MINUTES OF THE BBC TRUST MEETING

Held on Wednesday 23 May 2007
in the Council Chamber, Broadcasting House, London, W1A 1AA

Present:
- Michael Lyons  Chairman
- Chitra Bharucha  Vice Chairman
- Diane Coyle  Trust Member (from item 84)
- 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
- Jeremy Peat  Trust Member for Scotland
- Richard Tait  Trust Member

Apologies:
- Mehmuda Mian Pritchard  Trust Member

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
- Penny Young  Head of Audiences
- Fran O'Brien  Head of Editorial Standards
- Alison Gold  Chief Adviser, Performance
- Mark Wakefield  Head of Performance
- Christopher Woolard  Head of Finance, Economics and Strategy
- Alan Budd  Chair of the Business Review Panel
- Helen Nice  Project Manager, Business Review
- Alison Bexfield  Chief Financial and Compliance Adviser
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AGENDA

80. Minutes of Meetings held on 25 April 2007 and 30 April 2007 and Matters Arising

81. Reports from Committees and Audience Councils

82. Director's Report

83. Strategic Prioritisation Update

84. Impartiality Report: Business Coverage

85. Director-General's Report

86. Review of 2006/07

87. Financial Report

88. Premium-Rate Telephone Services: Final Report from the Director-General

89. Editorial Compliance and Complaints Report

90. Safeguarding Impartiality in the 21st Century

91. BBC Jam: Update

92. Future Impartiality Reviews

93. Business Handling and Communications

94. Any Other Business

95. Items for Noting

96. Conflict of Interests
MINUTES OF MEETINGS HELD ON 25 APRIL 2007 AND 30 APRIL 2007 AND MATTERS ARISING

80.1 The Trust approved the minutes of the meeting held on 25 April and also approved the minutes of the extraordinary meeting held on 30 April as accurate records of proceedings. Members agreed that both sets of minutes should be published. The Chairman agreed to sign both sets of minutes on behalf of the Trust.

REPORTS FROM COMMITTEES AND AUDIENCE COUNCILS

81.1 Members noted the reports from meetings of the Trust committees that had been held in April and Audience Councils that had met in April and May. The chair of Finance and Strategy Committee updated the Trust on progress towards finalisation of contractual agreements for BBC North. He noted that the Committee required further assurance prior to being able to approve to sign the contracts on behalf of the Trust.

81.2 Members discussed the report on outcomes of the Audience Councils Day and agreed the recommended actions. The Trust agreed editorial issues raised would be considered as part of the Trust’s consideration of Purpose Remits and that other issues would be taken forward through existing governance tools where possible. Members agreed that the actions approved by the Trust would be reported to the Audience Councils for their ongoing engagement in the process.

81.3 The Chairman asked members representing the Nations to consider the ongoing development of the role of Audience Councils as advisory bodies to the Trust and report back to the Trust in due course.

DIRECTOR’S REPORT

82.1 The Director, BBC Trust introduced his report which updated the Trust on issues during the previous month and looked ahead to upcoming business. He updated members on preparation for the BBC’s Annual Report and Accounts.

82.2 In advance of the Executive members attending the meeting, the Trust discussed the Director-General’s report on the use of premium rate telephone services and associated issues. Members discussed the work that had been undertaken to review the BBC’s use of premium rate telephone services and agreed to request that the Director-General carry out additional sample-checks of compliance by an external auditor, in line with good audit practice. On the recommendation of the Trust’s Editorial Standards Committee members agreed that Ronald Neil should be appointed to conduct the Trust’s longer-term policy review of the BBC’s use premium rate phone lines and associated programme interactivity. This would be communicated to the Executive later in the meeting.

82.3 Members noted that the BBC.com proposal would be re-presented to them at a future meeting.
83 STRATEGIC PRIORITISATION UPDATE

83.1 Members reflected on progress that had been made by the Trust’s committees in preparation for consideration of a future business plan for the BBC.

