



## Meeting of the BBC Board

### MINUTES

18 May 2017  
Broadcasting House, London

#### ITEMS OF BUSINESS

1. Minutes from the 27 April Board Meeting
2. Executive Reports/Board Pack
3. 2017/18
4. Pension Update
5. Scotland Public Interest Test
6. Introduction to Personalisation
7. Board Regulations
8. AOB

## ATTENDANCE

### Present

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

### With

- Phil Harrold              Company Secretary
- Jo Clarke                 Secretariat Manager
- James Harding            Director, News and Current Affairs (item 2)
- James Purnell             Director, Radio and Education (item 2)
- David Jordan              Director, Editorial Policy and Standards (item 2)
- Gautam Rangarajan       Director, Strategy (items 2 and 3)
- James Heath              Director, Policy (items 5 and 7)
- Matthew Postgate         Chief Technology Officer (item 6)
- Philip Almond             Director, Marketing and Audiences (item 6)

### Apologies

- Simon Burke              Non-executive director

## BOARD MINUTES – 18 MAY 2017

### **1. Minutes from the 27 April Board Meeting**

- 1.1 The minutes of the 27 April Board meeting were approved. Directors noted that they would be published in full.

### **2. Executive Reports**

- 2.1 The Director-General presented a number of regular Executive Reports to the Board. These included reporting on performance, editorial compliance, operations and assurance.
- 2.2 The Director-General commented on the performance of BBC programmes at the previous night's BAFTA's. He noted that it had been gratifying to see the range of BBC programmes recognised, across all categories and genres. The Board discussed recent drama productions and the measures taken to ensure that sensitive content was handled with care, notably regarding *Three Girls*, which had received considerable critical acclaim. Directors noted that Piers Wenger, the new Controller of BBC Drama, had announced a new commissioning team and upcoming drama commissions.
- 2.3 The Board discussed the election coverage. Directors noted that a run of Andrew Neil interviews with each of the party leaders would take place the following week. *Reality Check* was now included in the Sunday night News bulletin and more regional presenters were being used across the election coverage to capture the election in all parts of the UK.
- 2.4 The Board discussed the latest audience performance data, with particular reference to Cbeebies and CBBC. Directors also discussed the latest RAJAR results.
- 2.5 The Board discussed the assurance reporting, which included the BBC's regular financial reporting and updates on risk, critical projects and HR. Directors discussed the BBC's response to the recent cyber-attack on the NHS, and the measures in place to ensure the organisation was sufficiently protected; the closure of BBC Store; and the legal action being taken by Sir Cliff Richard against the BBC.
- 2.6 The Board discussed the editorial report. The report updated directors on the breach of editorial guidelines by Sundog Productions, an independent production company, and the actions taken as a result. Directors noted that Ofcom had published the arrangement for dealing with complaints about the BBC's online content.

### **3. 2017/18**

- 3.1 The Director-General presented the Board with plans for 2017/18. The 2017/18 Budget had been previously approved by the Executive Board in March this year. Directors noted that licence fee income had improved, and planned savings had been delivered to target and ahead of schedule, enabling new investment in services for the Nations.
- 3.2 The Board discussed whether content investment was at the appropriate level. Directors noted that 5% of BBC spend was allocated to operational overheads; the remaining funding was all allocated to content creation and supporting services, including navigation, and the costs of distribution. Directors also discussed the business model for BBC Studios and noted that further discussion around plans for the BBC's commercial services would return later in the summer.
- 3.3 The Board noted that next year's Budget would provide a consolidated Group perspective, and a first view of future financial targets would come to the Board in the Autumn.
- 3.4 The Director-General presented the Board with a draft of the Annual Plan for 2017/18. A key element of the BBC's new governance and regulatory regime is an Annual Plan, which the BBC is required to publish each year. For this first year, an interim plan was required to be published by 3 July 2017. The Annual Plan will consist of at least:
- The creative remit for that year – the BBC's creative plans to fulfil its mission and purposes
  - The work plan for that year, including strategy, objectives and headline budget
  - Provision for the United Kingdom's Nations and regions
  - Provision for the World Service
  - The BBC's proposals for how it will comply with its ten general duties under the new Charter, including measurable criteria to assess compliance.
- 3.5 Directors noted that Ofcom had stated that they expected the Annual Plan to demonstrate how the BBC would secure the provision of distinctive output and services, and how each service would contribute to that delivery.
- 3.6 The Board discussed the draft Annual Plan. Directors requested more detail around the proposed performance measurement framework, around the strategic challenges to public service broadcasting and in the proposals for distinctiveness by genre and service. The Annual Plan would return to the June Board meeting for approval.

