MINUTES OF THE BBC TRUST MEETING

Held on Wednesday 18 July 2007
in the Council Chamber, Broadcasting House, London, W1A 1AA

Present:

Michael Lyons Chairman (by phone for item 115 only)
Chitra Bharucha Vice Chairman (in the chair)
Diane Coyle Trust Member
Dermot Gleeson Trust Member
Alison Hastings Trust Member for England
Patricia Hodgson Trust Member (items 112 – 115 only)
Rotha Johnston Trust Member for Northern Ireland
Janet Lewis Jones Trust Member for Wales
David Liddiment Trust Member
Mehmuda Mian Pritchard Trust Member
Jeremy Peat Trust Member for Scotland
Richard Tait Trust Member

In attendance from the Trust Unit:

Nicholas Kroll Director, BBC Trust
Sally Kendall Head of Secretariat and Governance
Phil Harrold Senior Adviser, Secretariat and Governance
Tina Stowell Head of Communications
Fran O’Brien Head of Editorial Standards

Items 112 – 116 Penny Young Head of Audiences
Items 112 – 118 Christopher Woolard Head of Finance, Economics and Strategy
Items 112 – 116, 119, 120 Mark Wakefield Head of Performance

Items 117 & 121.1 Jon Cowdock Chief Policy and Strategy Adviser

Item 118 Martin Vogel Senior Strategy Adviser

For items:

Items 115 – 117 Mark Thompson Director-General
Items 115 – 121.1 Mark Byford Deputy Director-General
Items 115 – 121.1 Caroline Thomson Chief Operating Officer
Items 115 – 121.1 Zarin Patel Group Finance Director
Item 117 John Smith Chief Executive Officer, BBC Worldwide
Item 117 David King Director of Finance, BBC Worldwide
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AGENDA

112. Minutes of Meeting Held on 19/20 June 2007 and Matters Arising

113. Reports from Committees and Audience Councils

114. Director's Report

115. Editorial Matters

116. Director-General's Report

117. BBC Worldwide Acquisition: Lonely Planet

118. Future Broadcast Technology: Strategy Update


120. Provision of Minority Indigenous Languages

121. Other Business

122. Items for Noting

123. Business Handling and Communications

124. Conflict of Interests
112 MINUTES OF MEETING HELD ON 19/20 JUNE 2007 AND MATTERS ARISING

112.1 The Trust approved the minutes of the meeting held on 19 and 20 June as an accurate record of proceedings. Members agreed that the minutes should be published with the redactions as proposed. The Vice Chairman agreed to sign the minutes on behalf of the Trust.

112.2 Members noted the matters arising from previous meetings.

113 REPORTS FROM COMMITTEES AND AUDIENCE COUNCILS

113.1 Members noted the reports from meetings of the Trust committees and Audience Councils that had been held in June and July.

113.2 The Trust agreed to delegate authority to the Public Value Test Steering Group to commence the Public Value Test for the proposed Gaelic Media Service. Members agreed to delegate authority to the PVT Steering Group to adopt a timetable for the PVT, to supervise the consultation process and to consider the Public Value Assessment on behalf of the Trust.

114 DIRECTOR’S REPORT

114.1 The Director, BBC Trust introduced his report, outlining the emerging conclusions of work being undertaken to support the licence fee prioritisation project. He particularly noted the efforts of the Finance and Strategy Committee in investigating the impact and risks associated with different levels of efficiency targets. He noted that further work on reprioritisation and programme strategy was being undertaken by the Executive. Members agreed that the timetable for setting the new strategic direction for the Corporation was tight and that further exploration of these issues would be required over the summer.

