MINUTES OF THE BBC TRUST MEETING

Held on Wednesday 24 January 2007
in the Boardroom, Media Centre, White City, London, W12

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
Mehmuda Mian Pritchard  Trust Member
Jeremy Peat  Trust Member for Scotland
Richard Tait  Trust Member

In attendance from the Trust Unit:

Nicholas Kroll  Director, Trust Unit
Sally Kendall  Head of Secretariat and Governance
Phil Harrold  Senior Adviser, Secretariat and Governance
Tina Stowell  Head of Communications
Christopher Woolard  Head of Finance, Economics and Strategy
Mark Wakefield  Head of Performance
Jon Cowdock  Chief Strategy and Policy Adviser
Martin Vogel  Senior Strategy Adviser
David Bradford  Senior Adviser, Performance
Tom Cassels  Lawyer, Baker and McKenzie
Samantha Mobley  Lawyer, Baker and McKenzie
Michael Hedley  Chief Economic Adviser
Alison Bexfield  Chief Finance & Compliance Adviser

For items:

13 - 16  Mark Thompson  Director-General (except 14.1 – 14.3)
13 - 16  Zarin Patel  Group Finance Director (except 14.1 – 14.3)
13 - 16  Caroline Thomson  Chief Operating Officer (except 14.1 – 14.3)
14 & 21  Nicholas Eldred  General Counsel (except 14.1 – 14.3)
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<td>David Fawcett</td>
<td>Head of Policy (except 14.1 – 14.3)</td>
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<td>Mark Burgess</td>
<td>Head of Regulatory Legal (except 14.1 – 14.3)</td>
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<td>Liz Cleaver</td>
<td>Controller, Learning and Interactive (except 14.1 – 14.3)</td>
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<td>Nigel Chapman</td>
<td>Director, World Service</td>
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<td>Tim Davie</td>
<td>Director, Marketing, Communication and Audiences</td>
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<td>Richard Halton</td>
<td>Controller, Business Strategy</td>
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AGENDA

9. Declaration of Interests

10. Minutes of Meetings Held on 7 & 8 December 2006 and 9 & 10 January 2007

11. Reports from Committees and Audience Councils

12. Director’s Report

13. Director-General’s Report

14. BBC Jam

15. BBC World Service Proposals for Comprehensive Spending Review 2007

16. Free Satellite

17. Public Value Test (On-Demand Services)

18. Proposal for Extension Of Download / Podcast Trial

19. Competitive Impact and Fair Trading Framework

20. BBC Annual Report and Accounts 2006/07

21. Signing Authority for the BBC Trust

22. Matters Arising from Previous Meetings

23. Any Other Business
MINUTES

9 DECLARATION OF INTERESTS

9.1 The Chairman asked members if they had any interests to declare related to items on the agenda; there were none.

10 MINUTES OF MEETINGS HELD ON 7 & 8 DECEMBER 2006 AND 9 & 10 JANUARY 2007

10.1 The Trust approved the minutes of the meetings held on 7 & 8 December 2006 and 9 & 10 January 2007 as accurate records of proceedings and agreed that they be published. The Chairman signed the minutes on behalf of the Trust.

11 REPORTS FROM COMMITTEES AND AUDIENCE COUNCILS

11.1 Members noted the report from meetings of the Trust committees that had been held in early January and that reports from Audience Councils were due to follow in February.

12 DIRECTOR’S REPORT

12.1 Members were updated on issues following the announcement of the licence fee outcome, noting that they had been briefed verbally on the outcome at the time of the announcement and had released a statement on 18 January.

12.2 Further to that statement, the Director, BBC Trust drew members’ attention to the two outstanding issues concerning the Trust. The first was the proposed targeted help scheme, the detail of which had yet to be agreed with the Government, and the second was the BBC’s approach to reprioritisation following the licence fee outcome.

12.3 On targeted help, members noted the Secretary of State’s parliamentary statement that, should the BBC lead delivery of the scheme:

- the Government would retain responsibility for the policy, including helping with procurement and deciding how eligibility is determined;
- targeted help and Digital UK sums will be ringfenced within the settlement and will not form part of the BBC’s baseline at the end of the settlement, and this responsibility will not impact on the BBC’s core budgets and services; and
- the Government will ensure the BBC’s services are protected from any cost increases in the help scheme, above DCMS estimates.

12.4 The Trust reasserted its position that whilst it remained committed in principle to helping establish and fund a targeted help scheme, the BBC would only agree to lead delivery of the scheme if it could be assured that the BBC’s public
services would not be put at risk.

12.5 The Trust noted that its concerns about the delivery of the programme and the possible risks to the BBC in doing so mirrored those of the Governors before them. Members requested the Trust Unit to continue to seek clarification from DCMS on the BBC’s detailed queries about the administration of the scheme so that Trust could be confident that the Secretary of State’s assurances could be delivered.

12.6 Members agreed that the Trust was not in a position to agree to the BBC delivering the targeted help scheme at this point.

