

**PUBLICATION MINUTES OF THE THREE HUNDRED AND FIFTH MEETING OF
THE OFCOM BOARD HELD ON 21 JUNE 2023
AT RIVERSIDE HOUSE, SE1 9HA AND VIA MICROSOFT TEAMS**

Present

Michael Grade	Chair
Maggie Carver	Deputy Chair
Karen Baxter	Non-Executive Member
Melanie Dawes	Executive Member and Chief Executive
Angela Dean	Non-Executive Member
Bob Downes	Non-Executive Member
Lindsey Fussell	Executive Member and Group Director, Networks & Communications
Will Harding	Non-Executive Member
David Jones	Non-Executive Member
Ben Verwaayen	Non-Executive Member (via Teams)

In attendance

Martin Ballantyne	General Counsel
Francesca Carter	Head of Governance
Lauren Crawford	Governance Manager
Dave Clarkson	Director, Telecoms Competition (Item 6)
Ian Strawhorne	Enforcement Director (Item 6)
David Brown	Regulatory Finance Director (Item 7)
Marina Gibbs	Director of Post (Item 7)
Elizabeth Gannon	Principal, Network & Communications Policy (Item 7)
Gill Whitehead	Group Director Online Safety (item 8) (via Teams)
Jon Higham	Online Safety Policy Development Director (item 8)
Mark Bunting	Online Safety Strategy Director (item 8)
Tania van den Brande	Economics Director (item 8)
Chris Walker	Programme Delivery Lead (item 8.1) (via Teams)
Andrew Park	Online Safety Strategy Principal (item 8.1) (via Teams)
Adam Lacey	Online Safety Policy Senior Associate (item 8.2) (via Teams)
Helen Yu	Online Safety Policy Principal (item 8.2) (via Teams)
Siobhan Walsh	Interim Group Director, Broadcasting and Media Group (Item 9)
Kate Biggs	Content and Media Policy Director (Item 9)
Kate Davies	Public Policy Director (Item 9)

	Action
Item 1: Declaration of members' interests	
1. No new interests were declared.	
Item 2: Minutes of the meeting held on 17 May and matters arising – Board minutes 304(23) and note of action points	
2. The minutes of the Ofcom Board meeting held on 17 May 2023 were APPROVED for signature by the Chair as an accurate record.	
3. A summary of progress against action points was NOTED .	

	Action
<p>Item 3: Chair’s report</p> <p>4. The Chair updated the Board on his activities, including his attendance at the Online Safety Bill Committees at the House of Lords. The Government was considering concessions within the Bill and the Chair and Chief Executive would receive more detail on this.</p> <p>5. The Chair also reported that the Ofcom Board appointments were still in progress and although there were no outcomes as yet, he had been reassured that a decision would be made. The Chair reported that the shortlisting session for the vacancies at Channel 4 had taken place and that he would be a member of the interview panel. Interviews would be held in July.</p>	
<p>Item 4: Chief Executive’s report – Board paper 59(23)</p> <p>6. Melanie Dawes presented paper 59(23) on her activities and current issues and drew attention to the following:</p> <ul style="list-style-type: none"> • The Online Safety Bill was progressing and continued to be expected in late September/early October. Ofcom’s presentations on online safety had been well received. Recent debates at the House of Lords had covered a range of issues including GenAI and there would be a Board workshop on GenAI at the end of June. • Ofcom’s response to the Movelt data breach was captured in a report to the Board and Ofcom’s Risk and Audit Committee had discussed the issues in detail at their last meeting. The corporate team led by Melissa Tatton had worked very hard to resolve the issue. • The proposed telecoms merger between Vodafone and 3UK had been announced. • There continued to be significant noise and interest around newer opinion-based news channels, and whether or not politicians should present current affairs programmes. • She had made an enjoyable visit to the Warrington office. Impressive work was being done by the Spectrum teams around digital licensing and the Contact Centre teams were highly professional in dealing with members of the public. <p>7. Lindsey Fussell provided further detail on a telecoms merger. The Government might investigate it under new National Security rules. Ofcom’s level of involvement in the process would be determined by the CMA.</p> <p>8. The Board noted the discussions around GenAI and agreed that Ofcom would need to remain competent as a resource of knowledge in this area as it continued to develop.</p> <p>9. The Board discussed the issues around current affairs and opinion-based news channels. The Content Board would be discussing the issue in the autumn and a Board session would be arranged after that.</p> <p>10. The Board noted the Movelt data breach update paper. The Board commended Ofcom’s response. The team worked quickly to identify and mitigate the issue. The Chair</p>	<p>Corp Sec</p> <p>Corp Sec/ MG</p>

