



HOUSE OF LORDS

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Inquiry on

BBC CHARTER RENEWAL: PUBLIC PURPOSES AND LICENCE FEE

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Questions 37 - 54

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Witnesses: Sir Peter Bazalgette and Cerys Matthews MBE

Dr Roberto Suárez Candel

USE OF THE TRANSCRIPT

This is a corrected transcript of evidence taken in public and webcast on
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Members present

Lord Best (Chairman)
 Earl of Arran
 Baroness Benjamin
 Baroness Bonham-Carter of Yarnbury
 Lord Hart of Chilton
 Baroness Healy of Primrose Hill
 Baroness Kidron
 Baroness Scotland of Asthal
 Lord Sherbourne of Didsbury

Examination of Witnesses

Sir Peter Bazalgette, Chair, Arts Council England, and **Cerys Matthews**, MBE, Broadcaster and Musician

Q37 The Chairman: Thank you both very much for joining us. Cerys, if I might say so, special thanks to you because we gave you rather short notice that we needed you.

Cerys Matthews: I am glad to be here. Thanks for the welcome.

The Chairman: Thank you very much. So you are on television—such as it is—and there will be a transcript, so everything you say will be recorded. It is up to me to ask you, if you would, to say who you are and where you are coming from, and just launch yourself possibly by answering our first question. What do you think are the greatest strengths of the BBC, what does it do well and how important is that? Before we do that, it is our duty to declare interests that have not yet been declared in public. I am going to call on colleagues who have interests to declare.

Baroness Kidron: In addition to those interests recorded on the register, my interests include a small film production company, one of whose current projects has received some development funds from the BBC and I have, over the period of my career, worked on several occasions as a freelance director at the BBC.

Baroness Benjamin: I am on the BBC Advisory Diversity Board and I also get remunerations for past programmes that I have made for the BBC over the years.

Baroness Bonham-Carter of Yarnbury: Unfortunately I do not but I do speak for the Liberal Democrats on BBC matters—culture, media and sport, which includes the BBC.

The Chairman: Thank you, colleagues. Now you have forgotten what my question was, so I will run over it again if I may. After introducing yourselves, if you could tell us what you feel to be the greatest strengths of the BBC; what does it do really well and how important is the BBC for culture in the UK?

Sir Peter Bazalgette: Would you like to guide us as to who you would like to go first?

The Chairman: Sir Peter, would you start us off—alphabetical.

Sir Peter Bazalgette: Of course, with pleasure, and thank you very much for inviting me here today. In answer to the question about what the greatest strengths of the BBC are and how important it is for culture, which is a question you kindly supplied in advance, I would point to five particular things I believe are really important, three of which I think are critical.

The three that are critical are: first, the BBC provides an independent and impartial source of news and information to the country, and in the digital age—in what you might call the Klondike mayhem of the internet world—I think that is probably more important than it has ever been. Secondly, the BBC makes a massive investment in original programming, which has huge significance for our culture and our national conversation, but also for our creative industries. In fact, it makes the largest investment in original programming of any of the broadcasters. Thirdly, the BBC develops and invests in talent. The next generation of talent is crucial to those first two things I talked about and crucial to the health of the creative industries, which are of national importance because they are now, as defined, 5% of the economy. The fourth and the fifth reasons that I would mention would be its role in education and its role supporting and promoting Britain around the world. After the English language and Shakespeare, it is possibly the greatest asset this country has around the world. I could unpack the news bit, the original programming bit and the talent bit more if you wish me to but I will stop there, if I may.

Cerys Matthews: To get a measuring stick for the importance of the BBC, culturally speaking, you would have to go away from Britain and spend time in countries that do not have an equivalent public broadcasting service. I have spent time in Australia and can report that Australians are very envious of the BBC. I have lived in America for six years, a year of that in South Carolina and five years in Tennessee. It was during those years that I truly felt the true value and extent of what the BBC gives us culturally. The disparity between the rich and poor and the blacks and whites in America is shocking. I truly believe that it is because they lack a well-funded and easily accessible public broadcast provider that these huge disparities exist. I will give you an example: when you watch television in America you will be bombarded with adverts, which are very frequent and very long, selling you the very junk foods that are killing those most vulnerable. They are vulnerable because they have not had easy access to unbiased information and access to the information that will prevent them being so easily exploited. I left the United States in 2007 because I missed the BBC so much. I was not working for the BBC at the time; I am a musician—I was songwriting and I was having children. The decision I made was to come back to Britain and the BBC, so that my children could have easy access to advert-free broadcasting that would give them a true window on the world, knowing that the world was also getting a window on the country where we lived as well. So I brought them home and that, to me, gives you a true sense of the value of the BBC in terms of what it gives us culturally.

What does the BBC do best, apart from giving us this huge wealth? There are so many things that it is almost impossible to list them in one little meeting today, but it is allowed to take the risks that the commercial sector cannot take. The commercial sector is there to get the ratings to please the advertising companies that support the stations. The BBC has a completely different agenda; it is there to provide high-quality entertainment and unbiased and informative programmes for everybody in the UK, whatever their interests. So those risks can be taken by a public broadcasting service that the commercial sector cannot. I can go into a lot of detail if you want to; I have lots of detail but shall we move on from there?

Q38 Lord Sherbourne of Didsbury: If I could put this to Sir Peter: the BBC produces some of the most fantastic programmes in culture and the arts. I want to confine myself for the moment to that particular sector—there are some brilliant programmes. To get a sense of your perspective, if the BBC found itself under budget constraints in that area, are there any things—if it really had to—you would put on your first list of things that, with some reluctance, you might say would go and what might those be?

Secondly, if you had the resources and the money for the BBC, what else would you like it to do that you think it could do more of or better if it had the resources?

Sir Peter Bazalgette: Thank you. I think I have an answer that may address both parts of your question. When I hear people lament that there are not as many arts programmes on scheduled television as there used to be, or not as many live concerts or opera or whatever, I believe—and I think the BBC is some way towards achieving this—we need to think in a different way. Broadcasting technology has been democratised. We all have one of these phones, on which we can make our own documentaries. They have cameras; they can shoot video and the software is on our computers to edit that video. That is something that when I entered the world of media in 1977—I am sorry to say—would have been unthinkable. If I take arts and cultural organisations in this country, all of them now produce their own content. They produce interesting long-form and short-form videos. This gives the BBC an interesting role that it is beginning to fulfil with BBC Arts Online, where it can be the ringmaster and the distributor and, to some extent, the aggregator but not the producer. I think just to focus on its programme output, which it has either commissioned or produced is wrong. I think there is a massive new opportunity, so that on iPlayer and going to BBC Arts Online with an internet connection, in the future you should be able to link to live concerts that have essentially been created by the arts and cultural organisations themselves. What we need is new thinking. I hope that addresses both your questions.

Lord Sherbourne of Didsbury: That is very interesting, thank you.

Q39 Baroness Healy of Primrose Hill: This is a question for Ms Matthews. The BBC plays a role in the development and showcasing of new music and artists across all the genres through initiatives including “BBC Introducing” and “BBC Young Musician of the Year”. Ms Matthews, you have a distinguished career as a musician and now as a radio presenter on the specialist radio music station, BBC 6 Music. How important have you found the BBC to the music development in the UK?

Cerys Matthews: There is no outlet for young players, young artists and musicians other than the BBC. When I started out I was growing up in Swansea. We sent off a single to Mark and Lard over at Radio 1. They seemed to enjoy it. They asked us in. We played a session for them. They continued to support us and as our career took off they still continued to support us. We got a session in Maida Vale and we were allowed to work with an engineer. That was our first time working with an engineer of that quality, so there was an element of learning our craft as well through the BBC. So personally, in my band, as a musician, it is invaluable what the BBC has offered.

