



Meeting of the BBC Board

MINUTES

17 October 2017
Media City, Salford

ITEMS OF BUSINESS

1. Apologies and Conflicts of Interest
2. Minutes from the 21 September Board Meeting
3. Welcome to BBC North
4. Executive Reports/Board Pack
5. Sport Strategy
6. Education Strategy
7. BBC Worldwide and BBC Studios
8. Scotland Public Interest Test
9. Final Operating Licence and Annual Plan
10. Committee Reports
11. 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 Purnell Director, Radio and Education (item 1-6)
- Charlotte Moore Director, Content (item 1-4)
- David Jordan Director, Editorial Standards (items 1-4) by VC
- Gautam Rangarajan Director, Strategy (item 1-4 and 9)
- Alice Webb Director, BBC Children's and BBC North (items 3 and 4)
- Barbara Slater Director, BBC Sport (item 5)
- Steve Mawhinney Head of Sports journalism (item 5)
- Sinead Rocks Director, Education (item 6)
- Chris Condon Director, Product and Systems, BBC North (item 6)
- William Grewell Programme Director (item 7)
- Clare Sumner Director, Policy (items 7-9)

Apologies: None

BOARD MINUTES – 17 OCTOBER 2017

1. Apologies and Conflicts of Interest

1.1 There were no apologies.

2. Minutes from the 21 September Board

2.1 The minutes from the 21 September Board meeting were approved.

3 Welcome to BBC North

3.1 Alice Webb, Director BBC North, explained the strategic objectives behind the BBC's move to Media City, Salford, which had included improving the BBC's connection with Northern audiences and enhancing its creativity, as well as bringing value to the area and financial benefit to the BBC. She also outlined some of the current operational challenges.

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.

4.2 The Director-General opened the session by reporting that James Harding, Director, News and Current Affairs had decided to leave the BBC to pursue new opportunities. The Board commended James for his achievements during what had been a very demanding period for news journalism.

4.3 The Board noted that the World Service Pay Review, the Gender Pay Gap Report and Equal Pay Audit and Management Response had all been published since the last meeting. Coverage of the reports had been balanced and the Board thanked Anne Bulford and her team for all the work which had gone into the reviews over the summer. The next stage of the Terms and Conditions work had launched and staff had now had sight of their new grading and job family details, along with their position within the pay range for that grade.

- 4.4 The Director-General reported that he had visited India during the month to open the new bureau in Delhi, which was part of the World Service '2020' expansion. Four new services were launched from there in October, in Telugu, Gujarati, Marathi and Punjabi – doubling the BBC's non-English offer in India and opening our services to almost a quarter of a million listeners.
- 4.5 The Board noted that *Strictly Come Dancing* had launched well this season, with strong audience and share figures, which had held up well over the 10 million mark each week. The world premiere of *Blue Planet II* was attended by Sir David Attenborough and the Duke of Cambridge, with a second advance screening held in Bristol, the home of BBC Studios Natural History Unit.
- 4.6 The Board noted this month's audiences report, and particularly recent performance among youth audiences. Board members discussed some of the issues which had impacted on the BBC's youth audience, both from traditional competitors and from new entrants to the market. Directors agreed that new methodologies for gathering audience data would be helpful and should result in more detailed analysis.
- 4.7 The Board discussed the editorial compliance and complaints report. Directors noted that response times were within target. The final Complaints Framework had been published on 3 October.
- 4.8 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.

5. Sport Strategy

- 5.1 The BBC's Director of Sport, Barbara Slater, delivered a presentation on the BBC's sport strategy.
- 5.2 The Board noted that sport had proved highly popular with audiences. The 2017 World Athletics Championships had attracted peak audiences approaching ten million viewers, with millions more live streaming the event. BBC Sport is the most popular sports service across all platforms in the UK and its strategy is focussed on re-defining free-to-air sport for a new generation.
- 5.3 The Board noted that Design and Engineering, and Sport, editorial teams were working closely together to develop new live streaming services. BBC Sport was also re-focussing efforts on producing content for younger audiences, using more

entertainment-based content and short-form video. Directors discussed how such services were a useful environment to develop future sports presenting talent.

