



Meeting of the BBC Board

MINUTES

20 June 2019
BBC Scotland, Pacific Quay, Glasgow

ITEMS OF BUSINESS

1. Apologies and Conflicts of Interest
2. Minutes from the 23 May Board Meeting
3. Executive Reports
4. Group Annual Report and Accounts
5. Statutory Gender Pay Gap Report
6. Commercial Issues
7. BBC Scotland Channel
8. Health and Safety Annual Performance Review
9. Determination Notice
10. Committee Reports
11. AOB

ATTENDANCE

Present

- David Clementi Chairman
- Tony Hall Director-General
- Simon Burke Non-executive director (items 4-10)
- Tim Davie Chief Executive Officer, BBC Studios
- Tanni Grey-Thompson 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
- Ashley Steel Non-executive director
- Fran Unsworth Director, News and Current Affairs

Apologies: Ian Hargreaves

With

- Phil Harrold Company Secretary
- Jo Clarke Secretariat Manager
- Glyn Isherwood Chief Financial Officer
- Bob Shennan Group Managing Director
- Gautam Rangarajan Director, Strategy (items 1-6)
- David Jordan Director, Editorial Policy and Standards (item 1-3)
- James Purnell Director, Radio and Education (items 1-3)
- Stephen Smith National Audit Office (item 4)
- Kate Mathers National Audit Office (item 4)
- Lewis Knights National Audit Office (item 4)
- Balram Veliath Director, Quality, Risk and Assurance (item 4 and 8)
- Chris Sandford Senior Adviser, Chairman and DG's Office (item 4)
- Valerie Hughes D'Aeth Chief HR Officer (item 5) by phone
- Bal Samra Group Commercial Director (item 6)
- Steve Carson Senior Head of Content, BBC Scotland (item 7)
- Clare Sumner Director, Policy (item 9) by phone

1. Apologies and Conflicts of Interest

- 1.1 Ian Hargreaves was an apology for this meeting.

2. Minutes from the 23 May Board

- 2.1 The minutes from the 23 May Board meeting were approved, subject to a minor amendment.
- 2.2 The Board noted the Matters Arising.

3. Executive Reports

- 3.1 The Director-General updated the Board on current issues. These included the response to the BBC's announcement on the over 75's licence fee concession and concerns about how the audience members for the *Our Next Prime Minister* televised debate had been selected, the process for which would now be subject to an internal assessment by the Director, Editorial Policy and Standards.
- 3.2 The Director-General reported that the BBC had hosted a 'Trusted News' summit at New Broadcasting House with representatives from a range of news organisations and digital platforms.
- 3.3 Programme highlights over the past month had included a fresh re-launch for *Top Gear*, which had received a favourable audience reaction; *Thatcher: A Very British Revolution*, a documentary series which had received a high level of critical acclaim; and *Killing Eve* Series Two, which had launched successfully on iPlayer with 2.6 million requests for the box set within the first thirty-six hours.
- 3.4 The Director, Radio and Education, provided an update on performance. The most recent RAJAR results had demonstrated an improvement on all networks over the quarter. The Board discussed the impact of Radio 1's Big Weekend 2019 in Middlesbrough, where acts including Mumford & Sons, Miley Cyrus, The 1975, Stormzy and Little Mix had performed. There were strong digital and radio performances and TV coverage achieved its highest TV reach since 2015.
- 3.5 The Director, News and Current Affairs provided an update on performance. Content investment in the World Service was beginning to generate award-winning programming, particularly with regard to Africa Eye. The 50:50 Project had reported

back; 62% of the News and Current Affairs teams involved in the project achieved on-air gender balance in April. The Board noted an update on Ofcom's Review of BBC News and Current Affairs. The Editorial Guidelines and Standards Committee would consider progress with the Review in detail at its next meeting.