If I can give you an example. For instance, you mentioned the “BBC Young Musician of the Year” and you are aware of “BBC Introducing”, which is a fantastic project where a child from any part of the UK can upload their new recording and it is guaranteed to be heard by a producer or a presenter at the BBC. There is no equivalent in the UK. It has had 100,000 sign

up; we have 500,000 tracks so far uploaded and you have seen artists such as Jake Bugg, Florence and the Machine, Royal Blood, Rizzle Kicks, Django Django, Stornoway and many, many other current acts finding success through this “BBC Introducing”. They also have live presence. They have a presence at the Reading and Leeds Festivals, Glastonbury, Radio 1’s Big Weekend and so forth. There is this direct line from children from all the provinces, which is another beautiful aspect of the BBC. It is the only thing that we, from all parts of the UK, can honestly agree on that unifies us as British people. That is just “BBC Introducing”; that is just recorded music.

Turning to live music, there are 7,500 live music events and sessions that the BBC broadcasts from or supports. That means you have a chance as a musician to get your music out to the general public; 300 sessions a year on the station that I work for, BBC 6 Music. For instance, I was the first person to play Mumford & Sons on my show. I have also helped support Hozier, who is a great Irish balladeer and Fatoumata Diawara, an African singer from Mali who has gone on to have world success. We can afford to take those risks and I am very proud of the fact that we can. Then, if you compare them, I have heard some of the arguments saying that Radio 1 and Radio 2 are far too popular: “This is not what the BBC does best. The BBC should be concentrating on Radio 3 and Radio 4” and I think that is quite ageist in a way, or classist, if you can say that kind of thing.

Turning to Radio 1 and Radio 2—let us take Radio 2 first—the output is 115 hours of arts that it makes available for a mainstream audience and this is not in the midnight hours. This is “Simon Mayo Drivetime”, which supports a book club that has had the biggest effect on the Amazon charts, so that is helping growth, surely. Then we have “The Chris Evans Breakfast Show”, which last year had 120,000 entries from children across Britain who wrote a 500-word short story. We are supporting the arts at every level. The argument that it has to be highly distinctive and high-quality, and is not able to be popular, is just a ridiculous argument. The BBC is there to make great programming, distinctive programming, available for people of all walks of life and all interests. It is a pleasure to work for the BBC in that case.

If you look at the support that Radio 1, Radio 2 and 6 Music give to new and emerging artists—I shall just give you some statistics there—on Radio 1, 66%-plus of the records played are new releases and 60% of those tracks are by UK emerging artists. Now that is some support for a burgeoning growth of the record industry, which is in dire need of help. In fact, if we have the luxury to take this time investigating the BBC, I would love to ask the Committee to suggest to John Whittingdale that he spend his time helping to find a working model for the music industry that has lost a third of its revenue in the last eight years due to streaming and other modern digital devices.

Q40 Baroness Bonham-Carter of Yarnbury: I think the last two answers are going to show a very positive response to what I am going to ask, which is about whether the BBC satisfies its role in forging partnerships. I am going to ask Sir Peter and quote something you said: “The BBC should be able to point to partnerships it has forged where the licence fee does dynamically more good than if it had simply been spent exclusively within the BBC”. We just heard Cerys be a wonderful exponent of how this partnership works in the music business. As you will know, Sir Peter, Tony Hall has increased the “window of creative competition” so more BBC programmes are going to be made by independents. Do you think it is achieving enough useful and productive partnerships?

Sir Peter Bazalgette: If I may, I will answer under two headings: one, are there enough partnerships; and, secondly, how easy is it to be in a partnership with the BBC?

Baroness Bonham-Carter of Yarnbury: Quite right—a very good question.

Sir Peter Bazalgette: That is a question that I know Tony Hall is also addressing. In terms of the number of partnerships, it is work-in-progress but I think the BBC is a much more open organisation than it used to be, but it has further to go. It is everybody's licence fee and all organisations need to interlock with the BBC. When you have partnerships—and speaking to your earlier point, Lord Sherbourne—particularly when you have fewer resources, partnerships are greater than the sum of their parts; you can do more with partnerships. Some of the long-term partnerships that the BBC has with things such as the OU, with independent productions, which you referred to, and more recent ones—such as this year's digital and coding campaign and next year's Shakespeare campaign—will be a partnership with multilateral partners. That is very good but it can do more. Arguably there are parts, such as news and current affairs, where it probably could be a bit more open. It could use more outside suppliers and so on.

In terms of how easy a partner it is, here I would rely on Tony Hall, the Director-General's analysis of the numbers of layers of management in the BBC. He thinks there are too many. He would like to simplify it. He would like it to be a flatter organisation. Other broadcasting organisations are flatter. Arts Council has several valuable partnerships with the BBC. I pay all due credit to it for that. We have partnerships online and we have partnerships with talent and training. The only thing is that you are dealing with quite a few different points of view and quite a few committees. It is difficult for the BBC, as a large organisation, to speak with one simple voice when you want to be a partner. I would urge the Director-General to redouble his efforts—I know he is making efforts—to make it an easier partner to deal with but I think it is positive work-in-progress.

Baroness Bonham-Carter of Yarnbury: Do you think that is just a historical fact because I think those of us who have worked in and with the BBC would accept what you said? Why has this been quite such a struggle?

Sir Peter Bazalgette: The BBC has arguably been too bureaucratic; that was the observation of the new Director-General, Tony Hall, when he arrived a couple of years ago. The other thing was that, historically, the BBC I entered in the mid-1970s was a very arrogant organisation. It was an organisation that did not give much credence to its licence fee payers, its viewers and listeners. It did what it thought it ought to do and the people working in it were quite arrogant and we were trained to be arrogant. I think the BBC is a different organisation today. It is much more humble and much more conscious of its need to have partnerships.

Q41 Baroness Bonham-Carter of Yarnbury: A slightly different question but about partnership, in a sense: to what extent—I ask both of you this—do you think the licence fee should be shared, which is something that is very topical at the moment?

Cerys Matthews: First of all, may I say what a success story the BBC is because we can sit here and criticise and know that we can do better but it is such a success story. We need to crow about that a lot more. In my generation, we were not brought up to be arrogant within the BBC. I can say as well, from the ground level, I work with independent companies, with companies such as Falling Tree, for BBC Radio 4. I work with many, many groups around the

country, BBC Scotland, BBC Wales, BBC Northern Ireland, and there are some very hard-working crew members on the ground level.

I am sorry, what was the question?

Baroness Bonham-Carter of Yarnbury: The licence fee.

Cerys Matthews: Again, I am going to go back to America. Has anybody in this room been through the tortuous week of fundraising that they go through to support the brilliant NPR radio in America or the poor PBS television station that they have there, the public broadcaster? They are painful, these fund drives, and I urge us not to do that. I am going to sit in this room today and ask that we should not be the people that the fingers point to from future generations; the people that they point to saying that we were responsible for taking away their culture. It is that important to me. We are fiddling with this success story. Even Minister Whittingdale said himself that the BBC is at the heart of Britain. We are fiddling with it and putting it at risk, taking away the funding, when we could be doing all sorts of things instead, such as integrating and helping with immigration. With people who have newly settled here, the BBC has a huge responsibility to help with their integration as well. In terms of the TV licence, I sometimes think that for the present Government it is a way of them turning around to the lower classes and saying, "Here is a tax that I am removing from you". It is astonishing. I do not understand it at all.

Sir Peter Bazalgette: Just briefly, you raised the question of contestable funding, and it is an important issue. My overall view would be that if the BBC can continue to demonstrate how effectively open it is, and how open it is to partnerships, and how it is forging new partnerships, there is no need for contestable funding. If it was judged that it was not good at partnerships or was not taking that seriously, I think contestable funding would be a perfectly reasonable proposition.

