

DEPARTMENT OF NATIONAL HERITAGE

BROADCASTING

Copy of the Agreement Dated the 25th Day of January 1996 Between Her Majesty's Secretary of State for National Heritage and the British Broadcasting Corporation

TREASURY MINUTE DATED THE 25th January 1996

My Lords have before them a new Agreement dated 25th of January 1996, concluded by Her Majesty's Secretary of State for National Heritage with the British Broadcasting Corporation.

The last Licence and Agreement granted by the then Secretary of State for the Home Department to the Corporation on the 2nd April 1981 was for a term ending on 31st December 1996, and is to be terminated early by mutual agreement.

The broadcasting functions of the Secretary of State for the Home Department were transferred to the Secretary of State for National Heritage pursuant to the Transfer of Functions (National Heritage) Order 1992.

The term of the new Agreement is from the date of the grant of the new Royal Charter to the 31st December 2006, subject to revocation in the event of non-observance or non-performance by the Corporation of any of its provisions or those of the Royal Charter of the Corporation.

Pursuant to the last Licence and Agreement, Her Majesty's Secretary of State for Trade and Industry had granted to the Corporation various licences under the Telecommunications Act 1984, which licences are to continue in force under the new Agreement in accordance with their respective terms.

In connection with the concluding of the new Agreement between Her Majesty's Secretary of State for National Heritage ("the Secretary of State") and the Corporation, Her Majesty's Secretary of State for Trade and Industry is to grant to the Corporation certain licences under the Wireless Telegraphy Act 1949. The new Agreement will not come into force until such wireless telegraphy licences have been granted to the Corporation.

All such wireless telegraphy and telecommunication licences authorise the Corporation to use the stations and apparatus for wireless telegraphy and telecommunication systems established and installed by the Corporation, and to establish and instal other stations, apparatus and systems, all of which stations, apparatus and systems are specified in the licences or listed in the schedules and annexes thereto. Certain provisions are incorporated concerning the working of the stations and systems.

Under the new Agreement the Corporation undertakes, unless prevented by circumstances beyond its control, to transmit programmes in the Home Services for general reception throughout the United Kingdom. The Corporation also undertakes to transmit programmes in the World Service for reception in such countries and places beyond the seas as may be agreed with the approval of the Secretary of State for Foreign and Commonwealth Affairs between the Corporation and the Government Departments concerned.

For the purposes of the Home Services the Secretary of State is (subject to the terms of the new Agreement) to pay to the Corporation (out of moneys provided by Parliament) a sum or sums equal to the whole of the net Licence Revenue (as such terms is defined in subclause 10.4) or such percentage or percentages thereof as My Lords may from time to time determine.

The Secretary of State may from time to time direct that sums provided for the purposes of the Home Services may also be used for other purposes though not for the purposes of the

World Service. Sums provided for the purposes of the Home Services may not, without the approval of the Secretary of State, be used (directly or indirectly) for the purposes of a broadcasting or programme-supply service funded in part by advertisements, subscription, sponsorship, pay-per-view system or any other alternative means of finance.

The Corporation undertakes to pay to the Secretary of State for each financial year such sum or sums as he shall determine as the appropriate contribution of the Corporation towards the expenses of the Broadcasting Complaints Commission set up under the Broadcasting Act 1980 and continued under the Broadcasting Act 1990. The Corporation also undertakes to pay to the Secretary of State in each financial year such sums as are equivalent to the expenditure incurred (if any) by the Department of National Heritage in arranging for the investigation of such complaints of interference by electromagnetic energy affecting domestic television and radio reception which the Corporation is unable or unwilling to investigate itself.

For the purposes of the World Service and other services performed at the request of any Department of Her Majesty's Government the Secretary of State for the appropriate Department is to pay to the Corporation (out of moneys provided by Parliament) in each year of the term of the new Agreement such sums as My Lords shall authorise. The Corporation is to deliver to the appropriate Secretary of State such account of its expenditure on the World Service and other services performed at such request as he may prescribe.

All existing arrangements between the Corporation and the relevant Government Departments relating to certain defence works and national emergencies (as such arrangements may be varied from time to time) are to continue in force during the continuance of the new Agreement.

My Lords consider the terms of the new Agreement and the financial provisions made therein to be satisfactory and on those grounds have authorised the Secretary of State for National Heritage to conclude it.

