

**MINUTES OF THE TWO HUNDRED AND FIFTY-THIRD MEETING OF  
THE OFCOM BOARD HELD ON 19 JUNE 2018**

**Present**

Terry Burns	Chairman
Sharon White	Chief Executive
Bob Downes	Member
Graham Mather	Member
Jonathan Oxley	Executive Member and Group Director, Competition
Tim Suter	Member
Steve Unger	Executive Member and Group Director, Strategy, International, Technology and Economists
Ben Verwaayen	Member

**In attendance**

Steve Gettings	Corporation Secretary
Jenny Leyland	Assistant Secretary to the Corporation
Other Ofcom colleagues	

**Apologies**

Polly Weitzman	General Counsel
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**Declaration of Members' Interests – oral**

1. There were no new declarations of interest to record.

**Board and Committee Membership**

2. Steve Unger: This was Steve Unger's last Board meeting as he had decided to leave Ofcom after 17 years' of service, which included a period in 2014 when he was acting Chief Executive. He had served on the Board since then. The Chairman thanked Steve for everything he had done, helping to shape policy and regulation with Ofcom.
3. Chairmanship of the Remuneration Committee: The Board **APPROVED** the appointment of Ben Verwaayen as interim Chairman of the Remuneration Committee.
4. Board Member for Northern Ireland: Previously Tim Suter had agreed to attend meetings of the Advisory Committee for Northern Ireland until a Board member for Northern Ireland was appointed. Tim Suter would attend the Advisory Committee for Northern Ireland's next meeting on 20 June 2018. Bob Downes had agreed to take on the responsibility after that until a Board member for Northern Ireland was appointed.

**Minutes of the meeting held on 22 May 2018 and matters arising – Board Minutes 252(18)**

5. The minutes of the Ofcom Board meeting held on 22 May 2018 were **APPROVED** for signature as an accurate record. There were no matters arising.

**Chief Executive's Report – Board Paper 70(18)**

6. Sharon White presented her report which covered key developments since the last Board meeting. These included the following:

- 6.1 Wholesale Local Access (WLA) Market Review: The Board welcomed the news that the deadline to appeal the WLA Market Review statement had passed without a legal challenge being made.
- 6.2 BT: BT had announced that Gavin Patterson would be stepping down as its Chief Executive. The BT Chairman's statement said that BT remained committed to its strategy, but a change of leadership was required. The Board discussed BT's current strategy, its role as a national infrastructure provider and what Ofcom would want to see it deliver and how the regulatory framework could support that and encourage investment. The Chairman and Chief Executive would reflect on the appropriate Board to Board engagement with BT on these issues.
- 6.3 Broadband Universal Service Order (USO): Ofcom had published a consultation on the implementation of the broadband USO, seeking expressions of interest. An update would be provided to the Board in the autumn. Sharon White was due to give a speech later in the day at the Connected Britain 2018 conference on the topic of universal coverage, addressing both mobile and broadband coverage.
- 6.4 EU Digital Single Market: The Board noted that agreement had been reached on the new European Communications Code, with a key change being the proposal to change the market review cycles from three to five years.
- 6.5 Electronic Programme Guide (EPG) Prominence: The Digital Economy Act 2017 included new duties for Ofcom to consult periodically and report on the prominence of public service broadcasting (PSB) channels and Video on Demand (VOD) and to review Ofcom's EPG Code. A first report on prominence would be published in the summer, alongside a consultation on proposed amendments to the Code. In discussion points were made about the amount of resource that was needed to undertake work such as this against the backdrop of decreasing linear viewing and increasing digital media consumption, and how in future the regulatory approach might need to change to remain relevant.

**Report from the Chairman of the Content Board - oral**

7. Tim Suter reported on the meeting of the Content Board held on 5 June 2018. This had included a helpful discussion about the future role of the Content Board, in line with the discussion the Board had at its May meeting.

**Report from the Chairman of the Nations Committee – oral**

8. Tim Suter reported on the Nations Committee meeting held on 11 May 2018. This had included discussion of proposed changes to how the National Advisory Committees might work in future, with the suggestion that if that worked well there may no longer be a need for the Nations Committee.

**Reports from other Non-Executive Members – oral**

9. There were no reports made.

**Risk and Audit Committee Annual Report to the Board – Board Paper 71(18)**

10. Bob Downes presented the Risk and Audit Committee's Annual Report to the Board. The report referred to the fact that since the previous Chairman retired at the end of 2017 the Committee membership had been two members rather than the three required by the terms of reference. The Chairman said that he had attended all meetings of the R&AC held during the 2018. He took the view that as Chairman he would attend but not be a member of the R&AC. DCMS was in the process of recruiting a Board Member with appropriate expertise in financial accounting or auditing to join the R&AC.

