



BBC

Trust

g the best out of the BBC for licence fee payers

Inside the Trust

Who we are, how we operate
and how much it costs

Part One: Inside the Trust

BBC Trustees

Getting the best out of the BBC for licence fee payers

Trustees are part time and come from a variety of backgrounds, bringing a wide range of experience to the BBC.



Lord Patten of Barnes CH, Chairman
(stepped down on 6 May 2014)

Other roles

Chancellor, University of Oxford; Co-Chair, UK-India Round Table; non-executive director, Russell Reynolds Associates; International Advisory board member, BP; Stakeholder Advisory Panel member, EDF.



Diane Coyle OBE, Vice Chairman
(Acting Chairman from 6 May 2014)

Lead Trustee on commercial issues.

Other roles

Director, Enlightenment Economics; Stakeholder Advisory Panel member, EDF; member of Governing Council, National Institute of Economics and Social Research.



Sonita Alleyne OBE

Lead Trustee on diversity and equality (with Richard Ayre).

Other roles

Founder, Yes Programme Ltd; non-executive director, Archant; member, British Board of Film Classification; member, London Legacy Development Corporation.



Richard Ayre

Lead Trustee on diversity and equality (with Sonita Alleyne), transparency issues, and the complaints framework.

Other roles

Freedom of Information Adjudicator, The Law Society.



Alison Hastings

Trustee for England

Other roles

Vice President, British Board of Film Classification; non-executive director, Clatterbridge Cancer Centre; consultant and trainer, Press Complaints Commission.



David Liddiment

Other roles

Non-executive director, All3Media; associate, Old Vic Theatre Company; Chair, Hepworth Wakefield Gallery.



Bill Matthews

Trustee for Scotland; Chairman, BBC Pension Trust Ltd.

Other roles

Director, M2M2 Limited; non-executive board member, Security Industry Authority; member for Scotland, British Transport Police Authority.



Aideen McGinley OBE

Trustee for Northern Ireland.

Other roles

Jury member, UK City of Culture 2017; trustee, Fermanagh Trust; governor, St Michael's College, Enniskillen; co-chair, Carnegie Trust Roundtable on Wellbeing in Northern Ireland.



Nick Prettejohn

Trustee from 1 January 2014.

Other roles

Independent director, Prudential Regulation Authority (stepped down on 6 March 2014); chairman, Britten-Pears Foundation; chairman, Royal Northern College of Music; chairman, Scottish Widows (from 23 June 2014); non-executive director, Lloyds Banking Group plc (from 23 June 2014).



Elan Closs Stephens CBE

Trustee for Wales.

Other roles

Emeritus Professor, Aberystwyth University; non-executive director and chair, Corporate Governance, Welsh Government; member, S4C Authority; non-executive director, IMAX Waterloo (BFI).



Suzanna Taverne

Other roles

Non-executive director, Ford Credit Europe; trustee, StepChange Debt Charity; trustee, Shakespeare Schools Festival; advisory board member, Manchester Business School.



Lord Williams of Baglan

Other roles

Distinguished Visiting Fellow, Chatham House; member of the international advisory board, Toledo CITPAX, Toledo International Centre for Peace; member of governing board, School of Oriental and African Studies.

Governance

The BBC Trust is the governing body of the BBC. We are supported by the Trust Unit, a team of professional BBC staff who report directly to us.

The Trust sets the strategic objectives for the BBC and issues a service licence to every BBC service stating what we expect it to deliver and how much it can spend. We uphold the BBC's editorial standards and protect the BBC's independence. The Trust is separate from the Executive which is led by the Director-General, providing the editorial and creative leadership of the BBC and managing the operational delivery of its services.

The functions and duties of the Trust are outlined in the BBC's Royal Charter and the BBC's Agreement with the Secretary of State. The Trust operates in accordance with published protocols, and the way we make decisions is governed by our Standing Orders. As Trustees we commit to acting in accordance with our Code of Practice.

Our regular business is undertaken in monthly meetings of the full Trust and some sub-committees. At these meetings we make decisions relating to our duties and responsibilities and consider proposals from the Executive Board.

