MINUTES OF THE BBC TRUST MEETING

Held on Wednesday 19 September 2007
in the Courtyard Room, BBC Manchester, Oxford Road, Manchester

Present:
- Michael Lyons  Chairman
- Chitra Bharucha  Vice-Chairman
- Diane Coyle  Trust Member
- Dermot Gleeson  Trust Member
- Alison Hastings  Trust Member for England
- Patricia Hodgson  Trust Member
- 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 (by phone for item 132 only)

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
- Christopher Woolard  Head of Finance, Economics and Strategy
- Penny Young  Head of Audiences
- Mark Wakefield  Head of Performance
- Jon Cowdock  Chief Policy and Strategy Adviser
- Rebecca Asher  Project Director, Complaints Framework
- Martin Vogel  Senior Strategy Adviser
- Len Murray  Lawyer, Baker and McKenzie

For items:
- Items 131 – 135  Mark Thompson  Director-General
- Items 131 – 135  Mark Byford  Deputy Director-General
- Items 131 – 135  Caroline Thomson  Chief Operating Officer
- Items 131 – 135  Zarin Patel  Group Finance Director
- Item 134  Jenny Abramsky  Director, Audio and Music
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AGENDA

125. Minutes of Meeting Held on 18 July 2007 and Matters Arising

126. Reports from Committees and Audience Councils

127. Director's Report

128. Broadcasting In The Nations of the UK

129. Complaints Framework

130. Public Value Test: High Definition Television Provisional Conclusions

131. Director-General's Report

132. Editorial Standards

133. Quarterly Finance Report

134. Delivering Creative Future: A Strategic Framework for the BBC

135. BBC North: Delivery of Project

136. Trust Review of Compliance with Editorial Standards

137. Items for Noting

138. Business Handling and Communications

139. Other Business
125 MINUTES OF MEETING HELD ON 18 JULY 2007 AND MATTERS ARISING

125.1 The Trust approved the minutes of the meeting held on 18 July as an accurate record of proceedings. Members agreed that the minutes should be published with the redactions as proposed. The Chairman signed the minutes on behalf of the Trust.

125.2 Members noted the matters arising from previous meetings.

125.3 The Trust’s Head of Finance, Economics and Strategy updated the Trust on finalisation of BBC Worldwide’s acquisition of Lonely Planet, which had been approved by the Trust in-principle the previous month. He advised that the delegated members had reviewed the additional information provided by BBC Worldwide and had authorised the acquisition to proceed.

126 REPORTS FROM COMMITTEES AND AUDIENCE COUNCILS

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

126.2 The chair of the Public Value Test Steering Group noted that Ofcom had requested an extension on the timetable for the Market Impact Assessment associated with the proposed Gaelic Media Service; this would require adjustments to the Public Value Test (PVT) timetable. The Trust agreed a new timetable for the Gaelic Media Service PVT, noting that it would still be completed within six months.

127 DIRECTOR’S REPORT

127.1 The Director, BBC Trust introduced his report. He noted the House of Lords Select Committee on Communications had released its report on the Chairmanship of the BBC. The Trust agreed a response to be sent on its behalf, addressing the issue of the non-compete clause for the BBC Chairman, which formed part of the Trust’s Code of Conduct.

127.2 The Trust had a private discussion about some of the editorial standards issues that had arisen over the summer. The Chair of the Trust’s Editorial Standards Committee advised the Trust of that committee’s prior consideration of the reports from the Executive on editorial breaches and actions being taken as a consequence.

127.3 The Trust agreed that it should look closely at the Executive’s plans for reforming the BBC’s editorial compliance infrastructure. The aim should be for the BBC to be the leading player in editorial compliance. It was noted that the Director-General was reviewing editorial compliance structures as part of the action plan agreed with the Trust in July.

127.4 The Trust noted that the Director-General had submitted the audit report commissioned from Deloitte regarding use of premium rate telephone services in a select number of programmes. It agreed that further scrutiny should be undertaken by the Editorial Standards Committee and a report would be provided to the Trust.
128 BROADCASTING IN THE NATIONS OF THE UK

128.1 The Trust’s Head of Finance, Economics and Strategy introduced the item, which summarised the policy priorities and actions that were being taken to address audience concerns about broadcasting in the devolved Nations. The paper also provided an update on the Scottish Broadcasting Commission, which was being established by the Scottish Government.

128.2 The Trust members representing the Nations outlined some of the issues raised by Audience Councils regarding the BBC’s national and local programming as well as representation of the Nations on network programmes. The Trust member for England noted that some English regions experienced similar issues to those experienced by the devolved Nations.

