



Meeting of the BBC Board

MINUTES

22 November 2018

Boardroom, Room 3028, Broadcasting House, London, W1A 1AA

ITEMS OF BUSINESS

1. Apologies and Conflicts of Interest
2. Minutes from the 18 October Board Meeting
3. Private Session
4. Executive Reports
5. Transparency Review
6. UKTV
7. International Broadcasting Strategy
8. Innovation Review
9. Finance Case
10. Commercial Review
11. Strategic Risk Review
12. Common Directorships Across the Free to Air Joint Ventures
13. Committee Reports
14. 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 (item 4)
- Charlotte Moore Director, Content (items 4 and 8)
- James Purnell Director, Radio and Education (item 4)
- Fran Unsworth Director, News and Current Affairs (item 4-6)
- Gautam Rangarajan Director, Strategy (item 4)
- Valerie Hughes-D'Aeth Director, HR (items 4 and 5)
- Clare Sumner Director, Policy (item 4, 9 and 10)
- Will Hutton Independent Reviewer (item 5)
- Christopher Saul Independent Reviewer (item 5)
- Chris Sandford Senior Advisor (item 5)
- Jessica Cecil Head of Business Management (item 6)
- Matthew Postgate CTO (item 7)
- Tom Fussell CFO BBC Studios (items 9 and 10)
- Glyn Isherwood Group Finance and Operations Director (item 10)
- Balram Veliath Director, Quality, Risk and Assurance (item 11)

BOARD MINUTES – 22 NOVEMBER 2018

1. Apologies and Conflicts of Interest

1.1 There were no apologies for this meeting.

2. Minutes from the 18 October Board

2.1 The minutes from the 18 October Board meeting were approved.

3. Private Session

3.1 The Board held a private session attended by Board members only.

4 Executive Reports

4.1 The Director-General noted that the consultation on the future of the over-75's licence fee concession had launched earlier in the week.

4.2 The Board noted that the Armistice commemorations had been handled exceptionally well across the BBC, providing a fitting culmination to the WW1 Centenary events.

4.3 The BBC hosted the European Broadcasting Union's News Xchange in Edinburgh, which stimulated a lot of debate on the future of news and underlined our aim to explain the stories behind the news.

4.4 This year's *Children in Need* had been very successful, raising a record-break total of 50.6 million pounds on the night, and watched by an average audience of 6.2 million viewers through the evening.

4.5 The Board noted an update on iPlayer performance. Aided by the success of *Killing Eve* and *Bodyguard* September had been a record-breaking month for iPlayer, with its share of all BBC TV minutes watched in the month increasing to 11%, although reach remained level.

4.6 *Own It*, an application developed by the BBC to help young people manage their well-being online had been announced on 15 November, at an event in conjunction with the Duke of Cambridge. It would launch next year.

- 4.7 The Grierson Awards, which recognise documentary film-making, had taken place this month. Among a number of awards the BBC had won Best Current Affairs Documentary for *Panorama: Undercover – Britain’s Immigration Secrets*.
- 4.8 The Board noted an update from the Director of Content. The new series of *Dr Who* was continuing to achieve high audiences, including among the young. Also in entertainment, *Strictly*, *Graham Norton* and *The Apprentice* were all maintaining or growing their 16-34 audience.
- 4.9 The Board noted an update from the Director, Radio and Education which focussed on the launch of BBC Sounds and new podcast content.
- 4.10 The Board noted an update from the Director, News. Brexit continued to be a top story for audiences across the UK.
- 4.11 The Board noted an update from the Director, Nations and Regions. BBC Wales had received an FM coverage boost and was now available across 91% of Wales.
- 4.12 The Board noted an update from the CEO of BBC Studios, which included the latest financial performance figures and regulatory reporting.
- 4.13 The Board noted the Editorial Standards Report. Turnaround times for complaints responses continued to remain within the target.
- 4.14 The Board discussed the operational performance report. Directors noted that there had been a problem with Open Media in WI which had caused some operational issues. Directors noted updates on the progress with pay queries, discussions with HMRC, and the critical projects portfolio. The Board noted that the critical projects portfolio would be overseen by the Audit Committee going forward.
- 4.15 The Board noted the Finance, Commercial and Operations Quarterly Report for Quarter Two.

Culture and Career Progression Workstreams

- 4.16 In Spring 2018, the Director-General launched five workstreams looking at what more could be done to support Culture and Career Progression for five protected characteristic groups – Gender, BAME, Disability, LGBTQ+, and social mobility. All five of these reports, with their findings and recommendations, had now been published. The Board discussed a paper which provided an update on the work.
- 4.17 The Board agreed that it would be useful to schedule a full session on the workstreams and the recommendations arising from them at its awayday in February.

Ofcom's First Annual Report on the BBC

- 4.18 The paper presented the Board with the first Ofcom Annual Report on the BBC, which is required by the Charter.
- 4.19 The Board noted that Ofcom's report was generally positive for the BBC. Ofcom said that "the BBC is generally delivering on its remit for audiences"
- 4.20 Ofcom's report confirmed that the BBC had complied with all its regulatory obligations, including the Operating Licence conditions, the Agreement's schedule 3 obligations, the Ofcom Operating Framework, and complaint handling.
- 4.21 The Board also discussed Ofcom's over-arching themes of transparency, a commitment to original UK programmes, engaging young people and continuing to improve how the BBC represents and portrays the whole of UK society.