BOWEN WELLS
DEREK CONWAY

Two of the Commissioners of
Her Majesty's Treasury

AGREEMENT

THIS DEED is made the 25th day January one thousand nine hundred and ninety-six

BETWEEN

(1) HER MAJESTY'S SECRETARY OF STATE FOR NATIONAL HERITAGE

AND

(2) THE BRITISH BROADCASTING CORPORATION whose Chief Office is at Broadcasting House Portland Place in the City of Westminster (hereinafter called "the Corporation")

(A) WHEREAS on the 20th December 1926 by Letters made Patent under the Great Seal, a Charter of Incorporation was granted to the Corporation for the purpose of carrying on a broadcasting service within the British Islands

(B) WHEREAS on divers dates by Letters made Patent under the Great Seal, further Charters of Incorporation and Supplemental Charters have been granted from time to time and the Secretary of State is applying to Her Majesty for the grant of a further Charter for the continuance of the Corporation for a further period beginning on the date on which it was granted and ending on the 31st December 2006 subject to such provisions and conditions as may to Her Majesty seem fit ("the Royal Charter")

(C) WHEREAS by a Deed dated the 2nd April 1981 made between Her Majesty's then Secretary of State for the Home Department on the one part and the Corporation on the other part Her Majesty's then Secretary of State for the Home Department granted to the Corporation (subject to the terms, conditions and limitations therein contained) a licence and agreement to continue to use for the purposes therein stated its then existing stations and apparatus for wireless telegraphy and to establish, instal and use for the said purposes additional stations and apparatus and granting to the Corporation other facilities

(D) The broadcasting functions of the Secretary of State for the Home Department were transferred to the Secretary of State for National Heritage pursuant to the Transfer of Functions (National Heritage) Order 1992

(E) WHEREAS it is deemed expedient that the said Licence and Agreement dated the 2nd April 1981 should be determined as hereinafter provided and that the Secretary of State should conclude with the Corporation the agreement hereinafter contained in conjunction with the grant or continuance (as the case may be) of such licences under the Wireless Telegraphy Act 1949 and the Telecommunications Act 1984 as the Corporation requires for the fulfilment of its obligations under the Royal Charter and this Deed

NOW in consideration of the matters herein set out THIS DEED WITNESSETH and the Secretary of State and the Corporation hereby covenant and agree with one another and declare as follows:-

1. DEFINITIONS AND INTERPRETATION

1.1 In this Deed, except where the subject or context otherwise requires, the following expressions shall have the following meanings:-

"apparatus" means apparatus for wireless telegraphy;

"apparatus for wireless telegraphy" has the same meaning as in the Wireless Telegraphy Act 1949;

"British Islands" means England, Scotland, Wales, Northern Ireland, the Channel Islands and the Isle of Man;

"broadcast" means broadcast by wireless telegraphy;

"Broadcasting Complaints Commission" means the Broadcasting Complaints Commission constituted in accordance with Part V of the Broadcasting Act 1990 and any body which

wholly or partly takes over the functions of the Broadcasting Complaints Commission after the date hereof;

"Broadcasting Standards Council" means the Broadcasting Standards Council constituted in accordance with Part VI of the Broadcasting Act 1990 and any body which wholly or partly takes over the functions of the Broadcasting Standards Council after the date hereof;

"for general reception" means capable of being received at any place or places, or in any area, in the British Islands and elsewhere free of charge and without payment other than such payment as may be required under the Wireless Telegraphy Act 1949 for a television licence or such other form of funding or payment for the Home Services as may from time to time be approved by the Secretary of State;

"Licence Revenue" means such sums as are collected by the Corporation in respect of the issue and renewal of television licences under section 1 of the Wireless Telegraphy Act 1949;

"local authority" has the same meaning as in the Broadcasting Act 1990;

"programme" includes news, sports events, games and teletext;

"reception" means the receiving of telecommunication signals by any means and over any medium (whether corporeal or not and whether now known or hereafter invented or developed) and cognate expressions shall be construed accordingly;

"Secretary of State" (unless further qualified) means the Secretary of State for National Heritage;

"sponsored programme" means any programme whose costs of production or transmission are met in whole or in part by an organisation or person other than the Corporation, the Open University or Open College or the performers for the purposes of being transmitted for general reception with a view to promoting its name, its trade mark, its image, its activities or its products or other direct or indirect commercial interests and "sponsorship" shall be construed accordingly;

"station" (unless further qualified) means any business or other operation (whether or not in the nature of a commercial venture and including any apparatus, equipment or installation used therefor) which is engaged in the transmission or reception of telecommunication signals;

"subscription service" means a broadcasting or programme supply service by virtue of which the Corporation or any company in which the Corporation holds shares (whether such shares are held directly or through the intermediary of one or more other bodies corporate) receives money or other valuable consideration in respect of the provision of broadcasting or programme supply services from those persons to whom such services are provided and "subscription" shall be construed accordingly;

"telecommunication signals" means anything falling within paragraphs (a) to (d) of section 4(1) of the Telecommunications Act 1984;

"telecommunication system" means a system for the conveyance, through the agency of electric, magnetic, electro-magnetic, electro-chemical or electro-mechanical energy, of

- (a) speech, music and other sounds;
- (b) visual images;
- (c) signals serving for the impartation (whether as between persons and persons, things and things or persons and things) of any matter otherwise than in the form of sounds or visual images; or
- (d) signals serving for the actuation or control of machinery or apparatus;

"transmission" means the sending of telecommunication signals by any means and over any medium (whether corporeal or not and whether now known or hereafter invented or developed) and cognate expressions shall be construed accordingly;

"wireless telegraphy" has the same meaning as in the Wireless Telegraphy Act 1949.

