



Communications and Digital Committee

Corrected oral evidence: BBC future funding

Tuesday 17 May 2022

2.45 pm

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Members present: Baroness Stowell of Beeston (The Chair); Baroness Bull; Baroness Buscombe; Baroness Featherstone; Lord Foster of Bath; Lord Griffiths of Burry Port; Lord Hall of Birkenhead; Baroness Harding of Winscombe; Lord Lipsey; Baroness Rebuck; Lord Vaizey of Didcot; The Lord Bishop of Worcester.

Evidence Session No. 16

Heard in Public

Questions 123 - 128

Witnesses

I: Andrew Neil, Chairman, *The Spectator*; Greg Dyke, Chairman, London Film School.

USE OF THE TRANSCRIPT

This is a corrected transcript of evidence taken in public and webcast on www.parliamentlive.tv.

Examination of witnesses

Andrew Neil and Greg Dyke.

The Chair: We now move to our second panel. If the last session was about the commercial context in which the BBC operates, this session is more about how the BBC faces its strategic challenges in the political context. We are joined by Mr Andrew Neil and Mr Greg Dyke. Neither of them needs any introduction, but it is worth me reiterating that both have been leaders of broadcasting organisations and involved in different start-up media companies. Both are also very familiar with operating in a political environment. Clearly, Mr Dyke is also a former director-general of the BBC. Both of you are here in your personal capacity, not representing any organisation with which you are associated. We very much hope that you will draw on your broad experience as we ask you questions about the BBC and its future funding.

Q123 **Baroness Harding of Winscombe:** Various witnesses have emphasised to us the link between the BBC's ability to serve everyone and the legitimacy that that brings it, either in the licence fee or in some other form of public funding. We have heard very different views on how well the BBC is satisfying all those different audiences, and I thought we might start by hearing your respective views on that. How well is the BBC serving its audiences, and how should that performance affect our review of the funding of the service?

Andrew Neil: It is always hard to measure. All the BBC surveys show that it is serving the audience splendidly—that is a surprise. A lot of this is very subjective in the end. It is more and more difficult, when we live in a multichannel world, a streaming world, an online world and a digital world. It is a lot more difficult than in the old days when there was a duopoly, or with Channel 4 added into it. It is clear that, in trying to serve everybody, it risks underserving, or not serving well, lots of people. The BBC has never lost its imperial mission to do everything, which was fine when it was only the BBC, or perhaps the BBC and ITV, but is very difficult when other people can do things better and have more resources to do some things better—not everything; there are still things the BBC does better than anybody else, which is why we need to continue to have a public service broadcaster.

It is made particularly difficult because, as the BBC has continued to try to do everything, the politicians have starved it of funds. From rolling up the licence fee since 2010, it has had a real-terms cut of 30%. It is now frozen for another two years, starting this year. Although the money seems a lot to people, in today's broadcasting world it is not. If you look at the £3.75 billion that the BBC gets from the licence fee and add on about £1.3 billion or £1.4 billion from its commercial operations, it is just shy of £5 billion. You might think that is a lot, but when you try to do everything it is not a lot.

You cannot do everything, and it hampers the BBC in a number of ways—for example, when it comes to high-quality drama. Not that long

ago it was inconceivable that an hour of BBC drama would cost more than £1 million per episode; it is now pretty inconceivable that it would cost less than that. Netflix is spending \$10 million per hour on average. One episode of "Game of Thrones" cost \$16 million—good for Britain as it was made here, but it was not the BBC. If you look again at the production values of the BBC's rivals, they are now higher than those of the BBC because there is more money. That is a problem.

In a way, the problem with the licence fee is that it is a wonderful asset—not many businesses can count on £3.75 billion of guaranteed income a year—but also a straitjacket. Even £5 billion is nowhere near enough to run a full television network with international ambitions these days. Yet, because of the mechanism of the licence fee now, it inhibits the BBC from raising money elsewhere. There is always a big argument from the commercial broadcasters—"Why are you muscling in on our territory?"—plus it seriously limits the amount of money it can borrow, because the Treasury is always breathing down its neck. You add all these things together.

