

**MINUTES OF A MEETING OF  
THE JOINT STEERING GROUP (“JSG”) HELD  
ON 26 FEBRUARY 2007 AT RIVERSIDE HOUSE**

**Present:**

Philip Graf (PG)	Chair – Ofcom
Diane Coyle (DC)	BBC Trust
Peter Culham (PC)	Ofcom
Jeremy Peat (JP)	BBC Trust
Tim Suter (TS)	Ofcom
Christopher Woolard (CW)	BBC trust

**In attendance:**

[Withheld from published minutes – other Ofcom Colleague]

**By invitation:**

Mark Caines (MC)	Ofcom
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[Withheld from published minutes – other BBC Trust Colleague]

Gareth Davies (GD)	Ofcom
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[Withheld from published minutes – other BBC Trust Colleague]  
[Withheld from published minutes – other Ofcom Colleague]  
[Withheld from published minutes – other BBC Trust Colleague]

**Apologies:** None

**Introduction**

PG welcomed everyone to the meeting and thanked them for attending.

**1. Membership of JSG**

The JSG approved PC as an Ofcom member of the JSG in place of Sean Williams, with immediate effect.

**2. Minutes**

The minutes of the meeting of 17 January 2007 were agreed as an accurate record, subject to minor changes.

**3. Matters Arising**

It was agreed that principles should be drawn up for publication of the minutes of JSG meetings.

It was noted that the MOU (with the agreed amendments) had now been approved by both the BBC Trust and the Ofcom Board; arrangements were being made for signature and website publication.

**4. Conflicts of Interest**

No conflicts of interest were declared.

**5. On-demand proposals MIA – BBC iPlayer – Update**

It was reported that the BBC Trust had received over 11,000 responses to its PVT consultation document so far. These were currently being analysed for the Trust by an outside company, but it was confirmed that the Trust would be undertaking some data-monitoring.

The BBC Trust representatives confirmed that, should any comments be received on the MIA process itself, these would be advised to Ofcom.

It was noted that the consultation period would close on 28 March 2007. It was agreed therefore that the JSG would review the headline results of the consultation so far at its meeting on 21 March, with any pertinent comments being provided to the BBC Trust Board meeting on 23 March. A more detailed discussion would then take place at the JSG meeting on 24 April, and BBC Trust Board meeting on 25/26 April. However, it was noted that any substantive response to the PVT would come from Ofcom direct, rather than via the JSG.

## **6. Methodology – status report and outstanding issues – Paper JSG 2(07)**

The meeting considered a paper prepared by Ofcom, which included comments from the BBC Trust Unit. The purpose of this was to obtain a steer from the JSG on a number of issues prior to the preparation of a paper by Ofcom on MIA methodology, which was scheduled for the March meeting of the JSG.

### *(i) Role of quantitative analysis*

The meeting considered the elements of quantification and level of detail that should be included in future MIAs and PVAs, in view of differences in the approach adopted for each so far, and subsequent resource implications. It was noted that the first MIA had produced a large amount of quantitative analysis on the likely impact of the BBC proposals on other services (the effects being assessed primarily by looking at the consumer and producer surplus generated by competing services), whereas the PVA had adopted a more qualitative approach.

The BBC Trust representatives confirmed that the quantitative analysis in the MIA had informed the PVT conclusions and that the detail produced by Ofcom was welcomed. The BBC Trust noted that the Charter and Agreement required the PVT to go beyond consumer surplus and consider public value as a whole. The Trust confirmed that, while it would not directly seek to quantify consumer surplus as part of future PVAs, further work would be undertaken, developing a more analytical basis for measuring public value. The JSG agreed that the PVT should not simply be reduced to a comparison of numbers.

The BBC Trust also pointed out that the PVT was not a cost-benefit analysis. The starting point was a judgment on whether the proposal was appropriate for launch by the BBC. Ofcom representatives agreed that that was an appropriate strategic arrangement for the BBC Trust, but pointed out that a proposal could still fail a PVT nevertheless.

### *(ii) Third party delivery service costs*

The JSG considered the two proposed options for the approach to third party service delivery costs, but did not reach a conclusive view as to the preferred option. It was agreed that Ofcom and the BBC Trust would need to develop some general principles in the methodology, and then consider the approach to be adopted for each specific case as it arose.

### *(iii) BBC Worldwide*

The JSG noted the potential overlap where the impact on this particular service provider was dealt with in both the MIA and the PVA, and the practical implications (including the potential for each process to reach a different conclusion). It was agreed that any impact on BBC Worldwide should be considered within the context of the wider market, but that special considerations were needed in this case which should be kept under review.

### *(iv) Basis of PVA Estimates*

This had been covered under (i) above.

### ***Methodology Paper***

It was confirmed that Ofcom's methodology paper would be made available to other JSG participants in advance of the March JSG meeting.

It was also confirmed that the methodology paper would cover process, including timing. This was important in order to ensure prompt and concurrent publication of each MIA and PVA, and associated press releases, including a system for obtaining relevant clearances for publication from the BBC Trust and Ofcom. These issues would be followed up offline in order to prepare a timetabling proposal for inclusion in the paper.

It was suggested that it would be a good idea to work towards a joint launch of each MIA and PVA, and it was agreed that the two teams should liaise about possible enhancements to the two processes, and consider the best way of linking these.

The Chairman confirmed that any formal response by Ofcom to the current or other PVTs should be made through the normal channels i.e. through the Ofcom Board and not the JSG.

### **7. Future MIAs – identity & timing**

The meeting was advised of possible pipeline PVTs, although these would depend on the timing of applications from the BBC management.

### **8. Costs Update**

The JSG was reminded of discussions between Ofcom and the BBC Trust in autumn 2006 when, based on initial internal estimates, the anticipated charge for MIAs for 2006/07 had been [withheld from published minutes]; it had been agreed at that time that the associated overhead cost would be recovered in 2007/08.

The outturn position was that the actual costs of the iPlayer MIA had been higher than initially anticipated, and the reasons for this were outlined. However, the delay to the next MIA had resulted in cost savings for the current financial year. In the light of these two offsetting factors, it was proposed that the charge for 2006/07 should remain at [withheld from published minutes]. This proposal was accepted.

It was confirmed to the meeting that, for the future, it was the intention to provide the JSG with a cost estimate at the start of each MIA, and then to provide regular reports on actual costs against estimate.

### **9. Any other business**

There was no other business.

### **10. Date of Next Meeting**

The next meeting was scheduled for 4.00pm on Wednesday 21 March 2007, to be held in Riverside House.