1.2 In this Deed:-

references to stations or a station or to apparatus or systems are references to stations or a station or to apparatus or systems either of the Corporation or which the Corporation is lawfully entitled to use;

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;

references to any Act shall be deemed to be references to any such Act as amended, substituted or re-enacted from time to time;

words and expressions defined in the Royal Charter shall bear the same meaning in this Deed unless the context otherwise requires;

headings are for convenience only and shall not be used for the interpretation or construction of this Deed;

the masculine gender includes the feminine and the neuter and vice versa;

in the event of any conflict or inconsistency between the provisions of the Royal Charter and those of this Deed, the provisions of the Royal Charter shall prevail.

2. PROVISION OF THE PUBLIC SERVICES

2.1 The Corporation shall be independent in all matters concerning the content of its programmes and the times at which they are broadcast or transmitted and in the management of its affairs.

2.2 Without prejudice to the generality of subclause 2.1, the Corporation undertakes to provide the Home Services primarily by means of:-

(a) two television programme services available for general reception throughout the United Kingdom, which may include regional variations;

(b) five sound programme services and supplementary services available for general reception throughout the United Kingdom;

(c) an additional sound programme service for general reception in each of Scotland and Northern Ireland respectively and two additional sound programme services for general reception in Wales;

(d) a number of local sound programme services for general reception in certain parts of the United Kingdom, subject to such minimum and maximum numbers as may from time to time be agreed with the Secretary of State.

2.3 The Corporation may, subject to the prior agreement of the Secretary of State, vary the number or geographical coverage of its national television and sound programme services.

2.4 The Corporation may, subject to the prior agreement of the Secretary of State, provide multiplex facilities for digital television and sound broadcasting frequencies.

2.5 Unless prevented by circumstances beyond its control, the Corporation shall transmit efficiently programmes in the Home Services and the World Service from such stations as, after consultation with the Corporation, the Secretary of State and the Secretary of State for Foreign and Commonwealth Affairs may from time to time in relation to those Services respectively in writing prescribe.

2.6 The Corporation shall make reasonable arrangements to investigate at its own expense complaints of interference by electromagnetic energy affecting domestic television and radio reception within the British Islands, but in the event of the Corporation being unable or

unwilling to make such arrangements the Secretary of State shall deduct the expenses incurred by or on behalf of the Secretary of State in investigating such complaints in place of the Corporation from such sums as may be payable to the Corporation pursuant to subclause 10.1.

3. PROGRAMME CONTENT

3.1 Without prejudice to the generality of clause 5, the Corporation undertakes to provide and keep under review the Home Services with a view to the maintenance of high general standards in all respects (and in particular in respect of their content, quality and editorial integrity) and to their offering a wide range of subject matter (having regard both to the programmes as a whole and also to the days of the week on which, and the times of the day at which, the programmes are shown) meeting the needs and interests of audiences, in accordance with the requirements specified in subclause 3.2.

3.2 The requirements referred to in subclause 3.1 are that the Home Services -

- (a) are provided as a public service for disseminating information, education and entertainment;
- (b) stimulate, support and reflect, in drama, comedy, music and the visual and performing arts, the diversity of cultural activity in the United Kingdom;
- (c) contain comprehensive, authoritative and impartial coverage of news and current affairs in the United Kingdom and throughout the world to support fair and informed debate at local, regional and national levels;
- (d) provide wide-ranging coverage of sporting and other leisure interests;
- (e) contain programmes of an educational nature (including specialist factual, religious and social issues programmes as well as formal education and vocational training programmes);
- (f) include a high standard of original programmes for children and young people;
- (g) contain programmes which reflect the lives and concerns of both local and national audiences;
- (h) contain a reasonable proportion and range of programmes for national audiences made in Northern Ireland, Scotland, Wales and in the English regions outside London and the South East.

3.3 The Corporation shall transmit an impartial account day by day prepared by professional reporters of the proceedings in both Houses of Parliament.