## **4 Pension Update**

- 4.1 Ken MacQuarrie, Director, Scotland, left the room in advance of the discussion as he was a member of the Board of Pension Trustees.
- 4.2 The Board was briefed on progress with the 2016 BBC Pension Scheme valuation.
- 4.3 The Board discussed the need to cover both the service cost of pension payments and the deficit recovery and agreed a structure of fixed quarterly payments.
- 4.4 The Board agreed a mandate for the final negotiation and agreement of the 2016 triennial valuation for the Scheme with the Scheme Trustees and delegated approval for the final terms of the Valuation settlement to a sub-group of the Board consisting of the Director-General, Deputy Director General and Simon Burke. The Board also agreed that the asset investment allocation should also be considered offline and approved by the same sub-group.
- 4.5 A further update on the Pension Scheme would come to the Board in the Autumn.
- 4.6 The Board considered a paper which outlined options for the BBC Pension Scheme's Trustee Board, following the closure of the BBC Trust. This necessitated changes to the Pension Trust Deed concerning the appointment of the BBC Trust Trustees in the future. The Pension Trustees and the BBC would have to jointly agree a revised constitution for the Board and change the Scheme Rules.
- 4.7 The Board discussed and agreed the BBC's preferred positions for a new constitution for the Trustee Board. Directors agreed to delegate authority to the Deputy Director-General for engaging with the Trustees about the new structure and agreeing the Rule change required. The Board then delegated authority for proposing BBC appointed Trustees to the Deputy Director-General, subject to approval by the Director-General.

## **5 Scotland Public Interest Test**

- 5.1 In February 2017 the BBC announced that it would like to launch a new BBC Scotland TV channel. Under the Charter, the proposal will be subject to a Public Interest Test, because it is a material change to public service activity. This meant that the BBC must consider both the public benefit and the competitive effects of the change and be satisfied that the proposal passes the test.
- 5.2 The Director-General firstly outlined the proposals for a Scottish Channel, and the rationale behind them, which had been approved previously by Executive Board.

Directors noted that the channel would enhance the provision of services to Scottish viewers and would include a nightly one-hour news programme. Directors also noted that the proposals had been broadly welcomed in Scotland, including by commercial broadcasters.

- 5.3 The Board discussed the proposals. Directors noted that it would be critical that Content division worked closely with the Nations and Regions division to ensure that programme schedules were aligned effectively; that good audience metrics were applied and analysed; that creative and production partnerships were explored and that the channel was given the opportunity to develop an audience.
- 5.4 The Board noted that work on the Public Interest Test would commence in May and would include a programme of audience research and stakeholder consultation. BBC Policy would prepare a detailed assessment of the public value and competitive impact of the Scotland proposal and the Board would be asked in September to consider whether the proposal satisfied the Public Interest Test.

## **6 Personalisation**

- 6.1 The Board was presented with a briefing on the increasing use of personalisation within the broadcasting industry, and the BBC's personalisation strategy in particular.
- 6.2 The Board noted that the aim of the strategy was to increase the value audiences get from the BBC by enabling personalised experiences across all the BBC's online services; providing simple, frictionless content discovery across all BBC services; providing a sophisticated, intelligent search service; and, providing audiences with the ability to participate more, including, potentially to have a say in the BBC.
- 6.1 The Board noted that mandatory sign-in to BBC iPlayer would begin in June.

## **7 Board Regulations**

- 7.1 The Charter allows the Board to set a policy in any area of the BBC's business – and requires the Board to set policies in a number of specific areas. Policies set by the Board are called “regulations” under the Charter. These policies/regulations will provide the framework by which the BBC conducts its operations and meets the terms of the new Charter and Agreement.
- 7.2 At this meeting the Board approved the following new and existing policies which would be published by the BBC in due course.

- The policy regarding the BBC’s approach to material changes to public service activity and commercial activity.
- The policy regarding the BBC’s approach to ticketed event.
- The policy regarding ‘alternative means of finance to the licence fee’ as per Clause 49 of the Framework Agreement.
- The licence fee collection statement.

7.3 The Board noted that revised versions of existing policies would be brought to the Board later in the year. These were the Editorial Guidelines, the World Service Operating Licence, the Distribution Guidelines and the Film strategy.

7.4 The Board noted that the BBC’s Fair Trading Guidelines had been formally discontinued, given Ofcom’s new requirements concerning the regulation of the BBC’s commercial activities, and that the framework for consultation for the Complaints Framework would be presented to the June Board.

## 8 AOB

8.1 The Board noted that the 2018 Board dates would be circulated after the meeting.

Approved by the Board: \_\_\_\_\_ (Chairman)

\_\_\_\_\_ (Date)