

Digital, Culture, Media and Sport Committee

Oral evidence: BBC Annual Report 2017-18, HC 993

Tuesday 11 September 2018, Quay House, Media City UK, Salford

Ordered by the House of Commons to be published on 11 September 2018.

Watch the meeting

Members present: Damian Collins (Chair); Julie Elliott; Paul Farrelly; Julian Knight; Ian C Lucas; Giles Watling.

Questions 1 - 101

Witnesses

I: Lord Hall, Director General, BBC; and Anne Bulford OBE, Deputy Director General, BBC.

Examination of witnesses

Lord Hall, Director General, BBC; and Anne Bulford OBE, Deputy Director General, BBC.

Q1 Chair: Good morning and welcome to this meeting of the Digital, Culture, Media and Sport Committee. This is the annual session of the Committee to discuss the BBC's Annual Report. We are delighted to have Lord Hall and Anne Bulford here to represent the BBC today. We are also pleased we are holding this meeting here at Quay House in Salford, the BBC's home in Salford Quays. This is the first time this annual evidence session with the BBC has been held here at Media City. It has given the Committee a great opportunity to see some of the work done here by the BBC and other broadcasters. We are grateful to the BBC for facilitating the meeting being held in Salford here today.

Before we start the evidence session proper, there is one piece of housekeeping. Obviously, as we are doing this Select Committee hearing remotely we are using slightly different technology, so we have to remember to turn our mics on and off when we ask and answer questions. Also, we have a couple of declarations from members of the Committee before we start the session. We are going to start with Paul Farrelly.

Paul Farrelly: I want to make it clear that I am currently pursuing several complaints against BBC "Newsnight" but those complaints are not relevant and will have no effect on the questions that I ask.

Julian Knight: I was a former BBC employee and a deferred member of the BBC pensions scheme.

Giles Watling: I am in receipt occasionally of repeat fees from the BBC, my £3 10s a year.

Q2 Chair: Thank you very much. We will start the evidence session proper now and start off with questions regarding the finances and the accounts. In the BBC's Annual Plan you said that you are nearing the frontier of efficiency at the BBC, and yet there is a requirement to deliver a further £700 million of savings by 2021-22. How are you going to make those further savings without compromising the quality of the output?

Lord Hall: Thank you for the question. The last licence fee arrangement was done at a time when the public finances were under as much pressure as they are now. I think what has happened since then is we are in a very different media market to the one we were back then. The arrangement with Government was a cash flat licence fee. To remind you, we had a licence fee going up with CPI. We abolished the levy for broadband. The Government extended the licence fee to cover non-linear broadcasting. All those things are really good. We also agreed to take on the burden of the over-75s from June 2020.



HOUSE OF COMMONS

If you look at the quantum of the licence fee then, effectively, the licence fee has been cash flat since 2010, meaning that in real terms it has gone down by 18%. We have done a lot that I really hope the annual report and accounts shows to make that money go much further. In the last charter period we took out £1.6 billion of savings every year, as the annual report and accounts makes clear. So far in this charter, totalling it all up, we have reached £277 million but we have to make a total of £800 million to live within our means by the end of the charter period.

At the same time, I think two things have been happening. One is inflation in certain key genres—in sport but also in drama and in some factual areas—has gone up by much, much more than you could have predicted two or three years ago. The second thing that has happened is that the audience's expectations of what they expect out of a broadcaster, due to Netflix and Amazon and all the very good things they are doing for consumers, have also increased expectations on the BBC.

We are at something of a turning point where we will need to consider very carefully how we make ends meet over the coming years and what that means for the services that we operate. We are not at that point yet but it is coming.

Q3 **Chair:** By saying the BBC is approaching a turning point, does that mean that it will no longer be possible to try to make incremental savings across the board and still deliver the same BBC we recognise today, and that there may need to be more substantial decisions on genres or programming or channels and stations?

Lord Hall: The record on savings that we managed to achieve—both before my time and also in the period that Anne and I have been running the organisation—has been remarkable. That is a lot of hard work by lots of different members of staff all contributing and thinking. We are targeting 4% savings per annum over the length of the licence fee.