4. OBJECTIVES FOR THE HOME SERVICES

The Corporation shall:-

4.1 publish objectives concerning the Home Services for inclusion in the Annual Report to be laid before Parliament pursuant to Article 18 of the Royal Charter;

4.2 publish and make available to all holders of television licences (within the meaning of section 1 of the Wireless Telegraphy Act 1949) an annual Statement of Promises to Audiences describing its services, standards and objectives;

4.3 undertake an appropriate process of public consultation prior to making any material change to the nature of the Home Services provided always that such consultation shall not require the BBC to disclose commercially sensitive matters relating to programme services;

4.4 report in reasonable detail on the performance of the Corporation in the Annual Report presented pursuant to Article 18 of the Royal Charter and elsewhere as appropriate and, in particular, publish an account of:-

(a) how far the Corporation is meeting its published standards and objectives concerning the main programme services and genres provided as part of the Home Services;

(b) the editorial standards appropriate to the Home Services, the measures taken to secure compliance with such standards and the extent to which the Corporation has complied with such standards;

(c) the research and consultation undertaken during the year to which the Annual Report relates to ascertain the needs and interests of the audiences of the Home Services, together with a summary of the findings;

(d) the subject matter and handling of complaints from such audiences indicating the proportion which were upheld;

(e) an analysis of hours of each type of programme made and broadcast or transmitted and the amount of money spent by the Corporation on each type of programme, together with an analysis of hours of each type of programme made and the amount of money spent by the Corporation in different parts of the United Kingdom, for both local and national audiences;

(f) the Corporation's compliance with statutory and regulatory requirements including (without limitation):-

- the number of independent productions (as such term is defined in section 16(2)(h) of the Broadcasting Act 1990 and any orders made by the Secretary of State thereunder from time to time) broadcast or transmitted by the Corporation
- employment and equal opportunities requirements
- health, safety and environmental requirements
- fair trading requirements including (but without limitation) the arrangements in place for the avoidance of cross-subsidies between the Public Services and the Commercial Services
- the proportion of the matter included in programmes broadcast or transmitted by or on behalf of the Corporation which is of European origin
- the arrangements in place for securing compliance with any approvals granted by the Secretary of State from time to time pursuant to Article 3(c) or Article 3(u) of the Royal Charter (or pursuant to the previous royal charter of the Corporation) and the extent to which the Corporation has complied with the terms of such approvals
- the number of complaints made to and upheld by the Broadcasting Complaints Commission and the Broadcasting Standards Council in respect of programmes broadcast or transmitted by or on behalf of the Corporation;

(g) the extent to which the Corporation's programmes and services represent value for money and the measures taken within the Corporation to ensure the cost-effectiveness of its functions;

(h) the Corporation's financial and budgetary arrangements and the extent to which the Corporation has achieved its financial objectives.

5. PROGRAMME STANDARDS

5.1 The Corporation shall do all it can to secure that all programmes broadcast or transmitted by or on behalf of or under licence from the Corporation as part of the Home Services:-

(a) provide a properly balanced service consisting of a wide range of subject matter;

(b) serve the tastes and needs of different audiences and, in particular, in order to show concern for the young, are placed at appropriate times;

(c) treat controversial subjects with due accuracy and impartiality, both in the Corporation's news services and in the more general field of programmes dealing with matters of public policy or of political or industrial controversy, and do not contain any material expressing the opinion of the Corporation on current affairs or matters of public policy other than broadcasting and matter contained in programmes which consist of proceedings in either House of Parliament or proceedings of a local authority or a committee of two or more local authorities;

(d) do not include anything which offends against good taste or decency or is likely to encourage or incite to crime or lead to disorder or to be offensive to public feeling;

(e) do not involve improper exploitation of any susceptibilities of those watching or listening to its religious programmes or any abusive treatment of the religious views and beliefs of those belonging to a particular religion or religious denomination;

(f) do not include any technical device which, by using images of very brief duration or by any other means, exploits the possibility of conveying a message to, or otherwise influencing the minds of, persons watching or listening to the programmes without their being aware, or fully aware, of what has occurred.

5.2 In applying paragraph 5.1(c) a series of programmes may be considered as a whole.

5.3 The Corporation shall:-

(a) draw up, and from time to time review, a code giving guidance as to the rules to be observed in connection with the application of paragraph 5.1(c) in relation to its services and programmes; and

(b) do all that it can to secure that the provisions of the code are observed in the provision of services and programmes and the Corporation may make different provision in the code for different cases or circumstances.

5.4 The rules specified in the code referred to in subclause 5.3 shall, in particular, take account of the following matters:-

(a) that due impartiality should be preserved on the part of the Corporation as respects major matters falling within paragraph 5.1(c) as well as matters falling within that provision taken as a whole; and

(b) the need to determine what constitutes a series of programmes for the purposes of subclause 5.2.

5.5 The rules so specified shall, in addition, indicate to such extent as the Corporation considers appropriate:-

- (a) what due impartiality does and does not require, either generally or in relation to particular circumstances;
- (b) the ways in which due impartiality may be achieved in connection with programmes of particular descriptions;
- (c) the period within which a programme should be included in a service if its inclusion is intended to secure that due impartiality is achieved for the purposes of paragraph 5.1(c) in connection with that programme and any programme previously included in that service taken together; and
- (d) in relation to any inclusion in a service of a series of programmes which is of a description specified in the rules:-
 - (i) that the dates and times of the other programmes comprised in the series should be announced at the time when the first programme so comprised is included in that service, or
 - (ii) if that is not practicable, that advance notice should be given by other means of subsequent programmes so comprised which include material intended to secure, or assist in securing, that due impartiality is achieved in connection with the series as a whole; and those rules shall, in particular, indicate that due impartiality does not require absolute neutrality on every issue or detachment from fundamental democratic principles.