We publish the minutes of our monthly Trust meetings on our website. We also publish the evidence and research on which our decisions are based, the findings of all editorial appeal decisions, and the outcomes of value for money and service licence reviews.

Trustee changes during the year

The Trustees listed on pages 36 and 37 reflect the membership of the Trust at 31 March 2014. Anthony Fry stepped down on 30 October 2013. Nick Prettejohn's term began on 1 January 2014. Lord Patten stepped down as Chairman on 6 May 2014.

Trustees' attendance at Trust meetings (1 April 2013 – 31 March 2014)	
Chairman	
Lord Patten	19/19
Vice Chairman	
Diane Coyle	19/19
National Trustees	
Alison Hastings	18/19
Bill Matthews	18/19
Aideen McGinley	19/19
Elan Closs Stephens	18/19
Trustees	
Sonita Alleyne	17/19
Richard Ayre	19/19
Anthony Fry	8/10
David Liddiment	19/19
Nick Prettejohn	6/6
Suzanna Taverne	18/19
Lord Williams	16/19

Assessing our own performance

The Trust's Standing Orders set out that each year the Trust should evaluate its own performance and that of its committees, and publish the results in the Annual Report.

In light of the 2013 governance review which recommended further clarity between the roles of the Trust and the Executive, we decided to use this year's review process not only to assess last year's performance, but also to consider how we can implement these recommendations to achieve the best results for licence fee payers. We decided to use an external consultant to ensure frankness and objectivity, and to help benchmark our performance against that of other bodies. After a competitive process, we selected consultancy firm Egon Zehnder to run the evaluation. The main conclusions of the review included steps to consolidate the clarity of the Trustees' role, to enhance collective working within the Trust and to develop further effective interaction with the Executive. The cost of the external board evaluation was £65,000 (+VAT).

The Trust Unit

We are supported in our work by the Trust Unit, which provides independent and objective advice, calling on outside experts when necessary. The Unit is made up of BBC staff who are independent of the Executive and report directly to us. It includes professional staff with expertise across a range of disciplines, including corporate governance, policy development, audience research, financial and performance analysis, economics and law. The Unit advises us on our duties, manages the Trust's supervisory and regulatory functions, and provides us with independent assessments of proposals from the Executive Board. Most Unit staff are based in London; others are based in offices in Belfast, Birmingham, Cardiff and Glasgow.

Register of interests

Our Code of Practice requires us to maintain and publish a register of all external interests that might be seen to affect our ability to perform the duties of a BBC Trustee. This register includes declarations of all positions of employment, directorships and voluntary positions as well as interests of close family members, if relevant. The Trust's register of interests is published on our website.

Trust committees

We do much of our work through committees, which can make certain decisions on behalf of the Trust as a whole. The members of each committee and their attendance during 2013/14 are shown below. This is the last year the committees operated in this form since the governance review recommended a new committee structure, with four committees plus a Trust Management Group. Therefore from April 2014, the committees have been: Services Committee, Value for Money Committee, Editorial Standards Committee and the Complaints and Appeals Board. The terms of reference for the new committees can be found on our website.

Audience Councils Committee

Chair: Diane Coyle

The Audience Councils Committee (ACC) brought together the Vice Chairman and the four National Trustees to oversee and co-ordinate the contributions of the BBC's Audience Councils as advisory bodies to the Trust. Its role was to ensure that issues identified by the Audience Councils were dealt with appropriately by the Trust and that the Councils worked within their remits. The ACC also approved membership of the Audience Councils. In April 2014, the ACC's functions were incorporated into those of the full Trust.

Meeting attendance (1 April 2013 – 31 March 2014)

Trustee	Attendance
Diane Coyle (Chair)	2/2
Alison Hastings	2/2
Bill Matthews	2/2
Aideen McGinley	2/2
Elan Closs Stephens	2/2

Committee membership changes: there were no changes during this period.

Audiences and Performance Committee

Chair: David Liddiment

The Audiences and Performance Committee (APC) was responsible for developing the strategy for, and assessing the performance of, the BBC's UK public services on behalf of the Trust. It monitored how the BBC delivers its public purposes. The APC assessed the performance of the BBC's services against their service licences, including overseeing the Trust's programme of service reviews. The APC was also responsible for the Trust's programme of audience research and public consultation. In April 2014, the APC's functions were incorporated into those of the Services Committee and the full Trust.

