

Digital, Culture, Media and Sport Committee

Oral evidence: Pre-appointment hearing for Chair of the BBC, HC 1119

Thursday 14 January 2021

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Members present: Julian Knight (Chair); Kevin Brennan; Steve Brine; Alex Davies-Jones; Clive Efford; Julie Elliott; Damian Hinds; John Nicolson; Giles Watling; Mrs Heather Wheeler.

Questions 1 - 100

Witness

I: Richard Sharp, Government's preferred candidate for Chair of the BBC.

Examination of Witness

Witness: Richard Sharp,

Q1 **Chair:** This is the Digital, Culture, Media and Sport Select Committee, and this is a special hearing with Richard Sharp, the Government's preferred candidate for chair of the BBC. Good afternoon, Mr Sharp. Thank you for joining us. Before I start with the first question, I am just going to go round the Committee to see if there are any interests to declare. I will declare that I was a BBC journalist for five years.

John Nicolson: I was a BBC news reporter and news studio presenter.

Steve Brine: I was a BBC reporter way back in the mists of time.

Chair: Thank you. Thank you for attending the session today, Richard. Much of the coverage around your appointment has focused on your friendship with the Chancellor and also that you are a donor to the Conservative party. What would you say to critics who say it is a case of who you know rather than what you know?

Richard Sharp: You have been briefed by the Commissioner for Public Appointments that the process was robust and fair. You need to interrogate him if you are in any way dissatisfied with the process. He has commented in his letter about concerns about leaks of preferred candidates, so I understand that point.

My involvement with the Chancellor arose from the fact that he used to work for me and, when the pandemic arose, he asked me to put aside all my other interests and come in and help on financing for the corporate sector, in particular. I felt it appropriate to do so.

Q2 **Chair:** What about the quite substantial donations to the Conservative party?

Richard Sharp: Yes, I have donated over the last 20 years. There has been a period in the last 10 years when it was significantly less owing to the fact that I was complying with the Civil Service Code and separated myself from political involvement as a member of the Financial Policy Committee of the Bank of England, on which I served for two terms. I was complying with the Civil Service Code in all respects. I am not a member of the Conservative party.

Q3 **Chair:** There are some concerns within the BBC that you and the director-general have no editorial experience whatsoever. This is probably the first time in history that we have had both the director-general and the chair without any form of editorial experience. How do you think the organisation can make up for this lack of skillset?

Richard Sharp: First, you have to distinguish the chair and the board's roles from that of the director-general, who acts as the chief executive. I have no editorial experience. We can go into my media experience from the financial side, which has taken place. There was a recruitment process for a director-general and Mr Davie satisfied that process. I have met with him once. I have seen some of his speeches. He seems

forthright and capable, and he is leading an organisation of 20,000 people. He is the editor-in-chief, and the chair of the board is not involved in day-to-day editorship at all. That is not my skillset. Therefore it is more relevant to your interrogating the director-general on the editorial leadership within the BBC than it is for the chair. Arguably, if the chair saw herself or himself as an editor, there would be an element of overlap and potential for overreach. It is best that you have a chair who understands the role of the board and the separation between the board, which owns the strategy, and the management's job to execute.

Q4 **Chair:** Many of the most prescient issues that face the BBC, and have faced the BBC in recent times, have been editorial matters, particularly in an age where we face the challenges of fake news and disinformation. Do you not see that it is a helpful skill for the chair to have some form of editorial experience if the editor-in-chief has none?

Richard Sharp: The board as a whole has to have different capabilities, strengths and weaknesses. The board of the BBC has a number of people on the board, including the chair of the editorial standards committee, who have prior experience of news. You want diversity on a board in all respects. One of those is in respect to capabilities and the ability to interrogate and hold management to account.

Q5 **Chair:** Are you a regular consumer of BBC output? If so, what type of output?

Richard Sharp: I have been, for the whole of my life, a regular consumer of BBC output, going back to *Listen with Mother*, *Andy Pandy* and *The Woodentops*—this is before your time—but I was also inspired by Raymond Baxter on *Tomorrow's World*. I remember that the first sight I had of broadband cable was on *Tomorrow's World*, where he held up the glass fibre that digital signals would pass under. I was very disappointed, even though I was older, when that programme was stopped.

Throughout my life I have been a great consumer of the BBC, with the exception of when I lived in the States for a couple of years, because in those days we did not have the internet going across, which was very disappointing to me because I missed the match where Arsenal won the league in the last minute against Liverpool, and I could not see sport. I am a prolific consumer of sport, which is why I am heavily involved with Sky. Arguably too much of my life has been spent watching sport and continues to be. I find it dramatic, engaging and very enjoyable.

But I also share television experiences with my family. With one daughter, for example, I watch things like Adam Curtis, documentaries like *Disclosure*. With my other daughter, who is considerably younger, I watch *Yakka Dee!*, which is teaching her how to talk. With my sons I watch sports.

Q6 **Chair:** Many of the programmes you have mentioned, *Andy Pandy* and *The Woodentops*, which were on quite a long time ago, and *Tomorrow's World*, obviously, all go back a long time. Even Arsenal winning the league was 1989 or 1990.

Richard Sharp: That is a fair point, but do I consume *Fleabag*? Yes, and *Line of Duty*. It was a little awkward when I was sitting with my 90-year-old mother watching *Fleabag*, and when I recommended she watch *Industry* before I knew what it was going to be about. I watch *QI* with her as well. I inhale dramas. Although I enjoy *National Geographic Wild*, I obviously also enjoyed the cheetah series recently, and who does not enjoy the David Attenborough series?

Q7 **Chair:** You are a Brexiteer, Mr Sharp. Did you think the BBC got its Brexit coverage wrong?

Richard Sharp: I am considered to be a Brexiteer.

Chair: It is quite fashionable these days.

Richard Sharp: Yes. The BBC has been accused of being partial in its delivery of news and information around the Brexit debate. That is not a universally held view. As we all know, there is confirmation bias on both sides of the argument. Those people who were in favour of remain felt that the BBC did not appropriately discuss the accuracy of the Brexit campaign. Brexiteers felt that—there have been studies done—the representation of Brexiteers on the news and on certain programmes, for example *Question Time*, was not balanced.

I suffer, like anybody, like each one of you, confirmation bias, and the question is what is the empirical truth? There have been studies done and there has been some acknowledgement that some aspects of the Brexit coverage, from time to time, was unbalanced, but both sides have issues with how the BBC delivered its view.

Q8 **Chair:** You have given a very studied explanation of the debate around the BBC's Brexit coverage, but what is your view of it? Do you believe that the BBC's Brexit coverage was biased?

Richard Sharp: No, I do not. There were certain occasions when the representation was unbalanced. Do I think that *Question Time* seemed to have more remainers than Brexiteers? Yes. But in terms of the breadth of the coverage, I thought it was incredibly balanced in a highly toxic environment that was extremely polarised.

Q9 **John Nicolson:** Thank you very much for joining us today, Mr Sharp. I have just been looking at the recruitment process you have gone through hitherto. The advisory assessment panel, who have selected you, include the permanent secretary of the Department for Digital, Culture, Media and Sport, the secretary-general of the Archbishops Council of the Church of England, and the HR director of Tesco. Does that seem like a broad cross-representation of contemporary society to you?

Richard Sharp: There was also somebody from the National Lottery fund.

John Nicolson: That makes all the difference.

Richard Sharp: I felt it was a rigorous interview. I felt I was challenged. Parliament has established a public commissioner to ensure that the

process is fair and rigorous. You may have a different opinion. Certainly going through it, I felt I was put through my paces. I imagine other candidates may feel so, too.

Q10 **John Nicolson:** As we have established, you are a Conservative, if not a party member at the moment. The majority of the Committee are Conservatives, so you are among friends. Can you confirm how much money you have donated to the Conservative party?

Richard Sharp: In the last 10 years I think I have donated—a friend of mine rang me up before the last election as an individual and asked me to donate to his constituency, which is Hereford, and I donated £2,500. That is broadly what I donated over the last 10 years.

John Nicolson: Before that?

Richard Sharp: I am answering the question, if that is all right. Before that I had donated approximately £400,000.

John Nicolson: £400,000?

Richard Sharp: Yes, over 20 years.

Q11 **John Nicolson:** As far as I can establish, that was between 2001 and 2010. That, of course, was during the worst of the austerity programme. You had £400,000 in spare cash and you thought that the most deserving recipient of it during that period was the Conservative party?