The BBC has always been wonderful at closing down any debate, from the Peacock report in 1986, which ended up in the wilderness, to other debates about alternatives to the licence fee. People just need to stand back and ask whether a funding mechanism that has served the BBC and the country well is appropriate for what will become the fourth decade of the 21st century. Is a funding mechanism invented when Lenin was rolling out his new economic programme in Russia, Warren Harding had just won a landslide in America—a Republican, he won it by winning only one southern state; that would not happen today—and Lloyd George was handing over to Bonar Law as Prime Minister in this country seriously still the funding mechanism for the 2020s or, more pertinently, the 2030s?

Baroness Harding of Winscombe: Mr Dyke, is the BBC satisfactorily serving all its audiences? If not, what does that mean for the licence fee?

Greg Dyke: It has always struggled to serve all audiences. That has always been its aim. If everybody is to pay the licence fee, you are trying to put something on somewhere for everyone. It does that more successfully at some times than at others. If you go back to the figures when I was director-general, it was certainly more popular and better supported in the south of England than in the north. The further north you go, the less was the commitment to the BBC. We tried to do things about that by going to Manchester and all sorts of other things.

There are many people serving lots of audiences. We have to be careful about the coming of the streaming services, because it is not yet clear that they will be as profitable as people think. Apple, Disney and Amazon are all funded not from the income they get from their streaming service but from their other activities, which is why I suspect Netflix will have some difficulties. We do not yet know what the end of this period will be like, and I would not rush into making decisions.

I have always been of the view that the licence fee was an unsatisfactory tax, largely because it costs the same whether you are poor or rich. That has always seemed to me to be deeply unfair; I felt that when I was at

the BBC. It survives, and has survived so long, because when you start looking at what you replace it with, it becomes difficult. You will go through this yourselves. What do you want from it? There are a certain number of requirements.

First, you want a properly funded BBC, and with inflation running at 10% and the BBC on a fixed licence fee, I fear for the effect of that on the next few years. If you can survive it for only one year but it goes on for five years, it is difficult. As well as being properly funded, it needs universality. The great thing about the BBC is that even if you do not pay the licence fee you can still get it, watch it, listen to it and get what it does; that is important. Thirdly, it has to be politically independent. If it does not retain its political independence, there is almost no point in having it. I have sat in meetings with directors-general from other European countries who have got phone calls from the Minister responsible for broadcasting in their country virtually telling them what should be on the news that night. That does not happen and has never happened in this country, despite the odd attempt. You cannot blame anybody for trying, but the question is whether you succeed.

Those three things matter to me. Universality—everybody being able to receive it and get it—is incredibly important at certain times. It certainly matters in recent times with what has been happening in Ukraine, and it certainly mattered with the pandemic, but it matters with smaller things than that. I remember a range of things happening when I was running it, when suddenly the local radio service mattered; everybody can receive it. It seems to me that those are the things you have to defend. Having said that, what sort of publicly funded system—I think it will have to be a publicly funded system—can we have that is perhaps fairer and costs less to collect? It is quite expensive to collect the licence fee.

I am sure that, in the next year or so, people will look at a range of things. They will look at what is happening in other countries. How do you fund the BBC? What matters is that we continue to fund it publicly and that it is the principal broadcaster in this country, which it is and I think it will remain.

To come back to your question at the beginning about whether it serves everyone, clearly it is getting harder and harder to serve the younger audience. Everybody who has looked at this issue has seen that. What we do not know from this particular generation is what they will be like in 20 years' time. Will they be watching and listening to the BBC? That is certainly what appears to me to happen over time. I would do more, but the BBC runs a very good local programme service, with local news and local current affairs. I do not think I know of any 18 or 19 year-olds who watch it. I do know of quite a few people who, when they have had children and are much more embedded in their community, are involved in it. It seems to me that that is the difference.

