

BBC Executive Board

8 June 2009

1115 - 1530

Rm 3028, Broadcasting House, London

Attendees	2
1 Minutes of BBC Executive Board held on 28/29 April and 11 May 2009	3
2 Update on Current Issues	3
3 Digital Britain	3
4 Strategy Review.....	3
5 Transparency	4
6 Annual Report	4
7 Risk Status and Outlook Report.....	6
8 HD on DTT: Final Operational Cost Framework	6
9 Director Updates.....	7
Papers for approval	7
10 Trials Register.....	7
11 BBC Response to the free-to-air events review	7
12 Recycling of Jam assets and BBC Jam post investment.....	8
13 Digital Switchover quarterly report	8
14 Quarterly Performance Report, Q1 2009	8
15 Appointment of Four New Members of the BBC's Independent Charity Appeals Advisory Committee (AAC).....	8
16 Any other business	8

Attendees

Present

Mark Thompson (Chair), Director-General
Mark Byford, Deputy Director-General
Lucy Adams, Director, BBC People
Sharon Baylay, Director, Marketing, Communications & Audiences (MC&A)
Jana Bennett, Director, Vision
Tim Davie, Director, Audio and Music (A&M)
Erik Huggers, Director, Future Media and Technology (FM&T)
Zarin Patel, Group Finance Director
John Smith, Chief Executive, BBC Worldwide
Marcus Agius, Senior non-executive director
Mike Lynch, Non-executive director
Val Gooding, Non-executive director
David Robbie, Non-executive director
Samir Shah, Non-executive director
Robert Webb, Non-executive director

Apologies: Caroline Thomson, Chief Operating Officer

With

Jessica Cecil, Head of the Director-General's Office
Jo Clarke, Asst Head of the Executive Unit (secretary)
John Tate, Director, Policy and Strategy
Neil Chugani, Chief Financial Officer, BBC Worldwide (item 4)
Richard Parsons, Head of Commercial Affairs, BBC Worldwide (item 4)
Gautam Rangarajan, Head of Strategy (item 5)
Scott Cormack, Partner, KPMG (item 6)
Karen Whightman, Partner, KPMG (item 6)
Chris Day, Group Financial Controller (item 6)
Mike Ford, Senior Finance Specialist (item 6)
Michael McLaren, Head of Annual Report (item 6)
Cheri Moffatt, Controller, BBC Strategy (item 6&7)
Richard Thomas, Chief Operating Officer, World Service (item 6f)
Peter Horrocks, Director, BBC World Service (item 6f)
Charles Toomer, Head of Risk Management (item 7)
Catharine Smadja, Head of Special Projects (item 8)
Dominic Coles, Chief Operating Officer, Journalism (item 11)

1 Minutes of BBC Executive Board held on 28/29 April and 11 May 2009

- 1.1 The minutes from the business session at Executive Board Conference in April and the May Board were approved and the summary for publication noted.
- 1.2 The Board noted that a paper responding to the Board Effectiveness Review would come to the July meeting of the Executive Board.
- 1.3 Mark Thompson welcomed Lucy Adams, the new Director, BBC People, on behalf of the Executive Board.

2 Update on Current Issues

- 2.1 Mark Thompson updated the Board on the BBC's response to concerns being expressed about the impact that Sir Alan Sugar's ennobling and his appointment as Enterprise Czar for the Government might have on the BBC's impartiality.
- 2.2 Mark Byford briefed the Executive Board on the challenges involved in reporting the ongoing political difficulties of the Government in an Election period and the importance of ensuring parity of coverage for all the parties standing for election in the local council and European elections.
- 2.3 Executive Board noted the checks and balances in place with regard to fair coverage, including the ongoing monitoring of output compliance with electoral guidelines, editorial policy support and the editorial chain of command. The Board also noted the independence of the scrutiny provided by the BBC's complaints process, including the possibility of appeal to the Trust, given to any editorial complaints which might be received as a result of the BBC's coverage.
- 2.4 The Executive Board discussed the issues for the BBC around the results of the local council and European elections and how they would impact on political representation on BBC political programmes in the future.

3 Digital Britain

- 3.1 John Tate briefed the Executive Board on the Cabinet reshuffle. Ben Bradshaw was now the Secretary of State for the Department for Culture Media and Sport.
- 3.2 John Tate updated the Board on the most recent discussions around the Digital Britain Report.

4 Strategy Review

- 4.1 John Tate introduced the discussion on the proposed Strategy Review by saying that the BBC Trust was keen that a review of the BBC's strategy should be undertaken with a view to looking beyond Creative Future, and completed by the end of the Financial Year.
- 4.2 The Board noted and discussed the outline proposals, the timeline and the objectives of the Review.