I add that we have managed a reasonable plurality in our broadcasting and media system without specific contestable funding of the BBC licence fee, because we have Channel 4, which has a different method of being funded, which is via advertising, although it is a publicly owned corporation. We have ITV, which is sustained by advertising, with other public purposes. It is a public service broadcaster. Then we have the plethora of other suppliers, channels, BT, BSkyB and so on. So we have a pretty good plurality, which is one issue around contestable funding. As I say, the other is that they continue to open new partnerships so the money is publicly beneficial to all licence fee payers.

Q42 Lord Hart of Chilton: This is a question about education and training. I would like your views on what role the BBC should play in that. Some have suggested that, with cutbacks, the amount allocated to training and to education has declined. Others say that is not so. I would like you to tell us what you think the position currently is with regard to both of those issues.

Sir Peter Bazalgette: Would you like me to go first?

Lord Hart of Chilton: Yes.

Sir Peter Bazalgette: I think there is formal training—the BBC Academy for instance. You can say its budget has gone up or down; I do not have the details on that. I suspect you will have when you write your report. There is the more general fact that if you take young people

into an organisation you will train many of them on the job. I think it is a fundamental purpose of the BBC and, as I said right at the opening, it is a completely critical function.

One of the justifications for the intervention in the marketplace that is the BBC is the value of the creative industries democratically, culturally, socially and economically. Only large organisations have the ability to train at scale. The creative industries are very casualised and they have many small companies. The skills bodies, such as Creative Skillset, work very hard but have great difficulty because of that. That makes the BBC even more important. It should not cut back on its training activities, formal or informal; they are really important. I hope that is not the case, but I do not have the numbers.

Cerys Matthews: I am not very familiar with the training projects that the BBC holds. I just know that in my particular show on 6 Music the doors are open for people to come in and have a look at how we run the radio show, and we have many work experience people coming through the show. But I cannot comment on that.

Lord Hart of Chilton: Has that led to success for those people who have undergone the training or the observation of how you do it?

Cerys Matthews: I see some back in the BBC in proper roles, yes. If the doors are open and they can have work experience, especially people who may not be living in London, that is a plus for them and a way to get into the BBC. The door should always be open to new blood, for sure.

Lord Hart of Chilton: Is that something that happens across the broad spectrum of the BBC, so that there are regional centres of excellence for training, or is it largely focused now on one or two places?

Sir Peter Bazalgette: The BBC has had some success in spreading its investment across the country. You will know of its natural history expertise in Bristol, its drama expertise in Cardiff, its MediaCity set-up in Salford—which I visited only last week—which is turning out to be a very significant skill centre, as well as broadcasting centre, and is indeed part of the whole now-government policy of: how do we create northern powerhouses outside London? Glasgow has been important as well.

It is a truth that London still receives approximately 50%—I think it might be 49%—of BBC production spend. The BBC has worked very hard to get to that point and distribute it round, but there is more work to do. We have the same issue in the arts: how do we make sure that, geographically, we invest the money for everybody's benefit when you have this great metropolis called London that is a world city that sucks in resources? So it is important.

Cerys Matthews: We also need to consider that many of us from the provinces come to London for a reason: because it is exciting to be among people who are passionate, ambitious, and driven. We should not take away from what London offers as well to people from the provinces.

The Chairman: Absolutely.

Baroness Kidron: We seem to be quoting you back to yourself quite a lot here, Sir Peter.

Sir Peter Bazalgette: Which is quite alarming, because normally one's reaction is, "Did I really say that?"

Baroness Kidron: Yes. I hope you said it. You said, “Our cultural standing in the world is very much a public purpose”. I think I would like you to unpick that a little for us.

Sir Peter Bazalgette: Yes. Twenty or 30 years ago, if one had said that a substantial amount, however much it is, of the licence fee was devoted essentially to things that were received by listeners and viewers abroad—because in those days the overseas World Service was funded by the Foreign Office—people would have said, “What, my licence fee going to them? Why is that happening?”. There would have been resentment. I think there is much greater understanding now that possibly the greatest asset Britain has internationally is its culture. I said just now that, for me, sometimes I feel that that is led by the English language, Shakespeare, particularly in the English language, and the BBC. Somehow they are the three most iconic parts of that.

There is some very good British Council research that I would refer you to, which has been done in the last couple of years, which shows that people who come into contact with British culture are more likely to trade with Britain. Economically it is significant but, in terms of the values that we believe in this country, which we would like to share with others in other parts of the world, it is important culturally as well as diplomatically and economically. So the importance of BBC content and BBC services should not be underestimated.

Q43 Baroness Kidron: You know that we are very much concentrating on this area of how the public purposes are explained, written and delivered. Do you feel that they are written in a way that benefits culture? Or do you think there is more that we should be looking at?

Sir Peter Bazalgette: I think the public purposes, as defined in the charter, certainly need updating. There is the obvious point that it mentions digital switchover, which is a matter of history now, so that can come out. I have looked briefly at the annual survey that the BBC Trust does, and it shows that the public do not entirely understand all those purposes or think other things are important qualities, such as high-quality programming and impartiality.

For me, in a nutshell, I would like those purposes more defined in terms of outcomes. To go back to my opening answer, I would like to see independent and impartial news and information, investment in original programming and investment in training the next generation of talent enshrined in those basic purposes, so that everybody could see very specifically what we want defined in terms of outcomes. I think it is slightly airy-fairy at the moment. I would like to see it be a little bit more specific.

The Chairman: Fair enough.

Q44 Earl of Arran: We have already talked about this in the last question and a few questions before, but how does the decline of 25% in arts and classical music since 2008 stimulate creativity and cultural excellence? How do you align the two?

Sir Peter Bazalgette: Shall I answer first or would you like to?

Cerys Matthews: Yes. I did not quite get the question, I am sorry.

Earl of Arran: Yes. The latest Ofcom/PSB review shows a decline in spend across the public service broadcasters in the genre of arts and classical music by 25% since 2008. How does this stimulate creativity and cultural excellence, and what can be done to help, improve and redress this?

Sir Peter Bazalgette: Yes. I am very glad you asked that question. I think the first point is that, as you quoted it, that is a decline across all broadcasters. The decline is not quite as steep where the BBC is concerned, but that is an assumption. I do not think it is quite as steep as that, as it may have been with other broadcasters, but we should point to the commitment the BBC still makes to the likes of six orchestras, not to mention the radio channels that Cerys has talked about.

Repeating something I said earlier, I would urge the Committee to consider not just judging the BBC in terms of the spend on particular programmes produced but to judge it across the board on how it is helping to distribute new arts content created by arts organisations, both via iPlayer and BBC Arts Online. Believe me this is quite dramatic already, and will be hugely dramatic in the future. Going back to your point about public purposes, it even suggests the BBC has a new public purpose there as a distributor of other people's content that we see delivers public good. I think that point is so important; I would hate you to lose it. Thank you.

Cerys Matthews: If we increased spending we would be criticised for that, too, would we not? I spent the last two years encouraging creativity in primary schools and secondary schools, and sharing the joy of classical music in the project called "Ten Pieces", which the BBC initiated and has been highly successful. Nicola Benedetti and Alison Balsom have been part of this, as have many other classical players. We have been travelling around the country and playing great pieces of music, encouraging youngsters that might not have heard these pieces ever before in their lives or even touched a classical instrument. We have encouraged them to open the doors to the joys of classical music, and it has been an incredibly successful project, initiated and run by the BBC, even despite those 25% cuts across the broadcasters.

Earl of Arran: Can the BBC really afford proper creativity in the arts and influence, from the point of view of the money it pays, compared to other media? Is it still up there in being able to pay the best for the best people?

Sir Peter Bazalgette: Let us take the arts in their broadest definition, including, for instance, television drama and so on, which I think is how you meant it.

Earl of Arran: Yes.

Sir Peter Bazalgette: I think the answer is yes. The quantity of the output is a separate issue but, in terms of the amount of money it pays for, say, television drama, top-quality television drama will these days cost about a million pounds an hour. The BBC is spending the same sums of money that ITV, Channel 4, and Sky are spending on drama. There may be an issue about precisely how much but, no, I believe it can.