5 Transparency Review

- 5.1 The BBC is required by its Charter to observe high standards of openness and seek to maximise transparency and accountability. In April, the Board approved Terms of Reference for two transparency reviews, focussing on transparency around pay and reward in the public service BBC and transparency in the commercial areas. These would be led by independent reviewers. Will Hutton conducted the public service review, and Christopher Saul conducted the review across the BBC's commercial activities.
- 5.2 At this session, Will Hutton and Christopher Saul presented their high-level findings and recommendations for initial discussion by the Board. The work had included an online survey of all staff and discussion sessions at BBC bases around the country. They had also interviewed a range of BBC staff members and external stakeholders, to gather and hear their views.
- 5.3 The Board discussed the presentations. Directors noted that the BBC was at least as transparent as any available comparator and that – in some cases – it already went far beyond what happens elsewhere. This finding aligned with the Board's view of the significant progress that had been made in recent years to establish and embed thorough and evidenced frameworks for pay and reward across the BBC – over and above those that were in place elsewhere. However, Directors were supportive of the proposition that improving the transparency of its processes could be beneficial to the organisation, both internally with staff and externally with wider stakeholders.
- 5.4 Directors agreed that the reviews should return to the December meeting along with a response from the Board.

6. International Broadcasting Strategy

- 6.1 The Board noted initial strategy ideas for the development of BBC's international services by 2028. Directors agreed that a full business case should return to the Board when the strategy was more fully developed.

7. Innovation Review

- 7.1 As part of its Charter requirements, the Board considered Design and Engineering's review of its research and development function in December of 2017. At that time the Board requested that the full innovation strategy should come to a future meeting.
- 7.2 This paper summarised the BBC's current framework for technology-led innovation and the next steps in developing its strategy. Directors noted the update and discussed the current priorities and areas of challenge, and the opportunities for partnerships with other organisations.

8 Finance Case - Sports Rights

[paragraphs 8.2 and 8.3 redacted for the purposes of commercial confidentiality]

- 8.1 The Board was asked to consider a finance case and approve a negotiating mandate for the acquisition of sports rights.
- 8.4 The Board approved the negotiating mandate and also approved delegated authority for a sub-group comprising of the Director General, Deputy Director General, and Director of BBC Content, to oversee and approve the acquisition.
- 8.5 The Board requested that the overall sports rights strategy and forward business plan, with particular regard to their audience performance in the Nations and regions, should return to a future meeting of the Board.

9. UKTV

- 9.1 The Board noted an update on discussions with DCI/Discovery regarding the future of UKTV.

- 9.2 The Board discussed the materiality assessment relating to the UKTV transaction and approved the assessment and recommendation that the transaction was not a “material change” under the 2016 Charter and Agreement.

10 Commercial Review

- 10.1 The Charter’s Framework Agreement (Clause 29) sets out that the BBC must “carry out and publish two or more detailed periodic reviews on whether the commercial activities carried out by the BBC through commercial subsidiaries ... meet the commercial criteria”. In July 2018 The BBC Board appointed EY to conduct such a review, the draft conclusions of which were presented at this meeting for initial consideration.
- 10.2 The Board noted that the review had concluded that the commercial activities carried out by the BBC through commercial subsidiaries met the following commercial criteria, as set out in the Charter:
- a. Fit with the Mission and the Public Purposes;
 - b. Exhibit commercial efficiency;
 - c. Not jeopardise the good reputation of the BBC or the value of the BBC brand; and
 - d. Not, as a result of the relationship of the activity with the UK Public Services, trading activities or non-service activities, distort the market or create an unfair competitive advantage.
- 10.3 The Board discussed the review and its draft recommendations. A further discussion, which would also include the measures and targets for each subsidiary, would take place at the Board’s meeting in December ahead of the publication of the review and an accompanying statement from the Board.

11. Strategic Risk Review

- 11.1 The Board was informed of a recent strategic risk review conducted by the Executive Committee, and discussed its outcomes. The review had included assessing strategic risks with reference to the impact and likelihood of the risk manifesting and preparedness for mitigating the risk; and the ownership over risks. This activity had resulted in some of the previously-identified key strategic risks being re-considered. It also resulted in two new risks being identified and one risk being split in order to provide better clarity between the public service and BBC Studios. The Board was asked to consider the updated risks and mitigations and to provide its input.

- 11.2 Directors discussed the Strategic Risk Review, noting that Board meetings had regularly covered the key risk areas identified in the risk reporting during the year. The Executive confirmed that a comprehensive landscape review on any risks associated with Brexit was being conducted. The Board agreed that a review on operational risks would come to a Board meeting next year.

11 Common Directorships Across the Free To Air Joint Ventures

- 11.1 The Board approved a recommendation to change the relevant Trust conditions so that the BBC was able to appoint a common director to each of the boards of the free to air joint ventures, which would bring it into line with other partners. The Board noted the legal advice included in the paper, which stated that the level of state aid risk would not be altered and that removal of the condition would be unlikely to result in any material increase in competition law risks.

12. Feedback from Committees

- 12.1 The Chairman of the Fair Trading Committee reported on its most recent meeting. The Committee had been joined by senior Ofcom representatives for their annual discussion, which had been a productive session.
- 12.2 The Chairman of the Scotland Committee reported on its most recent meeting which had taken place in Dundee, where a stakeholder session had also been held. An update on the Scotland Channel, audience performance in Scotland and the out of London content strategy had been discussed.

13 AOB

- 13.1 Directors were reminded to complete the evaluation forms for the Board Effectiveness Review.
- 13.2 The Local News Partnerships Annual Review would be published the following day.