



## Meeting of the BBC Board

### MINUTES

21 June 2018  
Broadcasting House, London

#### ITEMS OF BUSINESS

1. Apologies and Conflicts of Interest
2. Minutes from the 24 May Board Meeting
3. Director-General's Report
4. Annual Report and Accounts
5. Executive Reports
6. Gender Pay Report
7. Corporate Health and Safety Performance
8. World Service Annual Review
9. Operational Plan
10. Revised Editorial Guidelines: Approval for Consultation
11. Finance Case: Licence Fee Unit Management System
12. Committee Reports
13. 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
- 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

- Tanni Grey-Thompson
- Ken MacQuarrie

### With

- Phil Harrold              Company Secretary
- Jo Clarke                 Secretariat Manager
- Amyas Morse             Comptroller and Auditor General (item 4)
- Stephen Smith            Executive Lead, NAO (item 4)
- Kate Mathers             Executive Lead, NAO (item 4)
- Lewis Knight             Audit Manager, NAO (item 4)
- Glyn Isherwood          Group Finance and Operations Director (item 4)
- Shirley Cameron         Group Financial Controller (item 4)
- Chris Sandford          Executive Lead, DG's Office (item 4)
- David Jordan             Director, Editorial Policy and Standards (items 5 and 10)
- Charlotte Moore         Director, Content (items 5 and 6)
- James Purnell            Director, Radio and Education (items 5 and 6)
- Valerie Hughes-D'Aeth   Director, HR (items 5 and 6)
- Gautam Rangarajan     Director, Strategy (items 5 and 6 and 9)
- Balram Veliath          Director, Quality, Risk and Assurance (items 4 and 7)

- Simon Adair Director, Safety, Security and Resilience (item 7)
- Jamie Angus Director, World Service Group (item 8)

## BOARD MINUTES – 21 JUNE 2018

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

- 1.1 Apologies from Ken MacQuarrie and Tanni Grey Thompson were noted. No conflicts of interest were declared for this meeting.

### **2. Minutes from the 24 May Board**

- 2.1 The minutes from the 24 May Board meeting were approved.

### **3. Executive Reports**

- 3.1 The Director-General presented his report to the Board.
- 3.2 The Director-General reported that the live broadcast of the England versus Tunisia game in the World Cup Tournament had attracted an audience of 18.3 million people; the largest audience of the year, with 3.1 million requests for online viewing. The BBC's coverage had achieved an 83% share of 16-34 year olds.
- 3.3 BBC Creative, the BBC team responsible for the Christmas trailer *The Supporting Act* had won the Lion d'Or for Film Craft at this year's Cannes Lions Festival of Creativity.
- 3.4 The Board noted the BBC Music's *Biggest Weekend* had been a success, with events taking place across UK. It was attended by more than 175,000 people and delivered a TV reach of 15.1 million and a radio reach of 14 million. The Board thanked Bob Shennan for all his work.
- 3.5 The Board noted an update on the work of BAME and gender progression projects and the recommendations arising from them. A full report would be published in due course.
- 3.6 The Director-General reported on the latest discussions with Discovery regarding UKTV.

## **4 Annual Report and Accounts**

### *BBC Annual Report and Accounts*

- 4.1 The Board considered the BBC's Annual Report & Accounts 2017/18. This was the second time that the Board had reviewed the full document, which had also been scrutinised by the BBC's Audit Committee.
- 4.2 The Board approved the analysis of the BBC's performance against its public purposes. It was clear that it had been a strong creative year for the BBC, with high quality, distinctive programming across all genres which reflected the range and diversity of the UK's communities. BBC News was still the most trusted source of information for UK audiences, reaching a weekly average of over 80% of adults, and the expansion of the World Service had brought BBC content to an even larger global audience.
- 4.3 There had been good progress on efficiency and a strong investment performance for the BBC Pension Fund. The Board also noted that the BBC would be reporting a surplus income this year, which had largely been achieved by improvements in working capital management in the commercial subsidiaries.
- 4.4 The Board approved the Annual Report and Accounts 2017/18. The document would be published in July.