83.2 [withheld from published minutes]

83.3 The Trust agreed to consider the conclusions from the consultation on the draft purpose remits at its next meeting.

84 IMPARTIALITY REPORT: BUSINESS COVERAGE

84.1 Diane Coyle declared a potential conflict related to this item (see note at 96.1).

84.2 Sir Alan Budd presented the report of the independent panel investigating the impartiality of the BBC’s business coverage to the Trust. He noted that the report had been commissioned by the Board of Governors and was the third such report, following reports into the BBC’s coverage of European issues and another into the coverage of the Israeli-Palestinian conflict.

84.3 In introducing his report he noted that the task of his panel had been difficult as there were not clearly defined conflicting positions in the coverage of business issues. He also noted that while often important, business issues were not always as interesting to some of the audience as other issues on the news agenda. He stated that the BBC set itself very high standards and the panel’s report reflected that.

84.4 Sir Alan outlined the panel’s primary conclusion that they did not believe that the BBC had a systematic bias against business. The panel believed that most of the BBC’s business output met the required standards of impartiality. However, the panel did note that there had been a number of individual lapses and had identified some trends which led to repeated breaches of the BBC’s standards. Sir Alan concluded by noting that he believed it was reasonable for the Trust to set a high standard of impartiality in the coverage of business and to expect the BBC to deliver this.

84.5 The Chairman thanked Sir Alan and his panel for their work on the report, noting that it was a substantial and serious piece of work. Members discussed the panel’s conclusions with Sir Alan and sought additional clarification from him on where the panel had found breaches in the impartiality of the BBC’s coverage.

84.6 Members shared the panel’s concern about the BBC’s predominant focus on the consumer perspective in business reporting, noting that this could result in the audience not receiving the full story. Members agreed that audiences were also investors, savers, business owners and employees with a personal and civic interest
in understanding the impact of business from a range of perspectives. The Trust agreed that impartiality meant providing a comprehensive picture and a wide breadth of opinion and the BBC had a responsibility to deliver this. Sir Alan left the meeting.

84.7 The Trust concluded that it was satisfied that the evidence gathered supported the broad recommendations proposed by the panel. Members agreed to discuss the recommendations in greater detail with the Executive.

84.8 The Executive joined the meeting and the Deputy Director-General provided his initial view on the panel’s report. Broadly, the Executive believed that it was a robust piece of work and they welcomed the fact that it did not raise any issues of systematic bias. The Deputy Director-General said that he wanted the Journalism Board and the Executive Board to consider the report in detail and he agreed to present the Executive’s considered response to the panel’s conclusions to the Trust in July.

85 DIRECTOR-GENERAL’S REPORT

85.1 The Director-General began his report by updating the Trust on the BBC’s continuing efforts to seek the release of Alan Johnston.

85.2 He outlined to members some of the issues that the BBC was facing with the cost of programme acquisitions, such as Neighbours, and the impact that this had on the development of channel strategies. He also outlined recent programme highlights and audience figures.

85.3 He discussed with the Trust the effect of the new format for Panorama and the impact that this was having with audiences.

85.4 The Deputy Director-General updated the Trust on the BBC’s coverage of recent elections throughout the United Kingdom.

85.5 The Director-General informed the Trust of recent industry developments and negotiations with the staff unions on pay.

86 REVIEW OF 2006/07

86.1 The Director-General presented the Trust with his review of 2006/07. He provided his overview of performance against the BBC’s performance measurement framework, assessing the Corporation’s performance against the indicators of Reach, Quality, Impact and Value for Money.

86.2 His pan-BBC headlines indicated a strong performance across all services in the last year, with improving quality. He noted the development of future services, particularly iPlayer and said that in his view the performance by BBC Worldwide had been outstanding. He also noted that the licence fee settlement had been disappointing and commented on the serious editorial errors in Blue Peter and
He provided his assessment of the Executive’s performance against the objectives set by the Board of Governors for 2006/07, noting that the Trust’s assessment would be published in the Annual Report and Accounts.