Richard Sharp: The most deserving recipient of what?

John Nicolson: Of £400,000. You could have given it away to charity, to homeless people.

Richard Sharp: During that period I was not—

John Nicolson: You could have given it to children.

Richard Sharp: Yes, I did.

John Nicolson: You gave £400,000 to the Conservative party.

Richard Sharp: Yes, I have given substantially more to cancer-fighting entities. I contributed a significant amount to support an initiative at Nottingham University for the early diagnosis of cancer. I have contributed to Crisis and to other charities. The amount I have given to charities dwarfs the amount I have given to political donations, if that is the question you are asking.

John Nicolson: It is one of the questions I am asking. You have already established that—

Richard Sharp: I should say that two of the charities I supported —I am sorry to interrupt you—are led by ex-Labour Ministers or MPs.

Q12 **John Nicolson:** Good. You are friends with Boris Johnson, we have established. You were an adviser when he was the London Mayor. Friends with Rishi Sunak. The job that you want will be given to you by a Tory

Cabinet Minister. You have many fine qualities, I am sure, but does it not all strike you as a little bit cosy?

Richard Sharp: This is not the first time I have applied for a board position at the BBC. There was a Conservative Administration at that time and I did not get the position. You are coming back to the same issue, which is whether I think the process was appropriate. It is for you to judge whether I am an appropriate candidate or not.

Q13 **John Nicolson:** No, do you think it is appropriate?

Richard Sharp: I just wonder if I can finish.

John Nicolson: I am happy to make my view clear in due course. I am asking if you think it is appropriate that you, as a massive Tory donor, should end up getting a job from a Tory Cabinet Minister when you are friends with two Members of the Cabinet.

Richard Sharp: First, that is an entirely legitimate question to ask. On my merits, am I an appropriate candidate? Will I be able to do a good job? That is for you to judge, and it was for the panel to judge.

Q14 **John Nicolson:** Your predecessor as chair, Rona Fairhead, was also a Tory. She resigned. She was immediately appointed by the Conservative Prime Minister to the House of Lords and became a Tory Minister. The director-general of the BBC is a Tory as well. We know that because he stood as a Conservative party candidate. Can you remember a time when the number one and the number two at the BBC were publicly identified as supporters of the Conservative party, and do you think this is healthy?

Richard Sharp: When Gavyn Davies and Greg Dyke were there, they were number one and number two, they were politically associated at that time as well.

Q15 **John Nicolson:** So it is your turn?

Richard Sharp: No, it is not. Six or seven of the last eight governors have been associated politically. It is not unusual, and it is more common than not. It is often because it attracts people who are committed to public life and want to make a difference. Part of the reflection of that is their advocacy of certain things that matter to them. No different than yours, for example.

Q16 **John Nicolson:** Except the Scottish National party has never been able to appoint a BBC chair, nor would it choose to do so, and nor does it take huge political donations, like the Conservative party. It just all sounds a bit like Buggins' turn to me. Your defence of the fact that the number one and number two at the BBC are Tories, and you are a big Tory donor, is, "When Labour was in power, Labour did the same." That is not a defence of this cosiness in the upper echelons of public appointments where the gift comes from a Cabinet Minister.

Richard Sharp: You are perfectly entitled to your point of view.

John Nicolson: I know.

Richard Sharp: I know you must be, as am I, a great fan of Daniel Patrick Moynihan and, as he said, you are perfectly entitled to your opinion but you are not entitled to your own facts.

John Nicolson: You have done your research.

Chair: Order. John, please, can we just let Richard answer that particular point.

Richard Sharp: Adjacency at any time means that people can form that opinion, and it is a perfectly understandable opinion for them to form, but it does not mean it is right.

Q17 **John Nicolson:** Daniel Patrick Moynihan's point was that you cannot manufacture facts. I have expressed opinions and I have asked you questions, but I have not, to use his definition, made up any facts.

At the time you were giving £400,000 to the Conservative party, pensioners over 75 were having their free TV licences taken away. Can you give an undertaking that, during your tenure as chair, because inevitably you will be appointed of course, you will not prosecute or allow the prosecution of any old person for non-payment?

Richard Sharp: For me to intervene on legal issues is entirely inappropriate.

Q18 **John Nicolson:** No, it would be a BBC choice to choose to pursue that or not.

Richard Sharp: It is not. It is a criminal issue, is it not, at the moment?

Q19 **John Nicolson:** But the BBC could make it known that it does not want to pursue it. The BBC would have to want to pursue it for that to happen.

Richard Sharp: As I said, it is a criminal issue.

John Nicolson: That is no commitment on that.

Q20 **Damian Hinds:** I hope to come back later with other questions, but for now I have just one, on priorities. Tim Davie, in his initial speech, talked about a number of key things like renewing the commitment to impartiality, getting more from online and building commercial income. When he was with our Committee, he talked about the importance of audience value and supporting the wider creative industries. Would you set out your priorities as being the same? If so, within that group, which one or two would you elevate above the others?

Richard Sharp: Impartiality is clearly the biggest issue. One thing I would add as a priority, which I think I mentioned in my paper to you, is the culture within the BBC. Many of you are ex-BBC journalists and know the inside workings of the BBC far better than I do. Clearly some of the problems the BBC has had recently are rather terrible and reflect a culture that needs to be rebuilt so everybody who cherishes the BBC and works at the BBC feels proud and happy to work there. That would inevitably produce a better output.

Q21 **Chair:** Just to follow up on that, Richard, you said about the culture needing to be rebuilt. What specifically needs rebuilding?

Richard Sharp: Trust in leadership and trust in processes. The Pollard review, which was not that long ago, talked about chaotic processes. Gender pay issues, which also show something like 5,000 or 6,000 different job titles and disparity in pay, inevitably created a sense of unfairness for people working within the BBC, whatever the circumstances were that led to the differences in pay. That is not a good culture to have.

Q22 **Chair:** Do you subscribe to the Secretary of State's view that the BBC is, and I quote him directly, "too woke"?

Richard Sharp: The issue is whether there is groupthink, or whether there is diversity, and that goes broadly in a number of different dimensions. It is different communities on the basis of economics, regions and ethnicities. The issue is, is there groupthink? The accusation you spoke about is centred around a view that there is a liberal metropolitan view governing editorial decisions. The easy way to combat that is to have a very diverse group of people involved in making those decisions, and then you make better decisions.

Q23 **Chair:** The current director-general has apparently banned the phrase "out of London," probably reflecting what you are talking about in terms of metropolitan viewpoint. Do you see the BBC fundamentally altering its relationship with former red wall seats in the north of England and the Midlands as part of that process of rebuilding trust?

Richard Sharp: Yes, because it is about whether the BBC is of value to every citizen. A significant minority of citizens live within London and it is easy to lose sight, because of the scale of our nation, of how large the regions are. When I went up with the Bank of England to talk in the East Midlands, for example, I was surprised to find that it would have been the eighth largest country in the EU, and bigger than Hungary in terms of GDP.

The regions and nations of the UK have absolutely every right to feel that their voices are heard. It is no accident that *Angels of the North* was popular in the north-east. It connected to the people there because they felt it reflected some aspects of their life, and it was a source of entertainment and value to them as a consequence.

Q24 **Alex Davies-Jones:** I would like to explore some of the themes around diversity. Tim Davie recently said that every leader in the BBC needs to improve diversity in their own team and create an environment where everyone is treated fairly and equally. What is your track record in this area? Can you give us some examples of your own experiences of where you would have increased diversity and been a champion for diversity?

Richard Sharp: Yes, I can. For example, it is an interesting exercise because it reflects the fact that one has to be strategic about diversity. You have to have a strategy for diversity; you cannot create instant changes. I was involved in recruiting for a large organisation, and I was

not satisfied with the number of minorities that were coming out of some of the leading university recruiting exercises. We found out that was because they were not getting into the universities in the first place. We established a summer school in order that children and students from secondary schools, from minority backgrounds—specifically minority backgrounds—could be coached on how to get into the better universities.

Within the organisation I was considered a significant mentor, and I was noted for that, particularly mentoring the women in the organisation. I am a trustee of one of the charities I mentioned to Mr Nicolson, something called UpRising, which is specifically focused on bringing better career opportunities to young students from minority and economically disadvantaged backgrounds, led by Rushanara Ali—one of your Labour colleagues—and I support them both financially and as a trustee. They also provide the One Million Mentors programme, which is also trying to bring mentoring into our nation, allowing everybody from whatever background to aspire to success and achieve success in an equivalent manner.