128.3 The Trust discussed the commissioning and amount of spend on network programming which was taking place outside London and noted the actions taken by the Executive since the 2004 Out of London review.

128.4 It was agreed that the Trust should request further information from the Executive on the impact on the Nations of the proposed changes outlined in the Strategic Framework. The Trust agreed the approach to engaging with the Scottish Broadcasting Commission.

129 COMPLAINTS FRAMEWORK

129.1 The Trust’s Head of Editorial Standards introduced the paper, which sought approval of the principles for and approach to, a complaints framework for the BBC. She noted that it was a requirement of the Charter and Agreement that the Trust establish a complaints framework.

129.2 The Trust discussed the accessibility of the complaints process, agreeing that the final process must be clear to all parties, be as fast as possible and have built in mechanisms to ensure that the BBC learned lessons from the process.

129.3 The Trust noted that as the new complaints process was implemented, and the Trust’s remit over appeals expanded, it was likely to require a different administrative process within the Trust to handle the increased duties.

129.4 Members agreed the proposed interim arrangements for dealing with appeals against complaints associated with the targeted help scheme, which will help older and disabled people to switch to digital television.

129.5 The Trust agreed the principles and approach as outlined in the paper and agreed that the lead Trust members for the complaints framework be provided with delegated authority to approve the consultation documents on behalf of the Trust. It was agreed that the current complaints procedures would stay in place until the Trust adopted new procedures following consultation. It was expected that the final framework would be presented to the Trust for approval in early 2008.
130 PUBLIC VALUE TEST: HIGH DEFINITION TELEVISION PROVISIONAL CONCLUSIONS

130.1 The Trust’s Head of Finance, Economics and Strategy introduced the item. The provisional conclusions of the Trust’s Public Value Test (PVT) on the Executive’s proposal for a high definition television channel were being presented for the Trust’s approval. The Trust noted that the PVT Steering Group had approved the Public Value Assessment (PVA) and the Joint Steering Group of the Trust and Ofcom had approved the Market Impact Assessment (MIA) – both documents had been published on 18 September.

130.2 The PVT Steering Group had considered both the PVA and the MIA and had concluded the PVT had been met. The Group was recommending approval of the proposal, subject to the conditions outlined in section six of the draft provisional conclusions.

130.3 The Trust discussed the strategic importance of the proposed new channel in the context of a tight spending environment, where other parts of the BBC would be required to make significant savings. It was agreed that the PVT process had demonstrated the public value arguments in favour of proceeding with the proposition at this time and, taking account of the market impact, the PVT had been met. Members noted the importance of ensuring universal access to high definition content from public service broadcasters.

130.4 Members discussed the options for making the high definition channel available on the Digital Terrestrial Television network. It was agreed that this issue would be highlighted in the consultation process and the Trust would give approval now subject to addressing this matter informed by consultation responses.

130.5 The Trust noted that full copies of the privileged legal advice on the PVT process had been made available to members. The Head of Finance, Economics and Strategy took the Trust through a check list of decisions to formally agree the provisional conclusions. This included confirming the timetable allows for final conclusions to be published by 21 November 2007. The Trust agreed the provisional conclusions, which would be open to consultation for a period of 28 days.

130.6 The chair of the Trust’s PVT Steering Group recorded her appreciation to the team that had worked on the PVT.

131 DIRECTOR-GENERAL’S REPORT

131.1 The Executive joined the meeting and the Director-General provided his report to the Trust, covering matters that had arisen over the summer. He noted that the summer had been dominated by issues regarding editorial standards and that this would be the topic of a separate discussion later in the meeting.

131.2 The Director-General informed the Trust of a number of programmes which he believed had been particularly successful – noting in particular the season of programmes around the 60th anniversary of the partition of India. He also noted the 40th anniversary of the modern radio services at the BBC and the BBC’s extensive coverage of the floods across
131.3 The Deputy Director-General updated the Trust on journalism matters, including the challenges of covering the Madeleine McCann story and complex financial stories such as the Northern Rock 'crisis'.

131.4 The Director-General noted recent public discussion and views expressed by some BBC presenters and staff over the future prioritisation of funding within the BBC. He noted that a petition from some staff in BBC News had recently been received by the Trust.

131.5 The Trust was also updated on industry developments and key appointments within the BBC.

132 EDITORIAL STANDARDS

132.1 The Director-General introduced his paper, which updated the Trust on issues arising from a number of recently identified editorial breaches in which audiences to BBC programmes had been misled. The paper also reported to the Trust a further four breaches, which had come to light during the Executive’s review.

