

MINUTES OF THE GOVERNORS' PRIVATE SESSION

Wednesday 28 January 2004
in Room 2364, Broadcasting House

at 5.00pm

PRESENT:

Gavyn Davies	The Chairman (for minute 128)
Richard Ryder	Vice-Chairman (in chair from minute 129)
Deborah Bull	
Ruth Deech	
Dermot Gleeson	
Sarah Hogg	(during minute 130)
Merfyn Jones	
Fabian Monds	
Pauline Neville-Jones	
Angela Sarkis	
Robert Smith	
Ranjit Sondhi	

In attendance:

Greg Dyke, Director-General (for minute 128)
Simon Milner, the Secretary
Stephen Dando, Head of BBC People (for minute 132)
Mark Byford, Head of Global News (for minute 134)

128	<p><u>GAVYN DAVIES RESIGNATION</u></p> <p>Gavyn Davies began the meeting by summarizing Lord Hutton's criticisms of the BBC. He believed the Report was unfair but that we had to accept the referee's verdict. Gavyn explained that he had seen no alternative but to resign as Chairman – this was the decent thing to do.</p> <p>Gavyn then explained why he had decided to tell Andrew Marr of his decision at about 4.30pm, ahead of the Governors' meeting. He had not wanted to be hounded from office by the BBC's opponents and the Press. He told the Board that he was not going to change his mind about resigning, and he expected the Governors to consider their own position as well as the Director-General's position.</p> <p>Gavyn recommended that it was reasonable for the Chairman to go without the rest of the Board also resigning. In similar circumstances, the Prime Minister would resign, not the Cabinet. The resignation of the whole Board would not be in the BBC's interests and would not be called for externally.</p>
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	<p>Gavyn explained that Richard Ryder had agreed to stand in as Acting Chairman.</p> <p>The Board agreed that Gavyn should stay in the room for the initial discussion.</p> <p>Greg Dyke said that Lord Hutton’s report was the most one-sided report of its kind that he had ever seen. It gave the benefit of the doubt to everyone in Government and to no one in the BBC. The BBC’s legal team had also advised that Lord Hutton had misinterpreted media law on the use of sources (the Reynolds case).</p> <p>Greg explained that he had tried to persuade the Chairman not to resign, and that he was now in a difficult position going forward.</p> <p>During the brief a discussion which followed, there was recognition that Gavyn’s resignation was very big loss but probably necessary. There was agreement that collective or selective further resignations by Governors would significantly damage the BBC. It was recognized as important to move forward in stages with protecting the independence of the BBC a primary objective. It was suggested that Richard Ryder should ensure DCMS know that the BBC and the Board remain in business.</p> <p>Before Gavyn Davies left the meeting, there were a couple of comments from other Governors about Greg Dyke’s position. One Governor told Greg that he should not walk out “tomorrow morning” and another Governor said it would be very destabilizing if Greg were to leave so soon after Gavyn’s resignation. Gavyn Davies made it clear that this was a matter for the Board, rather than for him, since he had resigned. He would not, therefore, try to influence the Board’s view.</p> <p>Gavyn Davies left the meeting after this initial discussion (at about 5.45pm).</p>
129	<p><u>DIRECTOR-GENERAL’S PERSPECTIVE</u></p> <p>Richard Ryder took the chair for the remainder of the meeting.</p> <p>He explained that the Board would require some private time without Greg Dyke to discuss next steps. He asked Greg for his perspectives on the issues raised by the Report.</p> <p>Greg said he envisaged two separate processes now being started. The first would be the ‘due process’ in respect of individuals in the BBC who might be thought to be at fault over events last summer. The second would be an independent review of the criticisms of the BBC’s processes, conducted by someone from outside the BBC.</p> <p>Before asking Greg to leave the room to enable the Board to discuss his position, there was a further brief debate about the Board’s own position.</p>