We should not dismiss that. The BBC should not spend all its time and money trying to get a younger audience. It should be trying to serve as wide a proportion of the population as it can, but not with everything it

does. Some programmes will appeal to certain audiences; some will appeal to others. That seems perfectly valid to me.

Baroness Harding of Winscombe: You described it as, “You can’t do everything for everyone”. Where would you focus? What would you have the BBC do less of, or none of, in what it currently does?

Andrew Neil: The BBC will decide to do that, because financiers will force it to do so if we continue with the licence fee as is. In real terms, it has been cut every year. It is actually quite remarkable how well the BBC has continued to perform. Not many other public services have had a 30% cut in real terms and managed to do what they have been doing.

The easy, most comfortable way out is to continue with the licence fee. I suspect that that is what will happen again; it usually is. That is fine. It will be trebles all round in Broadcasting House and the politicians will have dodged a bullet by not doing something more controversial. However, the BBC is one of our great national assets. It is also one of the things that defines us to the rest of the world, along with the monarchy, our universities, our military, our science and so on. We are right to be proud of it, and its public service is very important.

If you carry on the way you are going with a funding mechanism, you at least have to ask the question and have a proper debate—we have never really had a proper debate, because it has always been closed down—about whether this is the right way to go. Although it may be comfortable, what may beckon at the end of the line is Upper Clyde Shipbuilders, where you just do not have the money, resources, technology or structure to survive in this new world of broadcasting, from multi-channel to streaming and global.

We used to think that we made the best drama in the world. We still make some very good drama, but where is the British “Breaking Bad”, a 70-part series of Dickensian complexity made by a subscription service in America? Where is the British “Gomorra”, made by Sky Italia? It is one of the most devastating crime series. I am sorry, but “Line of Duty” is a nursery party compared with “Gomorra”. These are television shows of incredible quality.

More importantly, for young people they have Hollywood production values. A lot of the BBC still does not have that because it cannot afford it. Where it can afford it, such as on a couple of superb dramas recently, that is all it can afford to do, and the price of it doing that superb drama is that, right up front, it has to sell the international rights with a co-partner. So it does not get the stream of income coming in over the years that it would otherwise do. We live in an age of intellectual property rights. That is where the money and the long term are.

I have no blueprint and no dog in this fight—I have three dogs, but none of them are in this particular fight—but I think it is time to look at whether we could do something else or try to do things in a different way. I have suggested that, first—this is something the BBC has always dodged—we should perhaps define what public service broadcasting is. Let us continue to fund that publicly, because it is public service

broadcasting. I would call that “core BBC” and it would be available to everybody for free.

We could have a debate about what that means. For me, it would definitely include news, most documentaries and children’s television—above all, children’s television with a British accent and British circumstances. It would also include Radio 3 and Radio 4, for sure. You could have a debate about whether to include Radio 5. It would include arts coverage, such as orchestras. It would include local radio, because commercial radio does not do public service in the way the BBC does. It would include some drama, such as the riskier drama; this could be done in the same way as subsidised theatre works in this country. It often does things that the commercial would not do, but, in the end, sometimes it does things that are moved to the commercial. It takes a risk first, and then it moves from the South Bank to the West End. I could see that happening with core BBC.

It would also include all the major national events, because they bring us together and are a fundamental part of the BBC, and the major sporting events. Indeed, I would love it if politicians widened the definition of a national sporting event from not just the FA Cup final. I would include the Olympics, for sure. I have a personal beef in that I wish Test cricket was also a national sporting event, but that may just be me. As I have suggested as an idea, this would be financed through a commission for public broadcasting, which would be financed directly by the taxpayer. As with the Arts Council, there would be a gate between politicians and broadcasters.

