

**MINUTES OF THE TWO HUNDRED AND FIFTIETH MEETING OF
THE OFCOM BOARD HELD ON 20 MARCH 2018**

Present

Terry Burns	Chairman
Sheila Noakes	Deputy Chairman*
Sharon White	Chief Executive
Jonathan Oxley	Executive Member and Group Director, Competition
Nick Pollard	Member
Tim Suter	Member
Steve Unger	Executive Member and Group Director, Strategy, International, Technology and Economists
Ben Verwaayen	Member

*Was not present for discussion of item 12.

Apologies

Bob Downes	Member
Graham Mather	Member

In attendance

Alison Crosland	Group Director, Corporate Services Group (minutes 20-21)
Polly Weitzman	General Counsel
Steve Gettings	Corporation Secretary
Jenny Leyland	Assistant Secretary to the Corporation

Other Ofcom Colleagues

<u>Declaration of Members’ Interests – oral</u>
1. There were none to report.
<u>Chairman’s Introduction – oral</u>
2. The Chairman welcomed all to the meeting. Apologies for absence were noted from Bob Downes and Graham Mather.
<u>Minutes of the meeting held on 27 February 2018 and matters arising – Board Minutes 249(18)</u>
3. The minutes of the Ofcom Board meeting held on 27 February 2018 were APPROVED for signature as an accurate record. There were no matters arising.
<u>Chief Executive’s Report – Board Paper 32(18)</u>
4. Sharon White presented her report which included key developments since the last Board

meeting. These included the following:

- 4.1 RT (Russia Today): Ofcom had been considering the implications for Ofcom’s broadcast licences. The Russian news channel RT broadcasts in the UK under licences issued by Ofcom, and it is financed from the budget of the Russian Federation. Ofcom has an ongoing duty to be satisfied that all broadcast licensees remain fit and proper. The Board will receive regular updates.
- 4.2 Organisational Change Programme: The all colleague event to be held on 21 March 2018 would be an opportunity to take stock of the changes that Ofcom has achieved through the “Strength to Strength” programme.
- 4.3 Colleague Survey Results 2018: Some headlines from the colleague survey results were highlighted to the Board. An information paper on the results would be provided at the next meeting.
- 4.4 Telecoms: BT announced on 19 March 2018 that it would be closing its defined benefit pension scheme. This would remove the question of ‘sectionalisation’ of the scheme to facilitate staff transfer from BT to Openreach. Although BT had indicated an original timescale of April 2018 to implement the legal separation of Openreach, the Board noted that once commenced, it would probably take two or three months to complete the TUPE consultation process.
- 4.5 2.3/3.4 GHz Spectrum Auction: The bidding in the auction started on 20 March 2018.
- 4.6 Mobile Coverage Consultation: On 9 March Ofcom published a consultation on proposals for improving mobile coverage, focusing on the 700 MHz spectrum band.
- 4.7 Channel 4: Channel 4 had announced changes to its work in the nations and regions, including plans to base 300 of its 800 staff outside London.
- 4.8 ITV: Sharon White reported on her first meeting with the new Chief Executive of ITV, Carolyn McCall. Both had made speeches at the Enders Conference stressing the importance of greater cooperation between the public service broadcasters.
- 4.9 Business Continuity Market Review (BCMR): The Competition Appeal Tribunal had given Ofcom permission to appeal its cost ruling in the BCMR in the Court of Appeal.

Report from the Chairman of the Content Board – oral

5. Nick Pollard provided his report as Chairman of the Content Board. He updated the Board on the recruitment process for new Content Board Members.

6. Matters discussed at the Content Board on 6 March 2018 had included the terms of reference for the thematic review of representation and portrayal in BBC TV programmes; the scope of Ofcom’s review of “Made Outside London” guidance for PSBs, including what counted towards ‘made outside London’ production quotas; and the work on restricted services licensing.