### *Audit Report*

- 4.5 The Board welcomed Sir Aymas Morse, Comptroller and Auditor General and his colleagues from the National Audit Office (NAO) to introduce the NAO's Audit Report. It was the first occasion that the NAO had audited the BBC, which was a requirement of the new Charter.
- 4.6 In his introduction to the NAO Audit Report, Sir Amyas Morse noted that a positive and effective working relationship had been developed between the two organisations during the audit period, which had been helpful to the process.
- 4.7 The Board noted that the BBC Group Accounts had been certified with an unmodified audit opinion and that a separate report on the accounts appended to his Audit certificate in relation to the use of personal service companies would be issued.
- 4.8 The Board noted the additional responsibility which had been placed on the NAO to audit the 'regularity' of the BBC's funding, in accordance with the new Charter. This was to assure that BBC funding was spent solely on activities set out by the Charter.
- 4.9 The Board approved the Letters of Representation for signature.

### *Going Concern and Viability Statement*

- 4.10 This paper provided the supporting evidence for the Board to confirm the BBC is a “going concern” and is a “viable” business as required for the Annual Report and Accounts and the Corporate Governance Code respectively. IT covered the two year period to 31st March 2020. The paper and supporting detailed cash flow statements had also been reviewed by the NAO.
- 4.11 The Board approved the Going Concern and Viability Statement.

### *Internal Audit*

- 4.12 The Board noted an update on the assurance work Internal Audit had conducted on the assertions within the BBC Annual Report and Accounts. There were no outstanding queries.

## **5. Executive Reports: Part II**

- 5.1 The Deputy Director-General introduced a number of regular reports including reporting on performance, editorial compliance, operations and assurance.
- 5.2 The Board noted an update on the staff terms and conditions work. The Board noted that the Joint Unions had recommended that the membership vote for agreement to the new terms and conditions package, and that that had been reflected in the ballot with a clear majority. A long-term pay agreement had been included in the negotiations around the new terms and conditions which would provide stability until 2020.
- 5.3 The Board commended Valerie Hughes-D’Aeth and her team for their work.
- 5.4 The Board considered the audience performance section of the Executive Report. Directors discussed the new metrics for measuring performance and how particular targets had been chosen.
- 5.5 The Board noted the reports from each output Division. It was agreed that the work on pan-service content strategy for 16-34 year olds, which was to return to the Board in the autumn, should include a marketing plan.
- 5.6 The Board noted the Editorial Standards Report, which included trend data for stage one complaints.

- 5.7 The Board discussed the Deputy Director-General's Report which covered Finance and Assurance matters, including the status of critical projects. Directors noted an update on the status of the E20 project.
- 5.8 The Board discussed the new format for Executive Reporting. Directors agreed that the information provided was much clearer, with targets relevant to the strategic priorities.

## **6. Gender Pay Report**

- 6.1 As with all organisations with more than 250 employees, the BBC is required to submit annual disclosures to the UK Government on its gender pay gap. The Board considered the draft Gender Pay Gap report for 2018.
- 6.2 The Board noted that the median gender pay gap had reduced from 9.3% in 2017 to 7.6% in 2018, and similarly the mean gender pay gap had reduced from 10.7% in 2017 to 8.4% in 2017. This was in the context of a national median gender pay gap of 18.4%. The Board was clear that in the case of the BBC the issue was around the representation of women at the more senior levels in the organisation.
- 6.3 The Board discussed the measures which had been put in place to help meet the target of closing the pay gap by 2020. A new tranche of work among managers would start in the autumn.
- 6.4 The Board approved the Gender Pay Gap Report for publication and submission to the UK Government.

## **7. Corporate Health and Safety Performance**

- 7.1 The Board considered a summary of the BBC's Health and Safety Performance for 2017/18. Also included were an outline of the key governance arrangements in place, and the corporate priority topics for the coming year.
- 7.2 Directors noted that the number of serious injuries had been cut by nearly half in 2017/18. Injuries were reported promptly (81% within 7 days).
- 7.3 Priorities for the team during the coming year were a focus on mandatory training, where it related to health and safety issues; investigating accidents within five days; and, focussing on mental health and electrical/fire safety.

- 7.4 The Board discussed the training and support available for journalists in hostile environments and emerging threats from new technologies, such as drones at outdoor events.
- 7.5 The Board approved the Health and Safety Performance Review for 2017/18 and its accompanying recommendations.