Meeting attendance (1 April 2013 – 31 March 2014)

Trustee	Attendance
David Liddiment (Chair)	10/10
Sonita Alleyne	8/10
Alison Hastings	10/10
Aideen McGinley	9/10
Suzanna Taverne	10/10

Committee membership changes: there were no changes during this period.

Complaints and Appeals Board

Chair: Richard Ayre

The Complaints and Appeals Board (CAB) deals with appeals and complaints to the BBC about everything except programme-making and content. There are two CAB standing members who are supplemented by one or more additional Trustees as needed. In 2013/14, of the 239 TV Licensing, fair trading and general appeals received, seven were heard in full by the CAB (four were upheld and three were not). Overall 96% of complaints were dealt with in the target time (40 working days for admissibility decisions and 80 working days for CAB findings and decisions). The CAB is responsible for reviewing the effectiveness of the BBC's complaints framework, which was relaunched in 2012/13. The CAB commissioned a 'mystery shopping' exercise to test the way complaints were being handled at Stage 1 of the BBC's complaints procedure. Testing took place during the summer of 2013 with the results published in February 2014. The role and responsibilities of the CAB remain unchanged in the new committee structure.

Meeting attendance (1 April 2013 – 31 March 2014)

Trustee	Attendance
Richard Ayre (Chair)	13/14
Elan Closs Stephens (standing member)	14/14
Sonita Alleyne	1/1
Diane Coyle	3/3
Alison Hastings	2/2
David Liddiment	0/1
Bill Matthews	1/1
Aideen McGinley	2/2
Nick Prettejohn	1/1
Suzanna Taverne	2/3
Lord Williams	1/1

Committee membership changes: there were no changes during this period.

Editorial Standards Committee

Chair: Alison Hastings

The Editorial Standards Committee (ESC) is responsible, on behalf of the Trust, for establishing the BBC's editorial standards and overseeing the BBC's services for compliance with these standards. Editorial standards are enshrined in the BBC's Editorial Guidelines, which are approved by the Trust. The ESC is the final appeal body within the BBC in determining whether the Editorial Guidelines have been followed, and the final arbiter of complaints on appeal to the Trust. The ESC also manages the Trust's programme of impartiality reviews and seminars. The role and responsibilities of the ESC remain unchanged in the new committee structure.

Meeting attendance (1 April 2013 – 31 March 2014)

Trustee	Attendance
Alison Hastings (Chair)	15/15
Sonita Alleyne	14/15
Richard Ayre	15/15
David Liddiment	13/15
Bill Matthews	12/13

Committee membership changes: there were no changes during this period.

International Services Committee

Chair: Lord Williams

The International Services Committee (ISC) was responsible for helping the Trust to develop the strategy for, and assess the performance of the BBC World Service, BBC World News, bbc.co.uk/news and BBC Monitoring. In April 2014, the ISC's functions were incorporated into those of the Services Committee and the full Trust.

Meeting attendance (1 April 2013 – 31 March 2014)	
Trustee	Attendance
Lord Williams (Chair)	3/3
Diane Coyle	3/3
Richard Ayre	3/3
Aideen McGinley	3/3
Elan Closs Stephens	3/3

Committee membership changes: there were no changes during this period.

Remuneration and Appointments Committee

Chair: Lord Patten

The Remuneration and Appointments Committee (RAC) managed the Trust's responsibilities concerning Executive Board remuneration and appointments. The RAC oversaw executive remuneration strategy and made recommendations to the Trust on the pay and benefits of the Director-General and the non-executive directors of the Executive Board. However, pay and benefits of the executive directors are determined by the Executive Board's Remuneration Committee, which consists entirely of non-executive directors. In April 2014, the RAC's functions were incorporated into those of the full Trust and the Trust Management Group.

Meeting attendance (1 April 2013 – 31 March 2014)	
Trustee	Attendance
Lord Patten (Chair)	1/1
Diane Coyle	1/1
Anthony Fry	1/1
David Liddiment	0/1
Nick Prettejohn	0/0*

Committee membership changes: Anthony Fry (until October 2013); Nick Prettejohn (from February 2014).