Yes, I think what you see now is—I hate the phrase “low-hanging fruit” but I am about to use it—the easier savings have been made. I think it is getting harder for people to see the savings and we have to talk about changes in the nature of the services we offer, as well as looking, of course, for savings that technology and other things can generate. But it is getting harder, yes.

Q4 **Chair:** Do you think that will include reductions in spending on originated content on channels like BBC1, BBC2 and BBC4?

Lord Hall: Those are things that we are looking at. An independent report by MediaTek looked at the amount of money being spent on UK content to 2026 and said that they can see a reduction in the amount of money spent on UK content by about £500 million by that time. That is despite the money that Netflix, Amazon, Apple and others are spending on content in this country.



HOUSE OF COMMONS

I think that PAC said if you look at the amount of money spent on UK content—roughly £2.1 billion a year was their figure—then £150 million of that comes from Netflix and Amazon.

The vitality, if I can put it that way, of the BBC, ITV, Channel 4 and Sky is really important to preserve and grow what I think is remarkable in this country, which is a television production sector commitment that is second to none. I have long been worried about the future of that, especially when you know ITV is under pressure, we are under pressure and others are under pressure too.

Q5 Chair: When Alex Mahon gave evidence to the Committee on the Channel 4 annual report, she raised concern that the days of the really big drama productions being funded by UK PSBs may in the future not be possible. Platforms like Netflix will simply price the PSBs out of that market. Notwithstanding the success the BBC continues to enjoy with drama, not least with “Bodyguard” currently, do you share that concern that this is going to be a genre of programming that the BBC cannot be the big player it used to be?

Lord Hall: I do, but to be honest with you I think that is also an opportunity for us. Alex is right about that but if you look at what we are told, “The Crown”, which I have enjoyed—it is excellent—was \$100 million or £100 million, I am not sure which, for 20 episodes. Then for that we are producing many series of dramas, I think 13 different series of dramas, and reaching over 75% of the UK population.

I think we have to say, okay, there are these big—I call them gas giants in the solar system. We are a small planet relatively and these gas giants are out there. They have things to do. They provide a great service for people and I love using them. But we have to focus down on what we can do best and I think Amazon and Netflix will not do “Three Girls”, which was a remarkable series we stripped over BBC1 last year. That led to the proper recognition of someone who had brought abuse to the public mind. I think Jed Mercurio and “Bodyguard” is something that with our relationship we can build on and I am delighted to say “Line of Duty” is coming back for two more series.

I think we have to focus down on what we really do well, which is UK content, dramas about big UK issues, finding new talent or giving existing talent its voice to do things it might not otherwise do. That is why, although you look in awe at the money on the west coast, I also think it is a big chance for us to do something.

I make one other point. If something is behind a subscription or pay wall, it is less easy to bring everyone together to talk about it. What has been amazing about Jed’s work on “Bodyguard” is, as you go round the place people say, “Don’t tell me what happened last night, I haven’t watched it yet”. That sense that we are all together talking about something that brings us together—it could be that or it could be something in the news, or it could be the One Love Manchester concert. As social media



HOUSE OF COMMONS

platforms behind pay walls create divisions, I think we also need to focus on things that bring us together in ways that matter to the country.

- Q6 **Chair:** Thank you for that. I have a couple of questions on income rather than expenditure on the licence fee. The BBC estimated that the costs associated with funding the free licences for the over-75s would reach £725 million by the 2020-21 accounting year. Is that still your expectation or do you feel that figure may grow?

Anne Bulford: That is the right range but we think that figure will grow because of the profile of the population and then there are also the CPI factors that come through, so, yes, that is a minimum number and it will be higher.

- Q7 **Chair:** The BBC previously estimated that the revenue gain from closing the iPlayer loophole on mobile devices will bring in about £12 million a year. Has that been realised?

Anne Bulford: Yes, that has been realised. That is broadly right.

- Q8 **Chair:** Two colleagues want to come in on the subject of the over-75s. But is this proposition sustainable for the BBC to fund this or will you be seeking to reduce that commitment by encouraging people not to claim their free licence or by seeking some other form of compensation?

