



## Meeting of the BBC Board

### MINUTES

25 January 2018  
Broadcasting House, London

#### ITEMS OF BUSINESS

1. BBC Board Review
2. Apologies and Conflicts of Interest
3. Minutes from the 14 December Board Meeting
4. Executive Reports
5. Annual Plan: Proposed Approach
6. Distribution Strategy: Approval
7. Commercial Operation
8. BBC NI Technology and Property Investment
9. Committee Reports
10. 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
- Elan Closs Stephens    Non-executive director

Apologies                Ashley Steel

### With

- Phil Harrold             Company Secretary
- Jo Clarke                 Secretariat Manager
- Alice Perkins            Guest (item 1)
- Mark Linsey             Director, BBC Studios (items 2-4)
- Charlotte Moore        Director, Content (items 2-4)
- James Purnell          Director, Radio and Education (items 2-4)
- Fran Unsworth          Director, News and Current Affairs (items 2-4)
- David Jordan            Director, Editorial Standards (items 2-4)
- Gautam Rangarajan     Director, Strategy (items 2-4)
- Valerie Hughes D'Aeth Director, HR (items 2-4)
- Clare Sumner            Director, Policy (items 5 and 6)
- Matthew Postgate      Chief Technology Officer (item 6)
- Kieran Clifton          Director, Distribution (item 6)
- Peter Johnston          Director, Northern Ireland (item 8)

## BOARD MINUTES – 25 JANUARY 2018

### **1. Board Review**

- 1.1 A review of the BBC's new Board had been conducted by Alice Perkins during the latter months of 2017. Her resulting report was considered at this meeting.
- 1.2 The Board considered the key points of the review. Directors noted that contributors were clear that the new governance arrangements had helped to introduce greater simplicity and effectiveness to the BBC's structure and decision-making processes. The relationship between the Director-General and the Chairman was open and productive and the Board members were working effectively with each other.
- 1.3 The Board discussed some of challenges that the review identified. The issue of how to use the Board's time most effectively, and ensure that the balance between urgent and long-term strategic matters was split to the best advantage, was critically important and would continue to be monitored.
- 1.4 The Board discussed executive reporting. Whilst contributors agreed that the Board Pack was very useful, management information could be improved further by reviewing the current format of the Pack, and the way the executive reporting session was conducted.

### **2. Apologies and Conflicts of Interest**

- 2.1 Ashley Steel was an apology for this meeting.

### **3. Minutes from the 14 December Board**

- 3.1 The minutes from the 14 December Board meeting were approved.

### **4. Executive Reports**

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

- 4.3 The Director-General opened the session by briefing the Board on the findings of the On-Air Review, which had been conducted by the BBC together with PwC, and which followed on from a broader review of fair pay issues at the BBC which had resulted in the World Service Pay Review, the Gender Pay Gap Report and Equal Pay Audit.
- 4.4 Directors noted that the On-Air Review related only to the 4% of BBC staff and those freelancers who were on-air presenters, editors and correspondents in news and news-related areas. As a result of recent work on modernising and reforming terms and conditions at the BBC the majority of these individuals had now been mapped on to the career path framework, which provided a clear career structure and a transparent, market informed pay range for each job.
- 4.5 However, the Board noted that this left over 150 individuals who appeared on the BBC's highest-profile output. The gender balance in this group was around 40% women similar to the BBC's leadership population, but there were two significant issues. Firstly, the range of pay within the group was wide, with pay at the top too high. Secondly, there were more men than women at the top of the pay range.
- 4.6 Directors noted that there were a number of reasons which had contributed to the width of the pay range and the disparity between men and women at the top of the range, which were largely the result of historical issues, notably the absence of a strong pay and career framework, which had led to disparities between programmes and inconsistencies in contractual arrangements.
- 4.7 The Board discussed the findings of the Review. Directors were satisfied that the report showed no evidence that any individual was being paid differently because of their gender at the BBC, but rather that there were a number of longstanding issues behind the differentials, which had clearly become too wide.
- 4.8 The Board discussed the proposed next steps set out in the report. Directors supported the implementation of a strong and transparent pay and career framework across on-air staff as well as the rest of the BBC, but were clear that the framework should retain sufficient flexibility to reward experience, skills and scope. Directors supported the narrowing of pay ranges, the reduction in pay of some highly paid individuals and the continuation and enhancement of initiatives to improve the representation of women at senior levels. Directors approved those proposals and re-affirmed their commitment to continuing to promote career progression among the BBC's female, BAME and disabled staff.
- 4.9 The Board approved the On-Air Review for publication and consultation, subject to a number of amendments to the drafting. These included providing greater clarity around the fact that the report was about on-air gender pay disparities, not wider

