



Transparency Reviews

BBC Board Response
February 2019

Transparency Reviews - BBC Board response

Introduction

Over the past two years, there has been a great deal of public scrutiny around issues of pay and transparency in the BBC, including from members of staff, Parliamentarians and external commentators. The Board agreed in April last year that two reviews should be commissioned to examine and benchmark the BBC's current position on transparency in both its public service and commercial operations.

The reviews were asked to look closely at what the BBC achieves in relation to transparency, to compare this with other similar organisations, and to make recommendations for ways in which the BBC could and should improve what it does. The public service review was undertaken by Will Hutton, whilst Chris Saul undertook the commercial review¹.

The Board is grateful to both Will Hutton and Chris Saul for the diligent, thorough and open way in which they have conducted their work. This has included wide consultation with staff and other interested parties, a survey open to all BBC employees, numerous discussion sessions around the country, meetings with representative staff groups, unions and external stakeholders and a thorough analysis of the available academic evidence on the impacts of transparency in the workplace. We would also like to place on record the Board's thanks to all those members of staff who have contributed their thoughts and comments to the review.

The Board has considered and is now publishing in full these reviews. Overall, they show that the BBC compares well with similar organisations, and there is much in them from which we can take great heart. However, there is also a chance for us to build further and we welcome the proposals for ways in which we can develop what we already do.

Overview

The core message from both reviews is one that the Board fully endorses – that the BBC is a UK leader in pay transparency, with a level of internal disclosure that, according to Will Hutton, “goes further than any large British public and private sector organisation”. This finding is consistent with our view of the significant progress that has been made in recent years to establish and embed thorough and

¹ Will Hutton is Principal of Hertford College Oxford and Chair of the Big Innovation Centre's Innovation Board. He wrote the Hutton Review of Fair Pay in the Public Sector in 2011. Chris Saul is former Senior Partner at Slaughter and May, and now an independent adviser on governance and succession in the private sector.

evidenced pay frameworks across the BBC, enabling staff to see and understand more information about what they are paid. Put simply, the BBC today is significantly more transparent than even a few years ago – and it is going further.

Whilst the evidence of these reviews shows that more can be done to ensure staff have access to contextual information that helps them understand their pay better, it is nevertheless recognised that the BBC has undertaken a significant programme of change in a short period of time. We believe that the work that is now being implemented – including the Career Path Framework, Terms and Conditions changes for staff, availability of information through the internal ‘People View’ system and ongoing discussion with our unions on a range of contractual issues – is essential to enable staff to have confidence in and see a clear rationale for what they are paid.

The Board welcomes the finding that the BBC is a leader compared to most other organisations in all areas of transparency that were looked at. In particular, on pay issues, this is testament to the work that has been done by our HR, Finance, Legal and other corporate teams. The changes that have been made are wide ranging, fundamental and market leading in their scope. The clear progress that has been made since 2015, allied with the fact that the BBC has a huge number of highly talented staff, leaders and managers, provides an excellent basis on which the BBC can now build.

To do so, as these reviews show, it is imperative that the BBC must now be proactive about what information it makes available – both internally to staff and externally. The evidence from these reviews is striking that, though demand among staff is low for the publication of pay details by name for each individual, there is a growing move toward a desire for more detail, more granularity and more context around pay data and pay decisions. Given this, it is right that we now take this opportunity to have a clear view on where the BBC can go further and the areas we want to see prioritised in the next two years.

As such, we have identified three specific priorities which are common to the two reports, along with a number of specific actions to support these. Our overall priority areas will be:

1. *Granularity* – we support the idea that more context should be provided in our internal and external pay disclosures, though we also agree with the recommendation that anonymity should remain a core principle of this. To achieve this we will:
 - publish more detailed data on relative pay internally for our staff;