132.2 The Deputy Director-General summarised the recently uncovered breaches for the Trust, noting that earlier that week the Director-General had reported these, and outlined what actions the Executive were planning to take as a result, to the Trust’s Editorial Standards Committee.

132.3 The Deputy Director-General spoke in detail about the broader actions being undertaken by the Executive to respond to the issues that had arisen during the review over the summer. He noted that the Director-General had established an Editorial Standards Board to oversee implementation of the agreed actions.

132.4 The Trust welcomed the detailed report that was provided on the breaches and the progress that had been made to address the identified failings. Members noted the Director-General had undertaken a number of disciplinary proceedings related to these matters.

132.5 Members discussed the need to support creative risk while ensuring compliance with editorial standards and expressed concern that a culture might have developed in some parts of the BBC where knowledge of and/or adherence to the BBC’s Editorial Guidelines and external regulation was inadequate. The Trust strongly endorsed the training programme to be implemented by the Director-General.

132.6 The Director-General noted that he had received the report from Deloitte, who had audited a select number of BBC programmes that had used premium rate telephone services, and this report had been provided to the Trust. The Chairman reported the Trust’s position that the report should first be considered by the Trust’s Editorial Standards Committee, which would report back to the full Trust.

132.7 The Trust discussed the continued use of interactivity in BBC programming. The Director-General noted the Executive’s desire to begin a phased resumption of
competitions. The Trust endorsed the request from its Editorial Standards Committee that a code of conduct be put in place before competitions are reintroduced, to assure the public that any competition run by the BBC would be fair to all entrants and that competitions would comply with all regulatory requirements. The Trust also asked the Executive to consider the use of interactivity to ensure that it was not undertaken for its own sake and would only be used where it served a real purpose and enhanced the programme or web content for the audience.

132.8 The Trust discussed the need for the BBC to have more robust editorial compliance structures within the Corporation. The Director-General agreed that this was one area that he was addressing. Members noted that the independent review to be undertaken by Ronald Neil on behalf of the Trust would assess the impact of BBC management’s actions and changes to procedures to ensure that the BBC could and would comply with its own Editorial Guidelines and external regulation.

133  QUARTERLY FINANCE REPORT

133.1 The Group Finance Director introduced the Quarterly Financial Report for the first quarter of the 2007/08 financial year, noting that it was being presented somewhat later than usual due to the summer break.

133.2 She noted the higher than budgeted licence fee income for this quarter but explained that full year forecasts remained unchanged. She also noted that commissioning levels were on track and production of programming was ahead of schedule. On implementation of the Value for Money programme, she noted that savings and implementation costs were both on target. The slight shortfall in post closures had not impacted on the ability to deliver savings.

133.3 The chair of the Trust’s Finance and Strategy Committee outlined the committee’s prior scrutiny of the report, noting that the amendments to the format of the report that had been requested by the committee had been implemented. He noted that the committee had requested that future reports contain performance against commissioning targets for the Nations.

133.4 The Trust discussed service licence budgets and the tolerance existing within a licence for a service’s budget to exceed or fall below that stated. They noted that under the service licence rules the Trust would need to consider if a Public Value Test would be required should a service’s budget fall outside the 10% tolerance. Members noted that this policy could impact more significantly on smaller services, whose budgets were more clearly impacted by a small number of commissions. Members noted that the Audience and Performance Committee would assess this issue as part of the feedback from the service licence consultation.

134  DELIVERING CREATIVE FUTURE: A STRATEGIC FRAMEWORK FOR THE BBC

134.1 The Chairman outlined the elements of the strategic framework that were to be discussed by the Trust. These were: consideration of work undertaken by the Trust Unit
on defining and measuring efficiency; a discussion paper by the Director-General on the notion of 'distinctiveness'; and a draft of the overarching framework, provided by the Executive.

134.2 The Trust’s Head of Finance, Economics and Strategy introduced the first element: attempting to agree a definition and theoretical approach to measuring efficiency within the BBC. He noted that this had previously been discussed by the Trust’s Finance and Strategy Committee, which was recommending agreement to the approach being proposed.

134.3 The Trust endorsed the approach to defining and measuring efficiency and agreed that further work should be undertaken, in conjunction with the National Audit Office, prior to final approval.

134.4 The Director-General presented his paper on ‘distinctiveness’, which had been provided to the Trust for discussion. He said that it was his attempt to explore what was meant by the term distinctiveness in relation to BBC programmes and services and to suggest ways of embedding distinctiveness more explicitly and consistently in the delivery – and oversight – of the BBC’s output.

