence fee are efficient, appropriate and proportionate (Charter, Article 24(2)(m)), and will approve the licence fee collection strategy if it so considers.
- 5.4 Once the overall licence fee collection strategy has been approved by the Trust, the Executive Board will have the responsibility to manage the licence fee collection arrangements. Should the Executive Board wish to vary the licence fee collection strategy significantly from that approved by the Trust, it must submit new proposals for Trust consideration.

Reporting requirements

- 5.5 The Trust will require the Executive Board to report formally to the Trust on its performance regarding licence fee collection.
- 5.6 The Executive Board must report to the Trust:

- (i) on a monthly basis: the key performance indicators – financial and non-financial (as part of the monthly finance report referred to in Protocol C2); and
- (ii) on an annual basis: a summary of annual performance against key performance indicators to be included with Part 2 of the BBC's Annual Report and Accounts.

Value for money investigations

- 5.7 In order to inform its deliberations concerning the efficiency of arrangements for collection of the licence fee, the Trust will consider, as part of the annual value for money investigation, whether the licence fee collection process, or any part of it, should be subject to such a review.

Complaints procedures

- 5.8 The Trust will require the Executive Board to establish and maintain detailed procedures for handling and responding to complaints in respect of the licence fee as part of the Executive Board's overall complaints framework.