<table>
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<tr>
<th>Present:</th>
<th>Chairman</th>
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<tr>
<td>Michael Lyons</td>
<td>Chitra Bharucha</td>
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<tr>
<td>Chairman</td>
<td>Vice Chairman</td>
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<tr>
<td>Diane Coyle</td>
<td>Trust Member</td>
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<tr>
<td>Dermot Gleeson</td>
<td>Trust Member</td>
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<tr>
<td>Alison Hastings</td>
<td>Trust Member for England</td>
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<tr>
<td>Patricia Hodgson</td>
<td>Trust Member</td>
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<tr>
<td>Rotha Johnston</td>
<td>Trust Member for Northern Ireland</td>
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<tr>
<td>Janet Lewis Jones</td>
<td>Trust Member for Wales</td>
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<tr>
<td>David Liddiment</td>
<td>Trust Member (from item 98)</td>
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<td>Mehmuda Mian Pritchard</td>
<td>Trust Member</td>
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<tr>
<td>Jeremy Peat</td>
<td>Trust Member for Scotland (except 107)</td>
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<td>Richard Tait</td>
<td>Trust Member</td>
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<th>In attendance from the Trust Unit:</th>
<th>Director, BBC Trust</th>
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<tr>
<td>Nicholas Kroll</td>
<td>Head of Secretariat and Governance</td>
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<tr>
<td>Sally Kendall</td>
<td>Senior Adviser, Secretariat and Governance</td>
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<tr>
<td>Phil Harrold</td>
<td>Head of Communications</td>
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<tr>
<td>Tina Stowell</td>
<td>Head of Finance, Economics and Strategy</td>
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<tr>
<td>Christopher Woolard</td>
<td>Head of Editorial Standards</td>
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<td>Items 99 – 110</td>
<td>Head of Audiences</td>
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<td>Items 97 – 104</td>
<td>Head of Performance</td>
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<td>Items 97 – 104, 108 – 110</td>
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At 2:15pm on 20 June the Chairman and members of the Trust joined the Director-General and members of the Executive Board who were in attendance in the foyer of Broadcasting House London to mark 100 days since the capture of the BBC’s Gaza correspondent, Alan Johnston. They reiterated their call for his immediate release.
AGENDA

97. Annual Report and Accounts

98. BBC Purposes

99. Minutes of Meeting Held on 23 May 2007 and Matters Arising

100. Reports from Committees and Audience Councils

101. Director’s Report

102. Trust Work Plan

103. Director-General’s Report

104. Delivering Creative Future: Draft BBC Strategic Framework

105. Commercial On-demand Strategy

106. Compliance Reports – Legal and Regulatory, and Commercial ‘Four Criteria’

107. Appointments to the Board of BBC Pension Trust Ltd

108. Other Business

109. Items for Noting

110. Business Handling and Communications

111. Conflict of Interests
Tuesday 19 June

97 ANNUAL REPORT AND ACCOUNTS

97.1 The Chairman introduced the item, noting that under the new Charter the BBC’s Annual Report and Accounts is now produced in two parts – one by the Trust and the other by the Executive Board.

97.2 The Trust first considered, without the Executive present, its part of the Annual Report and agreed minor amendments to the text of the report. Members agreed that it provided an evidence-based and robust assessment of the BBC’s performance over the past year. In advance of implementing in full the new governance frameworks of Purpose Remits and Service Licences, members noted that the Trust’s assessment was limited to provisional conclusions. It was noted that the report covered the final period of the Board of Governors as well as the beginning of the Trust’s term.

97.3 The final draft of the report was the outcome of extensive work undertaken in committee, particularly the Audience and Performance Committee which had led on the work assessing performance of the BBC’s services.

97.4 The Director-General presented the Executive Board’s part of the Annual Report to the Trust, noting that it developed the themes he had reported to the Trust in his annual review the previous month and had been approved by the Executive Board.

97.5 Members discussed both sections of the Report. The Trust accepted Part 2 from the Executive Board and approved Part 1. It agreed to the publication of both parts as the 2006/07 BBC Annual Report and Accounts.