I mentioned the question of strategy because these things cannot happen at once, certainly in an organisation of 20,000 people. I will look at the internal processes that take place within the BBC, and I will certainly, as part of the cultural focus, try to drive mentoring and openness to allow people from disadvantaged backgrounds, as well as minority backgrounds, to succeed.

Q25 Alex Davies-Jones: I am glad to hear that. Do you think the current membership of the BBC board is representative of the UK population? If not, how would you seek to change it?

Richard Sharp: You have looked at it and you can see that it is not fully representative. It is very challenging, a board. If you look at the board of Netflix, you will see—and maybe we will get into the global competitive environment—that it is an incredibly powerful board in terms of the capabilities and strengths that they bring to their chief executive, with people from Amazon, Disney, McKinsey, venture capitalists, et cetera.

The board has to be diverse because we are a public service broadcasting organisation. The people of this country have to feel that the leadership of the BBC represents them, and it is fair to say that, at the moment, it is not fully diverse. Certainly, as we reconstruct the board over time, we have to make sure that the matrix of diversity involves the talents and capabilities but also effective representation of very different types of people in our nation.

Q26 Alex Davies-Jones: The BBC is committed to putting £100 million towards diverse and inclusive programming. How would you advise the board to monitor the spend and measure how it is making a difference?

Richard Sharp: I do not know what the plan is. If appointed, I would want to see the plan. It is very exciting that they are doing that, not only in itself but because it sends a message that should inspire people from

minority backgrounds to want to engage with the BBC and with the creativity.

Q27 **Alex Davies-Jones:** It will come as no surprise to you that I am a very proud Welsh MP. I am trying to increase my use of the Welsh language and my proficiency in the Welsh language, and I found S4C to be a vital tool in this for Welsh learners and for those who speak the Welsh language. What are your thoughts on the future of S4C given the recent announcement that public funding will come entirely from the licence fee from 2022-23?

Richard Sharp: The first accent I had was Welsh, because I grew up for the first years of my life in Llanfrechfa, which I can now no longer pronounce—Bath Green in Llanfrechfa, outside Newport—and I have one eye at least to understanding the importance of the Welsh identity, and there needs to be significant investment in the capabilities of the BBC. We need to ensure that the feedback we get from the community in Wales means that what we are offering satisfies them in a way that they want to be satisfied, not in the way the BBC thinks it should satisfy them.

Q28 **Alex Davies-Jones:** It is probably a personal bugbear, but I also feel it frustrates the people of Wales that journalists and broadcasters often refer to “the Government” when speaking specifically about the UK Government. This has been particularly noticeable when the devolved nations have at times taken different approaches to tackling coronavirus. It has also caused some misinformation about the guidance and restrictions applicable across the four nations of the UK. Do you recognise this as an issue, and how would you advise tackling it and making sure that the distinction between the Welsh Government, the UK Government and devolution is made unanimously clear to all of us?

Richard Sharp: It is a serious issue. Those people who drove into Wales thinking that there were the same issues in Wales as in England demonstrated that the messages about fighting the pandemic had not got across, in that there are regional differences and national differences. Clearly the BBC, in its broadcasting, needs to make that absolutely clear. To the extent that there is confusion, maybe it needs to do better.

Day-to-day decisions are for the director-general, but if I were appointed I would certainly ask him to look into that and make sure we understand where the confusion comes from and what the messaging that we need to do should be, and if we need to do something differently.

Q29 **Julie Elliott:** I am slightly concerned by one of the things you just mentioned regarding the problem of gender pay within the BBC, because what you were describing is the problem with equal pay in the BBC. Could you elaborate on what you meant to make sure you understand the difference, because I am a little concerned by your answer?

Richard Sharp: I had a very interesting experience when I was working at a previous organisation, where they had a very careful 360° evaluation system. When the results of the subjective analysis were produced, there was an empirical grading system, which was numerical. What I observed

as a result of that is that the metrics were set up in a very masculine way by men, and some of the issues to do with self-promotion and advocacy that some of the women who worked in the environment were not as facile with meant that they were judged differently. In that case, in order to achieve equal pay, you also need to make sure that the metrics imposed are gender neutral.

Q30 **Julie Elliott:** Exactly. The BBC has got itself into an absolute mess in recent years around equal pay. Even those of us who have spent many years working on the subject were shocked at just how deep the problem was. To be fair to the people running the BBC, I do not think they were aware of the problem they had. It came out as a result of our asking questions on the gender pay gap on a previous Committee. Once we were at the point where the mess of equal pay was uncovered, it took the BBC some considerable time to accept that it had a problem and start to deal with it. Have you read any of the transcripts of the previous Committee in this area?

Richard Sharp: No, I have not read the transcripts. I read the EHRC report, but I have not read the transcripts.

Q31 **Julie Elliott:** Could I suggest that you read the transcripts of the previous Committee's questioning around equal pay, particularly the hearing with Carrie Gracie, because that hearing in particular set the scene for what was wrong and the slowness with which the BBC then acted?

We had the new director-general in front of the Committee a few months ago, and we asked a lot of questions about the cost to the BBC of the equal pay claims and the tribunal hearings, of which there have been many. I have not looked very recently, but up until quite recently the BBC had lost every one. We have had correspondence back in which he committed to telling us how much the cost was, and bear in mind this is public money. He has come back and it has been clouded in language—we have had no figures back—saying, to paraphrase, "it is impossible to break up what amount of the lawyer's time is spent on one thing or another, and we are seeking more clarification." Would you commit to getting us that information, bearing in mind it is public money?

Richard Sharp: First, you are absolutely right. It is your money. It is our money. It is public money. You are raising a number of issues. Should the BBC be spending money on defending actions that are brought by employees against the organisation? Clearly, any organisation needs to do that. We appropriately have a significant number of legal protections in place for individuals to be well treated. I would imagine most large organisations are facing disputes between some of the employees who work in that organisation and the organisation, and unfortunately they need to be arbitrated in a judicial way, either in front of a commission or alternatively in a court. It is appropriate for an organisation to legally represent itself in that point. I do not have an issue with the BBC representing itself. I would have an issue if the processes are not efficient and swift—

Julie Elliott: Which they were not.

Richard Sharp: There need to be judgments made about the philosophy behind acknowledging mistakes or dealing with it. I know the BBC has been regarded as very defensive in the past.

I would want to see the money spent as though it was yours and mine and my mother's: very carefully. The money should be well spent, and the approach the BBC should take to that should be as a good employer, but it has every right to defend itself if it has a different point of view than an individual's.

Q32 **Julie Elliott:** I go back to the question I asked. Would you commit to getting us the information on what these equal pay claims have cost the BBC, particularly the ones that ended up, time after time, at tribunal when it was very clear to anyone looking at the evidence that the BBC had no chance of winning these claims? That is an unusual position for an employee to get into, to defend themselves in a tribunal when, looking at the case, there is no chance of the organisation winning, and it did not win. This was not just one case; it was numerous cases. The reputational damage to the organisation has been enormous as a result.

It is one thing them finding out they had a problem, but had they held their hands up and said, "We realise we have a massive problem here; we need to sort this out," that would have been a much better approach. Can you commit to making sure that we get the information that the Committee has asked for?

Richard Sharp: I do not know how the BBC holds its information, how it slices and dices. If appointed, I would discuss your request with the—

Julie Elliott: Are you going to take this issue up?

Richard Sharp: Yes, with the director-general.

Q33 **Julie Elliott:** You have an enormous amount of experience of different organisations. What was quite clear during the equal pay situation was that there was nobody in the BBC who had oversight of all the different silos and parts of the BBC, and I think that contributed to part of the mess they got into. Would you see it as part of your role as chair of the board to make sure that somebody does have oversight and keeps a check on what is going on in the BBC?

Richard Sharp: The board has a duty not to be involved in day-to-day management. They hold the management to account to execute flawlessly. If there are flaws, the board needs to be able to ask the right questions to identify them. This is one of the issues associated with some of the cultural concerns one should have at the BBC.

One of the previous questions was about the director-general's qualities, and one of the things I take comfort from—he may not have editorial experience—is that I judge him, from what I have seen, to be an outstanding manager. This goes to management, and sometimes these

things arise where you may have outstanding editors who are not so strong in management experience.

Q34 **Julie Elliott:** Would you see it as part of your role to make sure that somebody is in a position to have oversight on these issues and not let this happen again?