12.7 On reprioritisation following announcement of the licence fee settlement, members had a high level discussion about the options available to the BBC. They noted that delivering the Public Purposes and public value to all audiences would be the central consideration for the Trust and the outcome of the public consultation on Purpose Remits would be an important consideration in making any future decisions.

12.8 Members agreed that they would like the Executive’s proposals to be based on a comprehensive review of all of the BBC’s activities. They noted that they would want to engage with the Executive on the emerging strategic options as work progresses.

12.9 The Trust determined that it should discuss the points raised with the Executive and agree a framework within which the reprioritisation work would take place. The Acting Chairman concluded by noting that she would write to the Director-General formally to outline the Trust’s views.

13 DIRECTOR-GENERAL’S REPORT

13.1 The Executive joined the meeting and the Director-General updated members on recent performance of programmes and services, including over the Christmas period. Members were advised that overall performance looked strong, with both good reach and audience appreciation across the portfolio.

13.2 In the absence of the Deputy Director-General, the Director-General updated the Trust on the BBC’s Journalism, including the coverage of the execution of Saddam Hussein and recent developments in the BBC’s global operations.

13.3 The Trust noted the paper from the Director-General outlining the steps that had been taken to complete the establishment of the Executive Board, and the Director-General gave a brief account of the Executive Board meeting that had been held the day before.

13.4 In reflecting on the licence fee outcome, the Director-General provided the Trust with his assessment of the outcome and a high level overview on what steps he believed the Corporation would need to take next.
13.5 The Chairman reflected the Trust’s previous discussion to the Executive and it was agreed that further work would take place over the coming months and that a timetable for consideration of the various issues would be agreed between the Executive Board and the Trust. The Trust agreed to seek the Executive Board’s views on administering the targeted help scheme prior to making any agreement with Government.

13.6 The Trust noted the death of Lord Hussey, the former Chairman of the BBC and expressed its condolences. The Chairman informed members that she had written to Lady Susan Hussey on behalf of the Corporation.

13.7 The Executive left the meeting at this point.

14 BBC JAM

14.1 The Head of Performance updated members on recent developments regarding the BBC Jam service.

14.2 [withheld from published minutes]

14.3 [withheld from published minutes]

14.4 [withheld from published minutes]

14.5 [withheld from published minutes]

14.6 [withheld from published minutes]

14.7 [withheld from published minutes]

14.8 [withheld from published minutes]

15 BBC WORLD SERVICE PROPOSALS FOR COMPREHENSIVE SPENDING REVIEW 2007

15.1 The Director, World Service introduced the paper which outlined the key elements of management’s proposed submission to the Government’s Comprehensive Spending Review for the future funding of the World Service.

15.2 [withheld from published minutes]

15.3 [withheld from published minutes]

15.4 The Trust agreed the overall direction of the proposals and delegated authority to the Finance and Strategy Committee to approve the submission following further scrutiny of the financial elements.
16 FREE SATELLITE

16.1 The Director, BBC Trust briefed members on previous consideration of the BBC’s free satellite proposition by the Board of Governors and the Secretary of State and outlined the process required by the new Charter for consideration of this proposal. The Trust noted that the Governors had approved the proposition in June 2006.

16.2 Management presented to the Trust the rationale for the free satellite proposition. The Chief Operating Officer noted the importance of this proposition to ensuring a successful switchover to fully digital television transmission, particularly in those areas of the United Kingdom not able to receive Freeview.

16.3 The Trust agreed that it was not in a position to consider the proposition for approval until the Secretary of State had formally handed back the work that the Department for Culture, Media and Sport had undertaken assessing the proposal under the previous Charter; this was expected shortly.

16.4 It was agreed that the Finance and Strategy Committee would then consider the proposition and make a recommendation to the Trust in due course.

16.5 The Executive left the meeting at this point.

17 PUBLIC VALUE TEST (ON-DEMAND SERVICES)

17.1 The Chair of the Public Value Test Steering Group introduced the papers, outlining the prior consideration that the Steering Group had given to management’s application for the proposed on-demand services.

17.2 The Head of Finance, Economics and Strategy summarised the proposition that had been submitted by the Executive Board and explained the procedure that the Trust was operating under to conduct the Public Value Test (PVT), noting that the timetable for this PVT had previously been extended by one month by the Board of Governors. He also drew attention to the additional information provided to Trustees.

17.3 The Trust agreed that the Governors’ decision to initiate the PVT process for the proposed on-demand services had been appropriate. They also agreed that the external reports commissioned by the Governors and the Governance Unit were appropriate for the Trust’s consideration in preparing the PVA and conducting the PVT and that it was appropriate for it to adopt the Interim Rules (with the exceptions as noted in the paper) for its assessment of the application.

17.4 The Head of Finance, Economics and Strategy outlined the conclusions of the draft Public Value Assessment (PVA) and the conditions recommended within it.

17.5 The Trust discussed the draft PVA and agreed that it covered aspects of public
value relevant to the application and that the manner by which public value was explored and evaluated was appropriate.

17.6 The Trust agreed the content of the draft PVA and adopted it as the final version for publication subject to redaction of confidential material.

