MINUTES OF THE BBC TRUST MEETING

Held on 26 September 2016
at the BBC Trust, 180 Great Portland Street, London

Present:

Rona Fairhead  Chairman
Sir Roger Carr  Vice-Chairman
Sonita Alleyne  Trust member
Richard Ayre  Trust member
Mark Damazer  Trust member
Mark Florman  Trust member for England
Bill Matthews  Trust member for Scotland
Aideen McGinley  Trust member for Northern Ireland
Nick Prettejohn  Trust member
Elan Closs Stephens  Trust member for Wales
Suzanna Taverne  Trust member
Lord Williams  Trust member

Items 83-89

Bill Matthews  Trust member for Scotland
Aideen McGinley  Trust member for Northern Ireland
Nick Prettejohn  Trust member
Elan Closs Stephens  Trust member for Wales
Suzanna Taverne  Trust member
Lord Williams  Trust member

From the Trust Unit:

Alex Towers  Director, Trust
Aurora Ascione  Chief Economic Adviser
Jon Cowdock  Head of Business Strategy
Peter De Val  Head of Legal
Alison Gold  Head of Public Services Strategy
Rachel Hallett  Adviser, Governance
Georgina Hodges  Chief Research and Audiences Adviser
Kath MacLeod  Head of Communications
Fran O'Brien  Head of Editorial Standards
Tristan Pedelty  Head of Policy and Charter Review
Gareth Tuck  Head of Finance

From the BBC Executive:

Tony Hall  Director-General
Darren Cockburn  Director of Business Management
Gautam Rangarajan  Director, Strategy
Clare Sumner  Chief of Staff to the Director-General
<table>
<thead>
<tr>
<th>Page</th>
<th>Contents</th>
</tr>
</thead>
<tbody>
<tr>
<td>83</td>
<td>MINUTES AND MATTERS ARISING</td>
</tr>
<tr>
<td>84</td>
<td>REPORTS FROM TRUST COMMITTEES</td>
</tr>
<tr>
<td>85</td>
<td>REPORTS FROM NATIONS</td>
</tr>
<tr>
<td>86</td>
<td>DIRECTOR’S REPORT</td>
</tr>
<tr>
<td>87</td>
<td>QUARTERLY PERFORMANCE REPORT INCLUDING DIRECTOR-GENERAL’S REPORT</td>
</tr>
<tr>
<td>88</td>
<td>TRANSFER PRICING REVIEW</td>
</tr>
<tr>
<td>89</td>
<td>CHARTER REVIEW</td>
</tr>
<tr>
<td>90</td>
<td>PENSION TRUST BOARD</td>
</tr>
<tr>
<td>91</td>
<td>CONFLICT OF INTEREST</td>
</tr>
</tbody>
</table>
83 MINUTES AND MATTERS ARISING

83.1 The Trust approved the minutes of its meetings held on 13 and 19 July and 1, 6 and 13 September 2016 as an accurate record of proceedings. It noted the matters arising from the meetings.

84 REPORTS FROM TRUST COMMITTEES

84.1 The Trust noted the reports from its committee meetings in July and September.

84.2 Suzanna Taverne, Chair of the Services Committee, said that the committee had received from the BBC an application for regulatory approval of its proposal to create a fully owned commercial subsidiary, BBC Studios. The Trust had now launched a public consultation to gather industry views, and would consider whether the proposal met the four criteria for commercial services that were set out in the BBC’s Framework Agreement.

84.3 Richard Ayre, Chair of the Editorial Standards Committee, said that at its last meeting the Committee had discussed the coverage of the EU referendum with the Executive.

85 REPORTS FROM NATIONS

85.1 The Trust considered key issues in the nations and received an update on stakeholder engagement by the Trust members for the Nations. Members heard about the contribution that Audience Councils had made during the Charter Review process, and proposals for the Audience Councils’ continued input during the period of transition to new governance arrangements.