Richard Sharp: I would sincerely hope, as a result of the experience they have gone through and the EHRC referral, that they have addressed the internal structurings that are necessary to bring fairness and appropriateness to the compensation.

Q35 **Julie Elliott:** It is more about moving forward, that we do not get into the mess again. That is what I am concerned about. I have heard nothing from anybody at the BBC on this point, in any of the evidence sessions we have had, that reassures me that we are in that position. That is why I am asking you, as the incoming chair, that you will ensure the BBC is doing that.

Richard Sharp: If appointed, it would be very important to me that the organisation is fair and treats people equally. I would go further and say that, if you want to have a separate meeting after I have had the opportunity to examine the situation, I would happily do so, because the BBC would have to get it right.

Q36 **Julie Elliott:** Thank you. This is on the totally different subject of regional diversity and regional programming.

Representing a constituency in the north-east of England, some 300 miles from London, I often feel that regional programming is not to the fore as much as it should be. We have had a reorganisation within the BBC this year where we had to argue very fiercely to retain regional political programmes, but the award-winning *Inside Out*, an investigative journalism programme, was cancelled. The replacement is much bigger, covering a much wider area than just the north-east; not just the north-east, this affects the whole country. They have gone down to six areas, which are not regions but super-regions. That is one issue, and it has also been pushed as the replacement investigative journalism programme yet, among the jobs advertised, there was not one for an investigative journalist. Would you see that as a satisfactory way to cover regional issues in BBC broadcasting?

Richard Sharp: I am a great believer in community and localism. In the BBC's desire to compete with offerings that have global resonance—to compete with the Netflixes, the Amazons, the Apples of the world, et cetera—it is easy to lose sight of the important community, which is very local.

One of the things this pandemic has brought to us is an understanding of the importance of real localism, of communities smaller even than regions. That is a fantastic opportunity for the BBC to differentiate itself, because only the public service broadcasters—but particularly the BBC—are in a position to bring that to the individuals and the different communities within the UK. How they do that gets judged by the

evaluation of how the BBC is seen within its local communities. The execution of that mandate and the decisions that the director-general takes with respect to it are the editorial ones that are his and the executive team's. They just have to be right.

Q37 **Julie Elliott:** Would you see yourself having an oversight of that? Would you be prepared, if you did not think it was working, to say so?

Richard Sharp: Part of the public purpose of the BBC is to serve local communities so, absolutely, the board has to review how well the executive executed that plan.

Q38 **Julie Elliott:** Will you be happy to take questions on that at a future date if you are appointed?

Richard Sharp: Absolutely. If the BBC does not mean anything to somebody in Sunderland, it has failed.

Q39 **Chair:** I reiterate Julie's point. We feel as a Committee that, although the BBC has now settled many of the equal pay claims, there is still a culture of defensiveness over this issue. We do not think that is acceptable, and the BBC should be absolutely open and transparent in this respect. I would call on you, if you are made chair, to ensure that the director-general and the board get that message from the Committee loud and clear, because we do not want to be going through another situation, as we did with BBC women two or three years ago. I reiterate that point from Julie.

Richard Sharp: Are you talking about the localism issue specifically?

Chair: No, I am talking about equality.

Q40 **John Nicolson:** My colleague, Julie Elliott, was being characteristically generous when she said that BBC bosses did not know about the gender pay gap. As an ex-BBC staffer, I know exactly what happens. You go in for your pay negotiations and the person who does it has all your contemporaries' pay on the table in front of them, so they know exactly what everybody is paid, which is probably why I was lobbied quite heavily by the BBC not to call for the publication of pay because it knew exactly what would be revealed.

The thing about the gender pay gap is that it is not about the BBC defending itself. That is not what the legal actions are about. It is about intimidating women. Can I quote to you what a senior correspondent wrote to me privately? I told the director-general this. "They think they can just trample people like us. It is David versus Goliath. When you deal with management, they lie and they lie and they lie again." This correspondent told me that she had spent a third of her annual salary fighting her case against the BBC, and went on to win it; they all go on to win it. The BBC has a lot of money to spend. It is not a fair struggle if the BBC has unlimited cash—for either in-house lawyers or external lawyers—and they are up against somebody who is on a salary and who has to fund herself. That is not a fair battle. Do you agree?

Richard Sharp: Do I agree that it is not a fair battle?

John Nicolson: Yes.

Richard Sharp: It is broader than that. The MacTaggart lecture showed racial issues as well. We need to ensure that pay is considered to be fair across a number of matrices, and I cannot comment on individual anecdotal issues. You know as well as I do that, in any large organisation, some people see unfairness where it does not exist and some people see unfairness where it does exist, and you have to separate one from the other. I cannot comment on the merits of that particular case.

It would be terrible if the BBC is seen, in general, as that kind of an employer. I am absolutely convinced, from what I have seen of the director-general's speeches and the way he addresses himself, that he would be appalled if the BBC were to behave in that way. I would be, too.

Q41 **John Nicolson:** I would like to think so, too, but as Julie Elliott's question revealed, when we asked the BBC a very straight-up question, which is, "Please tell us how much you spent on lawyers" they would not tell us. They gave us an answer. It was not a satisfactory answer. Cross-party on the Committee, we thought it was an unsatisfactory answer. We wrote back to ask for a detailed answer, and we still do not have that answer. When do you think we should get it, and will you undertake, when you are appointed—as you will be—to ensure that we get it?

Richard Sharp: As a royal charter organisation, the BBC has to be answerable. It is appropriately answerable to Parliament, in particular, representing the people. Commercial organisations have different levels of accountability to shareholders, and they have to provide transparency as well. Should the BBC be ethical? Absolutely. Do ethics start at home? Definitely. Part of the ethics is how you treat your people. If you treat your people well, you get more out of them as well.

Q42 **John Nicolson:** I have had large amounts of in-confidence correspondence from folk who work at the BBC describing their distress. Here is one of the issues I have heard time and time again: the BBC is spending more on lawyers on individual cases than the value of the case itself. If that is true, that is unethical, isn't it?

Richard Sharp: No, you are absolutely wrong.

John Nicolson: If I have a—

Richard Sharp: May I answer the question?

John Nicolson: I want to follow up. If I have a case that is worth £20,000, do you think it is ethical for the BBC to spend £100,000 on the lawyer in that case, despite the fact they have lost every single case?

Richard Sharp: I do not know the individual cases, but let me explain to you what I was going to say. The reputation of the BBC is important both externally and internally. If the BBC was accused of being racist by an employee, and if the BBC were to settle that case, it would send a message to people at the BBC that it had accepted and acknowledged that that is how it behaved. If it did not feel that it had behaved in that

way, and if it had not behaved in that way—and this is obviously purely hypothetical—it is entirely appropriate for it to defend itself, because in so doing it is defending not only its reputation but the message it sends the people within the organisation.

Q43 **John Nicolson:** I see, so you think the BBC does not accept that it has a longstanding problem with unequal pay?

Richard Sharp: I did not say that.

John Nicolson: In the comparison you are making, the BBC wants to defend itself against charges of racism so it wants to defend itself against untrue charges of sexism.

Richard Sharp: If the BBC is defending itself, by definition, it has a different point of view from the person who is bringing the complaint.

Q44 **John Nicolson:** That is strange, because the BBC is both accepting that it has a long-running problem with sexism but, at the same time, is fighting people who challenge it for equality.

Richard Sharp: Which is why I cannot speak to the individual cases. What I can say—

John Nicolson: It is all in the public domain.

Richard Sharp: What I can say is that, having looked at the EHRC report, there are clear failures that gave rise to some of the concerns, although the EHRC found that they had not in the 10 cases, I think it was, acted inappropriately from—

Q45 **John Nicolson:** I suspect a lot of women at the BBC will be quite concerned to hear your answer on that.

Richard Sharp: Mr Nicolson, could you expand on that point because it concerns me?

John Nicolson: Yes, I think it is universally accepted among female employees at the BBC that there is an institutional problem about sexism and unequal pay—

Richard Sharp: Do you have evidence for that?

John Nicolson: Yes, I do. I have large numbers of emails and letters from people I do not know, female employees, who have told me this. BBC management have told me this informally and privately. Lots of people I know in the BBC will say it quite openly.

Richard Sharp: Could I answer that point?

John Nicolson: I do not think it is controversial.