The rest of it—the “Strictly”, the drama, the ratings winners and so on—would be like HBO in America; you would pay for a subscription. That way, you would not lose the core, fundamental values of the BBC. It would still be doing what it does best, which only the BBC can do in most cases, but it would free it up to do more of the second part, which you could call “commercial BBC”. It would free it up to do more international deals and to borrow more. One of the easiest ways to borrow is against subscription income. Universities know that, because university fees are essentially a subscription income. If you can borrow against a guaranteed level of income, you can do it. Netflix finances itself out of its subscription fees, but it borrows a ton of money against future subscriptions.

I know there are a huge number of disadvantages to this, but rather than just saying, “No, that’s not going to work. No, we don’t want to think about that”, we should at least consider it, because a version thereof may save the best of the BBC and create a BBC that can flourish instead of just staggering from year to year in the 2030s. That is all I am suggesting.

The Chair: You have already touched on models. We now move on to the next question where Mr Dyke will be able to respond. He probably wants to pick up on some of those things.

Q124 **Lord Griffiths of Burry Port:** Mr Neil, I think your answer to the

supplementary question took you from being an analyst, which we all try to be as we question witnesses, to giving the perfect answer to the question I was about to ask.

Andrew Neil: My career is interviewing politicians, so I am always ahead of the game on these matters.

Greg Dyke: If they let you.

Andrew Neil: If they let me.

Greg Dyke: If they are not hiding in fridges.

Lord Griffiths of Burry Port: As a theologian, I would have put you in the run of prophets and seers. You have certainly outlined the essentials of a model that has coherence and is worth debating.

It is the will to achieve the change, both politically and publicly, that I want us to look at. Both of you are quoted in the briefing materials, so I have an inkling about this, on the anachronism that is the licence fee. Even so, Mr Neil, you put it into a place where, like the Arts Council and so on, we cease to call it a tax and look at it as a grant or something like that. In those different ways, where do we get the will, and perhaps the imagination, to achieve a viable future for the BBC? Where would the funding come from so that instead of doing what we have been doing, which is wading through treacle—looking at this and asking that—you raise your head up and say, “This is what would work”? You have done it. Perhaps Mr Dyke would respond and help us. Do you agree, or do you have another way of looking at it?

Greg Dyke: I think you need to commission a fairly serious piece of work on what happens elsewhere and whether the different models work. But I will not sit here and say that I can tell you something that I know will work. The great danger of change is that you could end up with one that does not work at all and completely screw the BBC. I would not let the BBC do that piece of work itself, because it has an inbuilt belief that the licence fee is the great solution to everything. That will increasingly become difficult to sustain.

However, we should have a serious piece of work looking at the alternatives. I would make one up like you did, but I am not sure there is a lot of point. There is a need for a serious piece of work to say whether there are alternatives. Is there a licence fee-plus scenario? As I said earlier, the collection of the licence fee is expensive, so you save quite a bit of money by not collecting it—getting rid of it and collecting the money through some other form of taxation that is much simpler to do. I will not sit here and say that I know how it could be done, but I do think someone should do that piece of work.

The Chair: Hopefully we are contributing to that with our future funding inquiry.

Greg Dyke: You are, and you are doing it in enough time. The problem with all the pieces of work that I have seen in the past is that they come too close to the period when the charter finishes. It is better to do it now and look at alternatives—and try to encourage the BBC to look at

alternatives. I know people who have worked at senior levels of the BBC who are adamant that there is no point continuing with the licence fee and that it has to do something else. It would be interesting to ask Tony. However, we should not rush into it. I think you will not rush into it. Someone should do that piece of work and say, "Okay, let's look at different models around the world and what models we could have. Let's try to work out what that is". The whole television industry has changed in the last couple of years at a speed that none of us could have foreseen because of the streaming services. How many will survive? Is it a short-term or a long-term phenomenon? I do not know.

