Executive Board

8 September 2008
1100 – 1530
Rm 3028, Broadcasting House

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Attendees

Present
Mark Thompson (Chair)  Director-General
Mark Byford  Deputy Director-General
Jana Bennett  Director, Vision
Tim Davie  Director, Audio and Music
Chris Day  Acting Group Finance Director
Stephen Kelly  Director, BBC People
Erik Huggers  Director, Future Media and Technology
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
Robert Webb  Non-executive director

With
Jessica Cecil  Head of the Director-General's Office
Lynsey Tweddle  Head of the Executive Unit
Nicholas Eldred  General Counsel (items 1 and 5c)
Margaret Hill  Chief Adviser, Editorial Policy (item 2b)
John Turner  Head of Financial and Commercial Strategy (item 3)
John Tate  Director, Policy & Strategy (items 4, 5b and 10)
David Fawcett  Head of Policy Development (item 4)
Charles Toomer  Head of Risk (item 5a)
Kerstin Mogull  Chief Operating Officer, FM&T (item 5b)
Balbir Binning  Controller, Fair Trading (item 5c)
Keith Little  Chief Information Officer (item 6)
Mark Friend  Controller, Multiplatform and Interactive (item 7)
Edward James  Head of Group Reporting and Analysis (item 8)
Pat Loughrey  Director, Nations and Regions (item 9)
James Heath  Head of Journalism Strategy (item 9)
Gautam Rangarajan  Head of Policy and Development (item 10)

Apologies
Zarin Patel  Group Finance Director
Agenda

1 Minutes of BBC Executive Board on held on 11 July 2008.

2 Director reports
   a) Journalism, including Olympics and editorial matters
   b) Audiences and all services
   c) Regulatory and industry
   d) Commercial
   e) Finance
      • Finance report (July 2008)

3 Finance update – Revised six year plan

4 Streamlining the relationship with the Trust

5 Quarterly reports
   a) Quarterly risk status and outlook report
   b) Quarterly performance report – Q2 2008
   c) Compliance report – Q1 2008/2009

6 Pacific Quay Technology Implementation – lessons learnt

7 Audio and Music visualisation of radio trial

8 Methodology behind cost allocation to service licences

9 Public Service Broadcasting Review Phase 2 – partnership work

10 Any other business

For noting

11 Summary of papers and actions from Finance Committee

12 Statement of Responsibilities and Code of Practice for Executive Board members
1 Minutes of BBC Executive Board held on 11 July 2008.

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

2 Director reports

a) Journalism, including Olympics and editorial matters

2.1 Mark Byford provided an update on the performance of the Olympics across all platforms, noting how successfully the multiplatform approach had been demonstrated.

2.2 Mark also updated on journalism matters, noting that the Scottish Broadcasting Commission had published its report, which called for a new Scottish Network – a digital public service television channel funded out of the Public Service Broadcasting Review.

Guidance on sponsorship of BBC on-air events

2.3 This paper reminded the Board that the BBC Trust had published its findings on appeals regarding Sports Personality of the Year 2007 in July 2008. One of the Trust’s key recommendations was that the Guidance for Sponsorship of BBC On-Air Events should be revised and strengthened and submitted to the Trust in October 2008. On the same day in July, BBC Management had announced that the BBC would no longer accept sponsorship by commercial bodies for any on-air BBC event. The paper presented the revised guidance which incorporated the Trust’s recommendations and the new BBC policy on commercial sponsorship.

2.4 The Board noted the Trust decision on the Sports Personality of the Year 2007 appeal and approved the guidance on sponsorship for onward progression to the Trust. It was noted that this paper would be presented to the Trust alongside a report on alternative sources of finance, which would be considered by the Board the following week.

b) Audiences and All services

2.5 Jana Bennett 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

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

d) Commercial

2.7 John Smith provided an update on commercial matters and circulated a briefing to the Board.

e) Finance report

2.8 Chris Day introduced the finance report which summarised the 2007/08 financial results for the BBC for the year to July 2008 and highlighted the key points.