Richard Sharp: You said “universally accepted.” That does not amount to universal. One of the reasons I mentioned this point about culture being the most important thing is that this is something to examine. Certainly, as I said to one of your colleagues, this matters to me. It matters to me that everybody in the BBC feels that they are treated

fairly. If you have evidence that indicates that that does not exist, I would be very interested to see it.

John Nicolson: Obviously I am not in a position to hand over private correspondence.

Richard Sharp: If appointed, I would be happy to come back to this subject, having looked at the situation in any lengthy discussions we may have.

Q46 **John Nicolson:** Why is only 80% of the licence fee raised in Scotland spent in Scotland?

Richard Sharp: You can ask me, but I do not have the answer.

John Nicolson: It is a pretty fundamental question at the BBC, I would have thought.

Richard Sharp: I gauge success not just by inputs but by outputs. Obviously you want to ensure there is successful delivery of a product to the Scottish people, and there are some real concerns that you could properly raise with respect to the connection of the BBC with the people of Scotland in a number of respects. With respect to the actual specific expenditure not arising to the amount you want, I would want to look at the causes of that and I would want to understand why it is at that level.

Chair: We are going to move on at that point but, just to have a shout out there, it may be 80% in Scotland but it is 14% in the West Midlands. The West Midlands has had its BBC hollowed out over the years. What used to be Pebble Mill, now the Mailbox, is a complete shambles in that regard. I would encourage you, if you are installed as chair, to take the issue of regional diversity very seriously.

Q47 **Kevin Brennan:** The last time there was an uplift, Scotland got more than Wales, so we can all play that.

I am interested that you grew up for some of your time in my hometown of Cwmbran, Mr Sharp—Llanfrechfa is part of Cwmbran. You will know how important rugby is in that part of south Wales. What is your reaction to the news that it looks like the Six Nations is going to be taken off free-to-air television because CVC have bought into rugby union and, for the first time ever, the Six Nations, which is a key part of our sporting culture across the UK—maybe particularly so in Wales—is not going to be on free-to-air anymore? Would you have a view on that as a pro tem BBC chair?

Richard Sharp: Yes, I do. There was another Richard Sharp who was a flyhalf for England, but unfortunately there was also a Barry John for Wales. I grew up in the 1970s seeing the Welsh trounce the English regularly, notwithstanding people like David Duckham, et cetera. Cliff Morgan was a hero of mine—if you remember his commentary and his play—so that inspired me to play rugby and break my nose, and I know it is a passion and a source of identity and coming together of the Welsh people.

When I see CVC going into the Six Nations—and even the All Blacks have just announced private equity coming in—I am troubled, because what I know is that it means they are going to want to capture an economic rent that might create a further paywall between the sport and the people. Sport brings people together constructively. It creates appropriate competitiveness between cities and nations, and rugby exemplifies that.

Q48 **Kevin Brennan:** Do you think the Six Nations should be on the list of sports that should be free to air because of its special part in our culture, like Wimbledon and so on?

Richard Sharp: I declare an interest in that I have a debenture at Twickenham and I love rugby. I was in Tokyo for the world cup. I am biased, and my bias is that it is important and valuable. The cricket paywall deprived many people of some incredible sporting events over the last couple of years, in terms of heroic achievements by the English team. We have to be concerned about it, and my bias is in favour of more listing, recognising that these sports need to have money brought into them in order for them to flourish and survive.

Q49 **Kevin Brennan:** I was also in Tokyo and had to come back to the recalled Parliament because of Brexit. That is my bitter memory of that period.

The Government have increased the pay—I know you are not short of a bob or two—from £100,000 to £150,000 for your role in order to attract a wider field. Would you have applied if it was £100,000?

Richard Sharp: All positions have to provide appropriate financial incentives for the right people.

Q50 **Kevin Brennan:** That is true, but you just worked for free at the Treasury for Rishi Sunak. I am not saying that you should not get the rate for the job, I am just asking whether the salary would have been an issue for your applying or not?

Richard Sharp: I was paid to sit on the Financial Policy Committee at the Bank of England—I asked not to be paid—and every year I gave that pay to charities that I chose. I intend to do the same, should I be appointed.

Q51 **Kevin Brennan:** But it will not be a £150,000 future donation to the Conservative party, it will go to charity?

Richard Sharp: Correct.

Q52 **Kevin Brennan:** You said in your note that you are not going to make any political donations in your time in office as chair. Is it your intention to make any to the Conservative party after you have been chair of the BBC?

Richard Sharp: You will have to ask me then, and you would have to ask me which party as well. I do not have any current plans.

Q53 **Kevin Brennan:** There has been a story in *Middle East Eye* about your

making donations to the Quilliam Foundation over the last few years of £35,000. I am curious as to why you have chosen to make those donations, as they are quite recent.

Richard Sharp: I heard Maajid Nawaz on LBC, and I was impressed by his personal efforts to combat radicalism and extremism. I felt it was appropriate to support his efforts in trying to bring the community as a whole together.

Q54 **Kevin Brennan:** Are you aware that there is some controversy in the UK Muslim community about that particular organisation? Do you have any concerns that, by donating to it, you might draw some criticism from that direction?

Richard Sharp: I was concerned, on its merits, to see what I could do to help fight radicalism, and that was the purpose of my involvement.

Q55 **Kevin Brennan:** Are there any other similar organisations that you have donated to?

Richard Sharp: Not similar, no.

Q56 **Kevin Brennan:** I noticed in your questionnaire that you applied for this particular role because of encouragement from friends in the media. Did any politician suggest that you should apply?

Richard Sharp: No.

Q57 **Kevin Brennan:** Not the Chancellor or the Prime Minister?

Richard Sharp: No.

Q58 **Kevin Brennan:** You will probably be aware there has been some speculation in the press that the Prime Minister, in particular, wanted somebody who is a Conservative supporter in that post, but you have not had any approach or feelers from politicians for you to apply. This was entirely all on your own initiative, is that correct?

Richard Sharp: It was. That is absolutely correct.

Q59 **Kevin Brennan:** You have also said that you anticipate that impartiality will be a key part of what you have to do as chair. I know we have had a little bit of discussion on this already, but are there any particular examples of BBC coverage in recent years where you think the BBC has failed to be impartial?

Richard Sharp: In looking at impartiality, or partiality, you have to look at the output as a whole. There are some specific programmes you can look at that could be considered partial.

Take *Roadkill*, for example. One reviewer of the programme described it as representing all the Conservative politicians as venal and slimy, and that it was partial. That review was in *The New Statesman*.

Q60 **Kevin Brennan:** Did you watch it?

Richard Sharp: I did, and I enjoyed it. I thought Hugh Laurie was absolutely magnificent.

Q61 **Kevin Brennan:** Did the issue of impartiality concern you?

Richard Sharp: It had the privatisation of the NHS as a subject line, and every Conservative was a villain. In isolation, you could say that that was partial. David Hare was the writer, it had great producers and the plot was a Conservative politician rising to be Prime Minister who was adulterous, went along with murder, was bribed and was also involved in trying to privatise the NHS.

As you know, David Hare, as a writer, is not considered to be impartial. Clearly in producing that show, those four episodes of fiction with Conservative villains, it was a partial view that could influence people in the way they view the Conservative party or Conservative politicians. Think of a 12-year-old, 13-year-old or 14-year-old watching it, the image it is giving.

On the other hand, another programme we all loved at the time, *House of Cards*, was also a Conservative politician and that was a great programme. You can look at any individual situation. If you ask me, *Roadkill* was entirely partial, it was written by an acknowledged left-wing journalist, it was a four-part series, prominently displayed, but you then have to look at the output of the BBC in its entirety and say is it balanced?

Q62 **Kevin Brennan:** I suspect, since both of those were produced when there were significant majority Conservative Governments in power, there might be a relationship to how such dramas tend to portray people in power, because I remember some during the noughties that might come into that category as well. But, as you say, it is a drama.

Do you think the BBC bigwigs have shown enough independence from the Government in recent years? Take the example of Lord Hall being taken into a dark room by DCMS Ministers and being hit over the head with a rubber truncheon until he agreed to get rid of the free licence for over-75s, or to take on the responsibility for that. What assurances could you give the Committee that you will not be so weak in your role and will show true independence?

Richard Sharp: I can point you to my track record on the Financial Policy Committee and two things. First, I have sent a message asking the Chair of the Court, if necessary, to make himself available to the Chair and others on this Committee with respect to his evaluation assessment of my impartiality during my two terms. In addition, to underline that, I should also say that when I was there I received a letter of reprimand from the then Chancellor, a Conservative Chancellor, because I gave a speech underlining the importance of maintaining fiscal space in the case of an unexpected economic shock to financial stability, and that was not welcomed by the then Chancellor.

