

**MINUTES OF THE TWO HUNDRED AND SEVENTY-FOURTH MEETING OF
THE OFCOM BOARD HELD ON 15 JULY 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
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
Martin Ballantyne	Interim General Counsel
Jacqui Gregory	Corporation Secretary
Ian Vaughan	Head of Governance

Other Ofcom colleagues:

- Yih-Choung Teh (minutes 19-24)
- Nihal Newman (minutes 19-22)
- Ben Willis (minutes 23-24)
- Anil Patel (minutes 23-24)

Declaration of Members' Interests – oral

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

Chair's Introduction – oral

2. Ofcom Board meetings: The Chairman sought the views of the Board on whether, in light of the COVID-19 pandemic, the scheduled November Board meeting should continue to be held in Belfast. In the event that the current restrictions had not eased sufficiently to make this possible, the visit to Belfast would be postponed until 2021. Following discussion, the Board agreed to defer consideration of the November Board meeting in Belfast until the September Board.

Minutes of the meeting held on 17 June 2020 and Matters Arising – Board Minutes 273(20) and Note of Action Points

3. The minutes of the Ofcom Board meeting held on 17 June 2020 were **APPROVED** for signature by the Chairman as an accurate record.
4. A summary of progress against action points had been circulated. Status updates against each of the actions were duly **NOTED**.

Chief Executive's Report – Board Paper 52(20)

5. Melanie Dawes updated the Board on key developments since the last Board meeting.
6. DCMS Select Committee: The Board was updated on the Chief Executive's first oral evidence session as Ofcom Chief Executive before the DCMS Select Committee on 23 June. The Select Committee had asked questions across the range of Ofcom's work including the practicalities of meeting the Government's ambition of full fibre by 2025; BBC news impartiality, PSB prominence and the state of the advertising market; and the impact of COVID-19 on our sectors.
7. Telecoms, infrastructure and Networks: The Board was provided with an update on the engagement that had taken place with some of Ofcom's stakeholders. The Chief Executive updated the Board on meetings she had held with Openreach and TalkTalk on the Access Review and her plans to speak with other Telecoms Operators as well.
8. Post: The Chief Executive provided an update on Post and discussions which she had held with Royal Mail's Executive Chairman following the announcement of Royal Mail's full year results.
9. Broadcasting and Media: The Chief Executive provided an update on meetings held with Tim Davie, who would take up the position of BBC Director General in September, and CEOs from the commercial radio sector.
10. Online Harms: The Board was updated on the ongoing communication with DCMS and Ofcom's engagement with the National Crime Agency and the importance of establishing the relationships Ofcom would need, should it be named the regulator for online harms.
11. Ofcom's Offices: The Chief Executive updated the Board on the steps that had been taken to prepare the offices for re-opening on 3 August 2020. The Board was advised that all of the legal requirements had been met, including the sign off of the risk assessment. However, we were still awaiting confirmation that all of Ofcom's offices would be allowed to open on this date, in particular offices in different nations which were subject to different restrictions. Colleagues had been invited to express preferences for their working arrangements, in order to assess demand for office space.
12. The Board **NOTED** the report from the Chief Executive.

Report from the Chairman of the Content Board - oral

13. Tim Suter, Chairman of the Content Board, reported on matters discussed at the meeting held on 23 June 2020. He updated the Board on a range of issues which had been discussed at

the Content Board including a PSB review update, online harms, standards work and the recruitment of new Content Board members. In respect of the latter, he advised that Ofcom would be re-advertising as, while there was a strong short list of candidates, this was not very diverse and, therefore, the Panel were hoping to attract a more diverse field of candidates before proceeding further. It was envisaged that interviews would be conducted towards the end of August.

14. The Board **NOTED** the update from the Chairman of the Content Board.

Reports from Non-Executive Board Members – oral

15. Bob Downes provided an update on broadcasting and telecom infrastructure issues in Scotland. The Board was updated on discussions with independent production companies in Scotland. They had outlined some of their concerns around the damage that could be caused to their production infrastructure as a whole, in particular the potential loss of freelancers and supply companies. The Board was also updated on the discussions around the report from the Advisory Group on Economic Recovery and the earlier Infrastructure Commission for Scotland report.

16. In respect of Northern Ireland, Bob Downes advised the Board that there were concerns around support from the BBC for local production companies. On the Telecoms infrastructure, the Board was provided with an update on broadband connectivity and the progress made under Project Stratum.

17. Graham Mather updated the Board on his meeting with the Chair of the Communications Consumer Panel/Advisory Committee for Older and Disabled People and referred to the research report on scams that the Panel would be publishing in the near future.

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

Telecoms Security Framework and Huawei – Board Paper 53(20)

19. The Board was updated on the Government’s decision to ban the purchase of any new Huawei 5G kit after 31 December 2020, ban the purchasing of new Huawei fibre equipment from the end of the “transition period” and require networks to remove Huawei from UK 5G networks by 2027.

20. The Board discussed the implications of the Government’s decision on 5G network operators and full fibre networks. The Board also considered the impact, if any, the decision could have on consumers.