2.9 The Board noted the report.
3 Finance update – revised six year plan

3.1 This paper updated the Board on progress in reducing BBC expenditure over the next two years to mitigate the adverse impact of the prevailing economic environment on the BBC’s financial position. It asked for approval of a range of initiatives proposed by the Groups and the additional proposals and targets proposed by Corporate Finance. Subject to Board approval, the intention was to present the proposals to the Trust the following month for their endorsement.

3.2 The Board approved the initiatives to reduce expenditure proposed by the Groups and the additional proposals and targets put forward by Corporate Finance. The Board also approved the working capital and cash management target. The Board agreed that focus needed to be maintained on mitigating financial risks and realising financial opportunities.

4 Streamlining the relationship with the Trust

4.1 This paper updated the Board on the progress of discussions with the Trust Unit about streamlining Management’s interface with the Trust.

4.2 The Board noted progress and planned activity and agreed specific points regarding the handling and reporting of executive business.

5 Quarterly reports

Quarterly risk status and outlook report

5.1 This paper presented the quarterly report on risk management, including key performance indicators.

5.2 The Board reviewed the actions required of the BBC Direction Group and considered the risk profile presented in the report. As discussed under item 3, the impacts of the economic climate were also noted.

Quarterly performance report – Q2

5.3 This paper provided the quarterly report on performance for the second calendar quarter of 2008, highlighting key talking points for the Board.

5.4 The Board noted that coverage of the Beijing Olympics was not yet included in the report, as it only covered the period up to June 2008. Performance data on the Olympics would be included in the next quarterly report.

5.5 The Board noted the information in the report and discussed the key talking points.

Compliance report – Q1 2008

5.6 This paper provided a quarterly report on compliance, covering the first quarter of 2008/2009.
6 Pacific Quay technology implementation – lessons learnt

6.1 Mark Byford introduced this paper explaining that it had been prepared at the request of the Trust Finance & Strategy Committee. In accordance with BBC investment policy and guidelines a full post implementation review had already been submitted to the Executive Finance Committee earlier in the year. The paper set out the key lessons from the technology implementation at Pacific Quay, with the aim of ensuring that these could be applied, as appropriate, to other BBC technology projects, in particular the Digital Media Initiative, BBC MediaCityUK and W1.

6.2 The Board noted the paper and approved it for onward progression to the Trust.

7 Audio and Music visualisation of radio trial

7.1 This paper sought Executive Board approval to launch a visualisation of radio trial – it set out the proposed format of the trial and assessed its market impact. The paper explained that the trial was a Category 2 open trial and as such approval rested with the Board, the trial would not be subject to a Public Value Test by the BBC Trust. The aim of the trial was to test a new web console which would combine richer glanceable content (for example, images and live text) with the speech and music playing on each show, and would allow listeners to send in their questions live through the console to the studio.

7.2 There would be significant research around the trial to help the BBC understand the potential value of visualisation to listeners and the need for it across digital platforms. Learnings would be shared with commercial radio broadcasters.

7.3 The Board approved the launch of the trial.

8 Methodology behind cost allocation to service licences

8.1 This paper updated the Board on work undertaken both internally and by KPMG to strengthen the accounting allocation of costs by service licence.

8.2 The Board agreed to delegate approval of detailed proposals for cost allocation by service licence, following work by KPMG, to the Finance Committee for final approval. It was noted that the detailed proposals would then be submitted to the Trust Finance and Strategy Committee.

9 Public Service Broadcasting phase 2 – partnership work

9.1 This item took the form of a presentation, which was tabled on the day. It outlined work on a partnership project currently being developed by the BBC in line with its response to Ofcom’s review of Public Service Broadcasting. As part of its discussion, the Board noted the recent report from the Scottish Broadcasting Commission.

9.2 Although not detailed in the presentation, the Board recognised that there was a phasing element to the approach being proposed.

10 Any other business

10.1 No other business was raised.
For noting

11 Minutes and Actions from Finance Committee

11.1 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.

11.2 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.

11.3 The Board noted the summary minutes and actions.

12 Statement of responsibilities and code of conduct for Executive Board members

12.1 This paper provided the Board with an updated version of the statement and code that it had approved in January 2007.

12.2 The Board noted the paper.