### MINUTES OF THE BBC TRUST MEETING

**Held on Thursday 20 June 2013**  
**at the BBC Trust offices, Great Portland Street, London**

**Present:**
- Lord Patten  
  Chairman
- Diane Coyle  
  Vice Chairman
- Sonita Alleyne  
  Trust member
- Richard Ayre  
  Trust member
- Anthony Fry  
  Trust member
- Alison Hastings  
  Trust member for England
- David Liddiment  
  Trust member
- Bill Matthews  
  Trust member for Scotland
- Aideen McGinley  
  Trust member for Northern Ireland
- Elan Closs Stephens  
  Trust member for Wales
- Suzanna Taverne  
  Trust member
- Lord Williams  
  Trust member

**In attendance from the Trust Unit:**
- Nicholas Kroll  
  Director, BBC Trust
- Alex Towers  
  Deputy Director
- Phil Harrold  
  Head of Governance
- Fran O’Brien  
  Head of Editorial Standards

  **Items 73 – 78 and 80 – 85**
- Mark Devane  
  Head of Communications
- Kate Atkins  
  Chief Adviser, Governance
- Jon Cowdock  
  Head of Business Strategy
- Alison Gold  
  Head of Public Services Strategy
- Georgina Hodges  
  Chief Research and Audiences Adviser
- Gareth Tuck  
  Chief Financial Adviser
- Victoria Wakely  
  Senior Editorial Adviser
- Meredith Cook  
  Senior Adviser, Governance
- Karl Davies  
  Chief Adviser, Wales
From the Executive:

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<td>Tony Hall</td>
<td>Director-General</td>
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<td>Fiona Reynolds</td>
<td>Senior Independent Director</td>
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<td>Simon Burke</td>
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<td>James Purnell</td>
<td>Director, Strategy and Digital</td>
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<td>Jessica Cecil</td>
<td>Chief of Staff, Director-General’s office</td>
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<td>Zarin Patel</td>
<td>Chief Financial Officer</td>
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<td>Ed James</td>
<td>Head of Corporate Performance and Reporting</td>
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<td>Beverley Tew</td>
<td>Group Finance Director</td>
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<td>Lucy Grimster</td>
<td>Corporate Affairs Manager, Public Affairs</td>
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<td>Items 82</td>
<td>Rhys Evans</td>
<td>BBC Wales Strategy and Policy Manager</td>
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<td>Item 82</td>
<td>Frances Haque</td>
<td>Senior Economic Adviser</td>
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External attendees

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<td>Item 80 – 81</td>
<td>Scott Cormack</td>
<td>KPMG LLP</td>
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<td>Karen Wightman</td>
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AGENDA

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76 Director’s report
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78 Impartiality review of breadth of opinion in BBC reporting
79 Director-General’s monthly report
80 BBC Annual Report and Accounts
81 Executive finance report
82 S4C programming on iPlayer
83 Items for noting
84 Business handling and communications
85 Conflicts of interest
MINUTES AND MATTERS ARISING

73.1 The Trust approved the minutes of the meeting held on 23 May 2013 as an accurate record of proceedings. The Trust approved the publication of the minutes with no redactions.

73.2 The Trust noted the matters arising from previous meetings.

COMMITTEES AND NATIONS REPORTS

74.1 The Chairman of the Trust’s Audiences and Performance Committee noted the committee’s quarterly briefing on the performance of BBC services. The committee’s discussion had focused on the performance of BBC Two.

74.2 The Trust members for England, Northern Ireland, Scotland and Wales provided an update on recent activity in their respective nations. The Trust member for Northern Ireland noted the success of the recent Radio 1 Big Weekend in Derry–Londonderry.

BBC WORLD SERVICE

75.1 The Trust agreed a minor amendment to the remit of the BBC World Service for inclusion in the service’s draft operating licence, on the recommendation of the Trust’s International Services Committee. The Trust noted that a consultation on the draft operating licence would open later in June.

DIRECTOR’S REPORT

76.1 The Director, BBC Trust presented his report, which provided an overview of activity undertaken by the Trust and previewed the key issues to be discussed by the Trust at the meeting.

76.2 The Trust discussed a tax issue arising from the Pollard review into the BBC’s management of a Newsnight investigation into allegations of sexual abuse by Jimmy Savile. The Trust conceded that, on balance, where the BBC had paid legal costs incurred by staff who gave evidence to the Pollard review, the BBC should also meet the associated tax liabilities of those staff. Legal and related costs would be published in the BBC Annual Report and Accounts.

BBC SEVERANCE PAY

77.1 The Director, BBC Trust introduced a discussion on the National Audit Office (NAO) report into severance payments and wider benefits for BBC managers. The
Trust had asked the NAO to carry out the review in November 2012 because it had become increasingly concerned about the size and frequency of senior manager severance packages. The House of Commons’ Public Accounts Committee had raised similar concerns.

77.2 Trust members discussed the report and were deeply concerned by some of the conclusions reached by the NAO, particularly the failure, in the past, of the BBC Executive and its Remuneration Committee always to follow agreed policy and entitlement relating to severance payments. They welcomed the far stricter approach now introduced by the current Director-General and the Non-Executive Directors to severance policies and their implementation. The Trust agreed that, in future, it would require far higher levels of reporting and annual assurance with regard to remuneration policies and practices.

77.3 The Trust agreed to publish the NAO report in July, alongside a Trust response. It also agreed that the Chairman should write to the Director-General about the issues raised in the NAO report. The Trust delegated authority to the Chairman and its Finance Committee to agree its response to the NAO report and the text of the letter to the Director-General.