- 5.4 The Board also noted the way in which partnerships were being developed with sports associations and other organisations to grow participation in Sport. Directors discussed in particular the *Get Inspired* and *Supermovers* initiatives.

6. Education Strategy

- 6.1 The Board considered a new education strategy, which had been developed with input from stakeholders and potential partners. The proposal built significantly on current provision, which is mainly based around curriculum-linked content and large-scale campaigns that tackle societal deficits. It planned to capitalise on advances in digital technology to provide something of educational value for all licence fee payers, at their time of need, over three life stages:

Ages 0-5 – Closing the pre-school literacy gap (with its links to social mobility);

Ages 5-30 – Educating the whole child and helping young people into the world of work;

Ages 30+ – Supporting adults with re-skilling at a time of rapid change.

- 6.2 The Board discussed the three planks of the strategy. Directors agreed that the provision of services to children under five, which aimed to tackle pre-school language delays, would serve an important public purpose. However, even though the BBC's pre-school services and products were among the most popular in that age-group, it would be critical to choose partnerships which could effectively reach those children most in need of literacy support.
- 6.3 The Board discussed the proposals for those aged between 15-30, which centred on the expansion of the Bitesize service. Bitesize is currently solely focused on curriculum-linked study and revision catering for 5-16 year olds and reaches 80% of secondary school pupils and 50% of primary school children every week. It was proposed to expand the service both in age remit and in content provision to ensure that it catered for the wider needs of children and young people – from confidence and resilience to study choices and career inspiration. Directors considered that the strategy effectively built on the success of Bitesize and could significantly enhance the opportunities and life skills of younger people.

- 6.4 The Board was impressed with the aspiration of the proposals for the over-30s and agreed that pilots could be undertaken within available budget, but considered that they would be the most challenging to develop. Again, the right partnerships would be critical in reaching those who could most benefit from the service.
- 6.5 The Board approved the overall direction of the strategy. In doing so however, Directors were clear that much of the success of its implementation would be dependent on finding partners which could optimise funding and reach. The Board agreed the first year's funding proposal, but the strategy for subsequent years would need to return to the Board where its longer-term funding would be considered as part of the Budget and its delivery approved as part of the Annual Plan.

7. BBC Worldwide and BBC Studios

- 7.1 In July 2017, the Director General and Deputy Director General provided an update to the BBC Board on a proposal to bring together BBC Studios and BBC Worldwide. It was subsequently agreed that in October the BBC Board would consider two things.
- The proposal to bring BBC Studios and BBC Worldwide into a combined company structure, under a single leadership and management team, operating under one company name, BBC Studios Ltd
 - The Commercial Materiality Assessment.
- 7.2 The Board discussed the merger of BBC Studios and BBC Worldwide. Directors endorsed the strategic rationale for combining the two entities, noting that whilst removing the structural separation between them would deliver simplification, greater efficiencies and enable a unified customer and IP strategy, the commercial relationship between them would remain the same.
- 7.3 The Board noted that it was planned to begin trading and integration implementation from April 1st 2018. Directors agreed that the speed of implementation would be critical for the success of the strategy.
- 7.4 The Board discussed the business plan for integrating BBC Studios and BBC Worldwide. Directors noted that the objective of the plan was not solely to optimise profits but to re-invigorate the creativity of in-house production. Directors agreed that a constitution statement for the integrated business should be drawn up which clearly stated its strategic objectives.
- 7.5 The Board considered the commercial materiality assessment. Under the Charter and Agreement the BBC needs to consider whether any change to its Commercial Activities

is material. If the BBC Board decides that the proposed change is material the BBC must carry out a Commercial Test and submit the proposal to Ofcom who will then consider whether they believe it to be material (4 to 6 weeks) and if so, whether to conduct their own commercial assessment. (4 to 6 months).

7.6 The Board noted that the Framework Agreement defined a material change to the BBC's Commercial Activities as:

“(a) the carrying out of a new type of activity as a commercial activity (for example, an activity previously carried out as a UK public service, non-service activity or trading activity); or

(b) a significant change to the BBC's commercial arm;

where (c) there is a significant risk that the change may, 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.”

7.7 Board members agreed that the proposal to integrate BBC Studios and BBC Worldwide met none of the tests set out in (a), (b) or (c) and therefore was not a material change to its commercial activities.

