MINUTES OF THE BBC TRUST MEETING
Held on Wednesday 25 April 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
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
Phil Harrold  Senior Adviser, Secretariat and Governance
Tina Stowell  Head of Communications
Christopher Woolard  Head of Finance, Economics and Strategy
Fran O’Brien  Head of Editorial Standards

Penny Young  Head of Audiences

Mark Wakefield  Head of Performance
Alison Gold  Chief Adviser, Performance and Market Intelligence

Martin Vogel  Senior Strategy Adviser
Samantha Mobley  Lawyer, Baker & McKenzie
Tom Cassels  Lawyer, Baker & McKenzie
Jon Cowdock  Chief Strategy and Policy Adviser
Gareth Barr  Policy Analyst
Julia Ockenden  Finance and Strategy Adviser
Katherine Humphreys  Project Manager, Accountability
John Bridcut  Project Director, Impartiality Project
Azra Onur  Project Manager
For items:

| Items 67.7 - 75 | Mark Thompson           | Director-General          |
| Items 67.7 - 75 | Mark Byford             | Deputy Director-General   |
| Items 67.7 - 75 | Caroline Thomson        | Chief Operating Officer   |
| Items 67.7 - 75 | Zarin Patel             | Group Finance Director    |
| Item 69         | Wilf White              | Chief Adviser, Public Policy |
| Item 70         | Helen Boaden            | Director, News            |
| Item 70         | Alan Yentob             | Creative Director         |
| Item 71 & 72    | Jana Bennett            | Director, BBC Vision      |
| Item 71 & 75    | Mark Burgess            | Head of Regulatory Legal  |
| Item 71         | Liz Cleaver             | Controller, Learning and Interactive |
| Item 71         | David Fawcett           | Head of Policy Development |
| Item 72         | Seetha Kumar            | Head of High Definition Television |
| Item 73         | David Ramsden           | Chief Executive, BBC Children in Need |
| Item 73         | Tim Davie               | Director, Marketing Communications and Audiences |
| Item 74         | Stephen Kelly           | Director, BBC People      |
AGENDA

60. Declaration of Interests

61. Minutes of Meetings held on 13 March 2007 and 21 March 2007

62. Reports from Committees and Audience Councils

63. Director's Report

64. Strategic Reprioritisation Update

65. PVT Application: High Definition Television

66. Public Value Test: On-Demand Services

67. Freesat

68. Director-General's Report

69. Targeted Help Agreement

70. Safeguarding Impartiality in the 21st Century – Report from the Impartiality Project Steering Group

71. BBC Jam

72. High Definition Television Trial Extension

73. Children in Need Governance

74. BBC Equality Schemes

75. Freedom of Information

76. Matters Arising from Previous Meetings

77. Any Other Business

78. Items for Noting
DECLARATION OF INTERESTS

60.1 The Chairman asked members if they had any interests to declare related to items on the agenda. David Liddiment restated his previous declaration regarding his role as non-executive director of All3Media, owners of Cactus TV, the independent production company that produced *Saturday Kitchen*.

MINUTES OF MEETINGS HELD ON 13 MARCH 2007 AND 21 MARCH 2007

61.1 The Trust approved the minutes of the 13 March extraordinary meeting and, subject to one minor drafting amendment, the Trust also approved the minutes of the meeting held on 21 March as accurate records of proceedings. Members agreed that both sets of minutes should be published, with the redactions as proposed. The Acting Chairman agreed to sign both sets of minutes on behalf of the Trust.

REPORTS FROM COMMITTEES AND AUDIENCE COUNCILS

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

62.2 The Trust discussed the outcomes of the annual meeting of the Trust with Audience Council representatives that had been held the day before. Members asked the Trust Unit to present a paper to the May meeting summarising the main themes of the day and proposing a method of progressing the issues arising.

62.3 The chair of the Trust’s Finance and Strategy Committee (FSC) updated members on that committee’s consideration of the BBC North contractual negotiations. These followed approval of the business case by the former Board of Governors and the Trust’s agreement to the project in January. He noted that there were still a number of matters to be resolved between the parties and that the FSC would continue to monitor progress on this. It was agreed that FSC could, within its delegated authority, approve the BBC’s participation in the venture should the contractual matters be resolved and provided the obligations on the BBC were in accordance with those previously agreed by the Board of Governors and the Trust.

DIRECTOR’S REPORT

63.1 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.