Andrew Neil: Streaming will survive. That is different from whether all the streamers will survive. It is the way forward. That is how young people consume television today—not linear, they stream. That is the way it is. The BBC has an asset in iPlayer, which is part of the streaming system. Streamers will survive. The British broadcasting establishment always thinks that new technology will not work. When I launched Sky television, everybody told me it would fail. Three or four years ago, it was sold for, I think, £28 billion, so maybe Britain should have more such failures.

Secondly, none of what I have suggested could be done in time for 2027 because the technology is not right. We would need far more universal access to broadband, because this would require broadband delivery, and/or we would have to add conditional access to Freeview—to allow people to do subscription on Freeview. The existing broadcasters insisted that you could not, because Freeview was basically for the BBC and ITV and not for Sky, but it can be done. There would need at the very least to be an interim stage before any of this could come in towards the end of the decade, maybe the beginning of the next. We have time.

On the commission of public broadcasting and funds, I reckon that about £1 billion would easily cover what I have outlined as core BBC. You may debate and subtract from what I have suggested or may well add to it, but it would cost more. I would add more, because I would allow the commission of public broadcasting to hand out funds also to ITV, Channel 4 and Channel 5 to do some public service broadcasting so that it could be spread and we could experiment. That would be great.

I would also link it to what the broadcasters are doing on training and skills. In this country, only the BBC does proper training; everyone else is a free rider. There should be nothing from the commission unless you are also doing a lot of training. We need those skills. We live in a country that gets five stars for running itself down. Actually, on audio-visual, we are a superpower. We are world-class. Only America has more. We are the biggest production centre outside North America. Last year, £8 billion was spent on production of television and movies in this country alone. More Hollywood blockbusters were made in Britain than in Hollywood. By this October, inside the M25, London will have more studio space than Los Angeles. Think about that. Does anybody know it? No, because we are too busy running ourselves down.

We are sitting on a hugely successful business. You as politicians need to come up with a system that makes sure British players are part of this and that we do not just become a broadcasting Wimbledon, where we provide the venue but all the players are foreign.

Greg Dyke: As we have done with the Premier League, I should point out.

Lord Vaizey of Didcot: Apart from Brentford.

Q125 **The Chair:** Let us not get distracted by the football. Let us stick with the BBC. We have heard over the course of this inquiry that the BBC faces a number of challenges, some of which you have touched on, whether it is increasing competition or declining viewers because of that competition. Can you give us a view, just to shift the focus slightly, of how well you think the BBC is responding to those challenges, which are also faced by the commercial broadcasters, in a way that maintains itself as something distinctive from them? Clearly, there are big challenges for the BBC if it is to retain public funding of some kind, whether in a period of transition to something else or in a future hybrid model—perhaps yours. Do you get a sense from where you are sitting that it is responding to those sector-wide challenges in a way which manages to make it still seem somewhat different from everybody else?

Greg Dyke: I think in certain areas it does. Its drama and entertainment are actually going through a very good period. It is not as expensive as some of the streamers, but I think it is going through a good period. There are certain areas that I feel particularly concerned about. If we are not careful, our democratic structure in this country will be undermined by the fact that the regional press is near collapse. You go to your local newspaper now, and if they have one journalist they are doing well. I have phoned a regional newspaper and said, "Would you be interested in this story?", and they said, "Only if you take an ad". We are getting to that stage with the regional press, and the regional press blames the BBC, partly. We need better regional coverage than we have, and I think that can be done by breaking up the signal in different areas. That would cost money, but it would be worth doing, because it is important to the whole democracy argument.

I think the BBC has done okay. It has lived through a very difficult period in terms of money—it now going to live through another difficult period in terms of money—but it has done okay. However, I am of an age where my generation are BBC and ITV viewers. I look at my kids, who are now in their 30s and 40s, and they do not seem to be totally devoted to the streamers or anything else. They, too, watch and listen to the BBC and I suspect the next generation will—but not yet.

