

**MINUTES OF THE TWO HUNDRED AND SEVENTY-SECOND MEETING OF
THE OFCOM BOARD HELD ON 12 MAY 2020
MEETING HELD VIRTUALLY VIA MICROSOFT TEAMS**

Present

Terry Burns	Chairman
Maggie Carver	Deputy Chair
Kevin Bakhurst	Executive Member and Group Director, Content Media Policy
Melanie Dawes	Executive Member and Chief Executive
Angela Dean	Non-Executive Member
Bob Downes	Non-Executive Member
David Jones	Non-Executive Member
Graham Mather	Non-Executive Member
Jonathan Oxley	Executive Member and Group Director
Tim Suter	Non-Executive Member
Ben Verwaayen	Non-Executive Member

In attendance

Lindsey Fussell	Group Director, Consumer and External Relations and Acting Group Director, Corporate Services Group
Polly Weitzman	General Counsel
Jacqui Gregory	Corporation Secretary
Jenny Leyland	Assistant Secretary to the Corporation

Other Ofcom colleagues:

- Yih-Choung Teh (minutes 22-29)
- Ian Macrae (minutes 22-24)
- Steven Cape (minutes 22-24)
- Clive Carter (minutes 24-26)
- David Brown (minutes 24-26)

Declaration of Members' Interests – oral

1. There were no new declarations of interest raised by Members at the meeting.

Chairman's Introduction – oral

2. The Chairman welcomed all to the meeting.
3. Channel 4 Board Non-executive Appointments: Confirmation had been received on 6 May 2020 that the Secretary of State had approved the appointment of Andrew Miller to the Finance Board Director role on the Channel 4 Board. Secretary of State approval was still awaited on the recommended appointment for the News and Current Affairs Board Director role.

4. Appointments to the National Advisory Committees for Northern Ireland and Wales: At the 18 March 2020 meeting the Board agreed that, in view of the extraordinary circumstances raised by the coronavirus pandemic, the Board would approve short term tenure extensions of six months for those non-executive members whose terms were due to expire by 1 November 2020 and which would otherwise leave a Committee inquorate. Board Members **NOTED** for the record that the terms of appointment of the following Advisory Committee Members had been extended, each for a period of six months:

- Advisory Committee for Northern Ireland: Alan Meban, Kathy Graham, John Ellison and Paul Wilson.
- Advisory Committee for Wales: Ruth McElroy, Andrew Beard and Robert Andrews.

5. Executive appointment to the Content Board: The Board **APPROVED** a recommendation – which was fully supported by both Tim Suter (Chairman of the Content Board), and Kevin Bakhurst (Group Director, Content Media Policy) - to appoint Ali Marsden as an executive member of the Content Board, with immediate effect, replacing Tony Close who had resigned his position with Ofcom and was currently on gardening leave. The Board further **NOTED** that Ali would also be appointed as a member, in Tony's place, on the Election Committee.

Minutes of the meeting held on 22 April 2020 and matters arising – Board Minutes 271(20) and note of action points

6. The minutes of the Ofcom Board meeting held on 22 April 2020 were **APPROVED** for signature by the Chairman as an accurate record.

7. A summary of progress against action points had been circulated and the status updates against each of the actions were duly **NOTED**, including the update on Channel 4 appointments referred to in minute 3 above.

Chief Executive's Report – Board Paper 32(20)

8. Melanie Dawes updated the Board on key developments since the last Board meeting.

9. Telecoms Sector Meetings: As part of the engagement programme on the Plan of Work 2020/21, which was published on 30 April 2020, Jonathan Oxley and Melanie Dawes had held a series of calls with several telecoms stakeholders on their investment plans to which they had made a public commitment in an external announcement on 7 May 2020.