115 EDITORIAL MATTERS

115.1 The Chairman joined the meeting by telephone for this item.

115.2 Prior to the Executive joining the meeting the Trust had a private discussion to reflect on recent editorial matters involving the Corporation. The Chairman noted that the Trust would be considering two separate issues at the meeting. The first was a response to the Director-General’s interim report outlining recently uncovered breaches of editorial guidelines in BBC programmes, primarily around competitions. The second was an incident regarding the inclusion in the BBC One Autumn season launch tape of an incorrectly edited sequence for the programme *A Year With The Queen*. He noted that both of these issues demonstrated a lack of editorial control. He reminded members of the Trust’s role in setting the BBC’s editorial standards and holding the Executive to account for delivering them.
The Chairman noted that he, the Vice Chairman and the chair of the Trust's Editorial Standards Committee (ESC) had been briefed on the issues prior to the meeting and that the ESC had also met the previous day to consider the Executive's proposed response. Some of the Director-General's proposed actions had been developed in response to concerns raised by members prior to the Trust meeting.

Members agreed that they were deeply concerned that the reports indicated significant failures of control and compliance within the BBC. They agreed that these actions had compromised the BBC’s values of accuracy and honesty and would require swift and strong response from the Trust.

The Trust discussed the culture of editorial compliance within the Corporation, concluding it was essential for everyone making programmes for the BBC to understand the BBC’s values and principles. They agreed that the public had a right to expect that the BBC set the standard for editorial integrity in broadcasting and those in charge of the Corporation protect the BBC’s reputation. Members agreed that the trust of the audience was an essential component of audience’s support for the purpose and existence of the BBC.

The Trust agreed that the attempts to mislead audiences as reported were unacceptable.

The Executive joined the meeting at this stage. The Director-General began by apologising to the Trust on behalf of the Executive for the series of events that had come to light. He agreed that the breaches of audience trust were clearly unacceptable and stated that he would be communicating this to all staff later that day.

The Deputy Director-General provided a detailed report on the preliminary findings regarding the editorial breaches. He reported on the incidents in the children's show TMi (September 2006), on Sports Relief Appeal 2006, the Comic Relief Appeal in 2007, on the Scottish opt-out for the 2005 Children in Need Appeal, the Liz Kershaw show on the digital radio station BBC 6 Music (2005/06) and on the BBC World Service show White Label, which had not been broadcast since April 2006.

He noted that the Executive was aware of further incidents, which had come to light following the Director-General’s open appeal for staff to report any issues of audience deception. It was the Executive’s view that these did not constitute serious breaches of the BBC’s editorial guidelines although they raised questions about the need for greater training and guidance. These incidents were not reported to the Trust in detail and were primarily around poor management of competitions, not audience deception.

The Director-General noted that it was disappointing that many of the reported incidents were not discovered in the first audit of telephony issues following the Blue Peter incident in March. He concluded that the initial request for evidence of non-compliance might not have been broad enough. The Director-General made the Trust aware that further examples of non-compliance with editorial guidelines might be uncovered as the investigation continued. He also advised that disciplinary action would be considered on a case-by-case basis.

The Director-General outlined the actions he proposed to take as a result of the
incidents, noting that he planned to announce these actions in an all-staff broadcast later that day.

115.12 On behalf of the Trust, the Chairman outlined the Trust’s position, as previously discussed and said that a comprehensive response was required from the Executive. The Trust believed that the actions proposed by the Director-General were a significant step in the right direction. The Chairman said that it was the Executive’s responsibility to ensure that the culture of the BBC properly reflected the requirements of a public broadcasting institution. The Chairman asked the Director-General, along with his Executive Board, to review the management structure with a view to strengthening the BBC’s editorial controls and compliance procedures to ensure that they were robust in all output areas. The Trust asked that compliance models elsewhere in the industry be examined as part of the Director-General’s review to ensure that the BBC had the most effective structures.

115.13 The Trust requested that the Director-General be explicit in his statement about individual responsibility in compliance matters. Members requested that action taken as a result of non-compliance be, as far as possible, even-handed, whether the breach was made by BBC employees or external suppliers.