Q63 **Kevin Brennan:** Who was the Chancellor?

Richard Sharp: It was Philip Hammond.

In that sense, you can check whether I acted with independence and you can see that, in that instance, I acted with independence because I felt it was a matter of principle.

Q64 **Kevin Brennan:** On that point, what is your view of what the Government have been trying to do in their consultation on decriminalisation of the licence fee?

Richard Sharp: Are you asking what the Government are trying to do in their consultation?

Kevin Brennan: I am asking what your view is of the proposal to decriminalise the licence fee that was contained within the consultation.

Richard Sharp: I am not in favour of decriminalisation.

Q65 **Kevin Brennan:** Okay, all right. Finally, clearly you are someone who has been around the Conservative party and think tanks that might be identified as mainly being on the right, from time to time, and some people of that persuasion have spoken of wanting to break up the BBC, and effectively to go over to a much more completely laissez-faire broadcasting environment in the UK. What would you say to the Committee is your level of commitment to the maintenance of the BBC as a public service broadcaster with sound finances underpinning it, and in particular the future of the licence fee?

Richard Sharp: Well, one of the reasons I have applied is that I am absolutely committed to the importance of public service broadcasting. You only have to look at Washington and the United States, and the peculiarity that the BBC is the most trusted major news source in America, to understand the importance of public service broadcasting. That is not just the BBC; it is the other public service broadcasters here. That goes to the capacity of Britain in terms of a regulatory regime. You yourselves have struggled with your ability to exercise authority over the non-UK based companies that distribute important digital content into homes and devices in this country.

Public service broadcasters and media companies are ones that you do have some control over in how they deliver messages and information. Truth is very, very important, and never more so than now, as we are seeing in the fact that it is hard to discern in an era of misrepresentation. Hence, I think it is pretty clear why public service broadcasting is a precious thing, and not just for the UK. Our public service broadcasting is a precious thing for the world.

Chair: It is quite interesting: no to decriminalisation, and you think the BBC's Brexit coverage was not biased in any way. So it feels to me like it is meet the new boss, the same as the old boss, in that respect.

Q66 **Steve Brine:** This is very interesting. Hello, Mr Sharp, and thanks so much for your time. I want to understand your views on future funding for the BBC. Tim Davie, of course, told us that the current licence fee

system is the best for the BBC. Well, I guess he would. Do you agree?

As we head toward charter renewal, what will your approach be? What is your view? Feel free to range wildly, speculate and open your mind.

Richard Sharp: Widely or wildly?

Steve Brine: Wildly and widely.

Richard Sharp: Very good.

I subscribe to the view that it is the least worst, and what has surprised me in some of the statistics is, for what amounts to a regressive tax, how the nation broadly supports the licence fee. The truism is that Peter likes to rob Paul, and in this case Peter is willing to pay for what Paul gets. That reflects the understanding that, at 43p a day, the BBC represents terrific value, more so now that people are faced with the prices they have to pay for private sector content. If you look at the average Sky content, £400 a year, or if you look at what people are paying on Netflix, £120 or £130, and so on, you can see the true value, particularly as 90% of them are spending something like 17 and a half hours a week with the BBC. As you know, it reaches 90%, and over the Christmas period 97% of people were engaged with the BBC.

Its representative value is the critical issue. Is it representing value to people? In order to represent value, it has to deliver to them what they want and what they will appreciate in the future. I believe it is doing that.

Is it spending our money wisely? You need to get into the financial model to see that. Certainly every large organisation has the capacity for financial efficiencies, but every large organisation also needs to hold itself to account in terms of its performance. There is financial accountability, but also accountability in the quality of the output. It should be good.

Q67 **Steve Brine:** What I am trying to explore with you is the next generation. The TV Licensing website says, "If you watch TV programmes live on any online TV service, including Amazon Prime Video, Now TV, ITV Hub or All 4, you need to be covered by a TV licence. You do not need a TV licence if you only ever use online services to watch on-demand or catch-up programmes, except if you are watching BBC programmes on iPlayer." This reads like something from another age. I look at my children—one primary school, one secondary school—and think of trying to explain that to them, let alone to their children. Yes, I hear you on the least worst option, but can you see how that is going to be an increasingly challenging prospect?

Richard Sharp: Yes. I am aware there are other routes. There is a household tax, for example, in Germany, which amounts to the same amount of money. When we next get the chance to review the structure of this, it may be worth reassessing. Like anybody, I come to this with an open mind about what is appropriate. I think it is idiosyncratic in some ways, in the way you have described, but we know what it is about. It is about funding public service broadcasting for people who care not only to consume content but to have the availability of content.

Bear in mind the insurance of the BBC isn't just whether you are consuming it now; it is, as has happened at times of crisis, whether it is there for you to turn to when you want it. The question is, is the BBC value for money? Yes, it is. How do we raise that money? That is certainly an issue. I happen to be satisfied, looking at it in a relatively superficial way for the moment, that the current process is fit for purpose.

Q68 **Steve Brine:** That is quite useful, because you are not part of groupthink. You are new blood, in a way.

On the subject of online content and YouTube, Melanie Dawes told us it was a commercial decision for the BBC to monetise its YouTube content. Monetising content in that way has always been a fine line within the BBC. Do you think this is a wise move? Does this open a Pandora's box?

Richard Sharp: The director-general's priority involves digital, and clearly central to that is the iPlayer. As you may know, I was one of the backers of a group of highly talented young individuals coming out of Bristol who set up a company that pivoted into a very successful YouTube channel, and I sat on the board of that company. It is aimed at Gen Z and it has about a billion monthly users. It is now a successful, venture-capital funded YouTube channel.

I am familiar that there is a significant commercial opportunity on the YouTube platform. Is it right for the BBC? The candid answer is that I do not know, and I suspect not. I suspect the BBC need to be accessible through platforms, and prominence is going to be a very important part of the small screen review, but the concentration of the BBC's content on the iPlayer is of paramount importance, and I think that is the main focus. Could it commercially atomise itself? I think that is doubtful.

Q69 **Steve Brine:** You can see what you are up against on YouTube.

A final question. I asked the outgoing chair this question when he was before us. This is my modern chair check question. Mr Sharp, do you know what Dude Perfect is?

Richard Sharp: No, I don't know what Dude Perfect is.

Steve Brine: I would ask you to check this out. Dude Perfect are the trick-shot masters of the internet. They have 54.8 million subscribers on YouTube. They are a big presence online. That is what you are up against; that is what is demanding the attention of the 10-year-old sitting across the room from me right now. That is what you are up against, and I would ask you to google Dude Perfect. Good luck.

Q70 **Damian Hinds:** My advice is to stay clear of PewDiePie.

My question follows on from Steve's question and your answer, Richard. Clearly younger people are consuming media very differently, but this is not just about 10-year-olds; it is about people in their 20s and 30s. The difference is not just that they are on iPlayer or even on ITV; they are nowhere a PSB-owned channel in many cases. Do you think that is something for the BBC to worry about, and for you in your new role?

What should be done about it?

Richard Sharp: Yes, it is. The context is important. If you look at declining engagement with the BBC among young audiences in isolation, you would be concerned, but if you look at it in the context of the amount of available competitive content, then the BBC is still very important. Plus young people get older and their interests will change, and certain things that the BBC delivers in terms of its news and analysis will probably become more important to them as they get older.

I am concerned about it, and certainly when I looked on TikTok and put in "BBC" I was surprised to find that it is hard to find on TikTok, for example. What I would say, though, is that the BBC is delivering outstanding content to very young children. I watch *Yakka Dee!* with my one-year-old. If you look at the educational content that the BBC is delivering during this terrible pandemic, it is certainly communicating itself. The concern I have is that people should know BBC content when they receive it, if they receive it on different platforms, so they understand that it is coming from the BBC.

Q71 **Damian Hinds:** This is strategic, though. There are choices that need to be made, aren't there, between curation and creation, channels and onward distribution? In the inquiry we have been doing on the future of public service broadcasting or public service media, we have considered this question a few times. Does the BBC ultimately become something that focuses on owning distribution channels and curating quality content from elsewhere, giving it your own Good Housekeeping stamp and showing it to the world, or does it focus on creating quality content and trying to maximise exposure of that content and that programming on other people's channels to reach the largest number of people in the places where they are already watching or listening?