- seek to make this information available for as many of our staff as possible; and
 - include more detail in our external pay disclosures by moving to £5k bands for those earning over £150k.
2. *Narrative* – we agree that it is essential that we do all we can to help people understand their pay and reward. We also support the idea that we should be ready to tell a clear and positive story about both the Board’s strategic priorities and about the work of BBC Studios. To achieve this we will:
- continue to expand training and support for our managers to help them explain and discuss pay and progression with their staff;
 - give managers more feedback on key strategic issues and information being discussed at the Board; and
 - make the changes suggested by Chris Saul to improve transparency around our commercial governance and the reporting we provide on our commercial operations.
3. *Culture* – we think it is critical that the BBC should continue to focus on ensuring it is a great place to work and we will be discussing ways in which we can ensure this continues to be the case. This will include:
- continuing to mandate Unconscious Bias training for all managers and rolling this out to all staff over the year;
 - closely monitoring the delivery of the findings and recommendations of the recent culture and progression reviews; and
 - doing more throughout 2019 to emphasise the work we are doing on culture and the progress being made.

We discuss in more detail below the specific points raised by the two reports.

Will Hutton Review of Public Service Transparency

It is evident that Will Hutton has looked very hard at the available evidence and research on pay transparency. His review is a valuable summation of the current academic and practical views about the impacts, benefits and challenges in this area.

Whilst he makes a number of specific recommendations on ways the BBC could improve, we welcome his finding that the BBC is one of the leaders in the country in terms of information that is provided to staff about their pay and conditions. But he makes a case that we can do more with the information we already provide in order to help staff understand it better.

The review makes a number of specific recommendations. Some of these we can implement immediately, others will require further analysis and piloting. We will continue to improve pay disclosure by:

- committing to publish bar charts showing relative pay distribution (where applicable, for jobs with more than 20 individuals in them) for all roles, on a six monthly basis, giving staff the ability regularly to check on their relative pay;
- splitting these relative charts by gender for all groups with sufficient numbers of staff in them to ensure that personal data is protected;
- asking our HR teams to develop ways in which staff in smaller cohorts can see meaningful data about their relative pay; and
- exploring what more can be done to break down our BAME reporting on staff numbers and the gender pay gap, with reference to expected Government legislation on this issue in the next year.

A number of the recommendations suggest further development of and experiment with our systems over the coming months. The BBC will need to consider the feasibility and cost of these initiatives in the context of its other priorities. As Will says, not all of these changes will necessarily be immediately feasible, but we are asking our teams to consider what more can be done to support our managers, to give them greater feedback on their performance and to make sure they are well equipped with strategic information, for example from our Board meetings. We also, wholeheartedly, support the recommendation that we should seek to deliver the recommendations from the BBC's culture and progression reviews, fully evaluating and expanding those initiatives that make the most impact.

The review also makes reference to our pay and progression frameworks, including the guidance we have in place for promotions. We agree with Will's point that talented staff should be able to be rewarded and to progress through the organisation. We also feel that the current framework for this is the right one, in that it balances central control of pay with a system of approval and oversight for exceptional cases. We believe this is the right framework at the current time, but note that management will continue to engage with our unions on the issue of progression in the coming months.

Lastly, Will makes some specific recommendations about our overall approach to pay in the current climate, including the need to close our current pay cases. It should be noted this has been an extraordinary period in which the BBC has proactively encouraged people to come forward with any queries around their pay, particularly in the wake of the introduction of a new career path and pay framework. It was right to allow staff to raise questions and concerns about what this meant and inevitably has led to a large number of inquiries. The vast majority of these have now been resolved and we are committed to resolving the remainder of these as

quickly as possible. The BBC has made itself more open than any other comparable organisation in hearing and adjudicating such queries and has also proactively undertaken a fair pay check for all employees to ensure their individual pay is appropriately positioned against our new pay framework.

Now is the right time, as Will says, to seek to begin a move back to a system whereby managers and staff are enabled to discuss pay and related processes within their teams. It is also the right time to move to a regular cycle by which pay is reviewed in a set annual process. We will also ensure that staff are able to check on their relative pay against others in the same job at least six-monthly.

Chris Saul Review of Commercial Transparency

The review of our commercial operations, undertaken by Chris Saul, has also been a thorough piece of work, looking at three core areas of our commercial operations – governance, regulation and pay.