At times of national importance and crisis, that is the role of the BBC. That is when people turn to the BBC, because they trust it.

Andrew Neil: I do not think that the BBC is distinctive enough. I would like it to be more distinctive. However, along with its many advantages, part of the problem with the licence fee is that, because you are making a compulsory levy on everybody—it is a poll tax, in effect, because we all

pay the same regardless of circumstance—you have to make programmes for everybody. That inevitably means that the BBC makes a lot of programming that is by no definition public service broadcasting. It is the same kind of programming that the commercial channels, such as Sky, make.

This has actually allowed some commercial channels to get one up. That is inherent in the licence fee. You may decide that that is one of the prices we pay, but a lot of the programming that the BBC is making for everybody, or for the majority of licence fee payers, is probably the more expensive stuff because it is going for a mass audience. This then limits the amount of money you have to do the stuff that would differentiate you more.

If you look at the commissioning processes of HBO, Netflix and Amazon Prime, they have more resources to commission more distinctive things. The BBC still makes a lot of fine drama but it is struggling to compete. It is struggling to produce the same volume of drama. Let us not forget that probably the finest British drama of the past 20 years is “Chernobyl”, made by Sky and voted by the Los Angeles critics circle as the finest television drama ever made—period. So there is plenty of stuff out there on the commercial networks that the BBC has been overtaken on.

On news, Ukraine has shown how superb BBC journalism—indeed, British journalism—is. The stuff on Sky, ITV and so on has been superb as well. It shows you that we have the journalism. However, again because of lack of resources, BBC News is now looking older and more tired. Compare the graphics packages and the presentation not just with the Americans, who are now in a different generation of news presentation, but with the French. In France, BFMTV, C5 and TF1 have far slicker studios and far better graphics presentation. I put aside the journalism, because you need these things if you are to meet a wide audience. A lot of what would make the BBC more distinctive, more British and more of a world leader requires more resources, which I fear it will not get from the current funding structure.

Q126 The Chair: In a way, that goes to the heart of one of the issues that Mr Dyke touched on in response to the first question asked today. Mr Dyke, you mentioned universality and the importance, in your view, of it continuing. I want to return to that and push a little further on it. In a world where there is so much more choice, although the BBC has a responsibility to make itself available to everyone—bearing in mind that, as you said, when you were director-general 20 years ago, the same kind of “serving all audiences” idea existed then as it does today, although the focus was on audiences in the north—do you think that universality should remain a principle when, even though things are available to everybody, some people are getting what they want from other sources?

Greg Dyke: Yes, because I genuinely think that it is about trust. At times of great drama and war, audiences for the BBC go up because that

is who they trust. That is incredibly valuable to us as a society, and I would hate to see it go.

I would also add to the point that Andrew made earlier. If you go overseas as director-general and talk to people there, you find that they would die to have the BBC—both radio and television. It is interesting that, during the Iraq war, the American broadcasters by and large went to war alongside George Bush. Who did really well at that time? It was BBC America and BBC radio in America, because people wanted a more balanced perspective on it. Here, it got us into all sorts of difficulties, as you will remember, but the truth is that we attempted, as we should do, to deliver impartial coverage of major events. That is why the BBC is trusted.

The Chair: I want to ask you, Mr Neil, about universality. Do you still feel that that is important?

Andrew Neil: I do not just feel that it is important. I feel that, in an increasing divisive and bifurcated polity, it is more important than ever. We need certain things that bring us together and define who we are, where we come from and where we hope we are going. In my suggestion—as I have said, it is not a blueprint; mind you, the more I talk about it, the more I warm to the idea—core BBC would be universal. All the major events I talked about would be universal. The Cenotaph, Remembrance Sunday, “Last Night of the Proms”—all these great things would be universal, as would the great sporting events. The things that make us who we are would all be universal. That is important.

