MINUTES OF THE BBC TRUST MEETING
Held on Wednesday 21 March 2007
in the Council Chamber, Broadcasting House, London, W1A 1AA

Present:
Chitra Bharucha  Acting 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 (except 49.4 – 49.6)
Jeremy Peat  Trust Member for Scotland
Mehmuda Mian Pritchard  Trust Member
Richard Tait  Trust Member

In attendance from the Trust Unit:
Nicholas Kroll  Director, BBC Trust
Sally Kendall  Head of Secretariat and Governance
Alison Edwards  Adviser, Secretariat and Governance
Tina Stowell  Head of Communications
Christopher Woolard  Head of Finance, Economics and Strategy

Items 43 - 47, 49
Penny Young  Head of Audiences

Items 43 - 47
Azra Onur  Accountability Officer

Items 48, 50, 54, 55
Jon Cowdock  Chief Strategy & Policy Adviser

Item 52
Julia Ockenden  Finance & Strategy Adviser

Items 50, 56
Mark Wakefield  Head of Performance

Item 50
Ann Bastow  Adviser, Performance

Item 53
Alison Bexfield  Chief Financial and Compliance Adviser

Item 56
Alison Gold  Chief Adviser, Performance and Market Intelligence

For items:
Items 49 - 56  Mark Thompson  Director-General
Items 49 - 56  Mark Byford  Deputy Director-General
Items 49 - 56  Caroline Thomson  Chief Operating Officer
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AGENDA

43. Declaration of Interests
44. Minutes of Meetings held on 21 February 2007
45. Reports from Committees and Audience Councils
46. Director’s Report
47. Developing a Trust Audience Engagement Policy
48. Commercial Services Protocol
49. Director-General’s Report
50. BBC Jam
52. Targeted Help
53. BBC Budget 2007/08
54. BBC Worldwide Five-Year Plan
55. bbc.com
56. Strategic Reprioritisation: the Creative Future Context
57. Matters Arising from Previous Meetings
58. Any Other Business
59. Items for noting
43 DECLARATION OF INTERESTS

43.1 The Chairman asked members if they had any interests to declare related to items on the agenda.

43.2 David Liddiment declared a conflict regarding his role as non-executive director of All3Media, owners of Cactus TV, the independent production company that makes *Saturday Kitchen*. The Director-General was to provide an update on the premium phone lines issue, including *Saturday Kitchen*, during his report. David Liddiment noted he had not received any paperwork relating to this item and would step out of the room when *Saturday Kitchen* was discussed.

44 MINUTES OF MEETING HELD ON 21 FEBRUARY 2007

44.1 Subject to one minor drafting amendment the Trust approved the minutes of the meeting held on 21 February 2007 as an accurate record of proceedings and agreed that they be published, with the redactions as proposed. The Acting Chairman would sign the amended minutes on behalf of the Trust.

45 REPORTS FROM COMMITTEES AND AUDIENCE COUNCILS

45.1 Members noted the reports from meetings of the Trust committees that had been held in March and Audience Councils that had met in February and March.

45.2 Two issues were raised from the Audience and Performance Committee (APC). First, under the Strategic Partnership Agreement between the BBC and S4C, the Trust had a specific responsibility for approving the S4C programming plan following assessment by the Audience Council Wales (ACW). The ACW had scrutinised the plan, and the Trust agreed to delegate authority for approving the 2007/8 plan to the APC.

45.3 Secondly, members noted the recent review of BBC services undertaken by the APC as part of the performance reporting process. They noted the need for processes to ensure appropriate oversight of news provision across a number of service licences.

46 DIRECTOR’S REPORT

46.1 The Director, BBC Trust introduced his report which updated the Trust on issues during the previous month, and looked ahead to the forthcoming month. In addition, the Trust was updated on the Chairmanship appointment and proposals for continuing their induction programme.

46.2 The Trust agreed to the development of plans, informed by discussions at their earlier meetings, for managing strategic relationships between the Trust and its main stakeholders. Members agreed that these plans were helpful and should be developed further.
Jeremy Peat noted that he had been called to represent the BBC Trust at the Public Accounts Committee (PAC) hearing on 6 June regarding the National Audit Office (NAO) report on risk management. He noted that the programme of Value for Money investigations commissioned by the Trust and undertaken jointly by the NAO would be discussed further at the Finance and Strategy Committee (FSC) meeting in April.

The Trust also briefly reviewed other agenda items to be presented by the Executive during the meeting, including the BBC budget for 2007/8, the BBC Worldwide five-year plan and bbc.com.

**DEVELOPING A TRUST AUDIENCE ENGAGEMENT POLICY**

The Head of Audiences introduced the draft Trust audience engagement protocol and consultation questions which had been endorsed by the APC, and updated members on their proposed involvement in public meetings and events.

