9 June 2008

1100 – 1500

Rm 3028, Broadcasting House

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Attendees

Present
Mark Thompson (Chair), Director-General
Jenny Abramsky, Director, Audio and Music
Mark Byford, Deputy Director-General
Tim Davie, Director, Marketing, Communications and Audiences
Ashley Highfield, Director, Future Media and Technology
Stephen Kelly Director, BBC People
Zarin Patel, Group Finance Director
John Smith, Chief Executive, BBC Worldwide
Caroline Thomson, Chief Operating Officer
Marcus Agius, Senior non-executive director
Val Gooding, Non-executive director
Mike Lynch, Non-executive director
David Robbie, Non-executive director
Samir Shah, Non-executive director

With
Jessica Cecil, Head of the Director-General’s Office
Lynsey Tweddle, Head of the Executive Unit
Bal Samra, Director, Vision Operations & Rights (items 3, 4, 6 and 7)
Chris Kane, Head of Corporate Real Estate (item 3)
John Turner, Head of Finance and Commercial Strategy (item 3)
Pat Loughrey, Director, Nations and Regions (item 3)
Gautam Rangarajan, Head of Policy and Development (item 3)
Chris Day, Group Financial Controller (items 4a and 4b)
Scott Cormack, KPMG (items 4a and 4b)
Karen Wightman, KPMG (items 4a and 4b)
Michael McLaren, Head of Annual Report (items 4a and 4b)
Mike Ford, Director, Finance Centre (items 4a and 4b)
Nigel Chapman, Director, BBC World Service (item 4c)
David Fawcett, Head of Policy Development (item 4)
Charles Toomer, Head of Risk (item 5)
Richard Halton, Controller, Business Strategy (item 7)
David Moody, Director of Strategy, BBC Worldwide (item 7)
Claude London, Director, Kangaroo (item 7)
John Tate, Director, Policy & Strategy (item 8)
Gautam Rangarajan, Head of Policy and Development (item 8)

Apologies
Jana Bennett, Director, Vision
Robert Webb, Non-executive director
Agenda

1 Minutes of BBC Executive Board on held on 12 May 2008.

2 Director reports
   a) Journalism
   b) Audiences and all services
   c) Regulatory and industry
   d) Commercial
      • Sale of BBC Resources
      • Lonely Planet update
   e) Finance
      • Finance report (April 2008)

3 Finance update

4 Annual Report
   a) Annual Report and Accounts
   b) Annual Assurances to the BBC Trust on Risk Management, Internal Controls and on Corporate Governance
   c) BBC World Service Annual Review

5 Annual Risk Status and Outlook Report

6 bbc.co.uk – Management Controls

7 BBC Content Beyond the Primary Window
   a) An Overview of Proposals
   b) Project Kangaroo

8 Ofcom Public Service Broadcasting Review

9 Any other business

For noting

10 Minutes and actions from Finance Committee

11 Digital Switchover Quarterly update

12 Equality Schemes Review: Reporting Performance 2007/08

13 Internal Audit Plan 2008-2009
Mark Thompson confirmed to the Board that two BBC journalists, Nasteh Dahir Faraah and Abdul Samad Rohani had been killed in separate incidents at the weekend. A minute’s silence was planned for midday and Mark and Mark Byford advised that they would leave the Board meeting to observe the silence with colleagues at Bush House. Caroline Thomson chaired the Board meeting during this time and the Board also observed the minute silence at midday, offering their condolences to the families and friends of the two reporters.

**1 Minutes of BBC Executive Board held on 12 May 2008.**

1.1 The minutes were approved and the summary for publication noted.

**2 Director reports**

a) **Journalism**

2.1 Mark Byford updated the Board on the killing of two BBC journalists in Somalia and Afghanistan respectively, explaining their roles and the roles of the respective BBC services for which they worked.

2.2 Mark Byford also updated the Board on recent press attention regarding the Goal of the Season on *Match of the Day* and the Trust impartiality review of the network news coverage.

b) **Audiences and All services**

2.3 Ashley Highfield provided a short update on audience figures and services for the last month, noting key highlights for Vision, Audio & Music and New Media.

c) **Regulatory and Industry**

2.4 Caroline Thomson provided an update on regulatory and industry matters.

d) **Commercial**

2.5 John Smith provided an update on commercial matters.

2.6 John provided an update on the Sale of BBC Resources.

2.7 John also updated the Board on progress with Lonely Planet.

e) **Finance report**

2.8 Zarin Patel introduced the finance report which summarised the 2007/08 financial results for the BBC for the year to April 2008 and highlighted the key points.

2.9 The Board noted the report.

**3 Finance update**

3.1 Zarin Patel introduced this paper which intended to inform the Executive Board of the adverse impact of the current economic environment on the BBC’s financial position, with a particular focus on its forecast peak borrowing requirement. It also recommended arranging a £200m public service borrowing facility by 30 June 2008.
3.2 The Executive Board approved the resolution to finalise the proposed £200m public service borrowing facility and delegated its authority to members of the Finance Committee to act on its behalf in relation to the completion of the facility and all documents and connected formalities.

4 Annual Report

Annual Report
Annual Assurances to the BBC Trust on Risk Management, Internal Controls and on Corporate Governance

4.1 The Board considered the BBC’s Annual Report and Accounts (ARA) for 2007/08, noting that it was scheduled to be published on 8 July 2008. For the second year, the full report was divided into two sections: Part One produced by the BBC Trust, presenting the Trust’s assessment of BBC performance over the year and Part Two presenting the BBC Executive’s own annual review and assessment of the BBC’s performance. The Board noted that the Financial Overview and the Governance and Financial Statements had been reviewed by the Executive Audit Committee (EAC) on 2 June 2008.