* There were no meetings during Nick Prettejohn's membership period.

Strategy and Approvals Committee

Chair: Diane Coyle

The Strategy and Approvals Committee (SAC) considered proposals from the Executive Board, including for new services or changes to existing services, except those proposed as part of a service review (which were considered by the APC). The SAC managed any Public Value Test or other consideration of a proposal from the Executive and made recommendations to the Trust on possible outcomes. The SAC also oversaw the BBC's commercial strategy and individual proposals, where these were of strategic significance or of high value. In April 2014, the SAC's functions were incorporated into those of the Services Committee and the full Trust.

Meeting attendance (1 April 2013 – 31 March 2014)	
Trustee	Attendance
Diane Coyle (Chair)	9/9
Anthony Fry	3/5
Bill Matthews	8/9
Suzanna Taverne	9/9
Lord Williams	7/9
Nick Prettejohn	2/2

Committee membership changes: Anthony Fry (until October 2013); Nick Prettejohn (from February 2014).

Trust Finance Committee

Chair: Anthony Fry (until October 2013)

Acting Chair: Diane Coyle (from November 2013 until March 2014).

The Trust Finance Committee (TFC) helped the Trust to set the financial strategy for the BBC. It examined the BBC's annual budget and held the BBC to account for its financial performance. It scrutinised significant financial proposals, and oversaw the Executive's internal control and risk management arrangements. The TFC also managed the Trust's programme of value-for-money reviews, working with the Executive to ensure the BBC acts on any recommendations made. In April 2014, the TFC's functions were incorporated into those of the Value for Money Committee and the full Trust.

Meeting attendance (1 April 2013 – 31 March 2014)	
Trustee	Attendance
Anthony Fry (Chair)	7/8
Diane Coyle (acting Chair from November 2013 until March 2014)	14/14
Richard Ayre	13/14
Nick Prettejohn	2/2
Elan Closs Stephens	13/14
Suzanna Taverne	13/14

Committee membership changes: Anthony Fry (until October 2013); Nick Prettejohn (from February 2014).

Trustees' attendance at Audience Council meetings (1 April 2013 – 31 March 2014)

Trustee	Attendance
Alison Hastings	7/7
Bill Matthews	8/9
Aideen McGinley	9/9
Elan Closs Stephens	9/9

Trustees' remuneration**Fees**

Our fees as Trustees are determined by the Secretary of State for Culture, Media and Sport. In September 2010, Trustees took a voluntary 8.3% pay cut (equivalent to a month's salary), in parallel with the Director-General and other Executive Board members. The reduced fees for Trustees will remain in effect until 31 August 2014 and are reflected in the table below. The one exception to this is the Chairman, whose level of fees was reduced by 23% when the post was advertised in 2010 and, therefore, a further discount has not been applied. Trustees do not receive severance pay or other compensation for loss of office.

Trustees' remuneration table

	Fees ¹ £000	Taxable benefits £000	Total 2013/14 £000	Total 2012/13 £000	Appointment term start date	Appointment term end date
Chairman and Vice Chairman						
Lord Patten	110	1	111	111	1 May 11	30 April 15
Diane Coyle*	71	–	71	71	1 Nov 06	30 April 15
National Trustees						
Alison Hastings	38	–	38	38	1 Nov 06	31 Oct 14
Rotha Johnston ²	–	–	–	22	1 Nov 06	31 Oct 12
Bill Matthews ^{3*}	38	–	38	38	1 Jan 11	31 Dec 14
Aideen McGinley ⁴	38	–	38	16	1 Nov 12	31 Oct 16
Elan Closs Stephens	38	–	38	38	1 Nov 10	31 Oct 14
Trustees						
Sonita Alleyne ⁴	33	–	33	14	1 Nov 12	31 Oct 16
Richard Ayre	33	–	33	33	1 Aug 10	31 Jul 14
Anthony Fry ⁵	19	–	19	33	1 Nov 08	30 Oct 13
David Liddiment	33	–	33	33	1 Nov 06	31 Oct 14
Mehmuda Mian ²	–	–	–	19	1 Nov 06	31 Oct 12
Nick Prettejohn ⁶	8	–	8	–	1 Jan 14	31 Dec 17
Suzanna Taverne	33	–	33	33	1 Jan 12	31 Dec 15
Lord Williams*	33	–	33	33	1 Dec 11	30 Nov 15
Total	525	1	526	532		