The Trust approved the draft protocol and consultation questions, and delegated authority to the Trust Member for England to sign off any subsequent substantive changes to the protocol and consultation questions. The Trust noted that the consultation would launch shortly, and that initial conclusions would be discussed by the APC and Audience Councils Committee (ACC).

**COMMERCIAL SERVICES PROTOCOL**

The Head of Finance, Economics and Strategy noted that the commercial services protocol had initially been discussed in draft by the Trust at its January meeting and had now been amended to take into account comments from Trustees. The amendments included changes to the criteria to determine which cases would be referred to the Trust by the Executive Board. The protocol would also set the basis for working relationships with BBC Worldwide.

The Trust approved the protocol, and noted that it would be published on the BBC Trust website alongside the other protocols.

**DIRECTOR-GENERAL’S REPORT**

The Executive joined the meeting and the Director-General updated the Trust on issues under review by the Executive Board.

The Deputy Director-General updated the Trust on developments in the BBC’s journalism, including the BBC’s continuing efforts to locate Alan Johnston and to secure his release. The Trustees expressed their concern for Alan and his family and echoed the BBC’s repeated requests to everyone with influence on the situation to intensify their efforts to ensure that Alan is quickly released.

In line with his declaration earlier in the meeting, David Liddiment left the room for
49.4 The Director-General spoke to his interim report, previously circulated to the Trust, on the recent events relating to Saturday Kitchen and Blue Peter and phone lines. The Trust noted the swift action taken by BBC management once the issues had come to light, and in particular the public apologies which were issued and the commitment to identify and address the errors which had led to the mistakes. The Trust noted that the Director, BBC Vision was carrying out reviews of both programmes and of all programming over the last two years to ensure that proper use had been made of phone lines in all cases, and noted that a further report would follow on completion. Members asked to be kept updated if any new issues with other programmes emerged from this internal review.

49.5 The Trust noted that, under the terms of the Charter, the Executive would provide an editorial compliance report to them twice a year, with the first one due in May. The Trust requested that the report set out clearly the compliance procedures which management applied to different categories of programmes, and provide assurance on how management ensured awareness amongst staff, particularly in non-News areas, of the BBC’s editorial guidelines.

49.6 The Trust noted that the Executive were co-operating fully with the ICSTIS review on the use of premium rate phone lines by broadcasters. Members also requested that the Fair Trading Policy and Appeals Committee receive a briefing from management on the different phone tariffs used by the BBC in its programmes, but noted that the BBC was different from other broadcasters as it did not raise revenue from the use of phone lines.

49.7 David Liddiment re-entered the room following this discussion.

49.8 The Director-General updated the Trust on the performance of recent programmes and services and noted that Comic Relief had performed well, and was expected to raise around £70m overall.

49.9 He also updated the Trust on a recent BBC leadership conference in Manchester to discuss spending priorities in light of the licence fee settlement. He also provided an update on discussions at the previous day’s Executive Board meeting. Following his update at last month’s meeting on the threat of strike action in News division, he confirmed that the industrial relations issues had been resolved without any strike action taking place.

50 BBC JAM

50.1 The Chief Operating Officer introduced the paper which updated the Trust on the suspension of BBC Jam, and confirmed that the service had been taken down from the BBC website, following the Trust’s instructions to suspend the service with effect from 20 March. She updated the Trust on the current situation with contractors, suppliers and staff and also outlined the proposed timetable and future activity in developing fresh proposals for formal learning for school age children. She noted that a further update would be presented to the Trust at its April meeting.
51 ELECTION GUIDELINES: ENGLAND LOCAL ELECTION, SCOTTISH PARLIAMENT AND LOCAL ELECTIONS AND WELSH ASSEMBLY ELECTIONS

51.1 The Deputy Director-General introduced the proposed election guidelines. The BBC was required, by a 2003 amendment to Section 93 of the Representation of the People Act, to draw up a code of practice for each election, detailing the BBC’s proposals for covering the election with due impartiality and appropriate balance between candidates.

51.2 The guidelines had been updated from previous equivalent elections to ensure increased consistency across the UK and to respond to developments such as interactivity.

51.3 The Chair of the Editorial Standards Committee (ESC) noted the ESC had reviewed the guidelines in detail and were satisfied they covered all necessary areas. The Trust discussed the implementation of the election guidelines, and approved the guidelines.

52 TARGETED HELP

52.1 The Director, BBC Trust updated members on the latest discussions with the Department for Culture, Media & Sport (DCMS) relating to the Targeted Help Scheme.

52.2 [withheld from published minutes]

52.3 [withheld from published minutes]

53 BBC BUDGET 2007/08

53.1 The Group Finance Director introduced the budget and noted that the timing of the licence fee settlement in January and the fact that the targeted help scheme and Digital UK funding were included in the settlement had required changes to the handling of the planned 2007/08 budget.

