



Meeting of the BBC Board

MINUTES

23 November 2017
Broadcasting House, London

ITEMS OF BUSINESS

1. Apologies and Conflicts of Interest
2. Minutes from the 17 October Board Meeting
3. Executive Reports
4. Staffing Issues
5. First Look Budget
6. Contestability
7. World Service Operating Licence
8. Committee Reports
9. 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 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
- Elan Closs Stephens Non-executive director

With

- Phil Harrold Company Secretary
- Jo Clarke Secretariat Manager
- James Harding Director, News and Current Affairs (items 1-4)
- Mark Linsey Director, BBC Studios (items 1-4)
- James Purnell Director, Radio and Education (item 1-4)
- Charlotte Moore Director, Content (item 1-4)
- David Jordan Director, Editorial Standards (items 1-4)
- Gautam Rangarajan Director, Strategy (item 1-3)
- Valerie Hughes D'Aeth Director, HR (item 4)
- Shirley Cameron Group Financial Controller (item 5)
- Clare Sumner Director, Policy (item 7)
- Peter Johnston Director, Northern Ireland (item 7)
- Sarah Jones Group General Counsel (item 7)

Apologies: None

BOARD MINUTES – 23 NOVEMBER 2017

1. Apologies and Conflicts of Interest

1.1 There were no apologies.

2. Minutes from the 17 October Board

2.1 The minutes from the 17 October Board meeting were approved.

3. Executive Reports

3.1 The Director-General presented a number of regular Executive Reports to the Board. These included reporting on performance, editorial compliance, operations and assurance.

3.2 The Director-General opened the session by welcoming the success of *Blue Planet II*. The Board noted that over 17 million people in the UK had seen the first episode across all slots and iPlayer, and it was the most-watched show of the year so far, attracting 50% of its audiences from among the 18-34 year-olds. It had also achieved global success with huge audiences in China alone. Directors discussed other original and distinctive programming over the period including *The Boy With The Top Knot*, which had high AI ratings, *Panorama's Paradise Papers* and a series of podcasts on Radio 4's *World at One*, which had followed the process of an adoption.

3.3 The Board noted that the BBC would be hosting the Children's Global Media Summit in Salford at the beginning of December. This would be a great opportunity to set out the BBC's commitment to children's broadcasting, bringing together producers and broadcasters from around the world. Directors discussed this year's Children in Need campaign, which had culminated in an excellent appeal show on Friday and a very high level of donations.

3.4 The Director-General provided a market context briefing and an update on the BBC's commercial strategy.

3.5 The Board discussed this month's audience report. Directors noted that pan BBC reach was stable on the year, with time spent with BBC services showing an increase year-on-year. The Board discussed the performance of BBC services among younger audiences and in particular the children's channels Cbeebies and CBBC. BBC Radio

reach was stable overall, though performance was mixed across different age groups. The Board noted that next month's audience report would include a summary of the Executive Committee's half yearly performance review.

- 3.6 The Director-General briefed the Board on his speech at the Local Radio Gillard Awards, which had marked 50 years of BBC local radio. It set out a new vision for local radio for the next 50 years, as part of which local radio stations would be tasked with reflecting and celebrating their communities. The Board agreed that national and local radio stations should be included in the audiences reporting to the Board on a quarterly basis.
- 3.7 The Board discussed the editorial compliance and complaints report. Directors noted that Ofcom now required the BBC to publish the total number of relevant complaints received by the BBC at stage 1 of the Complaints Framework every two weeks and details of every programme receiving more than 100 relevant complaints in the same period. It also required publication of the outcome of complaints dealt with at stage 2 of the Complaints Framework. The Board noted that the Editorial Guidelines and Standards Committee would consider the format of publication to assess whether they satisfied the BBC's transparency requirements.
- 3.8 The Deputy Director-General provided the Board with updates on finance and assurance matters, including the performance of the BBC's strategic contracts and major projects.
- 3.9 The Board noted that BBC sign-in was progressing well, with over 20 million accounts registered so far, and over 9 million monthly global active signed-in users in August.
- 3.10 The Board noted the Quarterly Executive Finance Report and an update on the BBC's property strategy. A paper on property issues would come to a future meeting of the Board.

4. Staffing Issues

- 4.1 The BBC's Director of HR and the BBC's General Counsel provided the Board with a briefing on current allegations of sexual harassment and the process for dealing with them. The Board discussed the editorial implications of such allegations and noted the governance safeguards put in place to ensure consistency of approach.
- 4.2 The BBC's Director of HR provided the Board with an update on progress with fair pay issues. An update on the review of on-air talent pay had now been published. It would be led by the Deputy Director-General and supported by PwC. One of the aims of the

work would be to establish a clear pay framework for on-air roles, with a set of fair and transparent pay principles for this group, which currently included freelancers, graded staff and employees on on-air contracts.

