



Meeting of the BBC Board

MINUTES

19 July 2018
Broadcasting House, London

ITEMS OF BUSINESS

1. Apologies and Conflicts of Interest
2. Minutes from the 21 June Board Meeting
3. Executive Reports
4. Licence Fee Reform
5. UKTV
6. BBC Sounds
7. Committee Reports
8. AOB

ATTENDANCE

Present

- David Clementi Chairman
- Tony Hall Director-General
- Anne Bulford Deputy Director-General
- Simon Burke Non-executive director
- Tim Davie Chief Executive Officer, BBC Studios
- Tanni Grey-Thompson Non-executive Director
- Ken MacQuarrie Director, Nations and Regions
- Ian Hargreaves Non-executive director
- Tom Ilube Non-executive director
- Steve Morrison Non-executive director
- Nicholas Serota Non-executive director
- Elan Closs Stephens Non-executive director
- Ashley Steel Non-executive director

Apologies: None

With

- Phil Harrold Company Secretary
- Jo Clarke Secretariat Manager
- David Jordan Director, Editorial Policy and Standards (items 1-3)
- Alison Kirkham Controller, Factual Commissioning (items 1-3)
- James Purnell Director, Radio and Education (items 1-4 and 6)
- Fran Unsworth Director, News (items 1-3)
- Sarah Jones Group General Counsel (items 1-3)
- Gautam Rangarajan Director, Strategy (items 1-5)
- Clare Sumner Director, Policy (items 4 and 6)
- Glyn Isherwood Group Finance and Operations Director (item 5)
- David Moody Director, Strategy (item5)

BOARD MINUTES – 19 JULY 2018

I. Apologies and Conflicts of Interest

- 1.1 There were no apologies for this meeting. As CEO of BBC Studios Tim Davie left the meeting for discussion of the programme investment case and had no access to the related paperwork.

2. Minutes from the 21 June Board

- 2.1 The minutes from the 21 June Board meeting were approved.

3. Executive Reports

- 3.1 The Director-General opened his report to the Board by summarising the judgment from the Cliff Richard case. The Board noted that the BBC had apologised for the distress caused to Sir Cliff, and accepted that News would do things differently today. However, the facts of the coverage were not disputed and the judgment laid down by Justice Mann had serious implications for journalism because it concluded that Sir Cliff Richard's name should not have been reported prior to charge. The Board noted that the Executive were considering whether or not to appeal. The Director-General agreed to keep the Board informed on progress with the point of principle.
- 3.2 This year's BBC Proms season had begun. It promised to be a very exciting summer of music.
- 3.3 The Director-General briefed the Board on a diversity summit convened by Ofcom which he had attended.
- 3.4 The Board noted how many fair pay queries had been received and resolved so far. Separately, Directors asked the Executive to consider how best to monitor the cultural change programme initiated by the progression reviews and report progress to the Board.
- 3.5 The Board discussed the critical projects portfolio.

Programme investment Case

[3.7 redacted for commercial confidentiality]

3.6 The Board considered a programme investment case for *Strictly Come Dancing* the flagship entertainment series for BBC One which formed a key art of the peak Autumn schedule, along with *Strictly: It Takes Two*, its companion programme.

3.7 The commission was for three series running until 2020 and would enable the BBC to secure a fixed programme price over the period (with additional funding in series 2018 in respect of inflationary increases and editorial changes requested by BBC Content). This would allow BBC Studios to continue to develop the series, including exploring a new digital strategy, to maintain current audiences and attract new diverse audiences. The total cost of the commission for the three year period was £59,772,678.

3.8 The Board approved the programme investment case and delegated authority to the Director-General to approve the final deal terms should they vary from what had been presented.

4 Licence Fee Reform

4.1 The Board considered the Government provision for the over 75s concession ending after 2020. The BBC is required to hold a public consultation in advance of this even if no changes are proposed. Directors discussed preparatory work for the consultation.

5. UKTV

[5.2 to 5.4 redacted for commercial confidentiality]

5.1 The Board received an update on the ongoing negotiations with Discovery (DCI) regarding the future of UKTV.

5.2 The Board noted that since the last meeting, after extensive consultation with the sub-committee, a non-binding agreement had been reached with Discovery for a deal in which the BBC took 100% ownership of seven of UKTV's ten channels, namely those that were most important strategically, editorially and commercially and which together represented 85% and 72% of UKTV's revenues and profits respectively; and, Discovery received 100% of UKTV's 3 lifestyle channels and a payment of £170m over two years, of which £70m was the repayment of BBC's share of the UKTV's debt (provided by Discovery) and £100m was payment to reflect the agreed division of UKTV's assets and equity.

- 5.3 The proposed deal offered the BBC Group strategic and financial benefits including the freedom to distribute and window content between Licence Fee funded and commercial routes to market in the UK, as well a strong value for money case.
- 5.4 The Board also noted that in parallel, two other areas of potential partnership with Discovery had been discussed
- early stage discussions about becoming a long term content supplier (and potentially a minority shareholder) to their planned ex-UK global premium factual SVOD service
 - an incremental development deal for Natural History / Science
- 5.5 The Board discussed the proposed deal terms. Directors considered that the terms had improved as the negotiation progressed and now provided a strategically aligned investment with the potential to achieve synergies between channels. The additional early stage discussions around an ex-UK SVOD service and programme development deal for Natural History/Science programming, which would be explored over a longer period, also provided mutual opportunities.
- 5.6 The Board considered the financing options available and agreed the proposal that the acquisition would be funded out of Group's resources without recourse either to third party debt or any request to the Government to increase Commercial Holdings Borrowing Limit.
- 5.7 The Board approved the parameters of a potential deal with Discovery and gave the deal team a mandate to negotiate long form agreements.
- 5.8 The Board noted the due diligence and valuation work on the proposed deal as prepared by KPMG on behalf of the Board.

6. BBC Sounds

BBC Sounds Phase 2: Regulatory Assessment

- 6.1 In April 2018, the Board approved proposals for further improvements to BBC Sounds. The purpose of this paper was to set out the materiality assessment for these proposed changes, and in particular, whether they constituted a "material change" under the 2016 Charter and Agreement, and therefore whether a Public Interest Test was required.
- 6.2 The Board considered and approved the assessment and the recommendation that the BBC Sounds developments were not a material change.

BBC Sounds Phase 1: Revisions to Assessment

- 6.3 The Board considered a paper which revised two data errors in the materiality assessment for BBC Sounds Phase 1 and asked the Board to consider whether their decision on the materiality of the proposed change remained unchanged.
- 6.4 The Board approved the amended materiality assessment and agreed that the changes were still not material.

7 Committee Reports

- 7.1 The Chair of the Editorial Guidelines and Standards Committee reported on the Committee’s latest meeting. The Board noted an update on the progress of the revision of the Editorial Guidelines and an upcoming piece of work on perceptions of impartiality, which would come to the Board in the Autumn.
- 7.2 The Chair of the Audit Committee reported on the Committee’s most recent meeting which had focussed on risk-related issues. The revised risk framework was now in place, which had an increased emphasis on physical security, and the critical projects list would now be subject to scrutiny by the Audit Committee on an ongoing basis.

8. AOB

- 8.1 The Board noted the appointment of EY to act as consultants to the Board’s Commercial Review on the basis of the Terms of Reference approved by the Board.

Approved by the Board: _____ (Chairman)

_____ (Date)