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would write a note to the team to acknowledge their great work.	
11. The Board NOTED paper 59(23).	
<p>Item 5: Risk and Audit Committee Matters</p> <p>Report from the Chair of Risk & Audit Committee on the meeting held on 6 June 2023.</p> <p>12. Angela Dean provided a summary of the Risk & Audit Committee held on 6 June 2023. The Committee had received an audit report on Spectrum following the cyber attack at Baldock in early 2022. The outcomes from the audit were positive and there continued to be monitoring of Ofcom networks and devices to ensure security. The Committee had also reviewed the outcomes of the penetration testing that had been undertaken by a third party. The testing identified some vulnerabilities within our processes and systems which would require review and further training for colleagues.</p> <p>13. The Board NOTED the update.</p> <p>Risk Register Update – paper 61(23)</p> <p>14. The strategic risk register had been amended with the residual risk score for Risk 7 – People – moving down from 18 to 16. There were also some minor wording changes in relation to Spectrum & Thought Leadership although the scoring remaining unchanged.</p> <p>15. The risk register would be being refreshed before its next issue with strategic discussions taking place with Group Directors around the new version.</p> <p>16. The Board APPROVED the amendments to the risk register and NOTED the paper.</p> <p>Risk and Audit Committee Annual Update – paper 62(23)</p> <p>17. The Board NOTED the Risk and Audit Committee annual update.</p> <p>2022/23 Annual Report and Accounts and Section 400 Licence Fees and Penalty accounts – paper 63(23)</p> <p>18. The Board discussed the Annual Report and Accounts for 2022/23 and acknowledged the work and effort from colleagues across the organisation in producing the document. The Board welcomed the Report, specifically its tone and cohesion. The final NAO report was yet to be received but the work of the NAO had concluded and it was anticipated that the NAO would recommend that the Comptroller and Auditor General certify the 2022/23 financial statements with an unqualified audit opinion.</p> <p>19. The Board APPROVED the 2022/23 Annual Report and Accounts and Section 400 Accounts and DELEGATED the final clearance of the Annual Report Annual Accounts and Section 400 Accounts to the Chief Executive.</p>	
<p>Item 6: Developments in the Fixed Telecoms Market – Board paper 64(23)</p> <p>20. David Clarkson and Ian Strawhorne introduced paper 64(23) which set out progress on the implementation of the Ofcom strategy to promote commercial investment in gigabit capable (fibre) networks. It was noted that the strategy was working well and that as of June there was 73% gigabit coverage; take up was expected to continue to rise.</p>	

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<p>21. The Board discussed the take-up rates, particularly for altnets, recognising increasing competition and tougher economic conditions and noted this was an area to monitor.</p> <p>22. Ofcom had confirmed that it would not prevent Openreach from introducing its new fibre services pricing offer (Equinox 2). The decision was in line with Ofcom's overall fixed telecoms strategy.</p> <p>23. Ofcom's fifth Openreach monitoring report was due to be published at the end of June. The key message was that the commitments were working well, but it was important that all parties remained vigilant, especially as personnel changed.</p> <p>24. The Board discussed possible implications for Ofcom's reputation in the light of the number allegations from third parties about Openreach breaching competition law. It was important for Ofcom to continue to make decisions on the basis of the evidence.</p> <p>25. The Board NOTED the paper.</p>	
<p>Item 7: Developments in the Postal Market – Board paper 65(23)</p> <p>26. Marina Gibbs, David Brown and Elizabeth Gannon presented the paper 65(23) setting out the programme of work around post. The Board noted its continued concern about the longer-term sustainability of the postal USO (universal service obligation) and the importance of proceeding with the work on the future of the USO as set out in the paper as well as continued active engagement with Government. The Board noted that the outcome of the CWU ballot on the proposed deal agreed with management should be known by the middle of July but there would likely be ongoing challenges with implementing the necessary changes at pace.</p> <p>27. It was noted that increasing interest rates and the need to make an adequate return on future investment meant that the business case for further innovation, and Royal Mail's access to finance, were at risk. Work was being done to examine the future development of the USO.</p> <p>28. The Board discussed where Ofcom could realistically lead on some of the issues to kickstart progress, particularly in relation to the financial issues with Royal Mail. The process for Royal Mail entering 'special administration' and Ofcom's and Government's roles were discussed.</p> <p>29. The team undertook to revert to Angela Dean on her question about the relative margins of letters vs parcels.</p> <p>30. The Board noted that the Economy and Fair Work Committee at the Scottish Parliament had launched a call for views on Royal Mail service changes.</p> <p>31. The Board NOTED the paper.</p>	LF
<p>Item 8: Online Safety and Approach to the consultation</p> <p>Online Safety Strategy - Board paper 66(23)</p> <p>32. Mark Bunting introduced paper 66(23) which set out an updated strategy for the implementation of the Online Safety Bill and the proposed next steps. The Board noted the</p>	

