ITEMS OF BUSINESS

1. Minutes of 14 February Remuneration Committee
2. Quarterly management report
4. External market and Executive Committee benchmarking
5. Disclosures - first look
6. Studios incentive schemes
   a) 18/19 company scheme outturn
   b) 19/20 proposed targets and metrics
   c) Project Clifton
7. AOB
ATTENDANCE

Members:
- Nicholas Serota  Non-executive director (Chair)
- Tanni Grey Thompson  Non-executive director
- Steve Morrison  Non-executive director

Board members present:
- David Clementi  Chairman
- Tony Hall  Director-General

With:
- Valerie Hughes-D’Aeth  Director, HR
- Glyn Isherwood  Group Finance and Operations Director
- Phil Harrold  Company Secretary
- Chris Sandford  Director-General’s Office (secretary)
- Gary Luck  Director, Willis Towers Watson (item 4)
- Gautam Rangarajan  Director, Strategy (item 5)
- Tim Davie  CEO, Studios (item 6)
- Tom Fussell  COO, Studios (item 6)

APOLOGIES
None
1. Minutes from 14 February Remuneration Committee

1.1 The minutes were approved.

2. Quarterly management report

2.1 The Committee discussed the quarterly management report, which provided updates on recent pay and reward activity, alongside reporting on key annual metrics and caseload at the senior manager remuneration committee.

2.2 In discussion, the Committee noted a number of key ongoing issues. The NAO had recently published their value for money review of pay management at the BBC. The report had been positive and would be discussed at the Public Accounts Committee.

2.3 The draft gender pay gap figure was noted and the Committee requested sight offline of the draft report, ahead of approval in June. Work was being finalised to put market informed pay ranges in place in BBC Studios.

2.4 The Committee noted the management report.


3.1 The Committee discussed a final draft Remuneration report for the 2018/19 BBC Annual Report and Accounts. The draft had been reviewed previously and updated with year-end figures, subject to audit.

3.2 The Committee discussed the draft, noted the Chairman’s statement and made drafting comments on the tone of the report. Subject to these, the draft was approved for inclusion in the Annual Report.

4. External market and Executive Committee Benchmarking

4.1 The Committee were given a presentation on the external market, provided by Willis Towers Watson. They also discussed a report looking at the specific benchmarking of Executive Director pay, as well as discussing pay levels across the group.

4.2 In discussion it was noted that general market trends showed pay levels moving upward in all sectors, including the senior civil service and regulatory sectors. In the commercial sector, base pay averaged around 40% of the total, with variable pay making up the remainder and bonus levels generally at target or above. In the media sector, trends were being inflated by new market entrants, with higher levels of pay increase seen overall.
4.3 The Committee discussed overall levels of benchmarking across the BBC’s Executive Director population. Some markets, such as TV production, were showing high levels of competitiveness. Overall, the benchmarking showed that a discount to market was in place for Executive Directors and that this was getting bigger.

5. Disclosures – first look

5.1 The Committee were briefed on work to finalise the disclosure list of those paid more than £150k from the licence fee, to be published in the Annual Report and Accounts. An early draft breakdown of the list was discussed, which showed that the targets set the previous year had been met or exceeded.

5.2 The Committee noted the update and would have a further meeting in June to approve the final list. It was noted that the communication of the list needed to be considered alongside the findings of the latest gender pay gap report.

6. Studios incentive schemes

6.1 The Committee were joined by representatives from BBC Studios to discuss a set of papers on incentive schemes for the previous and coming financial years.

   a) 18/19 company scheme outturn

6.2 The first paper proposed payout levels for the company incentive scheme in 2018/19. The Committee was asked to approve the payout levels as a member of the scheme was also an Executive Director.

6.3 In discussing the proposals, the Committee noted strong performance against cash and EBITDA targets, as a result of a number of deals, especially toward year end. The Committee noted that this was the first year of lower overall bonus levels, as agreed the previous year, and performance had been exceptional.

6.4 The Committee approved the proposed bonus outturn as presented by BBC Studios.

   b) 19/20 proposed targets and metrics

6.5 The Committee moved on to discuss the structure of the company scheme for 2019/20. The stretch target for the scheme had been moved further as requested by the Committee. The final proposals for the scheme would be agreed before the summer, following the planned review of principles and targets with the Chair of the Commercial Holdings Board.

   c) Production incentive scheme
6.6  The Committee also noted a proposal for a production incentive scheme that had been discussed at the SMRC. SMRC had referred the scheme to the Committee.

6.7  A paper would be circulated offline for final approval by the Chair and Director-General.

7  AOB

7.1  The Committee noted the findings of the recent Committee effectiveness review.