- 3.6 The Director, Nations and Regions, provided an update on audiences and activities. Coverage of the D-Day Commemorations had gone extremely well and collaboration with BBC Studios had worked very effectively over the period. The new BBC Wales Headquarters in Central Square, Cardiff, was progressing on time and on budget.
- 3.7 The Chief Executive Officer, BBC Studios provided an update on performance. BBC Studios had won the tender for *Countryfile*; *Antiques Roadshow* was attracting over five million viewers on a regular basis; a new season of *Top Gear* had launched with a new line-up; *The Planets*, presented by Professor Brian Cox, was generating global interest with 200 m views in China; and a second series of *Gentleman Jack* had been commissioned.
- 3.8 The Board noted the Editorial Standards Report. The Board noted that there may be a small delay to the roll-out of the revised Editorial Guidelines.
- 3.9 The Board considered the Operational Performance Report. Directors noted updates on critical projects and plans for 2020 Budget round.

Annual Performance Review

- 3.10 The Board considered the Executive Committee's Annual Performance Review. Directors discussed the audience performance of BBC services in a context of rapidly shifting audience behaviours and structural changes to the industry. Whilst there had been notable successes with high impact content and across the delivery of the purposes, there were challenges in audience performance particularly among the 16-34 age group.
- 3.11 The Board agreed that metrics such as reach and value would remain important indicators of audience consumption of BBC services, and that iPlayer and Sounds were critical parts of the strategy.
- 3.12 It was agreed that the Executive should bring a framework approach to developing a refreshed audience strategy to the next meeting. This would enable the Board to engage fully in contributing to a strategic response to rapid change in audience behaviour within the context of the 2020/21 Budget.

Global Audience Update

- 3.13 This paper provided a headline summary of the BBC's total global audience. In 2018-19 the total global reach of the BBC rose to 426 million per week. The Board noted that a significant element of this audience was delivered via the BBC's global news activity. A full report on the performance of the BBC World Service, including a draft of the 'World 2020 Annual Statement' for the Foreign and Commonwealth Office, would come to the Board in July.

4 Annual Report and Accounts

BBC Group Annual Report and Accounts

- 4.1 The Board considered the BBC's Group Annual Report and Accounts 2018/19. The Board had reviewed the full document at its meeting on 10 June and this version contained the draft amendments requested at that meeting. The full Report 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. Directors agreed that the year had been notable for its creative success. High quality and distinctive programming across genres saw the BBC pick up more than 180 awards, there had been significant progress on gender pay, record levels of efficiency and a jump in commercial profits to help fund quality programmes for licence fee payers. The Board noted that despite increased competition from the proliferation of streaming services, 91% of the UK adult population used BBC services each week whilst its global audience had increased to 426 million people weekly.
- 4.3 The Board approved the Annual Report and Accounts 2018/19. The document would be published in July.

Audit Report

- 4.4 The Board welcomed representatives from the National Audit Office (NAO) to introduce the NAO's Audit Report.
- 4.5 The Board noted that Comptroller and Auditor General would certify the 2018/19 BBC Group financial statements with an unqualified true and fair audit opinion without modification and a qualified opinion on regularity in relation to the Personal Service Company provision and associated expenditure.
- 4.6 The Board approved the Letters of Representation for signature.

Going Concern and Viability Statement

- 4.7 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 2021. The paper and supporting detailed cash flow statements had also been reviewed by the NAO.
- 4.8 The Board approved the Going Concern and Viability Statement.

Internal Audit

- 4.9 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. Statutory Gender Pay Gap Report

- 5.1 The Board welcomed the positive progress demonstrated by the 2019 Report, which showed that the median gender pay gap for the BBC public service had now fallen to 6.7%, a further improvement on the 2018 figure of 7.6%. Directors noted that this was the lowest figure in the UK media industry, and considerably lower than the national average of 17.9%. This year the report included a breakdown of the pay gap across the BBC’s career bands, which was running at 3% or less. Directors considered that this information helped to demonstrate the structural nature of the problem in that it showed how too few women in senior roles could impact the overall figure.
- 5.2 The Board discussed the additional detail available in the report, which also covered the pay gap for people from BAME backgrounds, those who are disabled and those who work part-time. This year it also published the pay gap for LGBTQ+ employees. The Board was pleased to see that those pay gaps were already down to 3% or less.
- 5.3 The Board approved the 2019 Gender Pay Gap Report for publication.