- 4.3 The Board noted an update on the ongoing work on modernising the BBC's Terms and Conditions.

5. First Look Budget

- 5.1 The First Look Budget for 2018/19 was presented to the Board for consideration and approval of the financial planning framework which would be applied to the detailed budget. As in previous years, approval of the final 2018/19 budget would be sought from the Board by March 2018.

- 5.2 The First Look Budget (FLB) provided an overview of the income and expenditure in the public service side of the BBC and set out the movements in income over the licence fee period. The Board noted the strategic investment priorities, which were in line with the plans approved last year to increase investment in children's, digital services, and in the Nations and Regions.

- 5.3 The Board discussed the savings and reprioritisation challenges required to live within the BBC's financial parameters. Directors noted that the next Budget session would take place in February when the rolling three year period to 2020/21 would be considered in greater detail to ensure alignment with the BBC's strategic priorities.

- 5.4 The Board noted the First Look Budget for 2018/19 and approved the financial framework for the three year rolling Budget to 2020/21.

6. Contestability

- 6.1 The new Charter and Agreement has set out a number of obligations that requires the BBC to open its programming supply to increased levels of competition. These levels of competition vary across service and genre reflecting the very different nature of the markets and supply base in each.

- 6.2 The Board noted that across network television output 100% competition must be introduced by the end of 2027, except where the BBC considered a contestable approach to a programme would not secure value for money. In addition, in drama, comedy, entertainment and factual the existing levels of competition (the former Window of Creative Competition space and the ring-fenced independent quota) also

had to be maintained and competition for at least 40% of the former in-house guarantee in these genres by December 2018. In sport and children's the in-house guarantee would be removed by the end of 2019. Across online 100% competition would need to be ensured by the end of 2027 and, in radio, competition for at least 60% of 'Total Relevant Broadcasting Time' should be implemented by 31 December 2022.

- 6.3 The Board also noted that Contestability did not apply to News output at all and that the BBC could retain an in-house guarantee for news-related current affairs.
- 6.4 In September 2016 BBC Content announced the arrangements that it was putting in place to progress its contestability requirements and the first four titles to be opened to the market. These were *Question of Sport*, *Holby*, *Songs of Praise* and *Horizon*. The first three titles were offered as tenders on a work for hire basis and *Horizon* as a strand as an 'invitation to pitch'. The Director, Northern Ireland had conducted a review of the process, which included a consultation with internal and external stakeholders, which was intended to draw out learning lessons on the best ways to improve the contestability process going forward. The Board was invited to note the findings, which had been published.
- 6.5 The Board held an initial discussion around the proposals for assessing any value for money exemptions. Directors agreed that it was important to allow for tenders in as wide a range of programme categories as possible, within the requirements of the Charter. In addition, any criteria agreed for value for money exemptions should be determined on a case by case basis and applied with full transparency.
- 6.6 The Board agreed that use of the value for money exemption should return for further discussion at the December meeting of the Board.

7 World Service Operating Licence

- 7.1 The BBC is required to set and publish a licence for the World Service. A draft licence, including objectives, priorities and targets to be agreed with the Foreign Secretary, was presented for the Board's consideration.
- 7.2 The Board noted that in response to recommendations by the NAO the volume and granularity of performance measures had increased from the previous licence. The measures now more closely align to an RQIV (Reach, Quality, Impact and Value for Money) framework. Overall the measures put greater emphasis on ensuring that the World Service targets specific demographic segments and demonstrates value for money against international competitors.

- 7.3 The Board noted that the operational integration of World Service into BBC News was delivering significant on-air benefits, as the recent coverage of events in Zimbabwe had shown. Directors discussed the measures in place to ensure that the quality of the foreign language output was of a high standard.
- 7.4 Board members reflected on Charter article (20) 2 which required them to neither seek nor take instruction from Government ministers and asked whether the Licence provided robust boundaries between the BBC and the Foreign and Commonwealth Office. The Director, News, confirmed that the Licence protected the independence of the BBC, and the World Service, against political interference.
- 7.5 The Board approved the draft licence, subject to final agreement of specific elements with the Foreign Secretary, as required by the Agreement.

8 Committee Reports

- 8.1 Tom Ilube, Chairman of the Fair Trading Committee, briefed the Board on its meeting in October. Topics discussed had included Ofcom’s financial reporting requirements and a consideration of transfer pricing methodologies.
- 8.2 Ken MacQuarrie, Chairman of the Wales Committee, briefed the Board on its most recent meeting. Topics discussed at the meeting included audience performance in Wales and performance against regulatory targets.

9. AOB

There was no additional business.

Approved by the Board: _____ (Chairman)
_____ (Date)