The Director-General spoke to key highlights of the year by genre and noted some of the challenges facing the BBC’s services. He noted that the key points outlined in his review – both positive and critical – would appear in the Executive Board’s part of the Annual Report and Accounts.

The Trust discussed aspects of the Director-General’s presentation and questioned the Executive on how they used the indicators of ‘quality’ in planning service strategies.

The Trust outlined the Trust’s approach to developing its part of the Annual Report and Accounts.

The Group Finance Director introduced the quarterly financial report noting that it had previously been scrutinised by the Trust’s Finance and Strategy Committee. The Executive Board scrutinised the financial report monthly. She noted that the BBC had met all its Charter commitments by the end of the 2006/07 financial year.

The Group Finance Director noted the slight increase in the rate of licence fee evasion and discussed the mitigation strategies that had been put in place to reduce the evasion rate. She noted that she would present the licence fee collection strategy to the Trust for approval in due course.

The chair of the Finance and Strategy Committee noted that the Committee had requested changes to the format of the financial report and these were being implemented.

David Liddiment declared a potential conflict related to this item (see note at 96.2).

The Director-General introduced his report, which provided the Trust with an overview of the issues surrounding the BBC’s use of premium rate telephone services and the particular incidents that had been investigated. The report also provided an account of actions that had already been taken by BBC management and those that would be taken in relation to the various concerns that had surfaced.
He said that the report was the outcome of a rigorous review undertaken by the Director of BBC Vision. He noted that while the report revealed serious errors of judgement by two BBC programmes, its scrutiny of the use of premium rate telephone services by more than 200 programmes had found no evidence of systematic abuse or failure. He asked the Trust to agree that the actions he intended to take were appropriate and recommended to the Trust that it publish the report.

On behalf of the Trust the chair of the Editorial Standards Committee thanked the Director-General for his frank and open report. He said that the breaches of the BBC’s Editorial Guidelines were serious and the Trust welcomed the open approach that the Executive has taken to investigating the matter and taking action. Members said that the Blue Peter incident was particularly grave due to the involvement of children and the failure by the programme to inform senior managers within the BBC’s editorial chain of command of the incident.

The Trust noted the outcomes of the internal review of the BBC’s use of premium rate telephone services, which had not uncovered any further issues of substance. On the request of the Trust the Director-General agreed to commission an external auditor to undertake a sample-check of a number of programmes that had been looked at as part of the internal review. It was agreed that this would reflect best practice and would provide additional confidence in the review’s outcomes.

The Chairman informed the Executive that the Trust planned to engage Ronald Neil to undertake a longer-term policy review of the BBC’s use of premium rate telephone services and associated interactivity.

The Trust agreed that it should publish the Director-General’s report as soon as practicable. The Director-General agreed to report back to the Trust on progress towards implementation of his recommended actions in the autumn.

The Deputy Director-General presented the Executive Board’s annual report on editorial compliance and complaints management to the Trust. It was noted that the Trust’s Editorial Standards Committee had previously scrutinised the report. He said that in summary, with the exception of the issues related to premium rate telephone services as discussed, he believed that generally the BBC had complied with the Editorial Guidelines.

The Trust noted that compliance with the BBC’s editorial standards required time for staff to attend training and sufficient budget to ensure that the cost of having appropriate safeguards in place throughout the organisation could be met. The Deputy Director-General noted the success of the College of Journalism in providing training to staff throughout the Corporation. He agreed that ensuring compliance with the guidelines was a continual challenge, heightened by the fact that more programmes were now produced outside the BBC than in the past. Management were implementing more efficient processes but maintaining editorial
The report also contained the Executive’s summary of handling editorial complaints over the last year. The Deputy Director-General noted the response rate for dealing with complaints within 10 days was 90 per cent, slightly lower than the 93 per cent target. He stated that the BBC was on a journey of improvement in changing the complaints management process. He noted the establishment of the Complaints Management Board, which he believed was beginning to have real impact throughout the Corporation.