Baroness Benjamin: Another quote from you, Peter.

Sir Peter Bazalgette: Oh!

Baroness Benjamin: Yes, you said recently that diversity is the "single biggest challenge facing the creative industries", which was applauded greatly by some very talented BAME people in our industry who feel completely neglected, as they have done over the last few decades. You made particular reference to the fourth public purpose of the BBC, which is representing the UK, its nations, regions, and community. That means the BBC belongs to everyone. In your view, how well is this purpose being fulfilled by the BBC at present?

Sir Peter Bazalgette: If you want me to relate my answer specifically to BAME issues, which perhaps I should secondly but first, in broad terms, I think the BBC represents the nations, regions and communities quite well. I think we should point to some of the services we have not yet mentioned, for instance, local radio, which provides a speech service of local relevance in areas where nearly all the other services are music services. That is of immense value, particularly to older people, some of whom are isolated and alone, and it is a great lifeline. I think, broadly, the BBC reflects the nation well.

If we come to the specific BAME issue, it does not reflect the nation well enough. It should not take comfort from the fact that it is not alone. In the arts world we have challenges as well. The fundamental principle here should be that public money should be spent for the benefit of everybody, and the products of that public money—programming, arts events, whatever they happen to be—should draw on all the talents of the country, not only to reflect the country but to bring forward those people for their personal fulfilment as well. That is a basic principle that I think we have not paid enough attention to over the last 20 years. I think we are beginning to focus on it much more strongly, thanks to many of the people who have made interventions, but there is a lot more to be done.

I point particularly to the employment statistics in television. I think I am right in saying that the BAME percentage of the population is approximately 15%, but I think in television they are still below 10%. In arts and cultural organisations funded by the Arts Council, that number is about 14%. That is one statistic that is not a good one and needs addressing. A second issue is senior management, where there are similar problems. We have similar problems like that in arts and cultural organisations, where we are just below 10%.

A third issue that we are trying to address at the Arts Council, and I would say it is a similar issue for broadcasters, is: is your programming inclusive and are your audiences inclusive? Is your programming inclusive enough to attract everybody at some point or another to listen?

Lots of things have to be done. I know that there is a lot being talked about and there are many policies out there. For me, one of the critical aspects of that is outreach—positive, almost Jesuitical outreach—so that you go into every corner of the land and you go into places where people would never have considered entering the broadcasting industry or would never have considered being a funded arts organisation. Forgive me, I am talking about the Arts Council responsibility at the same time here. You have to make positive steps to engage with people and then you need good, well-funded training because, Lord Hart—in answer to your question earlier, when we talked about how casualised the creative industries are—in a casualised industry the opportunity for people to enter it from poorer backgrounds is not easy, when people are getting unpaid internships and depending on the bank of Mum and Dad. Then when you are phoned by a researcher from the “Today” programme they are called Piers or Jemima. That is fine; there is nothing wrong with those two names and I am sure they are both very intelligent individuals, but of course you need a broad sweep. So we have much work to do, and we have to be much more on the front foot.

Baroness Benjamin: I would like you to elaborate on that. What do you think could be done or should be done differently, not just on screen, but throughout the organisation? I am talking about the BBC now, because this is what this review is about. What can the BBC do on every single level to address this major issue?

Sir Peter Bazalgette: I would like to point to one thing above all else, and I think that they would say to us, were they in the room, “We are doing it”, but more needs to be done. I am

going to repeat what I said earlier: it is clever, ingenious, remorseless action to connect your organisation with all sorts of communities, with all sorts of talented, creative people who would never have considered going into broadcasting, never have considered working for the BBC or even a small creative industry. That outreach, which by the way is an issue for higher education and for the arts as well, has to be clever, and it has to be funded, and it has to be structured, and it has to be universal. That is really where it is.

I will make one more small point, though. So anxious are broadcasters to show that they are taking this seriously, when people of talent often come in they stick them on screen immediately because you can obviously say, “Here, look what we are doing”. I think there are some very talented people on screen from BAME backgrounds who would make brilliant managers, who never got the opportunity to go up the management ladder. I think we need to be cleverer about that too.

Baroness Benjamin: So you think funding, management and outreach.

Sir Peter Bazalgette: But outreach is the key—clever, purposeful outreach to every corner of the land. That is the way to do it.

Baroness Benjamin: What about you? You spoke on it lightly with your music programme, and you spoke about Radio 2. But the majority of children who submitted stories were all white, middle-class children. There is still a long way to go—a gap in addressing the issue of getting people from other cultures to be part of the BBC. What do you think the BBC Radio, in particular, could do to engage with people who do not feel as if they naturally gravitate towards BBC Radio 2?

Cerys Matthews: I can only really talk from experience from my radio show, which I program. I program all languages, all genres and all eras of music. Back to the argument about not being able to be very popular if you are highly distinctive, I now have an audience of over 500,000 listeners, and it is a digital-only show. I play music by Lata Mangeshkar. If you do not know, Lata is second in the *Guinness Book of Records* as the most recorded artist of all time. Her sister, Asha Bhosle, is number one on that. They are both Indian singers, and I play them frequently on the show, along with artists from all over the world. I pick up listeners all over the world as well. That is reflected in the communities I represent as well and the fans that I have in communities across Britain.

It is a very open door that I have on my radio show. I have celebrated Diwali and I have celebrated the Constitution Day in Norway recently. We start with the Norwegian national anthem and march forth, as such. We celebrate different sayings from around the world, different foods and different traditions. If you do not know, in Poland, for example, they eat carp at Christmas. It is just learning about each other’s differences, celebrating differences, and being totally and utterly inclusive, being as interested in my neighbour’s backyard as I might be in my own garden.

I think this open attitude is what is right for the moment. We live in a very small world. We have access to all these cultures all over the world and, by God, the BBC needs to be open to these cultures too. This ability that we have as a public broadcasting service is that you can open those doors and take the risks that commercial outlets cannot take. So I am hoping we can march forth. The doors are wide open. Certainly, where I am involved in the BBC, they are wide open.

I would like to take the “One Show”, which I also work for, to celebrate these festivals. I am a Welsh person; I do not know if you have noticed. What the BBC quite often does is get a Welsh person to present a Welsh programme but I would like to see it all mixed up. Frankly, I am much more fascinated by going to the Korean festival in London, which happens every August, and presenting from there, for instance. Moving forward, I think the newer generations are much more used to celebrating different cultures and are much more open to them. So I am quite hopeful that the BBC can be part of it.

The Chairman: Cerys, thank you. That was a terrific answer. We now have to take a short break. If you stay with us, we will all be back again. It will take about six or seven minutes.

The Committee suspended for a Division in the House.

The Chairman: We will keep going if we may and with sincere apologies to our two witnesses, Cerys and Peter. Sorry about that. We have a couple of questions yet to go and we had a good one last time. Lord Hart, we are back to you.

Q45 Lord Hart of Chilton: As you know the Arts Council is also set up by royal charter with an aim not to provide the humdrum or the mainstream but to create the conditions to allow the best, most innovative, challenging and surprising art to be made and to make it available to the most people. This aspiration is summed up as: great art for everyone. Do you think it is possible to measure the public value in that context, and when we apply that to the purposes of the BBC how do we go about measuring?

Sir Peter Bazalgette: Thank you. Might I start by saying God bless Maynard Keynes, who I think was the author of that splendid statement in 1946 when the Arts Council took over from CEMA which was the wartime body.

Yes, it is possible to measure public value but I do not think it is advisable always to measure every element of it because some of it should be a statement of philosophy. We have done quite a lot of work at the Arts Council in the last couple of years attempting to define and achieve consensus as to why we put public money into arts and culture. The same arguments could be as to why we put public funds via the licence fee into the BBC.