97.6 The Trust agreed the letter of representation to the BBC’s auditors, KPMG LLP; and the Chairman, Director-General, Group Finance Director and auditors signed the Annual Report and Accounts.

97.7 The Chairman thanked members and Trust Unit staff who had assisted in the development of the report.

98 BBC PURPOSES

98.1 The Trust’s Head of Performance outlined the top line conclusions of the consultation and audience research undertaken on the draft remits for the BBC’s public purposes. In summary he noted that the draft purpose remits had been welcomed by licence fee payers and were seen as comprehensively capturing the essence of each of the purposes. He noted the previous scrutiny of this work by the Trust’s Audience and Performance Committee.

98.2 He said that the consultation had provided the Trust Unit with clear areas in which
further work was required prior to presenting revised purpose remits to the Trust for approval. These included:

- a better recognition of ‘citizenship’ within the Citizenship and Civil Society purpose;
- a better understanding of media literacy and how this could be most appropriately reflected in the purposes; and
- analysis on minority language provision in Northern Ireland in particular.

98.3 He noted that the final wording for the purpose remits would be proposed to the Trust after the summer, following agreement by the Trust of the BBC’s strategic framework linked to licence fee prioritisation. Under the Charter the Trust was required to adopt purpose remits by 31 December 2007.

98.4 The Trust discussed the outcomes of the consultation, noting the value that audiences placed on some of the purposes over others. Specifically, members discussed the audience feedback on the provision of local, regional, national and UK-wide programming and agreed that further work was required to understand audiences needs in this area more fully.

98.5 Members also discussed audience reactions to the provision of sport on the BBC and the BBC’s investment in new platforms and technologies. It was agreed that further work would be undertaken by the Trust Unit to improve understanding of licence-fee payers’ views on these areas.

98.6 It was clear from the consultation outcomes and the audience research that the biggest perceived ‘performance gap’ was in the area of innovation – audiences valued innovative content on the BBC highly and broadly felt that the Corporation was under-delivering in this area. Members agreed that this should be a particular focus of further work and that they would ask the Executive to ensure that future new initiatives aimed to close this gap.

98.7 The Trust discussed the challenge in meeting audience expectations when delivering the BBC’s purposes. Members agreed that the outcomes of the consultation would be particularly useful in assessing the Executive’s proposed strategic framework.

**Wednesday 20 June**

99 **MINUTES OF MEETING HELD ON 23 MAY 2007 AND MATTERS ARISING**

99.1 The Trust approved the minutes of the meeting held on 23 May as an accurate record of proceedings. Members agreed that the minutes should be published with the redactions as proposed. The Chairman agreed to sign the minutes on behalf of the Trust.

99.2 The Trust’s Head of Editorial Standards updated the Trust on developments in the Ofcom investigation into *Blue Peter*; she noted that a finding was due imminently.

99.3 The Trust’s Head of Finance, Economics and Strategy updated the Trust on the outcomes of the consultation on the draft syndication policy for BBC on-demand content to third parties and the Trust agreed that the final wording of the policy and Executive guidelines
could be approved by the Public Value Test Steering Group.

100 REPORTS FROM COMMITTEES AND AUDIENCE COUNCILS

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

100.2 The Chairman updated the Trust on the work of the Remuneration and Appointments Committee in setting the Director-General’s bonus plan. He noted that the plan would be circulated to all members prior to being agreed by the Committee.

101 DIRECTOR’S REPORT

101.1 The Director, BBC Trust introduced his report, noting the growing public debate on the future of public service broadcasting.

101.2 He informed the Trust of the Secretary of State’s speech to be made that evening in which the Government would announce that its review of the funding of public service broadcasting would be brought forward and that it would implement the option in the licence fee settlement to provide £14 million of licence fee funding to Channel 4 to assist its digital switchover costs. He informed members that the Department for Culture, Media and Sport had confirmed that the proposed funding review would not reopen the terms of the licence fee in the current funding settlement. The Trust noted that the Corporation’s immediate priority was completion of the review of BBC investment priorities to ensure the public was best served in light of that settlement.