We are pleased to note Chris' overall finding, that our commercial operations are at least as transparent as comparators and, in certain instances, more so. He has looked closely at our corporate governance and reporting and has concluded that we are in line with the markets in which Studios and the other commercial subsidiaries are operating. Nevertheless, he also believes there are ways in which we can – and should – be clearer to the market and to our stakeholders about how Studios is governed, how it is performing and how it is being run. We accept these points.

On pay issues we welcome Chris' work, in conjunction with Will, on how our new pay systems should be embedded in the commercial side of the BBC. It remains our aim to ensure that staff can move across the different parts of the BBC with ease and, as such, it is important that all our pay systems match up as far as possible. And we also agree with Chris' view that the requirement for disclosure of those earning over £150k should not be extended to our commercial operations, and we note his thorough arguments in this regard, including that disclosure does provide opportunities for those looking to recruit BBC talent.

Lastly, Chris makes some specific recommendations about the governance of our commercial subsidiaries and our Fair Trading Committee, which are both timely and welcome. These issues have also been looked at alongside the Board's separate review of our commercial subsidiaries and by the NAO in their Commercial Landscape Review. It has also been an area of discussion with our regulator, Ofcom. We have agreed changes to the membership and composition of the BBC's Commercial Holdings Board in order to strengthen governance arrangements in this area. The Commercial Holdings Board is responsible for ensuring that the

commercial subsidiaries deliver against the agreed strategy. Change to the composition of the Board will see the addition of non-executive directors from the main BBC Board, including as chair. These changes have been announced separately, in December 2018, as part of our response to our Commercial Review. We are grateful to Chris for his thoughtful and well-informed contribution to this debate.

In relation to other specific recommendations from this review, we will make changes in the following ways.

- The Review says that Studios needs to tell a clearer story about itself, with more detailed annual reporting and greater narrative on strategy – we agree with this and will work on it for our annual reporting this year, as Studios looks back at a first full year of operation.
- It also recommends further work on KPIs and returns – we will look to Studios to develop measures for the summer and also note the findings on this made in the Board’s Commercial Review.
- We agree that we should say more in the BBC’s Annual Report and Accounts (ARA) on the commercial side, and will seek to do this in the next report.
- We have already begun to publish more data on our commercial governance, and will continue to review this information and assess if anything more is needed.
- We agree with the suggestion that our current ‘fair trading’ regime, overseen by Ofcom and audited by Deloitte for the Board’s Fair Trading Committee, is strong and that we do not need to make an additional statement of compliance. We have said as much to Ofcom in response to their consultation on this issue, and await their final views.
- And we also note Chris’ comment about BBC staff taking on additional speaking and other paid work with third parties. This is an interesting point the Board will consider in more detail, with reference to how these issues are handled in other sectors.

What next for the two Reviews?

Clearly there is further thought that needs to be given to how the BBC can build on the findings of these reviews. But there should be no doubt about the importance the Board places on this issue.

One general theme of both reviews is that, during 2019, the BBC should take the opportunity to emphasise work on our culture and our relationship with staff. This is something we think is essential and so we strongly agree with the recommendations from both reviews that we should make this a priority. We will be clear about our

ambitions for developing a clear, stable and productive culture as part of communications to staff throughout the year.

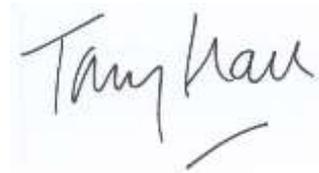
Conclusion

Whilst we do not want to lose sight of the fact that the BBC has come a long way in a short space of time, we also want to ensure that it delivers on the promise that both Will and Chris have identified in what we are already doing. So we will ensure there is a clear focus over the next six months on the actions laid out in these reports, engaging with staff across the UK and reporting back on progress in the ARA.

In making this response to these reviews, we believe the BBC can rightfully be seen as one of the most transparent organisations in the country – both in the public and private sectors – and we are determined to see it continue to be so.

Handwritten signature of David Clementi in black ink.

David Clementi
BBC Chairman

Handwritten signature of Tony Hall in black ink.

Tony Hall
Director-General