78 IMPARTIALITY REVIEW OF BREADTH OF OPINION IN BBC REPORTING

78.1 The Trust’s Head of Editorial Standards presented the draft report following the Trust’s impartiality review of the breadth of opinion reflected in BBC output. The review had been led by the Trust’s Editorial Standards Committee and included content analysis by Cardiff University of the BBC’s coverage of immigration, religion and the European Union.

78.2 Members agreed that a wide range of opinions was broadcast in the BBC’s news, current affairs and factual programmes, with no persuasive evidence that significant areas of opinion were not represented. However, members felt that more could be done to ensure voices outside the main political debate were included on air.

78.3 The Trust approved the impartiality report and delegated authority to members Alison Hastings and David Liddiment to approve any minor changes prior to publication in July.

78.4 Members agreed to invite Stuart Prebble, lead author of the report, to discuss his findings with the Trust in more detail at a later date.

79 DIRECTOR-GENERAL’S MONTHLY REPORT

79.1 The Director-General updated the Trust on the work that he had underway to review BBC structures and ensure a greater degree of simplicity and accountability within the BBC’s corporate structure.
79.2 The Director-General also updated Trust members on recent discussions with Dame Janet Smith regarding her review into the culture and practices of the BBC during the years that Jimmy Savile worked at the Corporation. Trust members discussed timing and costs and were advised that Dame Janet anticipates, in the absence of unexpected events, that this aspect of her review should be complete prior to the end of 2013. The Director-General said that he would provide regular updates to the Trust on progress.

79.3 Trust members were updated on decisions being made by the Management Board regarding staff pay; this included the pay offer for staff, which was being considered by the unions. The Director-General said that he was taking a fair and proportionate approach to the pay offer, recognising the economic climate.

79.4 Trust members discussed the draft National Audit Office report on senior manager severance payments with the Director-General. There was common agreement that the findings were disturbing and that the BBC must ensure that it would not be possible to repeat inappropriate past practices in this area. The Senior Independent Director stated that the current non-executive directors on the Executive Board were fully committed to ensuring that the oversight of senior executive severance payments was strengthened.

79.5 The Director-General and Senior Independent Director discussed the work being undertaken by the Executive on assessing the BBC’s strategy ahead of further engagement with staff in the autumn.

80 BBC ANNUAL REPORT AND ACCOUNTS

80.1 The Chairman noted that Zarin Patel was attending her last Trust meeting as Chief Financial Officer before leaving the BBC Executive Board at the end of June. He thanked Ms Patel for her contribution to the Corporation and wished her well for the future.

80.2 The Trust’s Head of Public Services Strategy presented the BBC Annual Report and Accounts for 2012-13.

80.3 The Trust reviewed and noted the report by external auditors KPMG LLP, which had previously been scrutinised by the Trust’s Finance Committee. A representative of KPMG provided assurances to the Trust that appropriate procedures had been carried out by the Executive.

80.4 The Trust considered and accepted the Executive section of the Annual Report (Part 2) and the full financial statements which had both been approved by the Executive. Following its earlier discussion, the Trust noted that, where the BBC had paid legal costs incurred by staff who gave evidence to the Pollard review, the associated tax liabilities of those staff would be met by the Corporation and included in the costs published in the Annual Report.
80.5 The Trust reviewed and approved its section of the Annual Report (Part 1), noting the role of its committees in developing the text. It also approved a “letter of representation” from the Trust to KPMG, providing assurances about the information in Part 1 of the Annual Report.

80.6 Outside the meeting, the Chairman, Director-General, Chief Financial Officer and a representative of KPMG signed the relevant pages of the Annual Report and Accounts and the full financial statements, which would be laid before Parliament and published on 16 July.

80.7 The Trust noted the BBC World Service Annual Review for 2012-13 which had been approved by the BBC World Service Board and the BBC Executive Board.

81 EXECUTIVE FINANCE REPORT

81.1 The Trust received an update on the financial performance of the BBC for the year ending 31 March 2013. The Trust noted the Executive finance report, having covered the BBC’s full year outturn as part of its consideration of the BBC Annual Report and Accounts.

82 S4C PROGRAMMING ON IPLAYER

82.1 The Trust noted the conflicts of interest process in place for discussion related to S4C (see note at minute 85).

82.2 The Director, Strategy and Digital sought approval for programming from Welsh language broadcaster S4C to be included on the BBC iPlayer for an 18-month pilot period, now that the channel was mainly funded through the licence fee.

82.3 The Trust discussed the proposal, which had previously been considered by its Strategy and Approvals Committee (SAC) and Editorial Standards Committee (ESC) from a regulatory perspective and in terms of the Trust’s duty to set standards and consider appropriate complaints on appeal.

82.4 The Trust agreed that S4C programming should be included on the BBC iPlayer for an 18-month pilot period, subject to further discussion on the length of the pilot and a satisfactory outcome on editorial control.

82.5 The Trust delegated authority to ESC to approve outstanding issues around editorial control. It delegated authority to its Complaints and Appeals Board to approve consultation requirements.
83  ITEMS FOR NOTING

83.1  (a) Minutes from committees and Audience Councils
     (b) Documents for sealing
     (c) Report of offline approvals
     (d) Freedom of Information Act section 36 decision

84  BUSINESS HANDLING AND COMMUNICATIONS

84.1  The Trust discussed the handling and communication of items considered at the meeting.

85  CONFLICTS OF INTEREST

85.1  For discussion on S4C (item 82), Elan Closs Stephens noted that, as Trust member for Wales, she was also a member of the S4C Authority. This is declared in Ms Stephens’ register of interests, which is publicly available on the Trust’s website.