However, not everything has to be universal. In the end, things can be about choice. You have to think about this now: do you want a funding mechanism in which you make people pay for things that they will not watch? Is that sustainable when they now have so much choice in the things that people do want to watch? If you stick with that, I think you get through this decade and probably into the next one, but, as I say, you may end up like Upper Clyde Shipbuilders. I was born only four miles from Upper Clyde Shipbuilders, so I will let you into a secret—it does not exist any more.

Greg Dyke: I recently saw an interesting piece of research by an organisation called MTM that basically took away the licence fee and BBC coverage from a set of people. You have probably seen the research.

The Chair: Do not worry, the BBC has made sure that we have seen it.

Greg Dyke: I am sure it did. The BBC commissioned the research, of course, so you must sometimes have your doubts, but it showed that when people say, “We don’t want the licence fee”, they do not actually know what they will lose. That is what came across to me from that piece of research. Once you have got rid of it, is there any way back? That is why it has sustained for so long, I suspect—because there is a danger that, if you get rid of it and do something else that does not work, you will have lost the Beeb.

Andrew Neil: No one is seriously suggesting that we get rid of the BBC.

Greg Dyke: That is not what I am saying. What I am saying is that that is what the BBC research showed. The BBC research said, “If you couldn’t get any of this”—

Andrew Neil: But no one is suggesting that, beyond some people on the far free-market right perhaps. I am not aware of any major commentators suggesting that. What we are trying to do is come up with a new way. As I said at that, Lenin’s new economic programme is no longer being rolled out. How do you preserve the best of the BBC in this new environment and at the same time make the BBC fit for purpose in a very different broadcasting age? These are not easy things. As I said, the temptation will be to stick with the status quo. That is often the British default position, which is why we have lost so much over the past 100 years. If that is how you want to go, be my guest and do it. I will probably not be here, but come back in 10 years’ time and see how it has worked out.

Q127 **The Chair:** You have touched on this question a little in some of the points you have made, but how well do you think the BBC itself, corporately, engages in these debates about its performance and future? Would you like to see it engage more openly in discussions about this topic? As you have said, there has been an attempt to avoid a debate and a discussion.

Greg Dyke: Only when I was director-general. I remember suggesting that maybe the commercial income from the BBC could be given out in dividends to the people who paid for the BBC. I was shot to pieces pretty fast by the higher echelons of the BBC, who historically tend to be conservative—I do not mean politically, obviously—and say, “This is what we’ve got now”. They may have been right over the years, but, as Andrew said, no one would have invented the licence fee today. If I came in and said, “I’ve got this great idea. We’re going to charge people £150 a year so that they can receive television in their home”, I would be laughed out of court. It is an anachronism, but if you are going to get rid of it, you need something better to fund the BBC. It could be that there is a method for the BBC, as Andrew said, where part of it is a licence and as part of it the BBC could make more money. I do not think it is a given that, if the BBC went totally to subscription, it would not make more money than it does now, but you lose universality.

Andrew Neil: That is why—I agree with Greg—I do not think that the BBC should go to total subscription, because you lose the universality and a lot of other things that even a subscription service would not provide. We have learned that subscription services can provide a lot of very high-quality television, but we have not learned that they provide news, for example, or a symphony orchestra—which the BBC does—or opera. That is why I would not go down that road. I have suggested that we try to keep what makes the BBC special, allow it to flourish and fund it in a different way, at arm’s length from the politicians—an Arts Council of the air is the shorthand that has been used.

We know how to do these things in this country. In other countries, it is not so easy, because the politicians would not leave the Arts Council

alone. In Britain, we are quite good at that. Yet coming up with a funding mechanism for other things would allow the BBC to look at Netflix, Amazon, HBO and other big American streamers and European networks and say, "Actually, we can take you on. We have the funding mechanism and the ability to borrow and market internationally. We are taking you on now, and we can do that". Britain will then remain a creative superpower.