	<p>Richard Ryder was asked for his views.</p> <p>Richard said that it was in the interests of the organisation that the Board stay in place. The Board's resignation would enable the BBC's enemies to weaken it further. Moreover if one Governor individually chose to resign, this would put a burden on everyone else.</p> <p>This sentiment was supported by several other Governors individually, with one saying that Gavyn's resignation was a "full and sufficient sacrifice".</p> <p>Before leaving the Board meeting Greg Dyke indicated through the Secretary that he would only continue as Director-General with the full confidence of the Board.</p>
130	<p><u>GREG DYKE'S POSITION</u></p> <p>(Sarah Hogg joined the meeting at some point during discussion of this issue, at which point Richard Ryder reported on the events of the evening as well as repeating the arguments set out below.)</p> <p>Richard Ryder started the discussion by setting out some of the arguments in favour of and those against Greg staying in post and concluded by saying that the Board faced a difficult decision.</p> <p>In favour:</p> <ul style="list-style-type: none"> • Gavyn Davies' resignation had lanced the boil. • The organisation would need leadership continuity. • Greg has leadership skills in abundance, and he would be needed now more than ever to inspire the organisation. • The new Chairman should have a say in whether Greg continues as DG. <p>Against:</p> <ul style="list-style-type: none"> • The BBC would face calls that the wrong man had resigned, which would leave the DG a lame duck. • Greg's stock in Whitehall was very low, and his relationship with the Secretary of State is very poor. • Greg's internal authority would be compromised by recent events. • Mark Byford was unaffected by Hutton. The disciplinary procedure which Mark must now undertake would have to encompass everyone involved except Greg himself. This would be both unfair and may make the process itself untenable. <p>Richard Ryder as Acting Chairman did not express a view on the decision faced by the Board, asking instead for comments from individual Governors.</p> <p>A range of further points were made during the discussion which followed:</p>

- In resigning, Gavyn had made Greg's position unsustainable. Gavyn had effectively accepted responsibility for the failure of governance, yet Lord Hutton was more critical of BBC management's processes and decisions. Ergo it followed that a like action was required at the top of BBC management.
- The Press would hound the organisation were Greg to stay, and his confidence would be sapped. Gavyn did not want to be hounded out of the BBC, nor should Greg.
- The authority of the Board had been weakened by the Chairman's sudden resignation and would be undermined still further if Greg were to stay, Gavyn having gone.
- The arguments for Greg staying were almost wholly internal and those for him leaving were essentially external. The current external handicaps faced by the organisation in respect of Charter Review would be greatly relieved in the wake of Greg's departure.
- Greg did not have a long lifetime in the BBC, and he has previously indicated a desire for a gear change.
- By staying, Greg would be a lame duck, inviting a new Chairman to replace him. The new Chairman might not thank the rest of his Board for leaving him or her this task.
- In Mark Byford, the BBC has someone with whom it could make a clean break with Hutton.
- This will enable Greg to retain the moral high ground in respect of the Hutton Report. He would not be able to retain this if he wanted to stay on as DG in the wake of the Report.
- The BBC will look severely weakened if Greg goes, and this might imperil the BBC's independence.
- The Board has pre-empted Greg's problems with process including through the appointment of Mark Byford as DDG before Christmas.
- The Governors have to ensure the BBC ship is working well, as well as steer it through choppy waters. Greg is essential to the BBC working well.
- A double resignation of this magnitude would send a terrible signal to the outside world, and to the BBC's staff.

Richard Ryder concluded the discussion by saying he judged that the overall view of the Board was that Greg's offer of resignation should be accepted. The Board concurred with this judgement though each Governor recognised that the decision was a very difficult one for the organisation and for Greg himself.

Simon Milner asked the Board if they wished to consider sleeping on such a significant decision. In light of the discussion, Richard Ryder said it would be more dignified if Greg were to announce his resignation that evening. The Board concurred that delay would give rise to the impression of dismissal.