17.7 The Head of Finance, Economics and Strategy introduced the Market Impact Assessment, undertaken by Ofcom and outlined the main conclusions of this assessment.

17.8 Following consideration of both the PVA and the MIA the Chair of the PVT Steering Group outlined the proposed conditions that the Steering Group were recommending that the Trust place on the proposal, which were:
- to have a storage window of 30 days, not 13 weeks as requested by the proposal
- series stacking would be limited in definition
- the service should be platform agnostic
- audio-books and classical music non-Digital Rights Management downloads would not be allowed
- the BBC Executive would need to develop appropriate parental controls
- there should be no access to third party content from the service.

17.9 The Trust agreed in respect of each of the proposals individually and taken together that, subject to the conditions proposed by the PVT Steering Group, it was satisfied any likely adverse impact on the market from the proposals was justified by the likely public value of making the changes proposed. The Trust provisionally concluded that it should grant approval for the proposed services subject to the conditions proposed by the PVT Steering Group.

17.10 The Trust decided that the PVT Steering Group should develop an appropriate policy on syndication.

17.11 The Trust agreed that the service licence variations, as presented, were appropriate and should be published for consultation.

17.12 Members discussed the public consultation process and agreed that in this case it would be appropriate to have an eight week consultation period in view of the new process and the volume of material being published. Members said their expectation was that the process should normally be conducted within 28 days in future. Members noted that it was also important to have sufficient time to consult Audience Councils on the proposals. The Trust agreed that this required and justified a consequential extension of the deadline for conclusion of the PVT to 2 May 2007.

17.13 The Trust agreed that publication of the Trust’s provisional conclusions would take place on 31 January.
The Chair of the PVT Steering Group thanked all those who had been involved in the various stages of the Trust's first PVT.

**PROPOSAL FOR EXTENSION OF DOWNLOAD / PODCAST TRIAL**

18.1 The Trust considered management's paper to extend the download/podcast trial, which was introduced by the Head of Finance, Economics and Strategy.

18.2 The Trust considered the merits of the request and approved management's request for an extension to the trial, to continue for no longer than 30 days following the Trust's final decision on the on demand Public Value Test.

18.3 In making this approval members noted the management paper which stated that one reason the extension was being requested was to avoid damaging relationships with external providers. It was agreed that this gave the impression that third parties were not being given sufficient clarity that trials were finite exercises. The Trust agreed to request that management be requested to address this in their forthcoming trials policy.

**COMPETITIVE IMPACT AND FAIR TRADING FRAMEWORK**

19.1 The Head of Finance, Economics and Strategy introduced the paper, including the policies and codes being presented for the Trust's consideration:
- Statement of Policy on Competitive Impact;
- Statement of Policy on Fair Trading; and
- Cross Promotion Competitive Impact Code.

19.2 The Chief Economic Adviser noted that the draft policies went beyond competition law in certain areas, reflecting the BBC's unique position and requirements of the Charter and Agreement. With respect to the competitive impact code, he noted that this was the first to be presented for approval and that others would be expected follow in due course, following consideration by the Trust's Fair Trading Policy and Appeals Committee.

19.3 Members considered the documents and agreed that the Trust should publicly consult on the policies and code and asked the Fair Trading Policy and Appeals Committee to manage the consultation process. It was noted that the outcomes of the consultation, and final documents, would be presented to the Trust for approval in due course.

**BBC ANNUAL REPORT AND ACCOUNTS 2006/07**

20.1 The Head of Finance, Economics and Strategy briefed the Trust on plans for the preparation of the 2006/07 Annual Report and Accounts.
Members were provided with a broad outline of what was planned to be included in both the Trust and Executive sections of the report and discussed the proposed presentation of the document/s. The Trust agreed the draft content directions for the Executive portion of the report.

It was agreed that further work on the plans for the Trust portion of the report be undertaken by the Trust Unit and the Trust updated in due course. Members representing the Nations also requested that consideration be given to a standard approach to the reports in each of the Nations, consistent with the new governance framework.

SIGNING AUTHORITY FOR THE BBC TRUST

The Head of Secretariat and Governance introduced the item noting that the Signing Authority protocol approved by the Trust in December required the Trust to make a resolution to appoint persons to sign documents other than deeds on behalf of the Corporation. The proposed resolution provided the authority for Trust members and Trust Unit staff to sign such documents. It also set out which Trust Unit staff shall be authorised to counter-sign deeds.

The Trust approved the signing authority resolution.

MATTERS ARISING FROM PREVIOUS MEETINGS

The Trust noted the matters arising report.

Members discussed the outcomes from their January conference deliberations, and noted the Director, BBC Trust’s report summarising actions around the themes of: greater understanding of the output; relationships with stakeholders; and operational issues. Members agreed to provide comments on the proposed actions offline.

The Trust considered a revised confidentiality undertaking, required under the Code of Practice, and agreed to the text as presented. Members agreed to sign the document and execute it as a deed.

Members requested that they be briefed on the BBC’s work with charities.

ANY OTHER BUSINESS

There was no other business.