Report from the Chairman of the Nations Committee – oral

7. Tim Suter reported on the matters discussed at the Nations Committee on 13 March, which had included EPG (electronic programme guide) prominence in the nations and regions. This had been the last meeting for Laura Alexander and Glyn Mathias who were coming to the end of their terms as Chairs of the Advisory Committees for Scotland and Wales respectively. An issue for future consideration by the Board was how the arrival of new Board Members for the nations might influence how in future Ofcom engages with the nations.

Report from the Chairman of the Risk and Audit Committee – oral

8. Sheila Noakes reported on matters discussed at the Risk and Audit Committee on 19 March which had included the annual report from the 700 MHz Independent Advisory Group; the Internal Audit Programme for 2018/19; four completed reports by the internal auditors; an update on Ofcom's work on the General Data Protection Regulation; work to ensure Ofcom's information security management system is aligned with ISO27001; and a number of year end matters. The Strategic Risk Register had been reviewed by the Committee and had also been provided to the Board for information.

Reports from other Non-Executive Members – oral

9. There were no other reports.

Government and Parliamentary Update – oral

10. The Board was updated on a number of issues including the Culture Secretary's speech at the Oxford Media Convention on 12 March 2018 on "The Future of the Media" and the ongoing Digital, Culture, Media and Sport Committee inquiry into the phenomenon of fake news. On Brexit, on 19 March 2018 the European Union and the UK had reached agreement on a transition period of 21 months, with the UK remaining in the EU to the end of 2020.

11. DCMS and HMT had agreed that Ofcom's funding cap should be extended to accommodate the additional responsibilities that Ofcom had been asked to take on in relation to the Broadband Universal Service Obligation and network security and resilience work.

Full-Year Assessment of Performance Against Priorities 2017/18 – Board Paper 34(18)

12. The Board was provided with a half yearly report on priority project progress and resulting consumer outcomes. The paper looked at three aspects relevant to Ofcom's overall performance: progress on delivery of the wider work programme; wider sectoral changes/consumer outcomes in 2017/18; and activities to improve Ofcom's organisational performance.

13. The Board acknowledged the progress made during the year in putting frameworks in place to achieve a set of investment outcomes. The Board noted that the early signs in relation to fibre investment and mobile coverage were promising but noted that these solutions would play out over a number of years. For Ofcom itself the organisational change programme would take time to embed. The Board noted that the executive were now through the initial transition and were now regulating the BBC with the new rules in place. The Board acknowledged the need to assess the areas for which Ofcom is responsible to ensure that functions for which there is no longer a regulatory need are removed or reduced. The Board reinforced the need to keep returning the organisation's focus to the core concerns of consumer issues and encouraging investment. The Chairman concluded that he was satisfied that Ofcom had delivered what it had promised in the Annual Plan 2017/18. The Board suggested that when undertaking such reviews in the future Ofcom should also assess whether, with hindsight, the priorities included in the Plan had been the right ones to focus on.

Ofcom Annual Plan 2018/19 – Board Paper 34(18)

14. A consultation on the proposed Annual Plan 2018/19 had been published on 1 December

2017. The Plan had been updated to reflect developments during the consultation period and stakeholder responses. The paper for the Board highlighted the main changes. The team was asked to look at the wording of the section focusing on convergence and market changes. Subject to that point and a drafting change to paragraph 2.15, the Board **APPROVED** the Annual Plan 2018/19.

Ofcom Annual Budget 2018/19 – Board Paper 35(18)

15. DCMS and HMT had agreed that Ofcom’s funding cap should be extended to accommodate the additional responsibilities that Ofcom had been asked to take on. This had been confirmed after Board Paper 35(18) was circulated. With regard to the outturn for 2017/18, there were still some uncertainties relating to litigation liabilities and the certification of contract work in progress relating to Project Agile. The year-end figure was forecast to be very close to - and not more than - the budget for 2017/18 of £121.7m.

16. The Board **AGREED** the proposals set out in Board Paper 35(18) to set the budget for 2018/19 at £124.2m. The Board noted the 2018/19 tariffs which would be published on 29 March 2018, subject to approval by the Accountable Officer.