101.3 Members discussed matters to be presented by the Executive later in the meeting.

102 TRUST WORK PLAN

102.1 The Trust’s Head of Finance, Economics and Strategy outlined the draft work plan for the Trust. He explained that it contained three primary components:

- matters which the Trust was obliged to consider under the terms of the Charter and Agreement;
- other actions that the Trust had already agreed to undertake; and
- proposed new actions which had arisen out of the early work of the Trust.

He noted that the plan recognised that the Trust had yet to complete all its transitional functions and therefore this plan would look different in future.

102.2 Members discussed the draft plan and agreed that it reflected the Trust’s current priorities for the coming year and that it should be published alongside the BBC’s Annual Report and Accounts. The Trust noted that the plan might be updated throughout the year.

102.3 Members agreed that the Trust should play an active role in any policy debate on public
service broadcasting, in which it would be guided by its Charter responsibility as guardian of the licence fee and the public interest in the BBC.

103 DIRECTOR-GENERAL’S REPORT

103.1 The Director-General began his report by updating the Trust on recent news regarding Alan Johnston and the BBC’s continuing efforts to seek his release. He noted that today marked 100 days since Mr Johnston’s capture.

103.2 The Director-General updated the Trust on recent programming highlights and provided his assessment of the performance of BBC services over the last month. He informed the Trust of the recent settlement with the staff trade unions over salary and conditions for the next two years.

103.3 The Deputy Director-General updated the Trust on recent developments with regard to the BBC’s journalism. He noted the public reaction to the release of the report *Safeguarding Impartiality in the 21st Century*.

103.4 The Director-General noted that the contracts for the delivery of MediaCity:UK in Salford had now been concluded and that the Executive were now focussed on delivering this initiative. He also updated the Trust on recent changes to the BBC’s commercial services, including changes to the schedule of BBC America.

103.5 In conclusion, he noted the deaths of Aubrey Singer, former BBC Deputy Director-General and Sir David Hatch, former controller of Radios 2 and 4 and latterly managing director of BBC radio.

104 DELIVERING CREATIVE FUTURE: DRAFT BBC STRATEGIC FRAMEWORK

104.1 The Director-General began the presentation on the draft strategic framework noting that this ‘working model’ was provided by the Executive for discussion only; he was not requesting any decisions at that stage. The intention was for the Executive Board to develop a robust proposition and ask for the Trust’s approval of this in the autumn.

104.2 The Chief Operating Officer spoke to areas of new investments being considered by the Executive, noting how these were developed to meet a range of strategic priorities. The Trust’s discussion centred on how investing effectively in new areas would deliver the BBC’s public purposes. The Executive agreed to present further information to the Trust over the summer.

104.3 The Group Finance Director outlined approaches to delivering efficiency savings over the period 2007/08 to 2012/13, noting the Corporation’s previous record in achieving efficiencies. The Trust discussed the impact of requiring different levels of efficiencies on the BBC and the cost base upon which they would need to be made. Members agreed that the Executive should consider further the efficiencies that may be able to be realised without impacting on the quality of the BBC’s output. The Director-General agreed to present the Trust with more detailed information around the risks associated with
efficiency savings at a future meeting. Members noted that the National Audit Office would be assisting the Trust to develop appropriate definitions of efficiency for the BBC to ensure consistent reporting of this in the future.

104.4 The Chief Operating Officer outlined the Executive’s work on reprioritisation. She noted that reprioritisation was the most difficult of the tasks facing the Executive as it was their position that the BBC’s current suite of services all aimed to meet particular needs of licence-fee payers. It was clear that the BBC’s portfolio of services would need to be utilised more effectively. One strategy would be to produce less content overall but to increase its quality and stretch the value of the content further.

104.5 The Trust discussed the approaches to reprioritisation and the potential impact on the BBC’s output and brand. Members agreed that current plans for reprioritisation looked insufficiently developed. The Director-General agreed that this would be an area of further focus in coming months.

104.6 The Chief Operating Officer outlined the Executive’s proposed timetable for presenting further information to the Trust. It was agreed that work should continue through July and that the Trust would consider the strategic framework again after the summer.

