MINUTES OF THE BBC TRUST MEETING

Held on Wednesday 14 December 2016
at the BBC Trust, 180 Great Portland Street, London

Present:

Rona Fairhead Chairman
Sonita Alleyne Trust member
Richard Ayre Trust member

Items 109-113
Mark Damazer Trust member
Mark Florman Trust member for England
Bill Matthews Trust member for Scotland
Aideen McGinley Trust member for Northern Ireland

Items 114-118
Nick Prettejohn Trust member
Elan Closs Stephens Trust member for Wales

Items 109-115
Suzanna Taverne Trust member
Lord Williams Trust member

Apologies:

Sir Roger Carr Vice-Chairman

From the Trust Unit:

Alex Towers Director, Trust
Kate Atkins Chief Adviser, Governance

Items 109-113, 116
Jon Cowdock Head of Business Strategy

Items 109-115
Alison Gold Head of Public Services Strategy

Items 109-113
Georgina Hodges Chief Research and Audiences Adviser

Items 109-113
Kath MacLeod Head of Communications

Items 109-113
Fran O'Brien Head of Editorial Standards

Items 109-115
Gareth Tuck Head of Finance

From the BBC Executive:

Items 114-116
Tony Hall Director-General

Items 114-116
Anne Bulford Deputy Director-General

Items 114-116
Dame Fiona Reynolds Senior Independent Director

Item 116
Jamie Angus Deputy Director, World Service Group

Items 114-116
Phil Harrold Company Secretary

Items 114, 115
Gautam Rangarajan Director, Strategy
109  MINUTES AND MATTERS ARISING

109.1 The Trust approved the minutes of its meeting on 15 November 2016 as an accurate record of proceedings.

110  REPORTS FROM TRUST COMMITTEES

110.1 The Trust noted the reports from recent committee meetings.

110.2 Suzanna Taverne, Chair of the Services Committee, said the committee had approved Executive proposals to merge the Radio 1 Newsbeat site and app into BBC News Online. The committee had also approved the consequential change to the Radio 1 service licence.

111  QUARTERLY REPORTS FROM NATIONS

111.1 The Trust considered key issues in the nations and received an update on stakeholder engagement by the Trust members for the nations.

111.2 Members noted that the Trust’s four Audience Councils were beginning to wind up their activity. Audience Council England had met for the last time and the other councils had their final meetings planned for the new year, focussed on submitting their last reports to the Trust.

111.3 The Trust member for Scotland and Trust member Richard Ayre reported on a meeting with the Director-General to discuss BBC news provision in Scotland.

112  DIRECTOR’S REPORT

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

112.2 Members noted that the new BBC Charter was due to be published the following day and that Ofcom had published a general outline of its plans for regulating the BBC from April next year.

112.3 The Trust was updated on a review by the National Audit Office on licence fee collection and delegated authority to the Value for Money Committee to consider the final report ahead of publication.
The Trust considered its assessment of the BBC proposal to establish most of its in-house television production capacity as a commercial subsidiary, BBC Studios Limited.

Members assessed the proposal against the four commercial criteria, set out in the current regulatory framework. These were that the proposal must:
- fit with the BBC public purposes
- exhibit commercial efficiency
- not jeopardise the good reputation of the BBC or the value of its brand
- comply with the fair trading guidelines and in particular avoid distorting the market

Members agreed that a key consideration was whether BBC Studios would enable the BBC to deliver the public purposes while operating in a commercially efficient way. Given that it was for the BBC overall to deliver the public purposes, they were satisfied it was in the strategic interests of the BBC to own and control Studios. A production house of scale would help to ensure that the BBC had access to programmes across a wide range of genres and made throughout the UK. It would also provide a buffer against further industry consolidation. By offering greater creative freedom, Studios would help to attract and retain the best writing and production talent and develop a pipeline of intellectual property that could be exploited commercially with profits reinvested in the UK public service.

Members recognised that Studios had a role within the BBC’s overall strategy for the public services and there needed to be alignment between that strategy and the commercial policies of Studios, which must support the delivery of the public purposes and, in particular, deliver a broad range of programme genres, including specialist factual, and maintain regional production centres. They were clear that, with the BBC as its main customer, it was in the strategic and commercial interests of Studios to pursue such an approach.

Taking account of the recommendation of its Services Committee that the proposals should be approved, and after further deliberation, the Trust concluded that the BBC’s proposal complied with the four commercial criteria, and approved the BBC proposal to establish BBC Studios Limited. The Trust made it a requirement of its approval that Studios should help to safeguard the delivery of the public purposes and should exhibit commercial efficiency over time, and agreed on a series of recommendations to the new BBC Board and to Ofcom to ensure that performance and compliance were adequately monitored when the business was established.
The Trust delegated authority to the Chairman of Services Committee to approve the decision documents for publication.

**DIRECTOR-GENERAL’S REPORT**

The Director-General updated the Trust on recent BBC programmes and events. He highlighted the success of *Strictly Come Dancing* and *Planet Earth II* and the breadth of news coverage of the US presidential election. He also noted the launch of the BBC’s ‘100 Women’ season and plans for this year’s *Sports Personality of the Year*.

The Trust noted the publication earlier in December of the BBC’s official response to the Dame Janet Smith Report, which included an audit from GoodCorporation.

The Director-General noted the establishment of a UK forum, which he chairs, attended by Directors from across the nations and regions and also by those with responsibility for network output. This new group was ensuring the effectiveness of service provision across the UK and assisting the new Director, Nations and Regions to deliver the BBC’s priorities in this area. He noted an earlier commitment to provide greater clarity on funding for English language TV programming for Wales once the budget process had concluded.

In response to a question from Trust members about the BBC’s plans for future audience engagement, the Director-General said the Executive was considering how to replace the Trust’s audience engagement activities once the Trust closed in April.

**PERFORMANCE REVIEW**

The Director-General and his Executive team briefed Trust members on the BBC’s services and financial performance between April and September.

The Director-General said the way in which the BBC serves younger audiences was one of the biggest strategic issues facing the Corporation. The Trust asked about recent initiatives to address the challenges of declining reach among younger audiences. The Director-General informed them that the BBC was developing a content plan for all services and genres which would draw on extensive audience research and set out what the BBC could do to meet the needs of audiences.
115.3 Trust members agreed on the importance of reaching all audiences, including younger ones, and said they would return to this topic in their mid-year assessment of BBC performance.

115.3 The Deputy Director-General outlined the BBC’s financial position and gave an update on key projects and risks.

116 BBC WORLD SERVICE – PROPOSED SERBIAN SERVICE

116.1 The Deputy Director, BBC World Service Group presented their analysis of the case for re-establishing the BBC’s Serbian service. This followed discussions with the Foreign Office which was interested in offering additional funding for such a service.

116.2 Trust members noted the BBC World Service’s conclusion that there was editorial merit in starting a language service targeting Serbia. This was due to a shortage of independent and impartial news in the country and the ability of the World Service to offer a distinctive service cost effectively.

116.3 The Trust approved the service and authorised the Trust Unit to seek the necessary approval in the form of a letter from the Chairman to the Foreign Secretary as required under the BBC Agreement and the World Service Operating Licence.

117 FREEDOM OF INFORMATION SECTION 36 DECISION

117.1 The Trust noted a recent decision by the Chairman under section 36 of the Freedom of Information Act.

118 COMPLAINTS PROCEDURES

118.1 The Trust approved amendments to its complaints procedures. The amendments would explain the existing practice that all appeal findings were confidential until they were published by the Trust.