86 DIRECTOR’S REPORT

86.1 The Director, BBC Trust presented his report, which provided an overview of work undertaken by the Trust.

86.2 He noted that the draft Charter and Framework Agreement with the Secretary of State had been published on 15 September. This confirmed a transitional period between the end of the current Charter on 31 December 2016, and the new BBC Board coming into effect on 3 April 2017. The Trust Unit would continue to work with the Department for Culture, Media and Sport (DCMS) and Ofcom on arrangements for this transitional period, and also on any final legal and drafting changes required to the Charter.
86.3 The Trust noted that Ofcom had submitted an estimate of the charges it would apply to the BBC for regulation from April 2017, and for transitional work done during the current financial year. [redacted] Members agreed to discuss the charges further with Ofcom and DCMS.

87 QUARTERLY PERFORMANCE REPORT INCLUDING DIRECTOR-GENERAL'S REPORT

87.1 The Director-General updated the Trust on recent BBC programmes and events. He highlighted the success of the Rio Olympics coverage with over 102 million individual browsers accessing BBC Sport online coverage, and thanked Chris Condon, Director of Product & Systems, North & Nations in particular for his team's work to ensure audiences could choose from a huge range of high quality event coverage.

87.2 The Director-General also said that BBC coverage of the Proms had reached over 15 million people, with outreach events like the Get Playing Virtual Orchestra reaching new audiences.

87.3 He spoke to Trust members about the Great British Bake Off, noting that the loss of the show to Channel 4 demonstrated the commercial pressures that the BBC now faced, resulting in difficult decisions on the use of licence fee funds.

87.4 Trust members noted that the BBC would soon require audience members to register and sign in to view programmes on iPlayer, and asked whether this would be linked to the TV licensing database. The Director, Strategy explained that the information collected by the sign-in programme would be used to personalise programme suggestions to audience members.

87.5 The Director-General briefed Trust members on the BBC's services and financial performance between April and June 2016.

87.6 He said that in due course the Executive would update the Trust on the GoodCorporation's independent audit of the BBC's Child Protection, Whistle-blowing, Bullying and Harassment and other complaints procedures, which had been commissioned following the Dame Janet Smith review.

87.7 Trust members discussed a range of other issues with the Executive, including news coverage in Scotland, the performance of BBC Three as an online-only channel and the requirement in the draft Charter for the BBC to publish certain salary information.
88 TRANSFER PRICING REVIEW

88.1 The Trust’s Head of Business Strategy reported on a review, commissioned by the Trust and carried out by external consultants EY, into the arrangements for the pricing of transactions between the BBC public service and its commercial subsidiaries. Overall, the review found arrangements to govern these transactions were robust and working well.

88.2 The Trust’s Chief Economic Adviser explained to the Trust in more detail some areas for improvement, including the way that Global News Limited paid for the BBC brand. She said that the BBC’s proposed plan to address these areas should further improve control and transparency.

88.3 The Trust approved for publication the EY report, the Trust’s response and the BBC’s proposed actions to improve the transfer pricing regime.

89 CHARTER REVIEW

89.1 The Trust’s Head of Policy and Charter Review gave Trust members an update on the next steps on the Charter and Agreement process.

89.2 He explained that the draft Charter and Agreement would be debated in the legislatures of the devolved nations, then the House of Lords and House of Commons, before the Agreement came to the Trust for approval. The Trust would also consider the memorandum of understanding which was being drawn up in order to provide more detail on how editorial and creative judgments would be exempt from examination by the National Audit Office.

89.3 Trust members agreed that the main outstanding issue was the lack of any opportunity for public and parliamentary debate ahead of future funding settlements.

90 PENSION TRUST BOARD

90.1 The Trust noted its conflict of interest policies before discussing this item, and Trust member Bill Matthews left the meeting during the item (see item 91).

90.2 Trust members agreed to recommend to the Pension Trust Board (PTB) that it should extend the term of the PTB Chairman Bill Matthews to 31 December 2017, in order to provide continuity over a period of change in BBC governance.
90.3 Members noted that the process for appointments to the PTB and the remuneration of its Chairman after the dissolution of the Trust would be matters for the PTB and the BBC to decide jointly.

91 CONFLICT OF INTEREST

91.1 Mr Matthews is Chairman of the PTB. This is declared in his register of interests, which is publicly available on the Trust’s website. Mr Matthews left the meeting during the discussion of the PTB and did not receive any papers for this item.