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<p>strategy had been refined since it had last been considered by the Board and would continue to be refined as Ofcom’s powers came into effect.</p> <p>33. The translation of the strategic aims into outcomes and success measures was considered and it was noted that specific metrics and data sources were still being identified and developed. There would be some challenge identifying the biggest risk areas and considering where trackers would be most useful.</p> <p>34. The Board considered that it was important to emphasise that while Ofcom was setting the standards, responsibility to ensure safe online environments lay with the providers. This needed to be clear in the communications plan.</p> <p>35. The Board considered how financial online harm, an increasing risk area, might be managed in the scope of the strategy.</p> <p>36. The team would return to Board with further information on the plans in the Autumn.</p> <p>37. The Board NOTED the Online Safety Strategy.</p> <p>Phase One Consultation on Illegal harms - Board paper 67(23)</p> <p>38. Mark Bunting and Jon Higham introduced paper 67(23) which outlined the approach to the consultation on ‘illegal harms online’, one of the three consultations that would underpin the Online Safety regime. The plan was to publish the consultation as soon as the Online Safety Bill had achieved Royal Assent.</p> <p>39. The consultation would establish a first iteration of key guidance documents and Codes of Practice (‘regulatory products’) to support services in understanding and meeting their illegal content duties. A continuous improvement approach would be taken to the regulatory products and the Codes would be reviewed and re-issued as the regime developed.</p> <p>40. The Board noted that there had been a lot of research and stakeholder engagement to date. Some of the major service providers had already adapted in line with the recommendations provided so far.</p> <p>41. The Board APPROVED the overall approach to the consultation and NOTED the paper.</p>	<p>Corp Sec</p>
<p>Item 9: Media Bill Update – Board paper 68(23)</p> <p>42. Kate Biggs introduced paper 68(23), which summarised the current position on the draft Media Bill. The draft Bill was going through a period of pre-legislative scrutiny which would conclude in early July.</p> <p>43. Noting that Ofcom would have back-stop powers to resolve commercial disputes between providers, the Board anticipated that there would be some early challenges in this new area of regulation particularly from the tech platforms. There were also some concerns about local news regulation. PSB licences would need to be amended to implement the new legislation. Ofcom would continue to seek further clarity in relevant aspects of the draft Bill as necessary.</p>	

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<p>44. The Board considered that the audio or voice assistant provisions in the Bill looked sensible but noted that this was a novel area of regulation and the approach would be very different to TV. The policy intent would need to be clear.</p> <p>45. Board members discussed issues raised by MG ALBA in their evidence to the Committee.</p> <p>46. The Board NOTED the paper.</p>	
<p>Item 10: Microsoft Services Contract Award – Board paper 69(23)</p> <p>47. The Board APPROVED (subject to a discussion with Angela Dean and the Group Director for Corporate Services) the contract award to Phoenix Software Ltd for the supply of Microsoft Licences and Azure Compute Services. The approximate cost of the 3-year contract was over the threshold for executive decision, therefore requiring Board approval in accordance with the Financial Authorities Framework.</p>	MT/AD
<p>Item 11: Appointment of the Chair, Advisory Committee for Wales– Board paper 70(23)</p> <p>48. The Board APPROVED the appointment of Robert Andrews as Chair of the Advisory Committee for Wales.</p>	
<p>Item 12: Content Board Reappointments – Board paper 71(23)</p> <p>49. The Board APPROVED the re-appointments to the Content Board of Dekan Apajee for a two-year term from November 2023; and of Rachel Coldicutt, Peter Horrocks and Kim Shillinglaw for three-year terms from November 2023.</p>	
<p>Items 13-18: Information items</p> <p>50. The Board NOTED the following information items:</p> <ul style="list-style-type: none"> • Non-executive member updates – Board paper 72(23). • Enforcement Function Update – Board paper 73(23) • Briefing on Telecoms Market Performance and Investor Sentiment – Board paper 74(23) • Monthly Financial Performance Update – Board paper 75(23) • Board work programme – Board paper 76(23), and publications schedule – Board Paper 77(23) • Minutes of the Communications Consumer Panel (20 April 2023), Content Board (2 May 2023) and Risk and Audit Committee (10 May 2023). 	
<p>Item 19: Any other business</p> <p>51. There were no other matters of business raised.</p>	
<p>Item 20: Date of the next meeting</p>	

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52. The next scheduled Board meeting would be held on Wednesday 19 July 2023.	
53. The meeting concluded at 12.25pm.	

Approved: _____
Chair