6. HOURS OF BROADCASTING

6.1 The Secretary of State may from time to time by notice in writing give directions to the Corporation as to the maximum time, the minimum time, or both the maximum and the minimum time, which is to be given in any day, week or other period to broadcasts or transmissions in the Home Services and as to the hours of the day in which such transmissions are or are not to be given.

6.2 A direction under subclause 6.1 may be framed in any way, and in particular -

- (a) may be confined to broadcasts from those stations which transmit, or usually transmit, the same programme, or may be different for different stations, or for different programmes transmitted from the same stations;
- (b) may make special provision for annual holidays and other special occasions;
- (c) may be confined to a specified day of the week, or may be different for different days of the week; and
- (d) in imposing a maximum number of hours for any purpose, may allow for programmes or items of specified kinds being left out of account in determining the maximum, whether in all circumstances or depending on the fulfilment of specified conditions as regards programmes or items so specified.

6.3 The Secretary of State may, whether or not a direction under subclause 6.1 provides for exemptions, exempt the Corporation from any requirement of such a direction on any occasion or in any circumstances.

7. TRANSMISSION FACILITIES

7.1 If and whenever, with a view to extending the coverage or to improving the strength or quality either generally or in any area or areas of transmissions in the Home Services or any

of them, the Secretary of State after consultation with the Corporation shall so require by notice in writing, the Corporation shall establish and use such additional station or stations in such place or places in the British Islands as may be specified in the notice.

7.2 The Secretary of State may at any time by notice in writing -

(a) require the Corporation to send such of its broadcasts or transmissions as may be specified in the notice from a mast, tower or other installation belonging to National Transcommunications Limited or any other provider of transmission facilities (in this clause referred to as "transmission companies"); or

(b) require the Corporation to permit one or more of the transmission companies' broadcasts or transmissions as may be so specified to be sent from a mast, tower or other installation belonging to the Corporation; or

(c) require the Corporation to co-operate with one or more of the transmission companies in providing and using an installation and to send such of the Corporation's broadcasts or transmissions as may be so specified from that installation and it shall be the duty of the Corporation to comply with any such notice. This subclause is without prejudice to any powers exercisable by the Secretary of State for Trade and Industry by virtue of the Telecommunications Act 1984.

7.3 Before giving a notice under subclause 7.2 to the Corporation the Secretary of State shall consult the Corporation and the relevant transmission companies.

7.4 If, after a notice is given under this clause to the Corporation, a dispute between the Corporation and any of the transmission companies arising out of the matters to which the notice relates is referred to the Secretary of State by either body, or it appears to the Secretary of State that there is such a dispute, he may give such directions to the Corporation as he may think expedient for determining the dispute, and it shall be the duty of the Corporation to comply with any such directions.

7.5 Subject always to Article 3(x) of the Royal Charter, the Secretary of State may from time to time, after consultation with the Corporation, give a direction to the Corporation requiring the Corporation to sell or otherwise dispose of all or some of the stations then owned by the Corporation pursuant to a contract of sale and purchase (or other form of disposal agreement or transfer scheme) which shall be drawn up by the Corporation on such terms and conditions as may be agreed with the Secretary of State and which may require the purchaser (or if more than one the purchasers) to remit such part of the proceeds of sale as corresponds to stations the purchase of which was funded by grant-in-aid to the Secretary of State and it shall be the duty of the Corporation to comply with such direction.

7.6 In the event of a direction being given to the Corporation pursuant to subclause 7.5, all the broadcasting and transmission obligations of and prohibitions on the Corporation specified in this Deed and in the Royal Charter shall so far as practicable continue to attach to the Corporation (*mutatis mutandis*) notwithstanding the sale of all or some of its stations pursuant to any such direction.

8. DEFENCE AND EMERGENCY ARRANGEMENTS

8.1 The Corporation shall, whenever so requested by any Minister of Her Majesty's Government in the United Kingdom and at the Corporation's own expense, broadcast or transmit from all or any of the stations any announcement (with a visual image of any picture or object mentioned in the announcement if it is a television transmission) which such Minister may request the Corporation to broadcast or transmit; and shall also, whenever so requested by any such Minister in whose opinion an emergency has arisen or continues, at the like expense broadcast or transmit as aforesaid any other matter which such Minister may request the Corporation to broadcast or transmit, provided that the Corporation when sending

such an announcement or other matter may at its discretion announce or refrain from announcing that it is sent at the request of a named Minister.