63.2 In advance of the Executive members attending the meeting, the Trust discussed the BBC’s use of premium rate telephone services. The Chair of Trust’s Editorial Standards Committee updated members on his discussion with the Director, BBC
 Vision the evening before. He noted that a report had been prepared by management on the use of phone lines by the BBC and that it would be for the Trust to consider in due course if all appropriate action had been taken. In addition to the broader issue about the use of premium rate telephone services, he advised the Trust that there were specific examples of breaches of the BBC’s Editorial Guidelines and said that the Editorial Standards Committee would specifically look at these as part of the Editorial Compliance and Complaints Report due to be presented to the committee in May.

63.3 Members discussed the seriousness of the issue and the impact that the misuse of premium rate telephone services could potentially have on public confidence in the BBC. They noted that within the BBC the services were primarily used to aid interactivity, and were not profit making, and that this was different to the use of premium rate lines by other broadcasters, which combined audience interactivity with commercial benefits.

63.4 The Trust agreed that it would be appropriate for it to conduct an evaluation of the policy and principles for the BBC’s use of premium rate telephone services. It was agreed that such a review would be distinct from the work being undertaken by Ofcom and the regulator ICSTIS and that the Editorial Standards Committee would give further consideration to the terms of reference for such a review.

64 STRATEGIC PRIORITISATION UPDATE

64.1 The Director, BBC Trust updated members on work that had been undertaken by the Trust’s committee in preparation for consideration of a future business plan for the Corporation.

64.2 Members discussed the challenges facing the BBC and agreed that the Trust needed to be open to all options as it considered a future plan. It was agreed that the options considered must be informed by a rigorous understanding of audiences’ use of the services and a desire to maximise the value provided to all audience groups from the licence fee.

65 PVT APPLICATION: HIGH DEFINITION TELEVISION

65.1 The Head of Finance, Economics and Strategy introduced the item, which included the Executive’s application for approval to launch a high definition television channel. He noted that the application was for a dedicated channel to be broadcast in high definition on both cable and satellite as well as an ‘overnight’ service to be provided on the Freeview platform.

65.2 He informed members that the Trust’s Public Value Test Steering Group had considered this application and it was the Group’s recommendation that the Trust subject the application to a full Public Value Test (PVT). The chair of the Steering Group explained the timetable for the PVT that had been agreed with Ofcom, who would undertake the Market Impact Assessment, and noted the role of the PVT Steering Group in guiding the process on the Trust’s behalf.
65.3 The Trust agreed that a PVT should be applied to the application and approved the timetable as presented.

66 PUBLIC VALUE TEST: ON-DEMAND SERVICES

66.1 The Head of Finance, Economics and Strategy introduced the item by presenting the outcomes of the Trust’s consultation on its interim conclusions. He noted that the Trust Unit had received over 10,500 individual responses to the consultation and almost all of these were in favour of the proposition. He noted that the draft final conclusions detailed the outcomes of the consultation and presented a response that had been endorsed by the PVT Steering Group. He said the Steering Group was now recommending that the Trust approve the final conclusions and subsequent changes to service licences.

66.2 Members discussed the outcomes of the consultation exercise, specifically the high level of support for ensuring that the iPlayer would be ‘platform neutral’ and the number of respondents who did not agree with the Trust’s interim conclusion that classical music be excluded from non-Digital Rights Management audio downloads. The Chair of the PVT Steering Group explained the Group’s response to each of these matters. She noted that the Steering Group was also concerned about platform neutrality and was proposing a regular review on the Executive’s progress in achieving this. On classical music, she advised why the Steering Group believed that the Trust’s interim conclusion was the correct approach and noted that it was the Group’s recommendation that the Trust endorse this as its final conclusion.

66.3 The Trust approved the final conclusions of the Public Value Test for the BBC’s proposed on-demand services. It also approved the required changes to service licences and approach to budget allocation. In addition, the Trust approved the draft syndication policy, subject to a short consultation. The PVT Steering Group would finalise the syndication policy and approve the guidelines to support this policy.

67 FREESAT

67.1 The Head of Finance, Economics and Strategy updated members on the outcomes of the Trust’s consultation on the Executive Board’s “Freesat” proposition.

67.2 He noted that there were over 200 responses, including responses from all public service broadcasters. He drew the Trust’s attention to the summary of responses outlined in the paper, noting the broad level of support for the proposition. Specifically he noted that the more critical responses were from organisations that believed the proposition represented a form of publicly-funded competition to existing services.