Richard Sharp: I do not know if you know Wayne Gretzky but, when he was asked what the difference is between a great ice hockey player and a good ice hockey player, he said, "I skate to where the puck is going." So one of the things you have to ask yourself is, where is technology going? One of the ways it is clearly going is personalisation around the data that is captured with respect to people's interests. It is not just, in that sense, creation and curation; it is also going to be personalisation.

Coming back to the question of localism, it will also be a feature of localism in so far as one's interests will be catered for you systematically through the software that identifies and extracts the content that is appropriate for you. There are going to be choices, but that is why digital is central to the strategy. It is not just central to the strategy, but it is how well it is executed. We should not forget Project Kangaroo, we should not forget that, when Netflix was a \$3 billion company, the BBC and ITV wanted to produce a streaming service and were prevented from doing so by the regulator because there was a concern it would suppress competition.

Netflix is now a \$250 billion global organisation that is challenging the BBC. That does not mean the BBC would have executed it nearly as well as Netflix did, but the fact is that technology within the BBC is central, and the success of that technology will be central to the success of creating value and delivering value so that the content and the creation works.

- Q72 **Damian Hinds:** Individual data and tailoring may be, in one sense, undeniably a consumer good because it is literally serving up what people want, but isn't it effectively also the opposite of broadcasting and of what the BBC has traditionally always done? Do you worry, as I do, about the future of news, current affairs and factual programming, let alone minority languages, different types of sport, children's programming and so on? How are we going to make sure that, in future, quality programming does get in front of people, even if they don't initially know that it is what they want?

Richard Sharp: In some ways TikTok is an interesting linear video delivery system that also brings serendipity into what it delivers and then learns from that. The broadcasting algorithms can inject, and probably would inject, certain amounts of serendipity in order to excite people's new interests and stimulate them so that the content that is delivered is not repetitive and boring. How it does that, I do not know, but it is entirely possible that serendipity—

- Q73 **Damian Hinds:** Sorry to cut across you, I am just conscious of time. Do you think that, in the future, serendipity will be the BBC's job? That is the future version of broadcasting, it is how you mix content with an explicit public value in with entertainment content that people have chosen.

Richard Sharp: It is entirely possible that that is one component, but there will also be great value in curation, as you identified. We have all sat in front of Netflix and spent 20 minutes trying to find something to watch, which is the old-fashioned equivalent of when we went to a DVD store and spent half an hour, because there was so much there and we couldn't decide. Curation also has its value in terms of efficiency.

- Q74 **Damian Hinds:** Finally from me, regarding securing visibility, securing prominence for PSB channels, are there perhaps just too many of them vying for that prominence? If so, is the answer to have fewer of them through consolidation or deeper collaboration between them?

Richard Sharp: Certainly the discussion taking place across the media spectrum is that we are at an early stage in, for example, the streaming wars. In this battle, the battle for wallet and for time, consolidation is inevitable. Let's say Apple buys Netflix—

Damian Hinds: I was thinking more about your end of it, the PSB end.

Richard Sharp: But you have to look at it globally, because it is a global offering that is being delivered into the homes and devices in this country, so you have to look at what the global provision is. Then you have to say, "Where do the UK PSBs fit in that?" We have already seen one dimension of consolidation, which is the collective participation on

BritBox. How and in what shape the UK is going to be successful in that is hard to see with great clarity right now, but it is important that we are successful.

Q75 **Chair:** Following up on that point, should consumers therefore be presented with a single point of call for streamed PSB services? Is part of the challenge that the BBC and other public service broadcasters are facing in relation to streaming that consumers can understand the concept of Netflix, they understand the offering, but globally the PSB concept is not that strong? It is very much a British phenomenon, so to speak, and therefore that makes it difficult to have a presence globally along the lines of a PSB.

Richard Sharp: I think we have a strength and a weakness in the English language. It is rich, it encourages massive creativity and our connection, our transatlantic connection, with a very large market has probably ensured not only our ability to tell great stories, to provide information and to make music that have hit a larger marketplace than others, but it has also made us vulnerable to some extent as a result of the porosity of the internet bringing American content into our homes through American competitors.

If you look at the other PSBs, there is a reason why a German PSB or a French PSB is challenged because it does not have the global language that we have here and that gives us a massive opportunity, which is why so many of the large players are seeking to capture our talent and to fund our creative industry, and it is also why it is such a good export market for us.

Q76 **Chair:** I get what you mean about the benefits of the language and so on, but there is also a major challenge there. In terms of there being a single point of streamed PSB content, would that have any mileage internationally because, as I say, people understand Netflix, but would people understand streamed British PSB content?

Richard Sharp: You have seen that 1.5 million people—to my surprise, candidly—in the US are on BritBox. The reports I have seen indicate it is middle-aged women at home in America who want the kinds of shows that we produce here. It is a very large niche that is attracted to the UK's content. If you stood back and you realised the power of Tencent, Baidu, Google, Apple and Amazon, and then you looked at the BBC on its own, you would say it is severely challenged and threatened.

There is an expression, "When the elephants start dancing, the mice should get off the floor." We have to ensure that the BBC is in a position to take on the elephants.

Q77 **Mrs Heather Wheeler:** Mr Sharp, good afternoon. I am sure this is like pulling teeth, and I am very sorry if you are going to the dentist after you have been here.

What I am interested in is the sorts of emails and letters that come into me moaning that the BBC just doesn't represent people anymore. We

have a hugely diverse country. How do you think you can help, as the new chair, not to be all things to all people but to get it better compared to the number of emails I receive as a local MP?

Richard Sharp: Given the matrix of different communities that we have here and the ways you can cut identity, it is entirely possible that there will always be small communities that we do not satisfy. In the way that we fail to satisfy, we have to look at it and say, "Are we systematically failing? Is the BBC systemically failing as a consequence of what it is doing? Is it systemically failing in Scotland, and does it need to rethink how it approaches Scotland, Wales, the north-east, the south-west, a city or a country? It is a bit like the Forth Bridge for the BBC, as it should be, because it is owned by every citizen. Every citizen has the right to feel disappointed, as every citizen is paying the licence fee.

It is a constant work in progress.

Q78 **Mrs Heather Wheeler:** That is fair enough. I should completely fess up, I am really bothered about the white working class that think the BBC just does not represent them anymore. Do you have any thoughts on that?

Richard Sharp: Statistically you are right. If you look at where the BBC is valued, the community you describe has a higher attachment to other PSBs, and other PSBs have deliberately targeted them. How the BBC goes about addressing that audience appropriately is a question, but there is almost a corporate global entanglement where what you do is a function of behaviour by other providers of services around the world, and so your position changes on a relative basis as a result of a better product coming somewhere else. That is constantly shifting as a consequence, not just of what you do but of what others do.

Q79 **Clive Efford:** Mr Sharp, your background is in finance and banking, and it seems to be of the period of the banking crash in 2008. Were you of that echelon of the banking system that would have been known as "the masters of the universe" back then?

Richard Sharp: No, I left large banking in 2007.

Q80 **Clive Efford:** You were clearly earning a great deal of money if you were giving £400,000 to the Conservative party. Since then your involvement seems to have been, if not donating, in political appointments. You worked for the Mayor of London. Are you still on the board of the Centre for Policy Studies?

Richard Sharp: I have stepped off the board of the Centre for Policy Studies.

Q81 **Clive Efford:** Is that recent?

Richard Sharp: Yes, as a result of this.

Q82 **Clive Efford:** In terms of the politics of it, I heard your answer earlier that the Civil Service Code prevents you from making political donations, but it has not prevented you from being highly political, has it?

Richard Sharp: Again, it depends on what you mean by highly political.

Q83 **Clive Efford:** The Centre for Policy Studies is openly a Conservative think tank, a right-of-centre think tank.

Richard Sharp: Yes, I sat on the board of a think tank.

Q84 **Clive Efford:** A Conservative think tank set up by Margaret Thatcher back in 1974.

Richard Sharp: I sat on the board of a Labour-led organisation as well, a Labour-MP-led organisation. Two in fact.

Q85 **Clive Efford:** What, International Rescue?

Richard Sharp: International Rescue and UpRising, led by two Labour politicians.

Q86 **Clive Efford:** Yes, very commendable, but this a highly politically-charged think tank set up for the right, isn't it? It is one thing to believe that you have stopped making donations, but effectively you were politically active all the way through the last 20 years.