4.3 The Board discussed the themes which had been proposed for inclusion in the review.

5 Transparency

5.1 A draft set of proposals which dealt with the publication of salaries, expenses and management papers were tabled by Mark Thompson. He updated the Board on the work which had been taking place to extend the disclosure principles which already applied to the Executive Board more widely throughout the organisation.

5.2 The Executive Board agreed that a best practice model for transparency in public life should be identified for benchmarking purposes.

5.3 The Executive Board noted the preliminary proposals and approved their direction.

6 Annual Report

a) Report from Audit Committee Chair

6.1 David Robbie summarised the main issues in the Report from the Executive Audit Committee (EAC). In addition to reviewing the BBC Group Financial Statements, the EAC had through the year reviewed management risk controls, particularly in regard to editorial controls, overseen the BBC's relationship with its external auditors, approved the Internal Audit plan and reviewed the fraud detection and whistle-blowing arrangements.

6.2 Executive Board noted the report from the Executive Audit Committee Chair.

b) Report from the Auditor

6.3 Scott Cormack confirmed that the external auditors, KPMG, were content with the preparation of the BBC's Financial Statements.

6.4 Executive Board noted the Report from the Auditors.

c) Approval of the BBC's Annual Report and Accounts 2008/2009

6.5 The Board considered the BBC's Annual Report and Accounts (ARA) for 2008/09, noting that it was scheduled to be published on 14 July 2008. As in the previous two years the full report was divided into two sections: Part One produced by the BBC Trust, presenting the Trust's assessment of BBC performance over the year and Part Two presenting the BBC Executive's own annual review and assessment of the BBC's performance. The Board noted that the Financial Overview and the Governance and Financial Statements had been reviewed by the Executive Audit Committee (EAC) on 1 June 2009.

6.6 Zarin Patel introduced the discussion on the Annual Report and Accounts.

- 6.7 Executive Board approved the draft of Part Two of the BBC Annual Report and Accounts 2008/09 for print publication, subject to draft amendments. The Board also approved the draft of the full Governance Report and the full Financial Statements for online publication.**
- 6.8 Executive Board authorised Mark Thompson, Zarin Patel and David Robbie to sign-off the accompanying full Governance and Financial Statements document (including the full International Financial Reporting Standards reconciliation) for publication on-line and as a briefing document for key recipients of the ARA.**
- 6.9 Executive Board approved the draft representation letters for signature.**

d) Going Concern Review

- 6.10 The Going Concern Review was intended to provide the Executive Board with the evidence to enable it to sign the Annual Report and Accounts on the going concern basis. This required the Board to be confident that the BBC had adequate resources to continue its operations for the foreseeable future.**
- 6.11 Executive Board noted the contents and conclusions of the Going Concern Review which were reflected in the statement on Going Concern included in the full Governance section in the Annual Report.**

e) Annual Assurances to the BBC Trust on risk management/internal controls and on corporate governance

- 6.12 This paper noted that it is a requirement of the BBC protocols (C3) that the Executive Board, through its Audit Committee, provide to the Trust annual, formal, written assurances on risk management processes and internal controls and that it complies as fully as possible with best practice recommendations on corporate governance.**
- 6.13 Executive Board noted that the Annual Assurances paper would be submitted to the Trust in accordance with BBC Protocol C3.**
- 6.14 Executive Board also noted the following: that the BBC's risk and internal control processes had been operating effectively for the year; that in connection with the Executive Board's compliance with the 2006 FRC Code, the BBC Executive Board complied with the 2006 FRC Code except for those areas that were disclosed as not relevant or where the Charter permits or requires alternative governance arrangements and that the decision to suspend the staff bonus arrangements this year had led to further non-compliance in relation to executive remuneration.**

f) BBC World Service Financial Statements

- 6.15 The paper provided the Executive Board with the draft Annual Review for BBC World Service as required by the Financial Memorandum with the Foreign and Commonwealth Office (FCO). It also provided a commentary on the key points arising in the Annual Review and a copy of the letter of representation from the BBC to KPMG.**

- 6.16 Richard Thomas, Chief Operating Officer of BBC World Service gave his statement to the Executive Board. Mark Byford provided a brief summary of some of the key highlights of the past year including the launch of Persian TV.
- 6.17 **Executive Board reviewed and approved the draft BBC World Service Annual Review, including the financial statements and governance reports.**

Executive Board approved the representation letter from the BBC Executive Board and the BBC World Service Board to KPMG LLP