53.2 [withheld from published minutes]

53.3 The Acting Chairman noted that it was necessary to approve the 2007/08 budget in
advance of 1 April, but that revisions might be required to the budget later this year in
the context of the reprioritisation work currently underway following the licence fee
settlement, and consideration of the six year plan. She also requested that the
Executive work with the Trust Unit to ensure that all further financial information and
proposals presented to the Trust were in an appropriate format.

53.4 The Chair of FSC updated the Trust on the detailed scrutiny undertaken by the
Committee at two meetings. FSC had requested further information on alignment
with the service licences, and more historical budget information. He noted that it had
been agreed that in future years management would supply three-year historical
information. He confirmed that FSC were generally supportive of the budget, and of
the rebasing of service licence budgets by a 3% inflationary uplift, however FSC had
agreed that some of the services merited further discussion at this Trust meeting
before approval was given. For Radio 5 Live, where it had been proposed that the
baseline budgets should be adjusted to take into account a change in the allocation of
newsgathering costs, FSC proposed that no decision was taken on the service licence
budget until the outcome of the auditors work on the 2006/07 financial statements
was known later this year. The Trust would then take action as necessary supported
by audit opinion.

53.5 [withheld from published minutes]

53.6 The Trust approved the 2007/08 budget and the rebasing upwards of service licence
budgets by 3% but noted that revision might be required as a result of the
reprioritisation exercise. The Trust deferred their decision on the reallocation of the
newsgathering costs in the service licence budget for Radio 5 Live until the outcome of
the 2006/07 audit had been received.

54 BBC WORLDWIDE FIVE-YEAR PLAN

54.1 The Chief Executive Officer, BBC Worldwide introduced the paper setting out the
strategy for BBC Worldwide over the next five years, which responded to the
challenge set by the BBC to maximise commercial revenue, in appropriate areas, to
reinvest in programming and talent to the benefit of licence fee payers. He outlined
the areas on which Worldwide would be focusing, including growing the digital
business and increasing business outside the UK. He also noted that, at the request of
FSC, specific analysis of mergers and acquisitions opportunities was now included in
the paper submitted to the Trust.

54.2 [withheld from published minutes]

54.3 [withheld from published minutes]

54.4 [withheld from published minutes]

54.5 The Trust approved the plan and noted that, under the Commercial Services protocol,
BBC Worldwide would provide an update on progress at least annually and that any
future changes to the plan would require Trust approval.
55 BBC.COM

55.1 The Director-General explained that management were not asking the Trust to make any decisions on bbc.com at the meeting, but that they would be revising their proposals and re-presenting them at a later date. The Acting Chairman noted that members had already discussed bbc.com in February and had asked for further information, which had been included in the paper. She welcomed the opportunity for the Trust to discuss bbc.com further before management presented their final proposals for decision.

55.2 The Director-General and Deputy Director-General provided further context on the proposals, in particular the funding and reputational issues. The Director-General explained that management wanted to undertake further work on how the benefits delivered from bbc.com would be split between the public services directly and the commercial services. Members welcomed the fact that the Executive were reviewing their initial proposals in this area, and noted that they were concerned to ensure the maximum possible reinvestment and benefit in the BBC for licence fee payers. The Trust asked for further advice from Regulatory Legal on funding sources.

55.3 Members discussed the reactions from BBC journalists and other stakeholders within the industry to the proposal for the international website to take adverts. Management explained that their communications had sought to explain that investment in the website was required to strengthen the BBC brand globally and, without new investment, the website would not develop or move forward in line with emerging technologies.

55.4 The Trust asked that management include their review of the reinvestment of the financial returns and a revised forecast in their final proposals, to be presented to the Trust for a decision in due course.

56 STRATEGIC REPRIORITISATION: THE CREATIVE FUTURE CONTEXT

56.1 The Trust received a background presentation on ‘Beyond Broadcast’, one of the Creative Future workstreams undertaken by management to analyse the on-demand world and what the BBC should do to remain relevant and deliver services of value to audiences in the future. This formed background to the ongoing development of service strategies.

56.2 Members discussed a number of issues the presentation had highlighted, including: the exploitation of the BBC’s archive; the growth of user-generated content; the role of scheduling; and the promotion of content in a multi-platform environment.

57 MATTERS ARISING FROM PREVIOUS MEETINGS

57.1 Members noted the matters arising from the previous minutes, as reported.
58  ANY OTHER BUSINESS

58.1  The Trust agreed to issue a statement following the meeting, relating to the business it had discussed.

59  ITEMS FOR NOTING

59.1  The following items were noted:
   - Report of offline approvals
   - Minutes of Trust Committees and Audience Councils
   - Documents for sealing