8.2 The Secretary of State may from time to time by notice in writing require the Corporation to refrain at any specified time or at all times from broadcasting or transmitting any matter or matter of any class specified in such notice; and the Secretary of State may at any time or times vary or revoke any such notice. The Corporation may at its discretion announce or refrain from announcing that such a notice has been given or has been varied or revoked.

8.3 If and whenever in the opinion of the Secretary of State an emergency shall have arisen in which it is expedient in the public interest that Her Majesty's Government in the United Kingdom shall have control over the broadcasting or transmission of any matter whatsoever by means of the stations or any of them, it shall be lawful for the Secretary of State to direct and cause the stations or any of them or any part thereof to be taken possession of in the name and on behalf of Her Majesty and to prevent the Corporation from using them, and also to cause the stations or any of them or any part thereof to be used for Her Majesty's service, or to take such other steps as he may think fit to secure control over the stations or any of them, and in that event any person authorised by the Secretary of State may enter upon the stations or any of them and the offices and works of the Corporation or any of them and take possession thereof and use the same as aforesaid.

8.4 If and whenever the Secretary of State shall exercise the powers conferred on him by subclause 8.3 the Corporation shall be entitled to receive from the Secretary of State -

(a) compensation for any damage done to any property of the Corporation, being damage directly attributable to the exercise of any such powers; and

(b) such sums as are required to defray any expenses which, regard being had to the nature of the emergency, have been properly and necessarily incurred by the Corporation and for meeting which revenue is by reason of the exercise of such powers not otherwise available to the Corporation.

8.5 All existing arrangements between the Corporation and the relevant Government Departments relating to certain defence works and national emergencies (as such arrangements may be varied from time to time) shall continue in force during the continuance of this Deed.

8.6 No person acting on the Corporation's behalf or by its permission shall or shall be permitted or suffered by the Corporation to divulge to any person (other than a properly authorised official of Her Majesty's Government in the United Kingdom or a competent legal tribunal), or make any use whatever of, any matter coming to his knowledge as a result of unintended reception by means of the stations or any of them or any of the Corporation's apparatus for wireless telegraphy or telecommunication systems.

9. THE WORLD SERVICE

9.1 The Corporation shall broadcast or transmit programmes and deliver other services in the World Service to such audiences overseas and in such languages as are approved by the Secretary of State for Foreign and Commonwealth Affairs, in accordance with the objectives, priorities and targets which may from time to time be agreed with the Foreign and Commonwealth Office, or with such Departments of Her Majesty's Government in the United Kingdom as may from time to time be specified in writing by the Secretary of State.

9.2 The Corporation shall perform such other services by way of monitoring transmissions of sound and television programmes and other telecommunication signals, electronic and print media, news agencies and other material and by way of recording matter intended to be broadcast or transmitted as may from time to time be agreed as aforesaid with the Foreign and Commonwealth Office or with the Departments so specified.

9.3 The Corporation shall consult and co-operate with the Foreign and Commonwealth Office or the Departments so specified and shall obtain and accept from them such information regarding international developments and conditions in countries overseas, and the policies of Her Majesty's Government in its international relations, as will enable the Corporation to plan and prepare its programmes in the World Service in the national interest.

9.4 The Corporation shall ensure that the World Service shares the general commitment of the Corporation to maintaining high standards of editorial integrity and programme content and quality. The Corporation shall agree with the Foreign and Commonwealth Office and publish general long-term objectives relating to the World Service's operations, including the provision of an accurate, unbiased and independent news service covering international and national developments, the presentation of a balanced British view of those developments, and an accurate and effective representation of British life, institutions and achievements.

9.5 The Corporation shall report in reasonable detail on the performance of the World Service in the Annual Report presented pursuant to Article 18 of the Royal Charter and elsewhere as appropriate and in particular shall publish an account in such manner as may from time to time be agreed with the Secretary of State for Foreign and Commonwealth Affairs of how far the World Service is achieving its agreed objectives, priorities and targets.

10. FUNDING OF THE CORPORATION

10.1 Subject always to subclause 10.2, for the purposes of the Home Services the Secretary of State shall pay to the Corporation (out of moneys provided by Parliament) a sum or sums equal to the whole of the net Licence Revenue (as defined in subclause 10.4 or to such percent or percentages thereof as the Treasury may from time to time determine PROVIDED THAT:-

(a) the Secretary of State may from time to time direct that such sums may also be used for such purposes (not being purposes of the Home Services or the World Service) as he may specify; and

(b) such sums shall not, without the prior written approval of the Secretary of State, be used for the purposes of any television or sound programme services wholly or partly funded by advertisements, subscription, sponsorship, pay-per-view system or any other alternative means of finance.