The Chair: It is a shame that we cannot land on that very powerful peroration, as Lord Vaizey wants to come in.

Q128 **Lord Vaizey of Didcot:** I have ruined it again. I am so sorry, it is absolutely true to form for me, but I cannot resist asking Mr Neil one question. What suffuses this whole debate in Westminster about the licence fee—alongside the objective debate—is politicians' views of the BBC, which is driven by their perception of how it reports the news. You are a vastly experienced journalist who has sat in and led newsrooms such as the *Economist*, Sky and the *Sunday Times*—and, I know, because I have seen you, you have sat in the newsroom of the BBC. Is BBC News, in your opinion, biased? If it is, is it politically biased or biased in a perhaps more nuanced way?

Andrew Neil: There is always a special pressure on the BBC on this issue because of the way it is funded. Everybody feels, "If I'm forced to pay for this, even if I don't watch it, I want a say in what's going to be on" and "You're biased against what I think" or "You're biased against what they think". The BBC is in a special position here.

I have never found, with some exceptions because it is a massive organisation with a massive output, any intentional bias—people setting out to do biased news or broadcasting. I do not think that is how it operates. However, by the very nature of its being a metropolitan institution, it is biased, in the sense that it reflects the biases of the metropolitan world, which are different from the biases of the red wall—or in some areas even the blue wall. It makes no difference if you move stuff out of London to Manchester—which, by the way, is a more left-wing city than London—or Glasgow, which is also a much more left-wing city, particularly the west end, which along with Cambridge is the only part of the United Kingdom that voted for proportional representation in the referendum. None of that works.

If you look around the world, it is just the nature of that kind of broadcasting. I think you have to fight against it sometimes, but, by definition, if you are metropolitan based—and there is no other way to do that kind of broadcasting; you have to be based in some city somewhere—you will reflect these biases from the people you recruit. You will be much more diverse than the country as a whole, because metropolitan areas are much more diverse in everything from gender to ethnicity and so on. The one area you will fail to be diverse in is social background, where you will continue not even to know what social mobility is—no broadcaster has got it right. It is just built in.

Sometimes the debate in Britain takes place as if this was *sui generis*. Other than Fox News, every major broadcaster in America is on the left. And I will let you into a secret: they are all privately owned, publicly quoted corporations. The idea is that, if you simply change the ownership from public to private, as we would call it, you would change that—but look at NBC, ABC, CBS and CNN and find out. Watch Sky News, which is now on the left as well. It is nonsense that it is something we have to guard against, which is inbuilt. There are also ABC in Australia and CBC in Canada—they are all on the left.

Greg Dyke: Think of a few more.

Andrew Neil: All right, TF1, or ARD in Germany. I can keep going. Russia Today—no, that is hard right-wing nationalist.

Greg Dyke: Can I come in and answer the same question? My concern was not a left or right bias. Oddly, I believe that in the end all Governments dislike the BBC and all Oppositions grow to like it. That is inevitable, whoever is left and right. I was concerned about the south of England bias. I think the BBC has a big south of England bias. There is the famous joke—I do not know whether it actually happened—of the weather forecaster who said, “There are enormous storms across the south of England, but the good news is that they are moving north”. There is a degree of truth in that, which is why it was important to move further north and now to move more out of London.

The Chair: Thank you both very much for your evidence today. It has been hugely valuable and I am very grateful for your time. Mr Neil, as the professional and expert journalist that he is, tried to provoke me into responding to his comment about our inquiry and what we might find. I do not want you to think from your appearance today that we have reached any of our conclusions yet.

Andrew Neil: I did not think that. We wait with bated breath; we talk of nothing else.

The Chair: You should.

Lord Vaizey of Didcot: Will you interview the Chair on your show on Channel 4?

Andrew Neil: Only if the Chair has something worth while to say.

The Chair: There you go—you can be my agent, Ed. Thank you both very much indeed. We will now draw this to a close.