## **8 World Service Annual Review**

- 8.1 The Board considered a review of the performance of the World Service over the past year. It also provided an update on the World 2020 expansion programme, including a draft annual statement to the Foreign Secretary.
- 8.2 The Board noted that the total weekly reach of the World Service Group was 347m (up from 346m in 2016-17, or 0.3% growth) and growth had taken place across all services, except for shortwave and mediumwave radio where audiences were moving to FM, TV or online distribution.
- 8.3 The World 2020 expansion programme continued to remain on track, with all twelve of the planned new language services now live, together with the majority of new content designed to enhance and transform the organisation. The additional funding had helped strengthen capacity for hard-hitting, in-depth journalism, including brave and award-winning reporting from Syria, Northern Iraq and Yemen. The new African services have run outstanding investigations into the impact of terrorism and war across Nigeria and Somalia, while reporting from Russia had called out misleading information and fake news. All reporting requirements have been met in full.
- 8.4 The Board discussed the rapid expansion of the World Service in Africa and the consequent need to continue training for staff in BBC journalistic values quickly. The commercial performance in Global News Ltd in cutting costs and growing revenues, completing the restructuring of BBC Advertising was also noted positively.

## **9 Operational Plan**

- 9.1 The Board requested an Operational Plan to support its Annual Plan for 2018/19. This paper provided the Board with the BBC's 18/19 goals and the draft operational plan that supported them. It also included, for context, the BBC's 2021/22 goals and strategic priorities, which had been developed following the strategic review.
- 9.2 The Board considered the draft operational plan and discussed the proposed metrics for measuring performance against objectives. Directors agreed that the roll-out of the iPlayer strategy needed to be more ambitious given its strategic priority; that there



should be additional objectives for BBC Studios; that metrics related to pan-BBC working and culture should be included; that objectives and metrics related to the individual Nations and Regions should be developed and that overall the modelling should demonstrate how performance targets aligned with wider industry performance.

- 9.3 The Board agreed that, once finalised, reporting against the metrics should be made available to the Board at every meeting.

## **10 Revised BBC Editorial Guidelines: Approval for Consultation**

- 10.1 The BBC's Editorial Guidelines set the standards for the BBC, across all output and were last revised in 2010. Under the Charter, the BBC Board is responsible for the Editorial Guidelines. The Agreement states that the BBC must, "set, publish, review periodically, and observe guidelines designed to secure appropriate standards in the context of the UK Public Services".
- 10.2 In September 2017, the Editorial Guidelines and Standards Committee (EGSC) to the Board commissioned BBC Editorial Policy to revise the current Guidelines. These draft Guidelines reflect the new Charter and Agreement, the Ofcom Code, editorial lessons learnt since 2010, and changes in the law since 2010.
- 10.3 The Board noted that EGSC had scrutinised the new draft guidelines and agreed at its June 2018 meeting that, subject to some amendments, the new draft Guidelines were now ready for public consultation. The Board was requested for approval to proceed to consultation.
- 10.4 The Board noted that the Editorial Guidelines were wide-ranging in nature and covered issues such as the use of social media, charity activity, partnerships and the use of alternative finance and the treatment of contributors as well as programme output and content.
- 10.5 The Board noted that the draft revised Guidelines would be proof read and translated into Welsh prior to publication.
- 10.5 The Board approved the revised Editorial Guidelines for public consultation.

## **11 Finance Case: Licence Fee Unit Management System**

[paragraph 1.1 redacted for commercial confidentiality]

- 11.1 The Board was asked to approve the award of two contracts for the Customer Management Service Modernisation Programme to support collection of the licence fee.
- 11.2 The Board noted that the programme was fully funded with implementation costs coming from the Licence Fee Modernisation reserve and operational costs funded through a combination of cost reductions, Licence Fee Unit contribution from contingency and additional revenue generated from incremental licence sales.
- 11.3 The Board approved the award of the contracts.

## **12 Committee Reports**

- 12.1 The Chair of Remuneration Committee reported on the committee's latest meetings. Items on the agenda had the year end disclosure of staff and talent salaries. An additional meeting had been called to discuss the Department of Culture Media and Sport's request to narrow the salary bands for disclosure purposes.
- 12.2 The Chair of the Editorial Guidelines and Complaints Committee reported on the Committee's June meeting. The new Ofcom reporting protocol was in place and working well. Over the summer the Committee would start to look at issues around impartiality in order to inform the Board's discussion in the Autumn.

## **13. AOB**

- 13.1 The Board discussed the BBC's recent communications regarding topical and news issues.

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

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