105 COMMERCIAL ON-DEMAND STRATEGY

105.1 The Director-General introduced the item explaining that the BBC’s commercial on-demand strategy was in two parts: a proposed service for domestic audiences and a different approach for international audiences. Both of these services would focus on internet-based delivery mechanisms and would complement the existing linear commercial services provided by the BBC, both in the UK and internationally.

105.2 [withheld from published minutes]

105.3 [withheld from published minutes]

105.4 [withheld from published minutes]

106 COMPLIANCE REPORTS – LEGAL AND REGULATORY, AND COMMERCIAL ‘FOUR CRITERIA’

106.1 The BBC’s General Counsel introduced the item, noting that the Trust was being presented with the annual legal and regulatory compliance report for the BBC as a whole as well as the commercial ‘four criteria’ compliance report for the last quarter of 2006/07.

106.2 The General Counsel noted that the annual compliance report was a stock-take of the BBC’s compliance with legal and regulatory matters and included matters on which the BBC is obliged to report as well as those which it voluntarily reports on. He noted that a similar report was presented to the Executive Board each quarter for scrutiny.
106.3 The Trust accepted both reports, noting the actions that had been taken to mitigate potential areas of risk. Members requested that future reports be provided to the Trust with a written statement of assurance from the Executive Board outlining their scrutiny of the content and any actions or follow-up that it had requested.

107 APPOINTMENTS TO THE BOARD OF BBC PENSION TRUST LTD

107.1 Jeremy Peat left the room for this item, see explanatory note at 111.1.

107.2 The Trust considered the proposal from the Board of the BBC Pension Trust Ltd to amend the process of making appointments to the Board. Amendments were required as a result of recent legislative change and changes to the constitutional arrangements of the BBC. The amendments proposed were principally around the appointment of the chairman of the BBC Pension Trust Board.

107.3 The Trust discussed the options available and agreed with the recommendation of the Pension Trust Board, endorsed by the Executive, that it should continue to appoint a member of the BBC Pension Trust Board as well as nominate its chairman. Members noted that the Trust’s appointment could be either a member of the BBC Trust, a non-executive director of the Executive Board or an independent person. Members also agreed that positions on the Pension Trust Board should be remunerated, with the exception of any members who were salaried employees of the Corporation.

107.4 Members agreed that Jeremy Peat would be the BBC Trust appointment to the Pension Trust Board and would also be its nominee as chairman. The Trust agreed to a renewable term of two years for both positions. Members stated that should the BBC Trust appoint one of its members or a member of the Executive Board to the Pensions Trust, this appointment would only be valid whilst that person continued to be a member of the Trust or Executive Board as appropriate.

107.5 Members agreed that the deed of the Pension Scheme Trust should be updated to reflect these changes and that future appointments would be delegated to the Trust’s Remuneration and Appointments Committee, to be made following agreement with the BBC Chairman.

108 OTHER BUSINESS

108.1 Service Review
The Trust approved the terms of reference for the service review of bbc.co.uk.

108.2 Fair Trading Policy
The Trust approved the fair trading policy documents and code, noting the changes that had been made following consultation. Authority was delegated to the Fair Trading Policy and Appeals Committee to approve the final text of the fair trading guidelines and explanatory note.

108.3 World Service Operating Agreement
The Trust approved the BBC World Service Operating Agreement, noting that it would
be published on the Trust’s web site.

109  ITEMS FOR NOTING

109.1 The following items were noted:
- BBC North: update on approvals
- Premium Rate Services Report: High Level Approach
- Trust Impartiality Review - Network Coverage of the Nations
- Risk Compliance, Internal Controls and Corporate Governance
- Minutes of Trust Committees and Audience Councils
- Offline Approvals
- Documents for sealing

110  BUSINESS HANDLING AND COMMUNICATIONS

110.1 The Trust discussed the handling of issues considered at the meeting.

111  CONFLICT OF INTEREST

111.1 Jeremy Peat is the Chairman of the BBC Pension Trust Ltd, a position appointed by the BBC Governors. As the item was recommending that he continue in this role and that the role be separately remunerated from his position on the BBC Trust, Mr Peat did not receive the papers for this item nor was he present during the Trust’s discussion or decision.