Lord Hall: The concession as it is currently formulated comes to an end in June 2020. That was part of the last licence fee settlement that the policy would come to us from then. The board has to decide what should replace it because it comes to an end in June 2020. I think we have to be mindful of at least two things. One is that we know that those over-65 and 75 consume many more BBC services than others. That is really good. We are lots of people's companion. That is great.

On the other hand, there is real hardship among some or many of those over-75s, too. How the Board comes to a decision about what follows the concession is going to be a process where we have to, because of the Charter agreement consult and we will consult with the public. We are not in the position to know how we will consult and on what we will consult at the moment. That is something the Board will discuss over the autumn and winter.

- Q9 **Chair:** A final follow-up on that. Could you say that the current concession on the over-75s licence fee, as we know it today, will not be delivered into the 2020s? It will be replaced by something which is different.

Lord Hall: To be absolutely truthful with you, it could be the same. The Board could say we will just continue with it as it is. It could be reformed. There is a whole load of options and we are not in the position at the moment to say, in all honesty, what the right option would be. Anyway, we have to have a proper public consultation about all of that and what



HOUSE OF COMMONS

we do. That is something the Board is very mindful of and will make a decision about at some point in the autumn and winter.

Q10 Chair: As Director-General, would you not rather spend some of that £725 million on content?

Lord Hall: As Director-General, of course I am thinking all the time about the money for what really matters, which is our creativity, and what matters to our audiences are our programmes. That is why I am very glad, by the way, that we have the overhead rate—as is clear in the annual report—down to 6%, which is saying that the rest is going on programmes or getting programmes to the market.

This is such a difficult balance between on the one hand what can people afford and on the other hand our need to give people proper services, given the inflation that we are in and given the change in what audiences expect of us.

Q11 Chair: It would be fair to say, from what you said this morning, you cannot guarantee that the concession for free licence fees for the over-75s will not continue?

Lord Hall: It could continue exactly as it is. We could change it and I don't know what the Board will decide yet, and that is something that is absolutely part of our work this autumn and into the winter.

Q12 Chair: But there is no guarantee it will continue in its current form?

Lord Hall: It could continue. I am so sorry. I cannot give you a guarantee it will continue. I cannot guarantee what the Board will decide to be honest with you. That is for the Board and I am trying to say this is quite a weighty decision because, as you said, Chair, we have on the one hand inflation in the content market, and on the one hand our audiences are expecting us to do different things and their expectations have gone up. On the other hand, real hardship among pensioners—this is a very difficult issue, and I suspect it is one of the reasons why we have to think about it and the Government said, "Over to you" is because it is a very hard thing to work through and I know the Board will take it very seriously.

Q13 Ian C. Lucas: Part of the reason why it is such a difficult decision is because it is essentially a political decision. But my slight sympathy for you is mitigated by the fact that you agreed to it as part of a deal. The Chair has touched on the timescale. Am I right in thinking you will be consulting by the summer of next year on different proposals on this issue?

Lord Hall: Mr Lucas, thank you for the slight sympathy. We did agree to it because we thought we were—

Q14 Ian C. Lucas: You did not have any choice?



Lord Hall: Listen, I have said it to you all before and I will say it to you again. That is no way to set a licence fee settlement done in a week like that, and thank you for your wholehearted support in saying you don't think that is right either. No, we will have to have a consultation. It will need to happen reasonably shortly and the Board need to decide how that consultation takes place on the basis of what evidence we put forward to the public and so on. You are completely right.

Chair: Giles, did you have a question on the subject?

Q15 **Giles Watling:** Yes, a very quick question on drama production. You mentioned Netflix and Amazon and the incredible production values that they produce, which is creating a challenge for you to raise the bar all the time constantly. The great thing about these—I have only seen the first two episodes of "Bodyguard" so please don't tell me what happens next—challenges you have, if you overcome them and get it right you have a vast global audience and the sales of that must be incredible. Therefore, you can generate income there so it is worth keeping up that challenge. It is worth keeping the pressure on, is it not?