7.8 The Board requested that the full materiality assessment should be signed-off by a sub-committee of the Board, to consist of the Chairman, the Director-General, the Deputy Director-General, and non-executive directors Steve Morrison and Simon Burke.

[Post Meeting Note: Tom Ilube was added to the sub-committee list.]

8 Scotland Public Interest Test

8.1 In February 2017 the BBC announced that it would like to launch a new BBC Scotland TV channel. Under the Charter, the proposal is subject to a Public Interest Test where the BBC must consider both the public benefit and the competitive effect of such a change. The paper presented the BBC's proposals for the new channel and set out the reasons why the BBC's plans satisfied the Public Interest Test.

8.2 The Board noted that as a result of the public consultation and audience research the final channel proposal contained revisions to the proposed content mix and broadcast hours.

8.2 The Board noted that there were three steps to the Public Interest Test set out in Clause 8(1) of the Agreement. The BBC must be satisfied that all of the following criteria were met:

(a) the proposed change to the UK public services contributes to the fulfilment of the Mission and the promotion of one or more of the BBC's Public Purposes;

(b) it has taken reasonable steps to ensure that the proposed change has no adverse impact on fair and effective competition which is not necessary for the effective fulfilment of the Mission and the promotion of the Public Purposes; and

(c) the public value of the proposed change justifies any adverse impact on fair and effective competition.

7.3 The Board discussed the Public Interest Test. Directors considered that the predicted size of the audience at launch should be revisited, given the difficulty of estimating audiences for new channels.

7.4 The Board agreed that the final proposal for a new Scotland Channel satisfied the Public Interest Test. The Board requested that the Executive should sign-off the final submission which would be sent to Ofcom.

8 Final Operating Licence and Annual Plan

8.1 The Board noted that Ofcom had now published its final Operating Licence following consultation. The Licence set out the regulatory conditions with which the BBC's UK Public Services must comply from 2018. Ofcom had also published the final part of the Operating Framework which set out how it will measure and report the BBC's performance.

8.2 The Board also noted that Ofcom would start a review on whether BBC programmes and services properly reflected the diversity of the UK.

8.3 The Board discussed a paper which provided a summary of the key parts of the final Licence focusing on those areas raised in the BBC's response to Ofcom and key changes made from the draft Licence.

8.4 The Board welcomed the focus on distinctiveness reflected by the final Licence, which recognised the level of commitments to deliver distinctive output made by the BBC in its draft Annual Plan.

8.5 Directors recognised that the final Licence proposed a reasonably balanced set of regulatory conditions, however, concerns were expressed that, taken cumulatively, the level of hours quotas had the potential to put pressure on the BBC's overall programme strategy. It was agreed that the Director of Content would undertake a review of the impact of the quota commitments on planned programme deliveries and longer-term programming objectives.

- 8.6 The Board also noted that Ofcom had broadly accepted the BBC’s current Diversity strategy. However, the new reporting requirements did not reflect the BBC’s current approach and Directors agreed that it was important to achieve better mutual alignment in the reporting framework.
- 8.7 The Board agreed that any outstanding issues of concern should be outlined in a letter to Ofcom from the Chairman on behalf of the Board.
- 8.6 The Board approved the list of revisions proposed to the BBC’s interim Annual Plan taking into account responses and as a result of the changes in the final Licence. Final sign-off of the Annual Plan was delegated to the Chairman and Director-General.

9 Committee Reports

- 9.1 Ashley Steel, Member for England, briefed the Board on the meeting of the England Committee. Topics discussed at the meeting had had included audience performance and progress against regulatory targets.
- 9.2 Simon Burke, Chairman of the Audit Committee, briefed the Board on its most recent meeting. Topics discussed at the meeting included risk management and the NAO’s report on regularity.

10. AOB

- 10.1 The Chairman thanked Directors for joining a call between the September and October Board meetings to approve the BBC’s statutory Gender Pay Gap Report and note the Equal Pay Audit that had been undertaken by the management.
- 10.2 The Board noted the S4C Review being undertaken by the UK Government, approved the proposed basis for response and delegated responsibility for approving the BBC’s final response to non-executive director Elan Closs Stephens and the Director, Nations and Regions.

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