134.5 The Trust welcomed the Director-General’s discussion paper, noting that the issue of distinctiveness was a key issue that the Trust, and the Executive, needed to understand more fully. Members agreed that the Trust had a responsibility to articulate what it meant, and what licence payers understand by, terms such as ‘distinctiveness’ and ‘innovation’. It was noted that the Trust was undertaking further work in this area.

134.6 The Trust discussed how distinctiveness could be captured or measured through the BBC’s service performance measurement framework of reach, quality, impact and value for money (RQIV). It was agreed that this should be explored further.

134.7 Members agreed that the BBC needed to ensure that there was a sufficient range of programming within genres and channels. It was agreed that this would be the aspiration as the Executive concluded its work on the strategic framework.

134.8 The Chief Operating Officer introduced a revised draft of the overarching strategic framework, which responded to previous scrutiny and challenge from the Trust. The framework was the Executive’s approach to delivering Creative Future. She stated that the Executive were asking for endorsement of the aims and objectives contained within it.

134.9 Members agreed that the revised strategic framework reflected many of the points previously made by the Trust. The Trust expressed the need to ensure that all elements of the framework were affordable and could be delivered to the high standards expected. It would be necessary to ensure that the framework delivered the BBC’s public purposes with quality content as efficiently as possible. In discussion members questioned the Executive regarding their approach to meeting perceived gaps from the Trust’s audience research in the delivery of the BBC’s public purposes.

134.10 The Trust discussed the content of the draft framework, reminding the Executive of the requirements that the Trust had laid out for the framework’s development, particularly the need to focus on the activities which make the BBC distinctive and for which it is
highly valued: news, knowledge building, drama and comedy.

134.11 The Trust noted the progress towards achieving 3% savings and agreed that this should be the level of savings required from the Executive over the period of the current licence fee settlement to ensure that the BBC could continue to deliver quality services within the limits of the licence fee settlement.

134.12 The Trust discussed the proposed reprioritisation against the requirements that the Trust had set for the Executive, including the need to deliver the six public purposes and reach underserved audiences while continuing to deliver to existing loyal audience groups. The Trust was satisfied with the case for retaining the current television channels and radio networks at this time to ensure that the BBC could deliver its goals and ambitions as it heads towards digital switchover.

134.13 The Chief Operating Officer and the Group Finance Director both spoke on the risks associated with elements of the framework, noting the challenges in implementing the efficiencies and service strategy but confirming the Executive’s view that it was deliverable and financial plans had incorporated the Trust’s requirements.

134.14 Members specifically discussed the proposed approach to providing local news and information services and the impact of the proposed changes on the nations and regions. It was agreed that the Executive would present a more detailed paper on the impact of the strategic framework on the four Nations within the UK to the Trust.

134.15 It was agreed that the Trust would assess the final framework at its meeting in October. Members would continue to engage on some individual elements of the framework in committee.

135 BBC NORTH: DELIVERY OF PROJECT

135.1 The Chief Operating Officer introduced the paper, which outlined the implementation strategy and governance arrangements for the BBC North project (the BBC’s role in the mediacity:uk development in Salford). It was provided to the Trust for noting.

135.2 She reported that now that agreements had been signed with the BBC’s external partners, the Executive was focusing on ensuring that the benefits of the move were delivered and could be measured.

135.3 In addition to the two project directors already in post she was seeking to appoint a single person to take the lead on delivering BBC North and drawing together the various stakeholders to ensure that the transformational vision set out at the beginning of the project could be achieved.

135.4 The Trust said that it continued to be impressed by the project and its goals. Members encouraged the Executive to appoint the project leader as soon as practicable and to ensure a rigorous governance framework was in place. The Trust confirmed that it should monitor the project’s progress at a high level, and agreed that it would approve a reporting structure when the overarching property strategy was submitted to the Trust.
The Trust highlighted again the importance of the net cost of BBC North being contained within the £120m (NPV) window as agreed by the Director-General at the time of the Governors’ approval. The Chief Operating Officer said that she was comfortable with this target being met due to the revised plans for the London property estate, where most of the offsetting savings would be made.

**TRUST REVIEW OF COMPLIANCE WITH EDITORIAL STANDARDS**

The Trust approved the terms of reference for Ronald Neil’s review of compliance with editorial standards as recommended by the Editorial Standards Committee. Members noted that the scope of the review had evolved since it was originally agreed in May. The review was due to report in Spring 2008.

**ITEMS FOR NOTING**

The following items were noted:
- Minutes of Trust Committees and Audience Councils
- Terms of Reference for ‘Enhancing Audience Councils’ Effectiveness’
- Documents for sealing

**BUSINESS HANDLING AND COMMUNICATIONS**

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

**OTHER BUSINESS**

There was no other business.