The chair of the Trust’s Editorial Standards Committee agreed with the Deputy Director-General that overall there had been a transformation in the way that editorial complaints were handled by the BBC. He said that the challenge now was to ensure that the complaints process was as simple as possible, both when handled by BBC management and also at the appeals stages.

The Chief Operating Officer updated the Trust on recent reorganisation within the Editorial Complaints Unit, which had resulted in an initial drop in response times. She assured the Trust that responses from the Editorial Complaints Unit would meet targets by the end of 2007.

The Trust accepted the report noting that an update report on editorial compliance and complaints would be presented to the Trust in six months.

SAFEGUARDING IMPARTIALITY IN THE 21ST CENTURY

The Deputy Director-General presented the Executive Board’s consideration of the report Safeguarding Impartiality in the 21st Century. This input followed discussion of the report by both the Executive Board and the Journalism Board. He believed that the initiatives proposed by the Executive would raise awareness throughout the BBC and keep the debate about impartiality prominent, alive and continual.

The initiatives proposed by the Deputy Director-General included a programme of training and debates on impartiality issues led by the College of Journalism. The College would also run an annual seminar on recent dilemmas in relation to impartiality for senior executives.

The Trust welcomed the proposed initiatives and agreed that the Deputy Director-General should present an update to the Editorial Standards Committee in due course.

BBC JAM: UPDATE

The Chief Operating Officer updated the Trust on the work that was being undertaken to wind down activity on BBC Jam.

Management had reviewed the necessity of continuing the sixteen commissions previously presented to the Trust as possible commissions to continue for the
purposes of the PVT and had concluded that it was no longer necessary to do so. The Executive therefore recommended that all BBC Jam commissions should be wound up; the Trust agreed to this recommendation.

91.3 The Trust agreed the Executive’s request for additional time to develop the fresh proposal if required and noted that plans would be submitted after the summer.

91.4 The Executive left the meeting at this point.

92 FUTURE IMPARTIALITY REVIEWS

92.1 The Head of Editorial Standards introduced her paper, which presented a range of options for conducting future impartiality reviews.

92.2 Members agreed that it was important for the Trust to have its own evidence-based system for assessing the impartiality of the BBC’s output.

92.3 Following discussion of the options the Trust agreed to a methodology that involved a regular in-depth review of a single topic chosen by the Trust to be headed by an independent, external person and supported through the Trust Unit. The chair of the Editorial Standards Committee agreed that his committee would develop a detailed methodology for the next review.

92.4 Members discussed the options for the next review, noting that the Trust had been provided with compelling evidence from the Audience Councils that a review of the BBC’s coverage of nations and regions could be appropriate. The Chairman asked the Editorial Standards Committee to consider the available evidence and develop terms of reference for a review on this topic.

92.5 Members noted that the Executive would also continue to measure perceptions of impartiality through a variety of channels and would formally report the outcomes of this work to the Trust through the Editorial Standards Committee.

93 BUSINESS HANDLING AND COMMUNICATIONS

93.1 The Trust agreed the broad direction of public statements to be made regarding issues discussed at this meeting.

94 ANY OTHER BUSINESS

94.1 There was no other business.

95 ITEMS FOR NOTING

95.1 The following items were noted:
96 CONFLICT OF INTERESTS

96.1 Diane Coyle has a declared interest (in the Trust’s published register of interests) as being married to the BBC News technology correspondent. It was not necessary for Ms Coyle to leave the room at any stage during the meeting as a result of this.

96.2 David Liddiment has a declared interest as a non-executive director of All3Media Ltd. The independent production company Cactus, that makes Saturday Kitchen for the BBC, is fully owned by All3Media. Mr Liddiment’s papers related to the use of premium rate telephone services were redacted to remove any references to Saturday Kitchen and he was not involved in determining the Trust’s position with regard to this programme and its compliance with the BBC’s Editorial Guidelines. It was not necessary for Mr Liddiment to leave the room at any stage during this meeting as a result of this.