10.2 The Secretary of State may (but shall not be obliged to), in the light of technological and other developments, conduct a review at any time during the currency of this Deed of the ways and means of financing the Home Services other than through the Licence Revenue during the period beginning on 1 April 2002 and ending on the date of expiry of the Royal Charter and may (subject always to clause 18) direct that the Home Services shall be funded by such method as he thinks fit.

10.3 The sums payable by the Secretary of State or the Secretary of State for Foreign and Commonwealth Affairs to the Corporation under the provisions of this clause shall be paid by him in instalments of such amount and at such intervals (not being longer than one month) as such Secretary of State shall think fit and any adjustment between the parties shall be made as soon as conveniently possible.

10.4 The expression net Licence Revenue means the Licence Revenue received by the Secretary of State from the Corporation, less the amount of any refunds thereof made by the Secretary of State, less the expenses incurred by or on behalf of the Secretary of State in the administration of the licensing system and in investigating complaints of interference by electromagnetic energy affecting domestic television and radio reception within the British Islands.

10.5 Any account certified by any Under-Secretary or Assistant Secretary of the Department of National Heritage of any sum due to the Corporation under this clause shall for all purposes be final and conclusive in the absence of manifest error.

10.6 The Corporation shall pay to the Secretary of State for the financial year ending with the 31st March 1997 and each subsequent financial year such sum or sums as the Secretary of State may determine as the appropriate contribution of the Corporation towards the expenses of the Broadcasting Complaints Commission.

10.7 For the purposes of the World Service and other services performed pursuant to clause 9 and of any services performed by the Corporation at the request of any Department of Her Majesty's Government in the United Kingdom (other than services performed under subclause 8.1) the Secretary of State for the Government Department concerned shall pay to the Corporation (out of moneys provided by Parliament) in each year during the continuance of these presents such sums as the Treasury shall authorise.

10.8 The Corporation shall deliver to the appropriate Secretary of State such accounts of its expenditure on the World Service and on other services referred to in subclause 10.7 covering such periods and at such times as may from time to time be prescribed in writing by the appropriate Secretary of State.

10.9 Sums paid to the Corporation under the provisions of this clause 10 shall be applied and administered by the Corporation in accordance with any terms and conditions which may be attached to the grant thereof by Parliament or by the Treasury.

10.10 The Corporation shall not without the prior approval of the Secretary of State receive money or any valuable consideration from any person in respect of the broadcasting or transmission or the refraining from broadcasting or transmitting, of any sound or television programme service whatsoever by means of the stations or any of them, and shall not without the prior approval of the Secretary of State broadcast or transmit by means thereof any sponsored programme or subscription service.

11. ARCHIVES

11.1 The Corporation shall at its own expense make appropriate arrangements to establish and maintain (or to procure that a designated body establish and maintain) to commonly accepted standards an archive or archives of films, sound recordings and other recorded and printed matter which is representative of the sound and television programmes and films broadcast or transmitted by the Corporation. The Corporation shall make reasonable arrangements, itself or with such body or bodies as it chooses, for public access to its sound, television or film archives with or without charge as the Corporation thinks fit.

11.2 Prior to and in making such arrangements the Corporation shall consult such designated bodies as are engaged in the maintenance of sound, television and film archives as it considers appropriate.

11.3 The Corporation shall not sell, destroy or otherwise dispose of any broadcast or transmitted material which it decides not to include in any archive established pursuant to subclause 11.1 without first offering such material free of charge to an appropriate designated body or bodies engaged in the maintenance of sound, television and film archives and transferring such material to such designated body or bodies which accept such offer as the Corporation may think fit.

11.4 For the purposes of this clause, "designated body" shall mean a body designated by order of the Secretary of State for Trade and Industry pursuant to section 75 of the Copyright, Designs and Patents Act 1988.

12. RESEARCH

12. The Corporation shall make appropriate arrangements to maintain a research and development programme in pursuit of its general objects, which it may operate both within the Corporation and in collaboration with universities, businesses and others as it sees fit.

13. ETHICS

13.1 The Corporation shall not -

(a) offer or give or agree to give to any person in Her Majesty's Service any gift or consideration of any kind as an inducement or reward for doing or forbearing to do, or for having done or forborne to do, any act in relation to the obtaining or execution of this or any other contract for Her Majesty's Service or for showing or forbearing to show favour or disfavour to any person in relation to this or any other contract for Her Majesty's Service; or

(b) enter into this or any other contract with Her Majesty or any Government Department in connection with which commission has been paid or agreed to be paid by the Corporation or on its behalf, or to its knowledge, unless before the contract is made particulars of any such commission and of the terms and conditions of any agreement for the payment thereof have been disclosed in writing to an authorised officer of the Secretary of State.