We have developed what we call the holistic case and that has four headings: the intrinsic, the social, the educational and the economic. The intrinsic is things such as excitement, joy, pleasure, personal identity, national identity and empathetic citizens. I would not necessarily advise getting dismal economists to measure every element of that because I think in some cases public value should be a statement of our values, of what our philosophy is and what we want to achieve. But public money should be demonstrably used well and, in other respects, it is measurable. Even on quality we have developed some work we call the Manchester Metrics at the Arts Council, which is attempting to value the work of output of some of the arts and cultural organisations we fund. That takes into account size of audience, view of audience, view of critics. All sorts of different, you might say, subjective views when pulled together can help. I would not say you should not measure any of the intrinsic.

Moving on to the social, the benefits to society—and we have touched on many of them in this hearing—let me say in the context of the Arts Council, which might illuminate for the

BBC, for instance, people are recognising the value of arts and culture more and more in health, whether it is mental health or physical health. I was talking to a GP the other day, who is more likely these days to prescribe somebody to go and sing in a choir than he is to give them Prozac. If he says, "Go and sing in a choir", the health authority wants evidence that that works, and he said, "I have more evidence that it works than I ever had that Prozac works". That is an example of evidence where there is a process and a tradition of evidence.

Of course, on education, that is measurable with the output. Lastly, the economic side is measurable, too. We know arts and culture has a GVA of £7.7 billion. I am sure the BBC has a comparable number. I do not know if it has worked it out.

For me, yes, you can measure it. Do not try to measure everything to death and put some discipline into it, possibly with some categories that you want to judge it against. I would suggest that what we develop for arts and culture funding it might be a useful start: intrinsic, social, educational, and economic.

Lord Hart of Chilton: At the Arts Council do you have issues, such as the attacks that we read in the papers recently on "Strictly Come Dancing" and "The Voice"? Do you have comparable items there that are under attack?

Sir Peter Bazalgette: Normally the reverse because the criticism of "Strictly Come Dancing" or other popular shows is: why is the BBC making popular shows, when surely it should be for market failure? Incidentally I do not think the BBC should simply be for market failure. I think that, while the licence fee is compulsory, the BBC should have something for everybody and in that sense be universal, at least while it is compulsory to pay the licence fee.

The reverse is that, at the Arts Council, rather than people getting at us for funding popular things, they tend to say, "Why are you funding such obscure things?" My answer is always, "Today's outrage is tomorrow's mainstream".

Lord Hart of Chilton: Nobody has come here in giving evidence to join in a cry against "Strictly Come Dancing" or "The Voice". They say that it is an important part of entertainment for a broad spectrum of the population who thoroughly enjoy it and why should they not?

Sir Peter Bazalgette: As I say, I think entertainment is one of the purposes of the BBC; it is one of its founding purposes along with informing and educating and there should be entertainment for everybody, to appeal to everybody, while the licence fee is compulsory. I would only say—and I make no judgment of any particular show, which would be unwise since I have been a producer of some shows myself in the past—that shows on the BBC have an additional onus to be original and to take the story forward, not merely to replicate what is elsewhere.

Lord Hart of Chilton: Cerys, what do you think?

Cerys Matthews: It is one of the signs of progress in a civilised world that we have easy access to advert-free entertainment or information, and unbiased information. It is a clear sign of progress in a civilised world, so the question is rather ridiculous.

Lord Hart of Chilton: Thank you.

Q46 Baroness Scotland of Asthal: I was going to explore a little further what has happened in relation to the service that you are participating in, BBC 6 Music. We know that in 2010, when the licence fee freeze occurred, there was the threat that it would go as, indeed, the service for Asian audiences would go, too, the Asian Network. that was pulled back by the BBC as a result of the Trust statement.

It might be helpful if I remind us what the Trust said at that stage. The BBC Trust said that there had been significant public support for the service and that 78% of the nearly 50,000 online responses to a consultation on the BBC's future focused on 6 Music, and the Trust received more than 25,000 emails and nearly 250 letters about the station, the great majority of which opposed the closure plan. We know there was a threat. It was repulsed but I want to ask you about what you feel about the current settlement and whether you think there is a current threat of a similar nature following the fee settlement announcement and the publication of the Green Paper. What cuts do you think maybe likely after all that? that is for both of you but Cerys first.

Cerys Matthews: We mess with the BBC at our peril. It is a success story. They are always questioning whether we need Radio 1 or Radio 2 and saying, "We can get rid of Radio 1 because there is a comparable service in the commercial sector. We can get rid of Radio 2. It is too popular". When you look at them and look at the statistics, look at who they serve and at how many new, emerging acts they support, and how it supports the growth of the music industry in the UK and around the world, as I say, you mess with it at your peril.

Radio 1 serves up to the ages of about 23, I believe, and then 6 Music, my own station, will take over. It serves what I call the music fanatics, for whom it is all about the music. It is allowed to. It can take the risks and it can play a huge variety of music from all over the world, new music, old music, all sorts of genres and live sessions.

When they put 6 Music at risk there was this huge support from the listenership. If the British public were able to get a clear comparison between the spend of the BBC and that of the commercial sector, it would be less likely that people would be shocked. Take the recent interview when Tony Hall was asked on Sky News about five people at the BBC earning more than the Prime Minister, for example. Show me the comparables in the commercial sector because they are better paid than the BBC equivalents.

There is huge support for the BBC in the general public for the service and we do need to have a universal service. While there is a TV licence then we do pay this tax. It is a tax that we are not complaining about, so I still do not understand why we are putting this at risk. While we are paying this TV licence, we have to serve everybody and the BBC is doing a great job by having all these stations that are obviously serving very specific areas.

Baroness Scotland of Asthal: Do you think it could do that great job with even less money?

Cerys Matthews: Unfortunately I do not have the purse strings in my hands. I do not know how it is divvied out. I know for a fact, though, that when I work for ITV I earn a hell of a lot more money than when I am working for the BBC—twice as much in fact. In those terms, I can see that the BBC teams I work with are working very hard. We rarely break for lunch, for instance, and nobody is complaining. We love our jobs, we are very passionate and I can see that same passion in the independent groups that I work with as well. Unfortunately, I do not have the purse strings in my hand and I do not know how it is divvied so I cannot answer that, I am afraid.

Sir Peter Bazalgette: I do not think I can usefully add to that.

Baroness Scotland of Asthal: The last thing that I would like to ask you is: what is the likely effect of any further cuts to the industry as a whole, as opposed to just the BBC, but specifically to the cultural life of the United Kingdom? You have both been quite clear that the BBC's contribution is not limited to the production of programming. It has made a considerable contribution to the cultural life. Could you say a little about that?

Sir Peter Bazalgette: Of course. There is the original programming that I offered at the beginning as a core purpose: the BBC investment in original programming because it has such significance for our culture, for our democracy and for our economy, I am concerned about it. My understanding is that our investment in original programming—and that is not the same as sport or bought-in movies or whatever, but original programming—has declined over the five years from 2008 to 2013 from £2.6 billion to £2.4 billion. Those are the most recent numbers I have. I view that with concern. If we want all those elements of society to remain healthy, we should have a high level of investment in original programming.

Let me give you a point of comparison. The new Premier League deal that is about to take effect—where, as you know, because of the competition between BT and Sky, the cost of football rights went up above £5 billion—will represent 25% of all the money spent on broadcast programmes. It will attract 0.6% of the audience because it is on a pay channel but accounts for 25% of all the money that goes in. I yield to no one in my admiration of the game of football and the Premier League but, in terms of the disposition of our investment and in terms of its relevance to the whole of the population, its universality and its benefit across all those elements, those statistics that I have just quoted should concern us.

Baroness Scotland of Asthal: Thank you very much.

Sir Peter Bazalgette: Mr Chairman, may I say one more thing?

The Chairman: Yes, please, both of you.