6 Commercial Issues

(paragraph 6.2 redacted for commercial confidentiality)

Strategic Partnership

- 6.1 The Board received an update on the proposed UK VOD Strategic Partnership with ITV, including the BBC's role in BritBox. Directors noted that negotiations on a Memorandum of Understanding with ITV had now been successfully concluded and the key provisions in the agreement had been included in this paper.
- 6.2 The Board discussed the strategic partnership agreement and the provisions of the Memorandum. Directors considered that the provisions adequately addressed issues regarding change of control, branding, content supply and governance arrangements, but requested that the partnership agreement return to the Board
- 6.3 The Board gave approval for the BBC-ITV strategic partnership as outlined in the paper and authorised the Director-General to enter into a legally binding memorandum of understanding with ITV and to finalise the associated long-form agreements.

UKTV Transaction Completion

- 6.4 The Board noted a paper which confirmed that all the closing conditions for the UKTV transaction had now been met, in line with the BBC Board approved mandate, and the UKTV deal plan. Final completion had taken place as planned on 11 June 2019.

7 BBC Scotland Channel

- 7.1 The Board received a presentation on the performance of the BBC Scotland Channel. Directors discussed the presentation and noted the fact that, whilst particular time slots were challenging because of the competition for audience at those times, audience performance for the Channel overall had exceeded expectations.

8 Annual Health and Safety Performance Review

- 8.1 The Board received a report on the BBC's performance in health and safety for last year and an outline of the corporate priority topics for the coming year.
- 8.2 The Board noted that performance in relation to injuries was similar to the previous year. The number of serious injuries reported to the regulator, the Health and Safety Executive, was 16, compared to 15 in 2017/18. The total number of injuries reported

during 2018/19 was 581, a 15% reduction on the previous year. Injuries were reported promptly.

- 8.3 The Board noted and approved the focus topics for the coming year. These related to the major hazards to the largest number of people and assets, e.g. electrical safety, fire safety, working at height, international safety and mental health and wellbeing.
- 8.4 The Board discussed the safety protocol for the overseas deployment of staff and the pressures on staff living and working for the BBC in areas with difficult safety issues. The Board agreed the importance of ensuring international staff were fully supported, especially given the recent expansion of the World Service language services.

9 Determination Notice

- 9.1 As part of its decision on age related TV licences the Board made specific further decisions as to implementation, in particular that from June 2020 TVL would operate a self-verification system to determine eligibility for the concession; and set up a new scheme to allow people who no longer qualify for the concession to pay for their licence by instalments to help them with the transition.
- 9.2 The Board considered a draft determination which set out how the BBC would deliver these arrangements under the powers given in the Digital Economy Act 2017 that amended the Communications Act 2003. This determination is the formal step required by the legislation so as to give effect to the Board's policy decision and enable the BBC to implement the new scheme.
- 9.3 The Board approved the draft Determination and delegated sign off of the final document by the Chairman and the Director-General ahead of publication.

10 Committee Reports

- 10.1 The Chair of the England Committee reported on its most recent meeting in Kendal, Cumbria. Items for discussion had included an England strategy update and a briefing on audience performance. The Committee also held an audience session with local people.
- 10.2 The Chair of the Northern Ireland Committee reported on its most recent meeting. Items for discussion had included an audience performance briefing, a Nations and Regions sports rights briefing and an update on Northern Ireland's youth strategy.

- 10.3 The Chair of Remuneration Committee reported on its most recent meeting. Items for discussion had included the draft Remuneration Report for inclusion in the Annual Report and Accounts, the draft Gender Pay Gap Report and an external market benchmarking report.
- 10.4 The Chair of the Commercial Holdings Board reported on its most recent meeting. Items for discussion had included a recruitment of a new non-executive director for the Commercial Holdings Board.

11 AOB

- 11.1 The Board requested that a session on the future of iPlayer should be added to the Board's forward business schedule.

Approved by the Board: _____ (Chairman)

_____ (Date)