11. At the time the R&AC's report was written there was an outstanding issue to be concluded with the National Audit Office (NAO) relating to the treatment of the Annual Licence Fees claim in the accounts. That issue had been resolved. The R&AC's recommendation to the Board and the Accounting Officer was that they should approve the Annual Report and Accounts and the Section 400 Financial Statements and that the Accounting Officer should sign the Letter of Representation to the NAO and the Governance Statement.

**Ofcom 2017/18 Annual Report and Accounts and Section 400 Licence Fees and Penalty Accounts – Board Paper 72(18)**

12. The Board noted that following discussion with the NAO it had been agreed that a disclosure should be included in the Report and Accounts regarding a contingent liability, with the following wording to be added on page 97: "Contingent liabilities – Ofcom may be subject to appeal of decisions made in carrying out its functions as a regulator. Note 24 to the accounts sets out the contingent liability at the reporting date. Ofcom have considered that no provision is required in the accounts regarding this matter based on the best information at the reporting date." The wording to be added to Note 24 was as set out in the Annex to Board Paper 72(18).

13. The Board confirmed **AGREEMENT** to the going concern assessment set out in the Letter of Representation. The Chairman had some minor drafting changes to the Annual Report which he would pass to the team outside the meeting. The Board **APPROVED** the 2017/18 Annual Report and Accounts and Section 400 Licence Fees and Penalties Accounts. The Board congratulated colleagues on the work done to produce the Annual Report and Accounts.

**Royal Mail 2<sup>nd</sup> Class Safeguard Prices (Consultation) - Board Paper 74(18)**

14. Ofcom imposes safeguard caps on Royal Mail's second class universal stamped products. The current caps are on (i) second class standard letters and (ii) a basket cap containing second class large letters and small and medium parcels up to 2kg. These caps would expire on 31 March 2019.

15. A review had been undertaken of the level of the caps and the findings from the assessment were set out in Board Paper 74(18). Following discussion, the Board **AGREED** the proposal to consult on:

- increasing the level of the cap on standard letters from 60p to 63p plus Consumer Price Index (CPI);
- retaining the basket cap at its current level; and
- for both caps to continue to increase by CPI in future.

**Government and Parliament Update – Board Paper 75(18)**

16. The Board discussed an update on the political and public policy environment. This included the following:

- The ongoing Brexit negotiations. On the telecoms side the key issue for Ofcom was the outcome on roaming, and on the broadcasting side the key issue was the regulatory regime for broadcasting if the country of origin framework no longer applied. The Board asked for an information paper for the next meeting summarising the current position on the key issues and possible implications of worst case scenario outcomes.
- There was some discussion of the technical advice that Ofcom had provided to Government on options for improving mobile coverage beyond the obligations that Ofcom proposed to apply in the forthcoming 700 MHz auction. The Board asked to see modelling that sat behind those options at the next meeting.
- The Board noted that Government was due to publish its Future Telecoms Infrastructure Review in July which would set out how Government intends to incentivise investment in fibre and 5G infrastructure. The Government had announced in May 2018 that there would be legislation on internet safety and a White Paper was anticipated in the autumn. An update would be provided to the next Board meeting on work that was being done internally looking at possible approaches to online regulation, regardless of which regulator was ultimately given responsibility.

**Information items**

17. The following information items were noted:
- Strategic Risk Register – Board Paper 73(18)
  - Board Forward Look – Board Paper 76(18)
  - Children’s Content Review – Board Paper 77(18)
  - Business Connectivity Market Review (BCMR): Consultation on Market Definition – Board Paper 78(18)
  - Cyber, Information and Physical Security Update – Board Paper 79(18)
  - Community Radio Fund Panel Annual Report – Board Paper 80(18)
  - Minutes of the meetings of the Communications Consumer Panel/ACOD (19 April 2018); Risk and Audit Committee (14 May 2018); Advisory Committee for Northern Ireland (1 March 2018); Advisory Committee for Scotland (21 February 2018); Advisory Committee for Wales (14 February 2018)

**Any Other Business**

18. Security Incident: An email had been circulated to the Board by the Group Director, Corporate Services Group concerning a security incident which had occurred at Riverside House. Bob Downes requested that as Interim Chairman of the Risk and Audit Committee he should be alerted by telephone if any future incidents occurred.

**Date of the Next Meeting**

19. The next scheduled Board meeting will be held on Tuesday, 17 July 2018.