Sir Peter Bazalgette: I am conscious there has been a lot of public debate around BBC Online and I am conscious that it is mentioned in the Green Paper that was issued a few days ago. I make no comment on the specific ambit of BBC Online as to whether it is too broad or too narrow, but I would like to say one thing in relation to the BBC as being an impartial and independent supplier of news and information to the country. I have already said how important that is. In the internet age, it is inconceivable that the BBC could carry out that task without having an online iteration. If I ever read that there should not be a BBC Online at all, from those who feel it competes with them in a way they do not like, then I have to say, yes, it does compete and it is a market intervention, but if it is to have an impartial and independent news and information service for the country—if we believe in that—it has to have an online iteration. Its ambit is a different question but I wanted to make that final point because it is something we need to state very clearly.

The Chairman: That is a very good point.

Cerys Matthews: My Lord Chairman, I would like to bring up the panel that Mr John Whittingdale has assembled. For six out of eight members of the panel, the companies that they have worked for previously or are still working for, are set to gain by the weakening of the BBC. Are they impartial? Are they unbiased, this panel? As we consider this review, can we consider the wisdom of assembling such a partial panel?

The Chairman: You are leaving us with a question rather than my putting one to you but that is an extremely important one. Thank you very much for raising that and for coming before us today and sharing all kinds of very important insights. We are deeply grateful. Thank you both very much.

Examination of Witness

Dr Roberto Suárez Candel, Director of the Media Intelligence Service, European Broadcasting Union, Switzerland

Q47 The Chairman: Dr Suárez Candel, thank you very much for joining us. Where have you come from today to join us?

Dr Suárez Candel: Yes, from Geneva.

The Chairman: Direct from Geneva. We are extremely grateful to you for taking the time and the trouble to be with us.

Dr Suárez Candel: Thank you for inviting me.

The Chairman: We are televising this session and there will be a transcript, so it is all on the public record. We have declared interests already and the convention is that we do not do that again. I am going to ask you, if you would, to tell us a little bit about yourself and perhaps your organisation and where you are coming from—we know you are coming from Geneva but, as well as that, your background. Thank you.

Dr Suárez Candel: First of all, I would like to express the gratitude and appreciation of the European Broadcasting Union for this invitation. We appreciate very much that in dealing with such a national and internal issue, you invite this professional association to provide you with evidence and we do it with great pleasure. Since we received the invitation three weeks ago I can assure you that a big group of professionals in Geneva, including not only the team I have the pleasure to lead, but also our public affairs department and the legal department—all of them—have been working to provide me with all kinds of data and arguments so I can sustain today my contribution here.

I joined the EBU in 2012 as head of the Media Intelligence Service. The EBU, as you might know, is the professional association of European public service radios and televisions. Just for you to have an idea of the dimensions, we have 73 members across 56 countries in Europe. Our members broadcast over 900 television channels, over 800 radio stations, in 96 languages and target a potential audience of more than 1 billion people. Every week 383 million European citizens watch public service channels or listen to them and the average share of public service channels in Europe is 24%. With these numbers, the only thing I want is that you have a better idea that, today, I am here to offer you an international perspective that I hope is useful for your deliberations. In my case, personally, I come from the world of academia. For about 10 years I have been lecturing and researching in the field of public policy and communications, in Spain, Sweden and Germany and, as I said, in 2012 I joined the EBU.

The Chairman: Thank you very much.

Q48 Baroness Scotland of Asthal: Could you explain to us a little further—for all of the Committee—the role that the European Broadcasting Union and the Media Intelligence Service plays? How does it work, what is its function and why is it there?

Dr Suárez Candel: Yes, for sure. As a professional association, our main activity is to support the interests of our members. Basically, this can be summarised in saying that we work to make public service media indispensable across Europe, and to achieve that goal we carry out a wide diversity of activities. Of course, we carry out advocacy activities in Brussels, but we also support national Parliaments and our members when they have issues at national level. We facilitate the research and innovation of our members, bringing them together to work.

We also have a legal department and we have the public affairs and communications departments that hosts my unit, the Media Intelligence Service, which basically is the research unit of the EBU. Our role is providing all kinds of trustful data, trustworthy analysis and relevant arguments to our departments in Geneva, so they have evidence to make assessments about the issues that they are working with, and also to our members to support their daily operations but also their strategic thinking. To do this we collect all kinds of data, conduct international research and produce all kinds of reports that mostly are only available for our members.

Q49 Baroness Healy of Primrose Hill: What do you see as the main benefits of public service broadcasting? I believe you have used the term “social investment” to describe one of the benefits. Can you expand on what this means, as well as describing any other benefits?

Dr Suárez Candel: When you talk about public service media, a general mistake or problem, let us say, is that usually the debate is whether we should have it or not and why we should replace it with commercial media. I would say that this is an iteration that gets us nowhere because we are lucky to have this dual system, and both ways of producing media are complementary. In particular, public service media has certain advantages and, first of all—and this follows the work done by the EBU—the EBU has defined a series of values that define how our members work because, across Europe, we have all kinds of definitions of public service media in the national laws, all kinds of companies and all kinds of levels of funding, so there is not one definition of public service. But if you talk about how our members work or aspire to work, it is about universality and it is about independence, quality, excellence, innovation and diversity. The positive effect that this has is not only making available to the citizens—not just as “consumers” but as “citizens”, with the implication that this word has—all kinds of media services but also upholding the standards for the commercial media operators. It is also about transparency and being accountable. It is about providing a service on a rolling basis, because the CEO of any private corporation could decide one morning, “I just want to change, so I am going to stop the service” and he would be entitled to do that. When you have public service media, this cannot just simply happen. This is about the how.

I am glad you mentioned the issue of social investment. We tend, at least in the public debate, to usually talk about the cost—how much the BBC costs and how much any other broadcaster in Europe costs. It is not cost; it is an investment. You put money into that, and you get benefits. This is a project we have the pleasure to lead in the European Broadcasting Union. We are conducting a project about the contribution of public service media to society

and, similar to what has been said before, we are trying to analyse: what is the economic impact in terms of GDP, in terms of creation of jobs but also in terms of dynamising the market? Public service media broadcasters are well known for taking risks and investing in technology, opening the market, creating a critical mass audience so commercial broadcasters can join. It is about the impact on training and the impact from having well-informed citizens, the impact in arts, promoting the arts, so that artists that have no promotional capacity are exposed. Eventually, this democratic, this cultural, this training impact will also have an economic impact because it will enable activities.

Baroness Healy of Primrose Hill: I noticed in your slides, which you kindly gave the Committee, that there is a reduction in some of the countries in how much they are spending on PSBs. Do you think that is as a result of austerity? I notice that Spain and Portugal, particularly, have been dropping and Britain not so much yet but maybe we are all waiting to see what happens here. Are you concerned about that?

Dr Suárez Candel: Yes. What we see and we are very much concerned about is that, in several countries across Europe, Governments have targeted public service media—as they are in the public sector, of course—within their austerity plans and they are cutting the budget. From some perspectives, of course, that can be understood and I will be the first to say that, of course, public service media need to find out how to be more efficient and save costs if necessary, but most of the time it is not about efficiency. Most of the time these cuts are just a political decision and, as we have been discussing before, this has very negative consequences for these organisations and a direct impact on the value that they can provide to society.

It is not only about cuts. We have some data where we see that, for the last five years, the absolute revenue that about 53 public service media organisations in Europe collect has increased—the total amount of money—by 2.2% or something like that, but if you take into account inflation, for example, the result is that they have lost 8.7% of capacity. Also, in some countries they say, “We need to cut or we need to freeze the income of public service because they are distorting the market”. I am going to provide you with a number, with some figures that for sure invalidates this argument.