7 Risk Status and Outlook Report

- 7.1 The Risk Status and Outlook Report informed the Executive Board about the current status of key risks and the forecast changes in the risk exposure over the next six months including details of the risk mitigation plans. This followed its presentation to the BBC Direction Group (BDG) on 18 May and to the Executive Audit Committee (EAC) on 1 June. Following these meetings it had been agreed that in order to improve overall reporting on risks, future reports would provide additional information on the levels of residual risk exposures taking into account qualitative and quantitative measures and the robustness of mitigation activities.
- 7.2 Executive Board discussed and considered key risks including political risk, licence fee exposure due to the economic downturn and technological threats such as malware. Mark Byford summarised the compliance processes which had been put in place to mitigate against editorial risk. He also highlighted safety risks and explained to the Executive Board the re-designation of Pakistan's safety status.
- 7.3 **Executive Board agreed that editorial risk needed to be more prominently positioned in the Report given its critical importance to the BBC.**
- 7.4 **Executive Board noted and considered the key risks and the forecast changes in risk exposure over the next six months from risk submissions. The Board also noted the continued uptake of the online Business Risk Awareness training course.**

8 HD on DTT: Final Operational Cost Framework

- 8.1 The paper informed Executive Board that the BBC needed to enter into contracts made necessary by its new Ofcom licence for Multiplex B and to commit publicly to the launch of Freeview High Definition (HD) in December 2009.
- 8.2 Executive Board discussed the proposals.
- 8.3 **Executive Board approved the delegation of authority to Caroline Thomson and Zarin Patel to sign a binding, short-form agreement with ITV (subject to its remaining within the terms of the negotiating mandate and to the Trust's approval) once all risks had been fully analysed and properly mitigated;**
- 8.4 **Executive Board noted the finalising negotiations with Siemens and Arqiva.**

8.5 Executive noted the approach to managing the issues associated with the project.

9 Director Updates

Audiences and all services

9.1 Jana Bennett provided a short update on audience figures and services for the last month, noting key highlights for Vision, Audio & Music and online.

Journalism and editorial matters

9.2 Mark Byford provided an update on journalism matters.

Commercial

9.3 John Smith provided an update on commercial matters.

Finance

9.4 Zarin Patel provided an update on the current financial situation.

Papers for approval

10 Trials Register

10.1 This paper contained the current Trials Register which was required to be submitted to the Trust on a quarterly basis. It was updated with feedback from the divisional trials representatives.

10.2 The Board agreed that the Trials Register (Annexes 1 and 2) was up-to-date, accurate and comprehensive and approved its submission to the Trust.

11 BBC Response to the free-to-air events review

11.1 The paper set out the BBC executive response to the Government's review of listed events. The Government had asked a panel led by David Davies to assess the case for retaining a list of sporting events that are protected for free-to-air television coverage, and also to make recommendations on which sporting events should be on the list. The panel would reach its conclusions in the autumn following a consultation exercise which was scheduled to end in July. The Secretary of State for Culture, Media and Sport would decide on any changes to the current listed events framework, informed by the conclusion of the Davies panel.

11.2 Mark Byford briefed Executive Board on the issues at stake in the review and the progress of the consultation exercise.

11.3.1 Executive Board discussed the paper.

11.4 Executive Board approved the paper for submission to the Trust

12 Recycling of Jam assets and BBC Jam post investment

- 12.1 This paper updated the Board on the progress being made with recycling content from the now closed BBC Jam service and the next steps identified in the interim PIR report submitted to the Trust Finance & Strategy Committee on 3 December 2008.
- 12.2 The Board noted the updates provided in the paper and approved the proposal that the BBC should cease efforts to commercially dispose of BBC Jam content. The Board also approved the proposal that the BBC should cease all activity ancillary to any commercial disposal, except to respond to approaches to suppliers. The Board agreed to delegate authority to Caroline Thomson, Erik Huggers and Mike Lynch to sign off the approach to the Trust submission: either to agree no submission or to judge whether the issues raised and the necessary BBC submission require further consideration by the Executive Board.**

13 Digital Switchover quarterly report

- 13.1 The paper provided an update on the latest developments for the digital switchover programme.
- 13.2 The Board noted the paper and approved its onward progression to the Trust.**

14 Quarterly Performance Report, Q1 2009

- 14.1 This paper provided the quarterly performance report for BBC services during Quarter 1, 2009. It had previously been discussed by the BBC Direction Group at their meeting on 18 May.
- 14.2 The Board noted the paper and approved it for onward progression to the Trust.**

15 Appointment of Four New Members of the BBC's Independent Charity Appeals Advisory Committee (AAC)

- 15.1 This paper explained that responsibility for the appointment of the AAC rested with the BBC's Executive Board. Approval was sought for the appointment of four new AAC members: Fiona Ellis, David Causer, Richard Hawkes and Clare Thomas.
- 15.2 The Board approved the appointment of the four new members of the AAC.**

16 Any other business

- 16.1 No other business was raised.