diversity issues. In addition, the report should make clear that the BBC had been charged with reducing talent pay, that absolute levels of pay had been coming down, and that the Board would support pay cuts where they were felt necessary.

- 4.10 The Board discussed the Performance section of the Board Pack, with particular regard to the performance of the Christmas schedule. Directors noted that eight out of the top ten programmes on Christmas day were BBC shows, with four of the top six made by BBC Studios. In addition, the last week of 2017 was the busiest ever on iPlayer, with 78.8m programme requests.
- 4.11 The Board noted the editorial compliance and complaints report.
- 4.12 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.
- 4.13 The Board noted that in the light of Carillion's collapse all the BBC's contracts with out-sourcing providers had been reviewed. There were considerable contractual protections in place in all the outsourcing arrangements.
- 4.14 The Board approved a delegation to a sub-committee consisting of the Director-General, Deputy Director-General and Senior Independent Director to approve the final contract costs for the Front Lot part of the E20 project.
- 4.15 The Board noted the successful implementation of the Payout project and thanked Matthew Postgate and his team for all their work.
- 4.16 [Redacted for the purposes of commercial confidentiality].

## **5 Annual Plan: Proposed Approach**

- 5.1 The Board noted that the second BBC Annual Plan of the new Charter was required to be published before the beginning of the new financial year. It was planned to bring an initial draft to the February Board, and the final version for sign-off to the March Board.
- 5.2 Directors discussed the planned approach to the structure and presentation of the Annual Plan. Directors noted that, as it would be published significantly earlier in the year, there would be less detail on individual programmes as commissioning / scheduling decisions were less well advanced.
- 5.3 Directors discussed the metrics used in the Annual Plan. It was hoped over the coming year it would be possible to align internal and external metrics more closely.

5.4 The Board approved the approach to the Annual Plan.

## **6. Distribution Strategy**

6.1 The BBC's Charter requires that the Board publish a Strategy and a policy for the distribution of the UK Public Services. The BBC is also required to consult on the policy before finalising it.

6.2 In December, the Board considered the draft Strategy and Policy documents and asked the team to revise the Strategy to draw out key points made on the important role distribution plays in the delivery of the BBC's public value and how the BBC is positioned in a UK market increasingly influenced by global players. The Distribution Policy was approved at the December meeting, but the Distribution Strategy was re-submitted to the Board for approval.

6.3 The Board considered the updated Strategy document and agreed that it included the additional points made by Directors at the December meeting. The Board approved the Strategy and noted the timeline for consultation required for the Distribution Policy.

## **7. Commercial Operations**

[7.2 redacted for commercial confidentiality]

7.1 Tim Davie provided the Board with an update on the commercial side of the business. The merger between BBC Worldwide and BBC Studios was progressing well.

*BBC Commercial Holdings Ltd Board: Terms of Reference*

7.3 The Board noted that the Terms of Reference were drafted to reflect BBC Commercial Holdings Limited's new oversight and assurance responsibilities in relation to the BBC group commercial subsidiaries, and were approved by its directors in November 2017.

7.4 The Board approved the Terms of Reference for the Commercial Holdings Ltd Board.

## **8 BBC NI Technology Transformation and Property Case**

8.1 The Board discussed the proposal and requested that this case return to its March meeting for further consideration.

**9 Committee Reports**

9.1 The Chair of the Fair Trading Committee reported that among other matters the Committee had discussed Transfer and brand pricing methodologies for BBC Worldwide, Studioworks and Global News Limited.

**10. AOB**

10.1 The Board noted the use of section 36 to redact information in six out of fifteen letters between the BBC and DCMS in 2016 and 2017, including information about Charter negotiations.

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

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