We have these 57 public service media organisations and if you see the evolution of their funding and you compare that with the top 12 European media conglomerates—57 versus 12—these 12 conglomerates have today (2013) 48.8% more revenue than those 53 members of our organisation, and this gap has been increasing year after year. These numbers show that public service media are not necessarily distortive. Pay TV income across Europe, despite the crisis, has increased, if I am not wrong, from 2012-13 by 18.7%. There are plenty of figures that demonstrate that. The distortion is not an issue.

Q50 Baroness Benjamin: In a recent debate here in the House of Lords on the future of the BBC, it was said that the BBC is perhaps the most important cultural organisation in this country and is our overseas calling card. From your vast experience of public service broadcasting in Europe, how is the BBC regarded by the rest of Europe?

Dr Suárez Candel: I must say that is an easy question and you probably know the answer. The BBC sets the standards in many fields. It is regarded by most of our members, together with other broadcasters, like the Germans, the French or the Scandinavians, as setters of trends and setters of best practice. I am personally surprised when here in the United

Kingdom there is such a hard criticism about the BBC, because it is like, “You do not know what you have”. It is great. Many citizens across the world listen or they watch the international services of the BBC. In many countries, not only Europe but all over the world, one of the most important ways to be aware of what is happening across the world is the BBC services. It is a fantastic tool your nation has for promoting your culture, your values, your political system and your arts—everything. Not only that, together with the BBC you also have probably the most dynamic and biggest audio-visual market in Europe. Honestly, from an outsider and non-British perspective, many people will say, “Where is the problem?”

Baroness Benjamin: From an outsider, then, tell me what comparison can be drawn with other public service broadcasting organisations in Europe? Do they offer the same or similar benefits as the BBC?

Dr Suárez Candel: Comparing public service media across Europe is a very difficult task because public service media is very much affected by, or depends very much on, national conditions. You cannot expect all broadcasters in other countries—with different political systems, different sizes and different levels of funding—to provide the same as the BBC. As I said before, the BBC in this case is a reference for most of the European broadcasters and not only for broadcasters. I have been teaching across Europe and I can see how the students always ask about the BBC and not only the BBC—you also have ITV, Channel 4, S4C. In general, you have a fantastic public service media constellation in this country that is providing so much richness for citizens that, of course, everybody wants to learn from that.

Q51 Lord Hart of Chilton: This is a rather lengthy question, I am afraid, because it involves two quotes from your website. The first quote is, “Public service media ... comes in a variety of shapes. The traditional radio or television has developed to include digital platforms that meet the changing needs of how audiences consume media today”. The question on that quote is: could you elaborate for us on the work you have done on the changing definition from public service broadcasting to public service media?

Dr Suárez Candel: We live in a context of technological transition that is having a very strong impact on the way media is produced, distributed and consumed and, of course, this necessarily needs an adaptation of the concept of public service. But that adaptation does not necessarily need to be a radical change of the fundamental values I was talking about before. It has implications, of course, for the production and distribution ways of the BBC or any other broadcaster, because you will need to be updated, the professionals need to be trained and that will have a cost, just as when a new surgery technique is discovered and you want to bring it to the population you need to adapt your hospitals.

Basically, what we tell our members all over Europe is that, in order to be relevant, in order to be indispensable, in order to continue to bring value to all citizens, you need to be where the audience is. As it has been said by the previous speakers, there is no sense in questioning whether we have to go online. Society is online, so if you work within society you need to be online. I must say that, of course, this will have an impact on the market, but it is up to citizens, it is up to you, it is up to the Government to decide in which parts of the market we want to have an intervention if that brings a benefit for citizens.

On the concept of universality, we cannot talk about universality if we say broadcasting only means radio and television as they have been for the last 80 years. Citizens are migrating to

the digital sphere. Not only that, for teenagers, for certain age groups, online comes first. That is the platform where they go. There they will find information and then they will go to TV and radio to expand, to get more data and more information about some headline they found online. But the fundamental change that we are asking our members to do is about that. It is about going from the broadcasting business and to all kinds of platforms; otherwise, public service media will become irrelevant for society and, of course, there will be no point in having them if they are irrelevant.

Lord Hart of Chilton: In a way you have answered the supplementary question that I was putting to you, but just say that you might have something more to add, what are the implications of what you have said for the industry as a whole and for the BBC in particular?

Dr Suárez Candel: For the BBC, as for any other broadcasters, as I said, there needs to be a plan. I know the BBC has plans and is proactively working on that. At the EBU the BBC is one of the main contributors in bringing ideas that many other members benefit from. It is about reorganising your production structures. It is about reorganising your distribution—should we go mobile or digital first? Should we maintain our news programmes late in the evening? There are plenty of changes that need to be faced. It is about training. Nowadays the issue of rights is very important, because it is a market that is becoming much more competitive, much more complicated. Of course, we see that in some cases the citizens or the political establishment are going to question maybe the money that is invested in certain rights. But all these questions are necessary to maintain a BBC or any other public broadcaster alive and relevant.

On the implications for the market, all the commercial operators have to face the same challenges. The discussion here should not be whether it is the BBC or commercial. How can we make this dual system work well so it becomes a dynamic market, a market that creates positive skills, that creates growth? Because the challenge is not a fight between commercial and public; the challenge is the globalisation and internalisation of the media market, when global companies—most of them placed in the States and benefiting from the huge size of that national market—come to Europe and step by step start to colonise our media markets. For example, I do not know if you are aware that in Europe Netflix is not making a cent in profit in any of the markets where it is operating. How is it that they can be operational? Because they live from the profit made in their domestic market but, by being here, even if they do not make any profit, they become competitors and they diminish the capacity and the success of having audiences and incomes for other broadcasters.

Again, it is about going one step further and not just looking at your national market and saying, “This or that”. No, it is about: how can we use both parts of this puzzle so that the British national market is competitive worldwide?

Lord Hart of Chilton: Let me put to you the second quote from your website, which says: “Our Members believe in a transparent world of communication for the common good, creating content that freely informs, educates and entertains the public, and continue striving to perform to the highest standards with moral integrity and maximum efficiency. They realise that trust is at the centre of the relationship with the audiences to ensure their place as the most credible, diverse and creative national media broadcaster”. In that context, how do you think the BBC performs?

Dr Suárez Candel: Allow me to say that the role of the EBU is not monitoring and being the police of the members and saying, “You are doing well, you are doing bad and you are now

punished because you are not performing well in this indicator". We do not monitor the activity of our members to that stage. What we do is promote values and help members to perform well in those values. As you can imagine, across the European spectrum of members we have, we have all kinds of members and some of them are performing better than others. I must say that the BBC—most of the time, if not always—is in the top group and, as I said before, setting the standard for the others to follow.

As you mentioned, if we think about transparency, trust, the relationship with the audience, again, if you look from a non-British perspective sometimes there is only surprise. Do you not realise what you have here because it is really good and it is working? Of course, like in any other markets, we might have situations that are surprising, and I guess later we will talk about the licence fee agreement and other issues. The British system is not a perfect system. It is not a system that can be applied in every other country because each country is different. But I must say, considering the broad spectrum of our membership, the BBC has always been one of the members that has been looked up to by the others as an example of inspiration.

Lord Hart of Chilton: You say for the most part it is in the top cohort, but you indicated that perhaps sometimes it fell short. In what respects might that be?

Dr Suárez Candel: When I was saying "the most" I knew you might ask me that. I must admit that I said "the most" rather than to say "always" because then maybe you will consider that an exaggeration. As I said, we do not monitor or track all of this performance. I am sorry. I am afraid I cannot tell you now or provide evidence on that.

Lord Hart of Chilton: Thank you very much.

Q52 Lord Sherbourne of Didsbury: You mentioned just now the licence fee and I would like to focus on that. I have also read some of the things you have said and, if I can remind you, on this particular point you wrote: "Public service budget definition and control need to be detached from politics to ensure independence". As you know, we have just had a behind-closed-doors deal done between the BBC and the Government over the licence fee. My question is: if you devolve that decision about the licence fee to an independent body, for them to decide how much it should be and for them to decide the criteria by which the BBC should operate to make sure the deal is done by them as a quid pro quo—here is the money and here is what we expect of you—if that is done by a non-Government body when there is a compulsory tax on every television owner, which you cannot get out of, will that work and where is the accountability?