4.2 The ARA was considered together with the Annual Assurances paper which summarised the BBC’s compliance with the 2006 Combined Code on Corporate Governance and processes of risk management and internal control for the financial year 2007/2008.

4.3 The Board approved Part Two of the Annual Report and Accounts and authorised Mark Thompson, Zarin Patel and David Robbie to sign off the financial overview and governance and financial statements and the international financial reporting standards website reconciliation.

4.4 The Board noted that the Annual Assurances paper would be submitted to the Trust; that the BBC’s risk and internal control processes had been operating effectively and that the Board complied with the 2006 FRC Code except for areas disclosed as non-relevant or where the Charter permitted alternative governance arrangements.

4.5 The Director, BBC World Service introduced the draft Annual Review for BBC World Service for 2007/08 explaining that although the World Service was incorporated into the BBC’s Annual Report there was also a requirement, under the Financial Memorandum with the Foreign and Commonwealth Office, for the BBC World Service to produce an annual review as a result of their grant in aid arrangements. The covering paper provided a commentary on the key points arising in the Annual Review and a copy of the letter of representation from the BBC to KPMG.

4.6 The Board approved the BBC World Service Annual Review, the representation letter to KPMG and the Chair of the Board signed the financial statements.

5 Annual Risk Status and Outlook Report

5.1 This paper presented the Board with the Annual Report on risk management including key performance indicators. The paper had been discussed at the Executive Audit Committee and the Board noted that information from Worldwide was now included.
5.2 The Board endorsed the BBC Direction Group taking a suitably tough stance on requests for additional funding and noted a number of actions, including the continued focus on risk reporting and debate at Divisional Board level.

6 bbc.co.uk – Management Controls

6.1 Caroline Thomson introduced this paper which outlined proposals for improved management controls over bbc.co.uk, in response to the Trust's review of the service's licence.

6.2 The Board agreed that further work was needed on the proposals before submission to the Trust and that the paper should be re-circulated offline to the Executive Board to avoid delay. The Board agreed to delegate responsibility to the Finance Committee to sign off the detailed submission to the Trust of investment plans.

(Ashley Highfield left the room for discussion of item 7, returning for item 8. This was considered appropriate under conflict of interest procedures as he would soon be taking up a new role as Chief Executive Officer of Project Kangaroo).

7 BBC Content Beyond the Primary Window

An Overview of Proposals
Project Kangaroo

7.1 These two papers were considered together by the Board. The Board noted that the Trust had requested some clarity over how the BBC was proposing to release and manage its content beyond the public service window in linear and on-demand across the UK. The papers built upon the Public Service Commercial Boundary framework which had been considered by the Executive Board and Trust Finance & Strategy Committee in April 2007, and the iPlayer Public Value Test.

7.2 The first paper brought together the BBC’s overall plans for content after the primary window, acting as direction and context for specific proposals that were laid out as separate papers for the Trust. The second paper provided an update on Project Kangaroo.

7.3 The Board approved the outline approach in the first paper and its onward progression to the Trust, noting that the detail around editorial management controls and a business model still needed to be worked through but that this would be finalised before submission to the Trust.

7.4 The Board agreed that the paper could be forwarded to the Trust, along with a number of other briefing papers accompanying the overarching paper.

8 Ofcom Public Service Broadcasting Review

8.1 Caroline Thomson introduced this paper, which included the Chairman's foreword to the BBC's submission to Ofcom and the Director-General's response. The Board had seen an early draft of the BBC’s submission at its meeting in May and it noted that the BBC’s response was due to be submitted to Ofcom by 23 June 2008.
8.2 The Board welcomed the opening pages to the response, including the foreword from the Chairman and the BBC management perspective and discussed the benefit and realism of the partnership approach. It was also agreed that it was useful to set out what the BBC viewed as a successful Public Service Broadcaster.

8.3 The Board approved the submission of the response to the Trust and agreed to delegate authority for sign off of subsequent amendments to Mark Thompson and Caroline Thomson.

9 Any other business

9.1 Caroline Thomson updated the Board on the failure of the cooling and heating system which had caused damage. It was hoped that insurance would cover the cost of repairs.

For noting

10 Minutes and Actions from Finance Committee

10.1 This paper reminded the Board that the Finance Committee (FC) was established under the delegated authority of the BBC Executive Board and that the purpose of the FC was to ensure the practice of good financial governance across the BBC and the enforcement of the BBC’s Investment Policy and Guidelines.

10.2 In line with the standing orders of the FC this paper provided the Executive Board with summary minutes of recent FC meetings, covering details of all business covered and key actions and outcomes agreed.

10.3 The Board noted the summary minutes and actions.

11 Digital Switchover Quarterly update

11.1 This paper provided an update on the latest developments for the digital switchover programme, noting key headlines.

11.2 The Board noted the update.

12 Equality Schemes Review: Reporting Performance 2007/08

12.1 This paper reported on progress by the BBC against all three of its Equality Schemes during 2007/08, as required by law.

12.2 The Board noted that the BBC had conducted a review of its Equality Schemes on disability, gender and race and also noted the performance summaries updating on progress of the commitments made when the schemes were first developed.
13 Internal Audit Plan 2008-2009

13.1 This report set out the proposed audit plan for the period 1 June 2008 to 31 May 2009. Under the BBC Protocols (C3) the Executive Board was required to provide to the Trust a copy of the BBC’s Internal Audit work programme, approved by the Executive Board’s Audit Committee.

13.2 The Board noted the plan, which had been approved by the Executive Audit Committee on 2 June 2008.