Simon Milner suggested that the Board might tell Gavyn Davies of their decision before telling Greg. It was agreed that Richard Ryder would tell Gavyn the Board's decision before telling Greg. The Board asked that Mark Byford be invited to Broadcasting House so that he could formally be asked to act as Director-General.

	<p>Richard Ryder left the meeting at about 7.15pm to relay the Board's decision to Gavyn and Greg. Shortly afterwards Pauline Neville-Jones left the room to talk with Gavyn.</p>
131	<p><u>REPORT BACK</u></p> <p>Richard Ryder and Pauline Neville-Jones rejoined the meeting at about 7.45pm.</p> <p>Richard Ryder reported on his first meeting with Greg Dyke, who was very surprised and therefore shattered by the news. He appreciated that this was not a hanging jury, but had asked to be able to talk with the Board in person. Richard had told him that this would not be possible. Greg had then asked that everyone sleep on the decision overnight, and said that he wanted to talk with Gavyn about his position. After discussion about the Board's views on his future, Greg had agreed to draft his resignation statement. Richard suggested that Greg should talk with Gavyn about resigning that evening. At all subsequent meetings with Greg, Pauline Neville-Jones was present.</p> <p>Pauline Neville-Jones reported on a discussion with Gavyn, who had told her and Richard Ryder that he felt the Board could have continued with Greg as DG. Gavyn had suggested that the Board ought to reflect on the likely public reaction to the Hutton Report before following through on their decision regarding Greg. He had heard that the Guardian were planning to describe the Report as a whitewash, and the Times editorial would say that the Chairman's resignation was enough.</p> <p>In response Pauline had told Gavyn that the Board's decision was influenced by long-term rather than short-term interests. She had added that Gavyn's resignation had forced the Board's hand.</p> <p>Richard and Pauline explained that Gavyn and Greg had asked that the Board hear from Stephen Dando about the impact of Greg's departure on the organisation. The Board agreed to this request.</p>
132	<p><u>STEPHEN DANDO</u></p> <p>Stephen Dando joined the meeting at about 8.10pm.</p> <p>Richard Ryder explained the terms on which Stephen had been invited to the meeting and that the Board was united in the view that Greg's resignation should be accepted.</p> <p>Stephen thanked the Board for allowing him to advise them in his professional capacity on the impact of their decision in HR terms. He pointed out that Greg Dyke had had a huge, personal impact on the BBC. His emotional connection with staff at all levels was very different from the previous management regime. Greg was the driving force behind One BBC and this initiative was</p>

	<p>having a hugely important impact on the organisation. The recent staff survey indicated that two-thirds of staff were behind the change process. This enthusiasm might diminish without Greg's leadership.</p> <p>Stephen moved on to explain that the Executive Committee has undergone a difficult journey on Charter Review. There was now considerable agreement but this might be set back many months if Greg were to go now.</p> <p>Stephen said that the vast majority of the Executive Committee supported Greg continuing despite the Hutton Report. Greg was the best CEO that many of the Executive (including Stephen himself) have ever worked for. It would be very difficult to find someone with his strengths and qualities to run the organisation in future.</p> <p>Stephen concluded by saying that the Board's decision could be extremely destabilising for the organisation. Its consequences could be very profound.</p> <p>Richard Ryder thanked Stephen for his contribution. He said that Stephen's arguments had been reflected in the Board's earlier discussion and taken into account.</p> <p>As Stephen Dando left the room, Simon Milner was asked to go to meet with Greg Dyke.</p>
133	<p><u>RESIGNATION OF GREG DYKE</u></p> <p>Simon Milner returned to the meeting at 8.30pm.</p> <p>He reported that Greg had withdrawn his offer to resign and instead had invited the Board to dismiss him or maintain him in post.</p> <p>After a brief discussion, the Board agreed that it would be impossible to sustain Greg as DG in these circumstances since the Board's authority would be destroyed. The mood of the Board was to dismiss Greg as DG if necessary, but that it would be in the BBC's, the Board's and Greg's interests if he were to resign.</p> <p>Over the course of the next 2-3 hours, Richard Ryder and Pauline Neville-Jones undertook two meetings with Greg Dyke, reporting back to the Board on further developments.</p> <p>At 9.30pm they reported that Greg was pursuing three distinct arguments as to why he should not resign:</p> <ul style="list-style-type: none"> • He had had an understanding with Gavyn Davies that the Chairman would resign and that Greg would offer the Board an opportunity to back him. • The external debate on the Hutton Report was swinging in the BBC's favour, and there would not therefore be a united public demand for Greg's resignation to follow Gavyn's.