Information Security for Members – Board Paper 36(18)

17. The Board discussed proposals for a change in the methods used to share information with Board Members, particularly where confidential or highly sensitive information was involved. The Board raised a variety of points about the proposals. Members were asked to speak to the team directly to let them know their requirements ahead of a further proposal being put to the Board for approval.

Board Forward Agendas – Board Paper 37(18)

18. The Board reviewed the latest iteration of the Board forward agendas plan.

Briefing: The Wider Use of Software in Broadband Networks – Board Paper 38(18)

19. The Board discussed a briefing on the implications of the wider use of software to control fixed and mobile broadband networks.

Diversity and Inclusion Action Plan 2018-22 – Board Paper 39(18)

20. The paper set out key elements from Ofcom’s Diversity and Inclusion Plan 2018-2022, both as an employer and as a regulator. The full Plan would be published on 29 March 2018. In discussion the Board recognised that the scope for increasing diversity within the workforce was influenced by staff turnover, and in areas like engineering where there might be a shortage of diverse applicants for roles. The Board recognised that meeting the diversity targets set out in the Plan would be challenging. For several years Ofcom had been supporting initiatives to encourage more women to take up careers in engineering.

21. It was explained that at present Ofcom does not have targets for disability. Colleagues were asked to self-declare, and Ofcom would consider further the question of how to define and describe disability. Currently colleagues might not be self-declaring mental health issues, and making Ofcom an organisation where colleagues felt comfortable doing so would be an area of focus. The Board discussed the age profile of certain parts of the organisation and identified the need to recognise the great skills and experience that exists but be mindful of the need to have a

broad mix of age and experience. For the first time the 2018 Colleague Survey has also sought to capture colleagues' information relating to social mobility. The results would set a baseline for future measurement.

Equal Pay and Gender and Ethnicity Pay Audit – Board Paper 40(18)

22. Following the equal pay audit conducted in 2017, HR had been working with Group Directors to identify where there was a need to make interim pay adjustments. A number of these had already been actioned and further adjustments would be made through the annual pay review process. As at March 2017 Ofcom's gender pay gap was 11.7 per cent in favour of men (mean average) and 12.1 per cent in favour of men (median average): these were the figures Ofcom was required to publish. Ofcom's gender pay gap at March 2018 was 10.6 per cent in favour of men (mean average) and 10.5 per cent in favour of men (median average). The gap by ethnicity was 14.2 per cent in 2018, a slight increase on 2017, a change which could be attributed to changes in the composition of the workforce. With only two years' data for ethnicity it was not yet possible to look at trend data. A summary of the equal pay and gender and ethnicity pay audit would be published both internally within Ofcom and on the website on 29 March 2018. The gender pay gap figures would be published on the Government's gender pay reporting portal and on Ofcom's website on 29 March 2018.

Appointments to the Advisory Committee for Wales – Board Paper 41(18)

23. The Board **APPROVED** the proposed appointments as recommended in Board Paper 41(18).

National Advisory Committee Terms of Reference – Board Paper 42(18)

24. The Board **APPROVED** a proposed amendment to the terms of reference for the National Advisory Committees, as recommended in Board Paper 42(18).

Information items

25. The following information papers were noted without comment:
- Internal Pay TV Monitoring Report: March 2018 – Board Paper 43(18)
 - Annual Health and Safety Update – Board Paper 44(18)
 - Major Incident Management, Disaster Recovery and Business Continuity Update – Board Paper 45(18)
 - Information Security Update – Board Paper 46(18)
 - Content Board: Editorial Standards Summary of Decisions – Board Paper 47(18)
 - Management Information Report – Board Paper 48(18)
 - Strategic Risk Register – Board Paper 49(18)
 - Minutes of the Communications Consumer Panel/ACOD (18 January 2018) and Content Board (30 January 2018).

Any Other Business

26. There were no other matters raised.

Date of the Next Meeting

27. The next scheduled Board meeting will be held on Tuesday, 17 April 2018.