67.3 The Acting Chairman advised the Trust of a conversation that she had had with James Murdoch, Chief Executive Officer of British Sky Broadcasting Ltd (BSkyB), further to representations from Sky and a letter from him seeking a meeting. She had called Mr Murdoch to establish whether he had anything to add to BSkyB’s
written response. He did not raise any issues not already addressed in Sky’s consultation response, but he emphasised again Sky’s concerns and strength of feeling, particularly in relation to the Trust’s decision not to conduct a full PVT and with regard to technical compatibility questions. The Acting Chairman undertook to inform the Trust of BSkyB’s strength of feeling about these issues. The Acting Chairman noted that BSkyB’s full submission was distributed to members along with the other responses to the consultation.

67.4 The Trust discussed the issues raised by the consultation. On the advice of the Trust Unit and its legal advisers, members confirmed their view that the proposition was a ‘non-service’ activity and agreed that it was satisfied with the approach that had been taken to the evaluation of the proposition.

67.5 The Trust received confirmation from its legal advisers that all appropriate procedural matters had been considered and approved the proposition subject to the conditions outlined in the paper.

67.6 The Trust agreed the approval letter to the Director-General, including the proposed conditions to be imposed on the service, and agreed to publish the final decision and the organisation responses.

67.7 The Executive joined the meeting and the Acting Chairman informed the Director-General of the Trust’s decision, outlining the conditions stipulated by the Trust. The Director-General accepted the conditions.

68 DIRECTOR-GENERAL’S REPORT

68.1 The Director-General updated the Trust on the BBC’s continuing efforts to locate Alan Johnston and to secure his release. Members repeated their concern for Alan and his family.

68.2 The Director-General provided members with his assessment of the BBC’s recent performance, noting recent programming highlights and editorial decisions. In addition he informed the Trust of recent issues regarding the cost of sports rights and programme acquisitions and the issues that this presented to BBC’s management. The Deputy Director-General updated the Trust on developments in the BBC’s journalism.

68.3 The Director-General informed the Trust about what the Executive had done to review the BBC’s use of premium rate telephone services and what action had been taken in the specific cases where breaches of the BBC’s Editorial Guidelines had been discovered. He summarised the actions that he proposed taking on this matter and noted that a full report would be provided to the Trust the following month for the Trust’s consideration. Members repeated to the Director-General the process the Trust intended to follow in scrutinising the issues, noting further actions would be considered by the Editorial Standards Committee at its meeting in May.

68.4 The Director-General noted the work that had been progressing on the BBC’s future business plan, including looking at reprioritisation of funding following the
licence fee outcome. He said he was confident that the proposals being developed would provide the basis for a strong BBC throughout this Charter period and into the future.

69  TARGETED HELP AGREEMENT

69.1 The Trust was updated on progress towards achieving an agreement with the Department for Culture, Media and Sport regarding the Government’s proposed digital switchover help scheme.

69.3 The Director, BBC Trust informed members of recent discussions within Government that had been brought to the BBC’s attention in which a proposed change to the standard specification of the set-top box was being reviewed. He advised the Trust that, although the draft agreement contained a change provision, the detail of the scheme (including current cost estimates) had been based on an agreed specification, which was now being questioned. He noted that it was unlikely that the change would be mandated at this late stage, however he believed that it was prudent to seek clarification from the Government prior to approving the agreement.

69.2 The Chief Operating Officer informed the Trust that the Executive Board had considered the final draft of the agreement and had agreed that they could deliver the scheme under the terms set out in the draft agreement, should the concern about set-top box specification be resolved satisfactorily.

69.4 The Trust resolved to defer its consideration of the draft agreement and to seek clarification from the Government over the outstanding issues. It agreed to consider the agreement again as soon as clarification had been received.

70  SAFEGUARDING IMPARTIALITY IN THE 21ST CENTURY – REPORT FROM THE IMPARTIALITY PROJECT STEERING GROUP

70.1 Richard Tait, the chairman of the Impartiality Project Steering Group introduced the report, noting that it had been a unique venture – to bring together a broad range of people to discuss issues of impartiality. He thanked all those that had been involved in the process.

70.2 He noted the recommendations for the Trust and commended them to the Trust for approval. He noted that, if accepted, the Editorial Standards Committee would consider how best to implement these and would come back to the Trust in due course.

70.3 On behalf of the executive members who had been involved in the process the Deputy Director-General welcomed the report and noted the Executive Board’s acceptance of the report at its meeting in March. He said the report provided plenty of food for thought and agreed to present the Executive’s response to the recommendations to the Trust next month.
Members noted the difficulty in assessing impartiality across the breadth of the BBC’s services and agreed to consider how the Trust could best fulfil its responsibilities in this area.