115.14 The Trust discussed the issues around the misleading editing in the promotion for the programme *A Year With the Queen*. The Trust agreed with the Director-General’s proposal for an independent review and stipulated that the name of the reviewer and the terms of reference for the review would need to be approved by the Trust. The Chairman noted that he would write to HM Queen to apologise on behalf of the Corporation.

115.15 The Trust noted the General Counsel’s advice regarding the running of competitions by the BBC.

115.16 Members agreed that the Director-General’s proposed response was constructive and supported the proposal to suspend all phone-related and interactive competitions until all regulatory requirements could be assured.

115.17 The Trust requested that detailed reports on all the incidents that had been discussed be provided to the ESC. Members also requested that the Executive consider appropriate performance and disciplinary measures for breaches of editorial standards and asked the Director-General to report on any specific disciplinary action that had been taken as a result of the incidents discussed.

115.18 In conclusion, the Trust agreed that it would independently review the implementation of the Director-General’s action plan in early 2008.

116 DIRECTOR-GENERAL’S REPORT

116.1 The Director-General reflected on the release of the BBC’s Gaza correspondent, Alan Johnston, who had been held in captivity for 114 days. The Trust welcomed the release of Mr Johnston and congratulated all those who had been involved in securing his release.
116.2 The Director-General updated the Trust on programming matters, including the BBC’s coverage of Live Earth and Concert for Diana. He noted that the Executive Board had reviewed the internal report of the Top Gear accident involving Richard Hammond in September 2006, the conclusions of which had been similar to the external report by the Health and Safety Executive. It was the Director-General’s intention to publish the internal report.

116.3 The Deputy Director-General updated the Trust on matters in the BBC’s Journalism Group. He informed members about how the Executive was handling a personnel issue that had arisen in the World Service, about which the Trust had been petitioned.

117 BBC WORLDWIDE ACQUISITION: LONELY PLANET

117.1 The chair of the Trust’s Finance and Strategy Committee (FSC) outlined the committee’s prior consideration of the proposition, an acquisition by BBC Worldwide.

117.2 He stated that the FSC was recommending that the Trust approve the proposal (Project Joe) subject to satisfying FSC on a number of conditions, these being:

- a further assessment of the proposal against the ‘four criteria’ for commercial activities, including more detail on how the purchase would exploit BBC rights
- confirmation that the due diligence work being undertaken was completed and was acceptable
- confirmation that external counsel had given final clearance on merger control issues
- confirmation that the BBC Executive’s Controller of Fair Trading had given final clearance on compliance with the BBC’s Fair Trading Guidelines.

117.3 In undertaking its further assessment against the four commercial criteria, the committee had particularly asked the Executive to undertake further work to demonstrate the proposal’s fit with the BBC’s public purposes – specifically how the proposals would help to leverage the extra value from the BBC’s intellectual property that BBC Worldwide exists to exploit.

117.4 [withheld from publication: commercially prejudicial information]

117.5 [withheld from publication: commercially prejudicial information]

117.6 [withheld from publication: commercially prejudicial information]

117.7 Members agreed there was a case in favour of proceeding with the purchase.

117.8 The Trust agreed with the FSC’s recommendation to support the proposition and delegated authority to two members of that committee to satisfy itself that the conditions outlined had been met prior to providing the Trust’s approval.

117.9 The Director-General left the meeting at this point.
118 FUTURE BROADCAST TECHNOLOGY: STRATEGY UPDATE

118.1 The Director, Future Media and Technology introduced the paper, which provided an update to the Trust on the Executive’s thinking regarding the BBC’s future strategy for mobile devices.

118.2 The Trust was informed of action being taken by the Executive with respect to trials of BBC content on mobile platforms that were in progress. Members were also advised of the Executive’s proposed approach to the BBC’s involvement in mobile platforms.

