



Meeting of the BBC Board

MINUTES

13 December 2018

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

ITEMS OF BUSINESS

1. Apologies and Conflicts of Interest
2. Minutes from the 22 November Board Meeting
3. Executive Reports
4. Regulatory Issues
5. UK Video Market
6. Budget Update
7. Transparency Reviews
8. Impartiality
9. Commercial Issues
10. Pension Board Appointments
11. Committee Reports
12. 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 (items 1-3)
- 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 and 8)
- Charlotte Moore Director, Content (items 1-3)
- James Purnell Director, Radio and Education (items 1-3)
- Fran Unsworth Director, News and Current Affairs (items 1-3 and 8)
- Gautam Rangarajan Director, Strategy (items 1-6 and 8)
- Clare Sumner Director, Policy (items 4 and 9)
- Bal Samra Commercial Director (item 5)
- Glyn Isherwood Group Finance and Operations Director (items 6 and 9)
- Rhona Burns Finance and Operations Director, Radio and Education (item 6)
- Bob Shennan Director, Radio (item 6)
- Ric Bailey Chief Advisor, Editorial Policy (item 8)
- Tom Fussell CFO, BBC Studios (item 9)

1. Apologies and Conflicts of Interest

1.1 There were no apologies for this meeting.

2. Minutes from the 22 November Board

2.1 The minutes from the 22 November Board meeting were approved.

2.2 The Board noted the Matters Arising.

3 Executive Reports

3.1 The Director-General commended News and Current Affairs teams for their coverage of the recent events in Parliament. The Board was updated on issues around a debate on the Prime minister's Brexit deal and agreed that maintaining impartiality in this debate was vital.

3.2 The Board noted an update on progress with the consultation on the future of the over 75s licence fee concession.

3.3 The Director of Content provided an update on content performance. *Strictly Come Dancing*, *The Apprentice* and *Doctor Who* had all done well with audiences, including 16-34 year olds. An increased number of programmes would be made available to audiences as box sets on iPlayer over Christmas.

3.4 The Director of Radio and Education provided an update on the performance of BBC Sounds with audiences. Podcasts, such as *That Peter Crouch Podcast*, *1Xtra Chat* and Michelle Obama's book *Becoming* were proving popular, and attracting a significant under-35 audience.

3.5 The Director, News and Current Affairs, provided an update on the performance of BBC News with audiences. BBC News online had attracted 10 million browsers in previous days, with approximately a third of those being from the under 35 age group. Coverage of the Leicester helicopter crash had been the second highest followed story of the year. The Board noted that BBC News had launched a season of programmes called *Beyond Fake News* globally, signalling its intent to tackle disinformation.

3.6 The Director of Nations and Regions provided an update on audiences and activity in the Nations and Regions. The new BBC Scotland channel was due to launch on 24 February

2019, whilst the 40th Anniversaries for BBC Radio Scotland and Wales had been celebrated, along with the tenth anniversary for BBC Alba on-screen. BBC Northern Ireland had seen substantial audiences for its recent news and politics television programmes as well as a strong digital performance.

- 3.7 The CEO of BBC Studios provided an update on the commercial services. Top global titles continued to perform strongly, with *Dynasties* having sold to forty territories so far and *Luther* series five having recorded strong sales in 70 territories ahead of its transmission in the UK.
- 3.8 The Board noted the Editorial Standards Report. Turnaround times for complaints responses continued to remain within the target. A large number of complaints had been received about Arron Banks appearance on the Andrew Marr show, although 98% of those had been pre-transmission.
- 3.9 The Board discussed the operational performance report. Directors noted the conclusions of the NAO report on the E20 project and an update on progress towards settlement with HMRC over IR35 issues: an NAO report on the BBC's use of personal service companies was due to go to the Public Accounts Committee in the New Year.
- 3.10 The Board noted that a risk review was being conducted on risks associated with a 'no deal' Brexit and that a paper would be circulated ahead of the next Board meeting.
- 3.11 The Board noted a progress report on the development of Belfast Broadcasting House. A full update would be included in the Operational Performance and Assurance Report for February.

Financial Delegation Framework

- 3.12 The Board approved the revised Financial Delegation Framework and noted the delegation of Treasury policy to the Deputy Director-General.

4 Regulatory Issues

BBC iPlayer Public Interest Test

- 4.1 In November Ofcom directed the BBC to carry out a Public Interest Test on the proposed changes to BBC iPlayer for 2018/19, and if appropriate to include the longer term strategy as part of that process. This paper updated the Board on the process, and sought approval for the publication of the draft consultation document, which was included as an annex.

- 4.2 The Board noted the main stages of the process. Directors stressed the importance of investing in iPlayer, their disappointment that Ofcom had declared a Public Interest Test and their desire to keep any delay to a minimum.
- 4.3 The Board approved the draft consultation document for publication, which included the BBC's longer term plans for video on demand, and its plans for seeking stakeholder feedback, which would include audience research.

BBC Sounds

- 4.4 The Board considered a proposal to bring a supplementary assessment of the materiality of the BBC Sounds Phase 2 proposal with specific regard to the principles of aggregation, when discussions with stakeholders were more fully advanced.
- 4.5 The Board approved the proposal for a supplementary materiality assessment regarding aggregation.