13.2 Any breach of this condition by the Corporation or by anyone employed by the Corporation or acting on its behalf (whether with or without the knowledge of the Corporation) or the commission of any offence by the Corporation or by anyone employed by the Corporation or acting on its behalf under the Prevention of Corruption Acts 1889 to 1916 in relation to this or any other contract for Her Majesty's Service shall entitle the Secretary of State to determine the contract and recover from the Corporation the amount of any loss resulting from such determination and/or to recover from the Corporation the amount or value of any such gift, consideration or commission.

13.3 Any dispute, difference or question arising in respect of the interpretation of this condition (except so far as the same may relate to the amount recoverable from the Corporation under subclause 13.2 in respect of any loss resulting from such determination of this contract), the right of the Secretary of State to determine the contract, or the amount or value of any such gift, consideration or commission shall be decided by the Secretary of State whose decision shall be final and conclusive.

14. NON ASSIGNMENT

The Corporation shall not without the prior approval of the Secretary of State assign, underlet or otherwise dispose of any of its rights or obligations under this Deed or the benefit or advantage of the covenants and provisions herein contained or, except as may be provided in the Royal Charter, assign or charge any sum or sums payable by the Secretary of State to the Corporation hereunder.

15. TERMINATION

15.1 In any of the following cases, that is to say:-

(a) the Corporation shall not in the opinion of the Secretary of State have adequately performed the covenant on its part hereinbefore contained to transmit (after consultation with the Secretary of State for Foreign and

Commonwealth Affairs where appropriate) programmes in the Home Services and the World Service efficiently; or

(b) in case of any breach, non-observance or non-performance by or on the part of the Corporation of any of the provisions or conditions contained in the Royal Charter or in any Supplemental Charters of the Corporation or in any document made or issued thereunder, or of any of the other covenants or the provisions or conditions contained herein or in any document made or issued hereunder and on the part of the Corporation to be observed and performed, which shall not be remedied, made good or desisted from within a reasonable time of the attention of the Corporation being drawn to the alleged breach, non-observance or non-performance in question; or

(c) in case the Corporation shall enter into a voluntary arrangement with its creditors or pass a resolution for voluntary winding up or in case an order shall be made by the Court for the winding-up of the Corporation compulsorily or under the supervision of the Court, or in case a receiver or manager shall be appointed of any part of the Corporation's undertaking or any debenture holder, mortgagee or other creditor of the Corporation shall enter in possession of any part of the Corporation's property

then and in any of such cases the Secretary of State may at any time thereafter by notice in writing to the Corporation revoke and determine this Deed and the licences, powers and authorities hereinbefore granted and each and every of them, and thereupon this Deed and the said licences, powers and authorities and each and every of them shall (subject and without prejudice to any right of action or remedy for breach of any of the covenants and conditions herein contained which shall then have accrued to either of the parties) absolutely cease, determine and become void.

15.2 Nothing in this clause shall be deemed to prejudice or affect any statutory power of the Secretary of State.

16. APPROVALS AND DIRECTIONS

16.1 Any approval required to be obtained by the Corporation from any Secretary of State or direction given to the Corporation by the Secretary of State, under the provisions of this Deed shall be in writing and may be given absolutely or subject to such terms or conditions as such Secretary of State may think fit.

16.2 Any notice, approval or direction given by the Secretary of State to the Corporation under the provisions of this Deed may, after consultation with the Corporation, be revoked or varied by any subsequent notice in writing given by him.

17. REVOCATION OF EXISTING LICENCE AND AGREEMENT

The Deed referred to in Recital (C) to this Deed and dated 2 April 1981 is hereby determined and revoked as from the date on which this Deed comes into effect. Subject always to the resolution referred to in clause 18, this Deed shall come into effect on whichever is the later of the date of the grant of the Royal Charter or the date of issue of wireless telegraphy licences to the Corporation under the Wireless Telegraphy Act 1949 in respect of the operation of its stations.

18. PARLIAMENTARY APPROVAL

It is a condition of this Deed that the contract hereby made and any changes hereto (including but without limitation any changes pursuant to subclause 10.2 to the methods of funding the Home Services) shall not be binding unless it has been approved of by a resolution of the House of Commons.

IN WITNESS whereof the Secretary of State has hereunto set her hand and seal and the Corporation has caused its corporate seal to be hereunto affixed the day and year first before written.

THE CORPORATE SEAL OF THE SECRETARY OF STATE FOR NATIONAL HERITAGE

VIRGINIA BOTTOMLEY (L.S.)

hereunto affixed is authenticated as the Corporate Seal of the Secretary of State for National Heritage by and in the presence of

DAVID FAWCETT

A duly authorised official
in the Department of National Heritage

THE CORPORATE SEAL of the
British Broadcasting Corporation was hereunto affixed in the presence of

THE CORPORATE SEAL of the British Broadcasting Corporation was hereunto affixed in the presence of:-

MARMADUKE HUSSEY
Chairman

JOHN BIRT
Director-General