118.3 The Trust discussed licence fee payers’ use of the technology during the trial period, noting that total number of users and time spent using the service was not currently significant. Members discussed possible options for ensuring that the BBC’s services would be available on mobile platforms.

118.4 The Trust thanked the Executive for the background briefing, noting that the Trust’s approval should be requested should the Executive wish to turn any of the trials into a full service.

119 BUSINESS IMPARTIALITY REPORT: EXECUTIVE RESPONSE

119.1 Diane Coyle declared her interest in this item; see detail at minute 124.1.

119.2 The Deputy Director-General introduced the paper, which was the Executive’s response to the report of the independent panel reviewing the BBC’s coverage of business affairs on behalf of the Trust. He noted that the report – and the Executive’s proposed response – had been discussed widely within the BBC’s journalism community and had been approved by the Executive Board. The Director, News commended the response to the Trust.

119.3 The Deputy Director-General outlined the Executive’s proposed responses to the report’s recommendations, noting where the Executive both agreed and did not agree with the recommendations proposed by the independent panel. The Trust noted that the Executive did not agree with some of the panel’s comments regarding specific programmes, but did not plan to carry out its own inquiries into whether or not these constituted breaches of the BBC’s Editorial Guidelines. The Deputy Director-General stated that the Executive would report to the Trust on implementation of these actions in early 2008.

119.4 The Trust thanked the Executive for the comprehensive report and accepted the actions proposed as an appropriate response to the report.

120 PROVISION OF MINORITY INDIGENOUS LANGUAGES

120.1 The Trust’s Head of Performance introduced the paper, outlining the work that had been undertaken by the Trust Unit and the Audience Council in Northern Ireland to understand audience requirements related to the provision of Irish and Ulster Scots
language programming in Northern Ireland.

120.2 The Head of Performance noted that the Trust had a duty to determine the appropriate provision of minority language programming from the BBC across the United Kingdom. The Trust noted and endorsed the Audience Council for Northern Ireland’s initial view that there was a case for incremental increase in provision. It noted the opportunities for qualitative improvements as highlighted by the Audience Council and agreed that it would draw these to the attention of the Executive when commissioning Purpose Plans in the autumn. The Trust endorsed the criteria suggested for determining appropriate provision. It noted that the Audience Council would be undertaking a second round of consultation about this issue in Northern Ireland, and this would further inform the Trust’s overall assessment of appropriate provision.

120.3 Members noted that the debate about provision of minority language programming was largely dominated by groups and individuals with a specific interest in the matter. The Trust requested that the Trust Unit undertake some representative research among the wider population of Northern Ireland to inform the Trust’s thinking in this area.

120.4 The Director, Nations and Regions informed the Trust that it was important to look not only at the supply of indigenous language programming from the BBC, but also the availability from other sources. He suggested further work to consider possible models for the delivery of enhanced BBC provision, including collaborative approaches with broadcasters in the Republic of Ireland.

121 OTHER BUSINESS

121.1 Commercial Criteria Approval Procedures. The Trust approved the Executive Board’s procedures for ensuring compliance with the BBC’s four commercial criteria, as required under Protocol D6 ‘The BBC’s Commercial Services’.

121.2 Director-General’s Remuneration. The Trust endorsed the recommendation of the Remuneration and Appointments Committee and approved the annual review of the base salary for the Director-General.

121.3 Meeting arrangements One member requested that the Trust Unit investigate options for making conference call facilities more generally available for future meetings of the Trust.

122 ITEMS FOR NOTING

122.1 The following items were noted:
   - Minutes of Trust Committees and Audience Councils
   - Documents for sealing
BUSINESS HANDLING AND COMMUNICATIONS

123.1 The Trust discussed the handling of matters considered at the meeting.

CONFLICTS OF INTEREST

124.1 Diane Coyle has a declared interest (in the Trust’s published register of interests) as being married to the BBC News technology correspondent. It was not necessary for Dr Coyle to leave the room at any stage during the meeting as a result of this.