10. Virgin/O2: On 7 May 2020 Liberty Global (owners of Virgin Media), and Telefonica (owners of O2), had announced a merger deal to create a joint venture. The merger would be subject to regulatory approval. Virgin Media had confirmed that they would continue to roll out their Project Lightning investment in ultrafast broadband. The Board was provided with an oral update on the current status.

11. 700 MHz and 3.4-3.6 GHz Spectrum Auction: The Board was updated on the status regarding a potential legal challenge to the auction. The Spectrum Auction Team had discovered an arithmetic error in one of the models used as a cross check on one element of our assessment of the implications of asymmetric spectrum holdings. The error had been corrected and the view was that it would not make any material difference. A four-week consultation would be undertaken on the corrected model and final conclusions on it would be published once any comments had been received. Ofcom's Internal Auditors had been asked to carry out a short

review of Ofcom's quality assurance procedures for modelling work and the findings would be reported to the Risk and Audit Committee.

12. Royal Mail: Ofcom had written to Royal Mail on 17 March 2020 to confirm that, in light of the coronavirus pandemic, an emergency situation had been triggered. Royal Mail had taken the decision to temporarily suspend the delivery of letters on Saturdays, starting from 2 May 2020. Parcels were not affected.

13. Government update: On 4 May 2020 the DCMS Permanent Secretary and Melanie Dawes had co-chaired the first quarterly Senior Forum between Ofcom and DCMS. The meetings would be used to discuss common policy priorities and the broader relationship between the two organisations. An oral update was provided on Government policy priorities, including in relation to tackling online harms, with the experience of misinformation during the coronavirus pandemic leading to the potential for a widening of the scope of matters to be included in future legislation.

14. The Board **NOTED** the report from the Chief Executive.

Report from the Chair of the Risk and Audit Committee- Oral

15. Angela Dean reported on matters discussed at the Risk and Audit Committee meeting held on 11 May 2020. Discussion had focused largely on the year-end processes, including release of the Ofcom year-end financial accounting information (C-Pack) to DCMS and an initial review of the draft Annual Report. This was the first time the year-end process had been conducted entirely remotely (due to the coronavirus pandemic and home working), and the Committee had noted that it was a huge tribute to both the Ofcom Finance Team and the Auditors that the process was on target to meet the original deadlines.

16. The Board **NOTED** the update from the Chair of the Risk and Audit Committee.

Reports from Non-Executive Board Members – oral

17. Maggie Carver commended the support Ofcom's Spectrum Group had provided to Southampton University to facilitate drones being used to deliver medical supplies to the Isle of Wight during the coronavirus pandemic. She suggested that consideration be given to similar initiatives with universities to help drive innovation.

18. Bob Downes provided an update from the Scotland and Northern Ireland perspective on the impact of the coronavirus pandemic on the telecoms and broadcasting sectors and increasing divergence with different approaches being taken in the devolved nations compared to England. He updated the Board on concerns which had been expressed to him in recent meetings with Altnets and with PACT.

19. Tim Suter provided an update on the current Content Board Member recruitment process, noting that over 230 applications had been received. The sift process had now been completed and preliminary interviews would be held in the coming weeks. He noted that applications had been received from applicants of an excellent calibre, some of whom would be ideal for consideration for appointments to new governance arrangements in respect of Ofcom's new responsibilities.

20. David Jones updated the Board on current political issues in Wales.

21. The Board **NOTED** the oral updates provided by Non-Executive Board Members.

Online Nations 2020 – Board Paper 33(20)

22. The Board was provided with early visibility of some of the key findings from the Online Nations Report 2020, which was due to be published on 24 June 2020, including an interactive demonstration of how the data and analysis, once published on the website, could be interrogated online. The report covered both key findings from the 2019 data and the impact of the coronavirus pandemic, using data gathered in March and April 2020. This year's report focused in detail on three sectors: Online Games; Video Sharing Platforms (VSPs) and Online Communication Services.