Dr Suárez Candel: As Dr Damian Tambini mentioned, sitting here, this agreement was a big surprise. From Geneva, we were following and monitoring the review of the charter. We were aware that the Green Paper would appear. There have been reports out of the House of Commons. Now you have this commission. There was the report on the efficiency of the BBC, the report on the decriminalisation of the non-payment of the licence fee and, all of a sudden, this agreement appears out of nowhere. I recall Dr Tambini said, "For me now it is very difficult to go abroad and explain or advise other Governments about how things should be done".

Lord Hart of Chilton: I understand that it would be much better to have transparency over the deal, but you are proposing some body other than the Government should do that and my question is: if it is a separate body, where is the accountability?

Dr Suárez Candel: What we see from many examples in other European countries—and, again, we need to be careful in how we would like to import that to the UK because the constitutional order and the legislation is different—is that, in many cases, for these committees the members are partly appointed by Parliament, partly appointed by a professional association and partly are representative of citizens. That is the case in Austria and also in Germany, where you have each Land or regional Government appointing an expert. What this committee of experts ensures is that the process of defining the licence fee is driven by professional standards and motivations and that there is no influence by a political, let us say, agenda. Of course, this committee then can be subject to all kinds of controls and eventually it will be the Parliament or the Government approving the recommendation of that body.

What happens, for example, in the German case is that, quite rightly, if the Government decides to change the recommendation by that committee, it needs to justify why. That brings accountability but also a buffer between the political agenda and what is decided.

I must say also that a very interesting step that is happening in Germany, but also in countries like Norway or Denmark, is that the initial proposal comes from the broadcaster because the broadcaster that receives the remit then elaborates a budget and says, “If you want me to fulfil my remit—”. In many cases it is, “Look how I spent the money last year. Look at my plan of activities and this is my plan or these are my needs”. This goes to maybe a professional committee that provides assessment and questions, requires more material, makes an assessment and then brings up that decision to any political process going through the Parliament or going through the committees. That way, I personally think, is the most transparent because you also have the opportunity to make a public consultation but it is also the most efficient or the one with the highest warranty from a professional perspective that you are going to achieve. Because, in the end, what we want is that the budget or the level of the licence fee that is approved actually delivers what it is supposed to deliver.

Q53 The Chairman: A final question: what do you see as the main challenges that now certainly face the BBC and that our Committee should be concentrating on in this charter renewal process?

Dr Suárez Candel: For sure, the issue of funding. Like anywhere else in Europe, it is an issue and one of the questions I might have is: there has now been this agreement but we are still in the process of the charter renewal, the Green Paper and the results of this Committee, so will all those have an impact on this agreement that has been achieved now? That is why it is surprisingly out of any scheduling or logical process that this has happened. This is a challenge. Of course, like in many other cases, the challenge for the BBC is to continue to maintain the value it delivers to citizens, despite the international competition, despite the increasing competition in the market of rights and knowing that it has to do many more things, do more activities on more platforms, delivering more precise content for different target groups, with the same revenue resources.

Eventually, what can happen if you cut the resources of the BBC, like any other broadcaster, is that initially there are going to be cuts in the programmatic side because, of course, you do not want to fire anybody, but there are limitations on that. Then there will be a point when the working conditions will be affected and you will have poorer working conditions or you will have fewer staff, which means that the others have to do more or, eventually, you reduce the level of quality you are delivering and, therefore, you create a negative spiral

where citizens are not happy with the service, they start to question and, of course, that diminishes the purpose and the legitimisation of—

The Chairman: Has that happened anywhere else in Europe? Have citizens reacted against cuts to public service broadcasting?

Dr Suárez Candel: I can provide two examples. I can provide an example of the public reacting against decisions against public service media. For example, in Germany, during the process of carrying out the public value test, there was a process that has been called “De-publizierung” or de-publication, where the broadcaster started to eliminate many websites that had content that was press-like and that will be problematic. Citizens were very angry because they said, “It is okay if you cannot continue to produce this kind of content, if that is what the law says, but what is not okay is that, what you have produced with our money, now you delete it”. What happened is that many people started to backup and then to publish again these pages that the broadcasters were deleting themselves.

Let me give another example of how the reduction in funding or the worsening in working conditions has a very bad effect. I come from Spain, so I can tell you that if you see the change in the funding model from what was implemented in Spain in 2010, you can see that the consequences have been dramatic, because there is total uncertainty about the money that the broadcaster will receive. Also, the economic crisis has resulted in cuts in the contribution by the state and altogether this has resulted, of course, unfortunately in a fall in the audience and the support of the public. This is a situation that we are trying to help to reverse and I can tell you, as a Spanish citizen, that many citizens are very upset with that situation.

Baroness Kidron: Can I just ask a very quick question because I know we are running late?

The Chairman: Yes.

Q54 Baroness Kidron: What I was curious about was that you have so many members and they construct themselves in all these different ways but what you came up with was a series of values.

Dr Suárez Candel: Yes.

Baroness Kidron: Yes. I am interested, because we are looking at the public purposes, whether you see that the BBC might describe itself better because you have been very eloquent about the fact we do not know how wonderful what we have is but you see—and in fact all your European counterparts see—that we have something. Do you think we would be better to describe the BBC as a series of values, or do you think that the public purposes is a good model?

Dr Suárez Candel: Maybe none of these options because they might be too complicated for the average citizen. That is also something we are working on in the EBU. We are telling our members, “You need to make your message understandable by any person”. There is the example of the Austrian broadcaster ORF: they have a wonderful campaign where they produce a magazine where they explain what they do and provide all kinds of data but in the central page, the double page, they have the daily cost, €0.51, and they have the coins there. They put all the offer around these coins, all the offer, all the services that ORF is providing citizens. That is the language that citizens understand: how much we will pay per day for

this, and then you can compare how much a coffee costs, how much for a newspaper, how much for tickets to the cinema and what the value is.

So there are different levels of communication and then the messages need to be different. When we target citizens we need to make it simple and understandable. That does not mean stupid. We are not addressing stupid people, but we need to elaborate on these complex concepts and we need to get over messages that are easy to understand. We see what happens if you do that. For the Swedish campaign to increase the amount of people paying the licence fee, what do you think they did? Did they say, “You have to pay the licence fee”? No, they made a campaign saying, “Thank you because you paid the licence fee”. If you go online and you look for “Hero (Tack)” —that is “Thank you” in Swedish—you will see the campaign that was a viral campaign online. It was like an advertisement, where they were saying, “How can we be sure that what we see on the screen is true?”

Baroness Kidron: That is about monetary value. That is not about the values that you described in your very interesting long list, many of which are not in the public purposes of the BBC, some of which are.

Dr Suárez Candel: Yes, we need communication campaigns. This is a message we are telling our members: “You need to talk more”. In many cases sometimes our members, because of the political environment of the situation, hesitate to communicate more. We are telling them, “You need to communicate more. You need to field more messages. What you are doing is good. What is the point in promoting that?” But, of course, each market is different. Sometimes the reactions are very, very strong.

The Chairman: Thank you very much indeed. I hope that we have not kept you too long and you have not missed your flight back to Geneva.

Dr Suárez Candel: No, I have time. I can stay longer if you want.

The Chairman: Thank you so much for being with us.

Dr Suárez Candel: Again, thank you for the invitation. For me, personally, it is a wonderful experience—as an academic and now as a member of the EBU—to be here. Again, the EBU very much appreciates that you take our opinion into account and, last thing, also having the BBC and the BBC being a member of the EBU enables that we can come here and this is paid by the licence fee, so thank you very much.

The Chairman: Thank you very much.