The Trust accepted the report, agreed the principles outlined within it and approved the recommendations for the Trust. It was agreed that the Trust would publish the report following consideration of the Executive’s response.

**BBC JAM**

The Director, BBC Vision updated the Trust on the work that the Executive had been doing to wind down activity in the light of the suspension of BBC Jam in March and to develop a fresh proposition for children’s learning.

She explained that the paper presented the criteria which would be used to determine which commissions could be continued through the PVT process. These represented incomplete elements of content which could be continued for now as potentially providing evidence to support the development of a fresh proposition. Members noted that the current list was provisional and that, in accordance with the timetable agreed in March, a paper would be presented to the Trust next month submitting a final list of commissions to be continued.

Members noted the work that had been done and stressed the importance of ensuring that the fresh proposition took advantage of the creative opportunity to develop a proposal without the constraints that had applied to BBC Jam.

The Trust discussed the financial implications of the suspension and the Director-General confirmed that the Executive continued to look closely at ways to maximise value from the investment in the former service within regulatory and legal constraints.

The Trust noted the paper.

**HIGH DEFINITION TELEVISION TRIAL EXTENSION**

The Director, BBC Vision outlined the grounds for the Executive’s request to extend the current trial of the BBC’s high definition channel until the conclusion of the Public Value Test which had been agreed to earlier in the meeting. She stated that the trial extension would be only for satellite and cable distribution, not for Digital Terrestrial Television.

The Head of Finance, Economics and Strategy noted that the Trust’s Public Value Test Steering Group had previously considered this matter and it was being recommended for approval.

The Trust approved the Executive’s application.
73 **CHILDREN IN NEED GOVERNANCE**

73.1 The Director, Marketing, Communications and Audiences explained the proposed changes to the governance of the BBC’s corporate charity, Children in Need. The proposals followed agreement by the Board of Governors in September 2006 to appoint an interim chairman while the charity considered its future governance in the light of changes in the BBC’s own governance arrangements, as well as the requirements of the Charity Commission.

73.2 The Trust agreed the changes to the governance of BBC Children in Need, noting that although the charity would become more independent of the BBC as a result of them, the Corporation would continue to exercise appropriate risk management and oversight.

74 **BBC EQUALITY SCHEMES**

74.1 The Director, BBC People provided the Trust with an overview of the requirements on the BBC to comply with equalities legislation, including the development and implementation of equality schemes. He noted that the BBC already had race and disability schemes and that the gender equality scheme was being presented today for approval. Within three years a single equality scheme covering these and other equality areas (including faith/belief and sexual orientation, as necessary) would be developed.

74.2 The Trust’s Head of Audiences spoke to some of the implications of the schemes for the Trust. She noted that the race and disability schemes required amendment and that this would be done within the framework proposed in the paper.

74.3 Members discussed the proposed framework and principles for reviewing and amending the schemes and requested that the drafting of future schemes be simplified and made more accessible to all audience groups.

74.4 The Trust discussed the scope of the schemes and noted the challenge from the Disability Rights Commission, who were arguing that the BBC’s output should fall within the scope of the legislation. The Trust supported the BBC’s previously stated position that output is not a ‘public function’ as defined by the legislation and that the scope of the schemes should not be widened to include this aspect of the BBC’s operations.

74.5 The Trust approved the framework outlined in the paper and agreed the principles by which the BBC would develop and review equality schemes. It also approved the Gender Equality Scheme for publication.

75 **FREEDOM OF INFORMATION**

75.1 The Trust considered a proposed procedure for the BBC to use when making decisions to withhold information under section 36 of the Freedom of Information Act.
The Trust stipulated that it was the body within the BBC responsible for taking section 36 decisions and agreed to issue a protocol outlining the procedure for making these decisions. The protocol delegates authority to the Chairman, or in his absence the Vice Chairman, or if neither is available another member of the Trust to take section 36 decisions on behalf of the Trust, in order to assist with taking decisions within the legislative framework.

MATTERS ARISING FROM PREVIOUS MEETINGS

Members noted the matters arising from the previous minutes.

ANY OTHER BUSINESS

On behalf of all members Jeremy Peat thanked Chitra Bharucha for her period as Acting Chairman, especially the support and guidance that she had provided members during the early months of the Trust. Dr Bharucha thanked her colleagues, noting that she looked forward to continuing to contribute to the work of the Trust in her substantive role as Vice-Chairman.

ITEMS FOR NOTING

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