	<ul style="list-style-type: none"> • His work at the BBC was incomplete. <p>Richard and Pauline reported that they had told Greg that any understanding with Gavyn Davies lost its force once the Chairman had resigned, an act which itself affected the situation. The Board had accepted his resignation after consideration of the issues. They also reported that, at Greg Dyke's request, Caroline Thomson had spoken to them to report that her brief encounters earlier in the evening in the House of Commons, with a small selection of MPs interested in the BBC, had indicated sympathy.</p> <p>At 10.20pm they reported that Greg had agreed that the terms of his departure should be discussed. Stephen Dando was now involved on advising Richard and Pauline on the terms of Greg's contract regarding voluntary termination. Stephen Dando and Janet Youngson (the BBC's Head of Employment Law) recommended a payment equivalent to 12 months salary and a pro rata bonus payment. The Board agreed in principle to a termination on this basis.</p> <p>Richard Ryder and Pauline Neville-Jones were empowered by the Board to negotiate a consensual termination with Greg Dyke including a compromise agreement based on these principles.</p> <p>At 11.45pm Richard Ryder asked that Mark Byford join the meeting.</p>
134	<p><u>MARK BYFORD</u></p> <p>Richard Ryder welcomed Mark Byford to the meeting, and apologised for the delay in calling him in.</p> <p>Richard then summarised the events of the preceding few hours after Gavyn Davies' resignation. He explained that in the wake of Greg Dyke's departure as DG, the Board were unanimous in wanting Mark to be Acting DG. The Board considered Mark as having a strong public service commitment to audiences and to the BBC. Richard said Mark was the person best placed to pick up the pieces after Greg's resignation and that he would have the full support of the Board in doing so.</p> <p>Richard explained that the Board had dealt with the resignations of Gavyn and Greg that evening. On the following day, they wished to issue a positive statement with Mark Byford about the future of the BBC.</p> <p>Richard said it would then be a matter for Mark to decide what other consequences should follow in respect of the Hutton Inquiry and Report. It would be up to Mark to decide on whom else to involve in his review, including whether to involve outsiders.</p> <p>After some supportive and encouraging comments from Governors, Mark recounted his experience of moving from National and Regional Broadcasting to the World Service some five years previously. Mark then made a number of points, including his views on the key actions he felt were now necessary:</p>

- The Executive Committee would need to be calm and together.
- The internal and external communications would have to be even more closely aligned than usual.
- Richard Sambrook must not be left in limbo and must be well handled.
- The leadership challenge would be immense in a highly turbulent period. It would be important to uphold high-quality, independent journalism within a framework of rigour.
- In the previous months he felt there had been too much emphasis on complaints and not enough on compliance.
- The most important priority for the organisation, once stability had been achieved, was Charter Review. It would be a crucial three months.
- He was a passionate believer in the role of the Governors.
- He would be loyal to the Board, but also to Greg and his legacy.

The Board thanked Richard Ryder for guiding their discussions through a difficult evening. They also thanked Simon Milner for his service to the Board during the preceding hours.

The meeting concluded formally at about 12.30am. Negotiations with Greg Dyke concerning the terms of his departure were continued until he decided to leave for home at about 1.30am. These were resumed the following morning, being completed by 1pm.