Richard Sharp: No, I don't think that is right.

Q87 **Clive Efford:** Well, it is, isn't it? You were a board member of a Conservative think tank.

Richard Sharp: We may be having a semantic discussion. Yes, I sat on the board of a think tank. Was I politically active in any other way? No, not at all. I was judged to satisfy the Civil Service Code.

Q88 **Clive Efford:** Yes, I am sure. Let's not get into a debate about that. I heard you say that you went for the job before. How do you apply for a job like this? Do you write to the director-general, the outgoing chairman or the Secretary of State? How do you apply for a job like this?

Richard Sharp: You hear about the position, you look on the website and you follow the website's instructions to send in your application.

Q89 **Clive Efford:** That is literally it, you filled in a form or wrote a letter, or something?

Richard Sharp: Yes, and it was a similar thing at that time. Then I got an email back saying that I would not get an interview. That was when Mark Thompson was the director-general.

Q90 **Clive Efford:** You became the frontrunner. There were newspaper articles that mentioned you as the frontrunner for this position before the formal announcement. How did that come about? Have you looked into it?

Richard Sharp: I haven't looked into it. No, I haven't looked into it. I don't know how it came about, and I haven't looked into it.

Q91 **Clive Efford:** Did it disturb you at all?

Richard Sharp: I was disappointed by it, as I am sure you were.

Q92 **Clive Efford:** You have not questioned it? Presumably only a few people could have possibly known that you were the frontrunner. Have you not been curious as to why your name was put in the media as the frontrunner for this position?

Richard Sharp: I think you as individuals, and Parliament as a whole, are constantly astonished by the way information leaks. I am the last person to judge how that comes through. You probably have more experience of how these things happen than I do. All I can say is that I was very disappointed.

Q93 **Clive Efford:** Right.

I heard your answer about BBC news bias, which I thought was a very good, balanced answer. John Whittingdale does not agree with you, because he told this Committee that, in relation to the BBC's coverage of Brexit in particular, he felt they got it wrong. Is that a potential area of conflict between the BBC and the current Government?

Richard Sharp: You are coming back to this question of confirmation bias. I am sure each one of you has heard the *Today* programme from time to time and shouted at it, whatever your political view, because you felt the particular issue you were hearing was not put across fairly. We know both the neurological and the psychological issues associated with confirmation bias in terms of rational thinking and emotions. I think politicians are under massive pressure, because you lose your job if your constituents do not approve of you. You are up for reselection regularly, and therefore you are under significant pressure. It is no surprise to me that politicians from time to time, when they see things that they regard as misrepresenting them in a negative light, get upset. Are they right to be upset? That is a different matter.

Q94 **Clive Efford:** I ask the question because the Government of the day are saying that BBC news coverage is biased in one way or another. I get letters from Labour party members saying that the BBC is biased against the left—that might indicate you are getting it about right—but they are not coming from a position of power, whereas people in Government are. Do you not think they are bound to influence how news coverage is decided upon by those who are delivering it?

Richard Sharp: The BBC sometimes, certainly to my dissatisfaction, has adopted what I would loosely call the ad hominem defence, which is, "We are the BBC; therefore it is impartial." You have to look at the evidence and you have to look at what you are being accused of, the specific circumstances, and ask yourself the hard question. The BBC should be its own toughest critic on impartiality. It should not be instinctively defensive. It should say, "Somebody intelligent has accused us of being impartial. We are going to look at it objectively and form a view." There is an editorial standards subcommittee of the board, and the board will take that seriously. The DG is taking it seriously. The BBC has to be open that, from time to time, it may get it wrong.

There are thousands of journalists who are tweeting, so from time to time mistakes will be made. The issue is, is it systemically impartial? Does it have groupthink? Are the editors all one way or another? It needs to be balanced. Everybody working in the BBC needs to understand that they hold the reputation of the BBC in their hands. Mistakes happen from time to time, but they should not happen systemically. If they do, that is a failure of the executive and it is a failure of governance.

Q95 **Clive Efford:** Defending the independence of the BBC against those criticisms, while at the same time having a good internal review to make sure impartiality is being maintained. What do you see as your role in that?

Richard Sharp: The editor-in-chief is the director-general. There is an editorial standards committee, there are new guidelines on impartiality, there are guidelines that cover social media. I am somebody who believes in accountability. Everybody can say they believe in accountability, but what does it mean? It means that people have to be fairly evaluated and there need to be changes or consequences. The BBC has editors and it has journalists. It is up to the editor-in-chief to run a system where they do their job appropriately.

Q96 **Clive Efford:** In your answer earlier you indicated that you had applied for the job before and did not get it, and that this is your second time of applying. You also said that you generously give money to charities and you are going to give away your income from this position. What is in it for you? Why have you been determined to apply for this position? It is not a job for you, but it is clearly something to which you are committed for some reason. Tell us what is driving you. Why are you so interested in this position, because it is clearly not for the money?

Richard Sharp: We are all a product of our upbringing, and I have been fortunate with the parents I had. My grandparents and great-grandparents came to this country escaping tyranny, and I think it is an amazing country. It has delivered a lot of value to me and my family. I think I have won a lottery ticket in life to be British. If I am able to make a contribution, I could not be happier than to make a contribution to this country.

Q97 **Clive Efford:** Why the BBC in particular?

Richard Sharp: The BBC is part of the fabric of all our national identities, and it gives education and enrichment, but it is also important for our position in the world. It is a massive privilege to be considered to be chair of the BBC.

Q98 **Clive Efford:** Do you see being a public service broadcaster as an essential element of that uniqueness about the BBC?

Richard Sharp: Absolutely. I am familiar with capitalism. I understand what drives Facebook, Google and Apple. I understand that capitalism has its strengths, and it also has its fundamental weaknesses. In the area of media, truth and impartial information, public service broadcasting has a very important role to play. It is also very important to our sense as a

nation. It is a wellspring of significant economic advantage. It is one of the great sectors for us in terms of future employment and current employment of people in this country. We add enormous value in what we create and what we deliver. The BBC is central to that.

Let's not forget that Arm, the microchip manufacturer that is the subject of Nvidia's interest, would not exist without the BBC. You are probably too young to remember Acorn—

Clive Efford: I am two years younger than you.

Richard Sharp: It produced microprocessors, and the spin-off opportunities are economically quite significant and are often underestimated.

Q99 **Clive Efford:** I want to ask about public service broadcasting. In terms of the future of the BBC, do you think it is necessary that the BBC may have to consolidate with other public service broadcasters to get economies of scale?

Richard Sharp: I don't think it is necessary, and a competitive environment is good for all participants. The BBC as a monopoly provider within the UK was the great fear behind the regulators when they were seeking to constrain an overmighty BBC squashing or limiting appropriate competition. I think competition is a good thing in that sense, because it also creates comparisons and causes an organisation to be more efficient and capable.

Q100 **Chair:** In terms of impartiality, do you think that part of the issue the BBC faces is that there is a suspicion that it often tries to chase—or that individual stars or individual journalists try to chase—Twitter headlines rather than hold tight to the idea of impartiality?

Richard Sharp: Could you go on a bit? Chasing the headlines? Do you mean Twitter types chasing headlines?

Chair: No, BBC journalists, BBC presenters, effectively taking to social media and focusing on the here and now, rather than holding tight to those things that we all value about the BBC in terms of impartiality.

Richard Sharp: Think of Fox News, think of Andrew Neil's exercise, think of MSNBC. Sensationalism in news is a seductive thing to draw listeners in and to allow journalists to feel more engaged with a larger audience, and therefore it is an inevitable magnetic attraction to the kind of behaviour that is perfectly rational for one to undertake.

The BBC has to be very careful, on the other hand. The director-general has made it clear that personal commentary has value, but it is just not for BBC journalists if they are to be considered to be delivering impartial news, because impartiality is a distinctive attribute and quality that protects the BBC in terms of its trust and relationship, whereas an Andrew Neil or Fox-style news is fascinating entertainment. In fact I regret that Fox was taken off the BBC. I used to enjoy, as a news addict, looking at how different broadcasters would deliver the same information.

Andrew Neil's enterprise will indeed potentially attract people who are looking for more opinionated views. That is not the BBC's position, and the director-general has made that clear.

Chair: We have been waiting the whole Committee for Giles Watling, and he has frozen. You have been let off, Richard. Thank you very much for your evidence today. That concludes our session. We will now go into private session to consider our report.