23. During discussion, a point was made that the user experience might include, for example, both being active online and at the same time watching television or listening to the radio, rather than the time spent on those activities necessarily being cumulative, as had been shown in previous Digital Day Research. Reference was also made to the current limitations of Ofcom's role in being able to regulate to address some of the issues identified as potential harms and the need to manage expectations. In addition, reference was made to disaggregating, to the extent that was possible, the data for the devolved nations, although noting that there was not necessarily a marked difference in behaviour online looked at by nation. There was some discussion of the continuing digital divide, with around 13 per cent of adults never going online and the majority saying that they had no reason to do so and the implications of that, with the Government increasingly moving services online. A question was posed as to whether with the pace of change in the market the term "digital divide" remained a relevant description. It was noted that there was an increasing blurring in the boundaries between markets, which posed challenges for the regulators, and Ofcom was in regular communication with the Information Commissioner and with the Competition and Markets Authority on the issues raised. There was some discussion of the increasing reliance on smartphones and a possible impact on the type of content that was produced, with potentially less long form content viewing.

24. The Board **NOTED** the update provided orally at the meeting and in Board Paper 33(20).

Coronavirus Pandemic: COVID-19: Update on the Commercial Implications for Stakeholders – Board Paper 34(20)

25. The Board was provided with an update on the current position in the sectors Ofcom regulates. The update reflected the publication of recent financial results which shed light on the coronavirus pandemic's emerging commercial effects. Issues raised in discussion included what in relation to a range of media localness would look like in future, given the current reliance on advertising revenue and how that had been impacted, noting that there were statutory requirements for localness provision on television and radio. Reference was made to the recently published financial results relating to quarter 1 of 2020, with only the last few weeks impacted by the coronavirus pandemic. The impact on quarter 2 figures was anticipated to be significantly worse. The current lock down might continue for an extended period and the advertising market might take a long time to recover, depending how quickly the economy recovered. The Board **ASKED** that scenario planning work be done to look at the potential impacts on the different sectors, what Ofcom's priorities would be, and what options Ofcom might have to address the different scenarios.

26. The Board **NOTED** the update provided orally and in Board Paper 34(20). It was further **NOTED** that updates would continue to be provided to the Board on a monthly basis.

Coronavirus Pandemic: COVID-19: Planning for the Re-opening of Ofcom Offices – Board Paper 35(20)

27. The Board discussed and **NOTED** the update provided in Board Paper 35(20) and orally at the meeting, on the contingency planning that was underway to support a potential return to office-based working at some point in the coming weeks.

Plan of Work: Update of Review of Delivery 2019/20 and Timings for 2020/21 – Board Paper 36(20)

28. The Board **NOTED** the updates provided in Board Paper 26(20) on the reasons for amber or red status projects in the Review of Delivery of the Plan of Work 2019/20, including lessons learned that would be implemented for 2020/21. The paper also included an overview of changes to expected milestones and publication dates in the Plan of Work 2020/21, in light of the coronavirus pandemic.

29. The Board **AGREED** the proposal set out in Board Paper 36(20) to conduct an external anonymised survey of Ofcom’s senior stakeholders by Lintstock Limited, to understand perceptions of Ofcom, both from a regulatory and performance perspective.

Information Items

30. The Board **NOTED** the following information items without comment.

- Industry Migration to IP-Based Voice – Board Paper 37(20)
- Ofcom’s Response to Channel 4’s Statement on Media Content Policy – Board Paper 38(20)
- Annual Health and Safety Update – Board Paper 39(20)
- Quarterly Performance Update – Board Paper 40(20);
- Board Work Programme/Forward Agendas – Board Paper 41(20); and
- Minutes of the Risk and Audit Committee (meeting held on 4 March 2020) and the Communications Consumer Panel/ACOD (meeting held on 19 March 2020).

Any Other Business

31. There were no additional matters raised at the meeting.

Date of the Next Meeting

32. The next scheduled Board meeting will be held on Wednesday, 17 June 2020.