21. The Board was also given an update on and discussed the current shape of the telecoms security framework being developed by the Government, which implements a new set of Telecoms Security Requirements (TSRs) developed by the National Cyber Security Centre (NSCS). The Board was updated on the key changes that had been made to the telecoms security framework and explored how a regime of this nature would work in practice and the opportunities for Ofcom to continue to review and shape the development of the regime. The Board was updated as to the residual risks this framework might pose to Ofcom’s successful operation of the new regime. To mitigate the risks, Ofcom had been working with the NCSC to deliver an expanded set of legally binding sub-duties set in secondary legislation which would follow on from and complement the high-level security duties to be included in primary

legislation. The NCSC had also disclosed plans to implement a three-tier system through the Code of Practice, further details of which were as set out in Board Paper 53(20).

22. The Board **NOTED** the update provided orally and in Board Paper 53(20) and, in particular, the recent Huawei developments and Ofcom's internal understanding of the likely impact.

Planning for Ofcom Board Strategy Day on 21 October 2020 – Board Paper 54(20)

23. The Board discussed the proposed broad outline for the Board Strategy Day scheduled to take place on 21 October 2020. Yih-Choung Teh advised that the proposed outline was intended to build on the Strategic Implications of the COVID-19 paper which had been considered and discussed by the Board in April 2020, to examine how the various sectors could develop over the next decade and to consider the possible implications for Ofcom's regulatory tools and models. During discussion, Board Members made the following suggestions on the proposed content:

- Consideration to be given to the potential shortfalls, if any, there might be in Ofcom's regulatory oversight within evolving market structures.
- Clarity about the timeframe being applied across each sector when considering future market scenarios, to enable horizon scanning across all of the sectors Ofcom regulates.
- More detailed consideration of the implications of growth in subscription video on demand services for traditional broadcasters.
- The appropriateness of having different models of regulation with an assessment of some of the legacy models and consideration of how this could fit within a wider regulatory framework. This should include the role of other players including Government and international trends.
- Anticipation of an exponential rate of change over the next decade by considering any lessons that can be learned from the rate of change over the last 20 years in order to foresee where we could be in the future.
- The direction in which the large technological companies might seek to move to in order to continue their growth e.g. cloud services, health and education, and the strategic implications of such moves.
- Any implications of the Telecom Security Framework for future market trends.
- Consideration of how Ofcom's skills and talents may need to evolve to support future models of regulation.
- Consideration of Internet of Things Networks as part of the direction of change and from a security perspective.
- The business models associated with innovation, to help identify what financial incentives would drive change. The Board suggested inviting an external speaker to attend the Board Strategy Day to cover this area.

24. The Board **NOTED** the scope for the Board Strategy Day which it was planned would be held as an adjunct to the October Board meeting on 21 October 2020.

Channel Four Corporation Board: Non-Executive Director Reappointments – Board Paper 55(20)

25. The Board:

- **NOTED** that two non-executive positions on the Channel 4 Corporation Board were due to come to an end on 31 December 2020;

- **APPROVED** the two reappointments to the Channel 4 Corporation Board for second Non-Executive Director terms of three years each (from 1 January 2021 until 31 December 2023); and
- **NOTED** that, in line with the Memorandum of Understanding between the Department for Digital, Culture, Media and Sport (DCMS) and Ofcom, appointments to the Channel 4 Corporation Board were subject to final approval by the Secretary of State.

People and Finance Systems Replacement Programme – Board Paper 59(20)

26. In accordance with the Matters Reserved for approval by the Board (as set out in the Corporate Governance Framework), Board approval was required for any contract value in excess of £5m. As the total whole life cost of the contracts for the People and Finance Systems Replacement project exceeded this amount, Board approval was sought in Board Paper 59(20). The project would provide a quarterly update to the Risk and Audit Committee.

27. The Board:

- **APPROVED** the contract award and signature with Kainos, over two years, for the Implementation Partner element of the replacement of the People and Finance System; and
- **APPROVED** the contract for the licensing and support contract with Workday, over seven years.

National Advisory Committee for Scotland: Recruitment – Board Paper 60(20)

28. Bob Downes advised the Board that as part of the recruitment process they had sought to address the lack of ethnic diversity within the Advisory Committee for Scotland. Whilst these appointments were not ethnically diverse, there were plans to increase the pool of future candidates. The Board:

- **APPROVED** the appointments of Elizabeth Partyka and Jessica McBeath to the Advisory Committee for Scotland for a period of three years from 1 September 2020 until 31 August 2023; and
- **APPROVED** the reappointment of David Connolly to the Advisory Committee for Scotland for a period of three years from 1 February 2021 until 31 January 2024.

Information Items

29. The Board **NOTED** the following information items.

- Online Harms: Policy, Governance and Operational Update – Board Paper 56(20)
- Financial Resilience of Major Industry Stakeholders – Board Paper 57(20)
- An update on Royal Mail's Sustainability and Proposals for Publishing Ofcom's Review of User Needs – Board Paper 58(20);
- Monthly Finance Report – Board Paper 62(20);
- Board Work Programme/Forward Agendas – Board Paper 63(20); and
- Minutes of the Communications Consumer Panel/ACOD (21 May 2020); Risk and Audit Committee (6 June 2020); and Content Board (23 June 2020).

30. Arising from the Monthly Finance Report (Board Paper 62(20)) and in response to a question raised by the Board, Lindsey Fussell advised that the Quarter 3 forecast would be completed over the summer, which would take account of COVID-19. She noted that, while

there had been an increase in the amount of contingency held centrally, primarily due to savings in travel and subsistence and delays to some recruitment activity, this would be partially offset by unplanned COVID-19 related expenses and reduced churn.

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 Tuesday, 22 September 2020.