5. UK Video Market

[paragraphs 5.2 and 5.4 onwards have been redacted for commercial confidentiality]

- 5.1 The Board had previously considered plans to transform BBC iPlayer from primarily a catch-up service into a Video on Demand (VoD) destination. However, delivering this would be subject to securing agreements in the market and regulatory approval, as set out in the paper '*BBC iPlayer – Public interest test – consultation on proposed changes*' which was also considered at this Board meeting (above).
- 5.3 The Board discussed the proposals for the UK windowing framework, which would underpin the BBC's routes to market strategy for VoD in the UK.

6. 2019/20 Budget Update

- 6.1 The paper provided the BBC Board with an overview of the BBC's key priorities and financial framework for 2019/20, in advance of the full budget proposal that would be submitted for the Board meeting in February 2019.
- 6.2 The Board noted the update and looked forward to the detailed Budget proposal which would come to the February Board meeting ahead of approval of the final Budget approval in March.

Stratford East Bank Update

- 6.3 The Board noted an update on progress with the Stratford East Bank development.
- 6.4 The Board approved a further delegated authority to the Deputy Director- General and Director, Radio & Music to approve a legally binding Agreement for Lease and other associated documentation with LLDC. The documentation to be agreed with LLDC included, but was not limited to, an Agreement for Lease, Lease, Development Agreement, Development Protocol, Loan Agreement and Deed of Covenant.
- 6.5 The approval was subject to the parameters set out in the paper, and consideration of a supplementary paper setting out explanation and reconciliation of cost movements by a sub-committee of the Board which consisted of the Chairman, the Director-General, the Deputy Director-General, and non-executive directors Simon Burke, Tom Ilube and Ashley Steel.

[Secretary's note: the sub-committee cleared the proposal for approval at its subsequent meeting on 13 December 2018]

7 Transparency Reviews

- 7.1 The Board noted that further work was being done on the Will Hutton Transparency Review and it would be circulated to the Board offline in January along with the draft Board response.
- 7.2 The Board accepted Christopher Saul's Review of the BBC's Commercial Transparency and approved it for publication along with Will Hutton's Review when finalised, and the Board response when it had been approved by the Board.

8. Impartiality

Public perceptions of Impartiality

- 8.1 The Board noted and discussed the most recent data on public trust in BBC News and opinion on impartiality compared with the wider news market. This was in order to inform a discussion on the measures the BBC could take to ensure it retained its position as the most trusted broadcaster in an increasingly fragmented political landscape, polarised public discourse and the impacts of social media and 'fake news'.

Responding to Public Perceptions of Impartiality

- 8.2 The Board considered a wide-ranging set of proposals, including plans to communicate and explain the BBC's editorial values and how they were implemented in practice as well as promoting media literacy more generally. Directors noted that the consultation

on the BBC's revised Editorial Guidelines had completed and that they would return to the Board for approval next year.

- 8.3 The Board approved the proposals and requested that the plan for their roll-out should come to a future meeting.

9 Commercial Issues

Commercial Review and the Chairman's Foreword

- 9.1 Following its appointment by the Board in July and the draft version of the report submitted to the Board and discussed on 22 November, EY had produced a final version of its report reviewing the BBC's commercial activities on the Board's behalf.
- 9.2 The Board approved the report for publication together with the Chairman's Foreword to the document.

Governance of the Commercial Holdings Board

- 9.3 The activities of the BBC's commercial subsidiaries are overseen by the Commercial Holdings Board (CHB). It ensures that the strategy of each commercial subsidiary aligns with that of the BBC Group. It also provides oversight and assurance of the commercial subsidiaries which are currently: BBC Global News Holdings Limited, BBC Studios Limited, BBC Studioworks Ltd, BBC Children's Productions Limited and BBC Store Limited.
- 9.4 The Board was asked to agree changes to the governance of the BBC's commercial subsidiaries – including the membership, operation and governance of the Board of BBC Commercial Holdings Limited.
- 9.5 The Board approved the revised Terms of Reference of the BBC Commercial Holdings Board, including the composition of the Board and the recommendation from Nominations Committee as to the membership of the Board.

Target Setting for the Commercial Subsidiaries

- 9.6 Following the completion of the EY Commercial Review approved for publication at this meeting, this paper set out for Board approval the proposed targets for the three commercial subsidiaries, which would also be published.

9.7 The Board approved the targets for publication. The 'Commercial Rates of Return' (or floors), would be subject to further review and approval at the March meeting before submission to Ofcom.

10. Pension Board Appointments

10.1 The Board confirmed the appointment of the existing Independent Trustee, Catherine Claydon, as Chair of the Board, for the remainder of her term as an Independent Trustee.

10.2 The Board noted the recommendation of the Pension Board Nomination Panel and approved the appointment of Eileen Haughey as an Independent Trustee, for a term of three years.

11. Feedback from Committees

11.1 The Chairman of the Editorial Guidelines and Standards Committee reported on its most recent meeting. An update on the process of revising the Editorial Guidelines and the proposals for improving public perceptions of impartiality, which had come to this meeting, had been discussed.

11.2 The Chairman of the Remuneration Committee reported on its most recent meeting. Pay issues in the commercial subsidiaries had been among the subjects discussed.

11.3 The Board noted an update on the programme for Board and Executive Committee audience engagement sessions in 2018/19.

12 AOB

12.1 There was no other business.