Notes

- Trustees took an 8.3% voluntary reduction in pay, in parallel with the Director-General and Executive Board, in September 2010. The Chairman's fee was reduced by 23% from £142,800 to £110,000 at the start of Lord Patten's term. Full details are available on our website.
 - Rotha Johnston and Mehmuda Mian ended their appointments part-way through the financial year 2012/13; accordingly their fees only relate to their time in office and do not cover the full year.
 - Bill Matthews is the Chairman of the Board of the BBC Pension Trust Ltd, the corporate trustee of the BBC Pension Scheme. He is separately remunerated for this role. Further details are available in the BBC Pension Scheme Annual Report and Accounts.
 - Aideen McGinley and Sonita Alleyne began their appointments part way through the financial year 2012/13; accordingly, their fees only relate to their time in office and do not cover the full year.
 - Anthony Fry stepped down on 30 October 2013; accordingly his fees only relate to his time in office and do not cover the full year.
 - Nick Prettejohn began his appointment during the financial year 2013/14; accordingly his fees for 2013/14 only relate to his time in office and do not cover the full year.
- * These Trustees all had taxable benefits less than £500 which have been rounded to nil. The total amount incurred by Trustees was £1,276.85.

Expenses

We are reimbursed for expenses incurred on BBC business, which include travel, accommodation, work-related meals and hospitality. Trustees' expenses are governed by the Trust's Code of Practice, which is published on our website. Every six months we publish a full list of all expenses incurred by each Trustee, as well as the services booked centrally for Trustees by the Trust Unit. Some of our expenses and support services are classed as taxable benefits by HMRC, and this figure is published in the remuneration table; any tax arising on expenses incurred is settled by the BBC.

Chairman's benefits

During his time as Chairman, Lord Patten was not eligible to receive any benefits other than his fee, and he elected not to make use of a BBC driver.

Trust finances

We aim to run our operations as efficiently as possible. Our direct expenditure for 2013/14 was consistent with that for the previous year.

In line with the rest of the BBC, we are committed to making savings. Specifically, we are committed to keeping our direct expenditure below 0.31% of total licence fee income. This year, direct expenditure represented 0.25% of total licence fee income (2012/13: 0.24%).

Director and senior management remuneration

Nicholas Kroll, Director, BBC Trust, is the Chief Officer of the Trust as specified by the Royal Charter. He is the principal adviser to the Trust and Chief Executive of the Trust Unit. His base pay for 2013/14 was £238,680 (2012/13: £238,680) and the aggregate of his emoluments to 31 March 2014 was £246,480 (£246,480 to 31 March 2013). Nicholas is a member of the BBC Pension Scheme. Nicholas steps down from his role as Director, BBC Trust on 20 June 2014.

Over 2013/14 the Trust Unit had six senior managers as well as the Director, and our website provides an analysis of their remuneration, split into £5,000 salary bands.

See page 41 for Trustees' remuneration which is audited.

Reporting regulations

The Royal Charter requires the annual report and accounts to be externally audited. We therefore asked KPMG LLP to confirm that we have accurately presented the Trust's expenditure, including Trustees' remuneration, in Part One.

KPMG LLP's report is included next to the statement of Trust responsibilities on page 43. The BBC is exempt from the requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and those of the Financial Conduct Authority but, where relevant, we have prepared this report as if those requirements apply.

