

BBC | Trust

MINUTES OF THE BBC TRUST MEETING

Held on Thursday 7 July 2011
in the BBC Trust boardroom, Great Portland Street, London

Present:	Lord Patten	Chairman
	Diane Coyle	Vice Chairman
	Richard Ayre	Trust member
	Anthony Fry	Trust member
	Alison Hastings	Trust member for England
	Rotha Johnston	Trust member for Northern Ireland
	David Liddiment	Trust member
	Bill Matthews	Trust member for Scotland
	Mehmuda Mian	Trust member
	Elan Closs Stephens	Trust member for Wales
 In attendance from the Trust Unit:	 Nicholas Kroll	 Director, BBC Trust
	Alex Towers	Deputy Director, BBC Trust
	Phil Harrold	Head of Governance
	Kate Atkins	Senior Adviser, Governance
	Mark Devane	Head of Communications
	Fran O'Brien	Head of Editorial Standards
Item 84	Alison Bexfield	Head of Finance and Compliance
Item 84	Gareth Tuck	Senior Strategy Adviser
Item 84	Stephen Callow	Senior Strategy Adviser
Item 84	James Gibb	Finance and Strategy Adviser

**From the
Executive:**

Items 84 and 85	Mark Thompson	Director-General
Items 84 and 85	Zarin Patel	Chief Financial Officer
Item 84	John Tate	Director, Policy and Strategy
Item 84	Jessica Cecil	Director, Delivering Quality First
Item 84	Gautam Rangarajan	Controller, Public Service, Policy and Strategy
Item 84	Charlie Villar	Director, Corporate Finance
Item 84	Rhona McGeehan	Head of Business Planning and Advisory, Corporate Finance
Item 85	Lucy Adams	Director, Business Operations
Item 85	Rachel Currie	Director of Employment, BBC People

AGENDA

- 84 Delivering Quality First – draft financial plan**
- 85 Senior management remuneration strategy**
- 86 Review of BBC Governance**

84 DELIVERING QUALITY FIRST – DRAFT FINANCIAL PLAN

84.1 The Chief Financial Officer presented the Executive's draft financial plan which would underpin the implementation of the new BBC strategy, *Delivering Quality First*. She set out the financial challenges facing the BBC following the licence fee settlement and the need for the BBC to have a financial model which provided the flexibility for some investment over the period.

84.2 Trust members discussed the draft plan with the Executive, including issues relating to licence fee income and dividends from BBC Worldwide, operating and other costs, provisions and reserves, and capital expenditure. They noted the financial risks faced by the BBC, and the mitigations proposed. The Trust agreed to have further discussions with the Executive on the financial plan in the light of the full *Delivering Quality First* proposals.

85 SENIOR MANAGEMENT REMUNERATION STRATEGY

85.1 The Director, Business Operations set out the Executive's proposed strategy for senior management remuneration at the BBC for the period 2011 – 2015. She noted the progress that had already been made in reducing the number of senior managers and the senior managers' pay bill, and said it was important to consider remuneration as part of the overall reward package offered by the BBC, which also included training and career development.

85.2 Trust members heard that the proposals included reducing the number of senior managers from its current level of around three per cent of the workforce to around one per cent by 2015, and publishing a "pay multiple" each year so the public could see how the pay of those at the top of the BBC compared with the rest of the organisation. Additionally, the freeze on bonuses for Executive Board members would continue, and private health insurance for senior managers would be phased out.

85.3 The Trust welcomed the Executive's work in this area, approved the proposed strategy in relation to Executive Board members and noted the approach being taken for other senior managers. The Trust agreed to publish details of the new strategy, alongside the Annual Report and Accounts on 12 July.

86 REVIEW OF BBC GOVERNANCE

86.1 The Chairman introduced the draft final conclusions of the review of BBC governance, which had been carried out within the Trust at his instigation. The review had been informed by the House of Lords Communications Committee which had recently published its own report covering similar ground.

86.2 The overall conclusion of the review was that the Trust was able to govern the BBC

effectively and robustly and that there were clear strengths from the governance arrangements that had been in place since 2007 under the current Royal Charter. There were, however, some areas where improvements could be made, including setting clearer responsibilities for the Trust and Executive Board; making better use of Ofcom's understanding of the wider media market; introducing an improved editorial complaints and compliance system; and simplifying the governance of the BBC's services.

86.3 The Trust discussed the report and approved it for publication later in July. It delegated authority to the Chairman and Vice Chairman to approve any final changes prior to publication.