Trust expenditure statement

	Note	2013/14 £000	2012/13 £000
Trustee remuneration	1	583	589
Staff costs	2	4,203	4,496
Other operating costs	3	4,534	3,548
Direct Trust expenditure	4, 5	9,320	8,633
Ofcom regulatory fees	6	2,666	3,276
Total Ofcom fees payable by Trust		2,666	3,276
Total Trust expenditure		11,986	11,909

Notes

- 1 The remuneration received by each Trustee is shown in the table on page 41. The figure in the table above includes social security costs.
- 2 Staff costs include wages and salaries, social security costs and employer's pension contributions.
- 3 Operating costs include direct expenditure on activities such as research, legal advice, other specialist advisory services and the Trust's consultation activities and stakeholder events.
- 4 This represents direct external spend by the Trust. The Trust also made use of shared services, which included property provision, finance, HR and information services that were provided by the BBC public services.
- 5 Of direct Trust expenditure, £952,153 relates to spend on Trust activities in the four nations (2012/13: £998,409).
- 6 Ofcom allocates its costs of television and radio regulation to the BBC and the other UK broadcasting channels. The Trust pays the BBC's share of that allocation.

Trust people

Average for year	2013/14	2012/13
Trustees	11.8	12.0
Trust Unit staff (EFT) ¹	61.8	65.9

Note

- 1 Trust Unit staff are those employed directly by the Trust Unit. Of the 61.8 average equivalent full time (EFT) Trust Unit staff for 2013/14, 14 EFTs were based outside London and supported the work the Trust undertakes in Wales, Scotland, Northern Ireland and England (2012/13: 15). 12% come from a black, Asian or minority ethnic background (2012/13: 12.9%); 5.7% are disabled (2012/13: 3.9%); and 65.9% are women (2012/13: 65.2%).

Report of KPMG LLP to the BBC Trust

In accordance with the terms of our engagement letter dated 13 May 2013, we have examined the expenditure statement on page 42 (the 'Trust expenditure statement') for the year ended 31 March 2014 which has been prepared, further to the requirements of the BBC Royal Charter dated October 2006, by the Trustees and is their sole responsibility.

Our responsibility, in accordance with the terms of our engagement letter, is to form an independent opinion, on the basis of the work performed, and to report our opinion to the Trust. Our examination was substantially less in scope than an audit or a review.

We were not required to, nor have we, verified the completeness of the Trust expenditure statement.

Our report has been prepared for the Trust solely in connection with its obligations under the Royal Charter. Our report was designed to meet the agreed requirements of the Trust and particular features of our engagement determined by the Trust's needs at the time. Our report should not, therefore, be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Trust for any purpose or in any context. Any party other than the Trust who obtains access to our report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, KPMG LLP will accept no responsibility or liability in respect of our report to any other party.

In our opinion, the expenditure as shown in the Trust expenditure statement has been accurately extracted from the books and records of the Trust on the basis of the notes to the Trust expenditure statement.



Jonathan Downer
For and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London E14 5GL
19 June 2014

Statement of responsibilities in respect of the annual report and accounts

The BBC's Royal Charter requires that an annual report and statement of accounts is prepared in two parts, Part One by the Trust and Part Two by the Executive Board. The Executive Board's responsibilities are detailed in the Governance section of Part Two of this annual report. In summary, the Executive Board is responsible for preparing the financial statements and statements of compliance with applicable corporate governance codes and remuneration regulations, and delivering these to the Trust within Part Two of this annual report. The Executive Board has prepared the financial statements in accordance with International Financial Reporting Standards as adopted by the EU (EU IFRS), reflecting the fact that EU IFRS are widely used in the UK, are being adopted in the public sector, and that their use would be permitted under the Companies Act 2006. These financial statements are audited by external auditors.

In preparing its associated corporate governance disclosures, the Executive Board has elected to comply with the UK Corporate Governance Code, and, where applicable, the Financial Conduct Authority Listing Rules which apply to a company quoted on an EU regulated market.

In order to comply with those requirements, the annual report must include disclosures on the governance arrangements of the Trust as well as those of the Executive Board. These disclosures, which are audited, are the responsibility of the Trust, and are included in Part One of this annual report.

The Charter also requires the Trust to prepare a statement of its expenditure and include it within Part One of the annual report.

Statement of disclosure of information to auditors

The Trustees who held office at the date of approval of this annual report and accounts confirm that, so far as each is aware, there is no relevant audit information of which the BBC's auditors are unaware; and each Trustee has taken all the steps that he or she ought to have taken as a Trustee to make himself or herself aware of any relevant audit information and to establish that the BBC's auditors are aware of that information.

This statement was approved by the Trust on 19 June 2014.



Diane Coyle
Acting Chairman
19 June 2014