Lord Hall: I completely agree. We are making two series, for example, of Philip Pullman's "His Dark Materials". That is expensive because of all the computer-aided graphics that need to go through making the demons. I was on set with them in Wales just outside Cardiff two weeks ago, and I am really pleased that we have pulled off something there. The cost per episode is high. I don't think it is in the Netflix and Amazon territory, but none the less it is quite high. It is really ambitious.

I think all of us felt that was the sort of piece that the BBC should make. The nature of the book, the nature of who Philip Pullman is and all that, and we are showing ambition on that. On the other hand, "Bodyguard" is us having a really good relationship with an exceptional talent, and that is Jed Mercurio. There is so much that we can do by nurturing talent, finding new talent and giving it a voice or, as we did with "King Lear" with Richard Eyre, which was remarkable, saying to people who have done extraordinary things in their lives, "Do you know what, we can make something happen for you that other people won't fund".

However difficult it is, and it is difficult, and however constrained our finances might be, both working with our own and then with the right partners I think we can do a lot. The issue is increasingly—as I think Channel 4 may have said in their evidence session to you—that whereas two or three years ago you could sell a great deal to Netflix or Amazon, the way that they are going now—they are good people and we have a good relationship with them—they are investing less in us as broadcasters and we are going to have to go our own way with people who think like us. But I am okay about that.

Anne Bulford: Just to elaborate on that, the co-production market internationally carries its own challenges because the global players increasingly are seeking to launch on a global scale, and they are looking



for all rights in all territories, and the ability to carve out a first window for the UK as part of that global deal reduces as that strategy progresses through all territories. We are starting to see some of that and that, of course, is happening to other broadcasters in other territories.

Getting together the finance requires a different set of relationships and more work to go into that to pull that together, so it carries its challenges. It is not as straightforward as it might seem to get these big programmes financed.

- Q16 **Giles Watling:** One of my great concerns—because of cost pressures that happened year on year on year—is that the BBC might then become risk averse. If it does become risk averse, we would not have the wonderful history. For instance, “Monty Python” springs to mind as one of those great risks that was taken by the BBC many years ago and turned out to be one of the biggest earners. I would like to avoid that if possible.

Lord Hall: I am with you on that. It goes back to what sets us out from Netflix and Amazon, and I think gives us a distinctive voice going forward, is us taking risks on ideas that might not fly on a global platform reaching 120 million people. But actually we can take those risks and I think, for example, “Mother’s Day”, a very hard drama documentary but a drama about the events at Warrington, is not something that is going to have global appeal or people are going to fund at that sort of level. We should be saying we want to give the programme makers the drama makers an ability to make a programme like that, and so on and so forth.

We are very lucky Piers Wenger and Charlotte Moore, the director of content and drama, are absolutely aware of how we can strike that difference. It is good to see so many new dramas from us launching this autumn saying, “We really take this seriously and we think we have an important voice here for the UK”. Sort of agreeing with you, I think our role will become more distinctive in that respect as time goes on.

- Q17 **Chair:** One of the drama genres that is close to our hearts, of course, is BBC Parliament. Will BBC Parliament remain as a broadcast channel?

Lord Hall: I very much hope so. I think it is a very distinctive service that we offer. It is really important that we find as many ways as we can beyond BBC Parliament, though, to explain what is happening in Parliament and to make more people aware of what is going on. I gave evidence to a Lords committee on this a little while ago behind closed doors, but I take very seriously our duty to help voters to understand what is happening and what is going on. Even beyond the Parliament channel I think is a big role for us there and I am open to more ideas on how we can do that better.

- Q18 **Chair:** Beyond the Parliament channel, the BBC News analyses what happens in Parliament. If you feel that it is important that the BBC explains what is happening in Parliament, do you think it is important that BBC Parliament should continue to have an edited daily programme



HOUSE OF COMMONS

looking back on what has happened that day in Parliament and an edited weekly programme doing the same? These formats are produced obviously for radio, but do you feel they should continue on television and be available through BBC Parliament?

Lord Hall: I do. I also think we should be looking at other ways we can attract people to what Parliament is doing. For example, could we—I was talking to the Lords' committee about this—for example work with the parliamentary website to allow people to search more easily by topic, to have notifications when things are being brought up in the House? Could we extend our service in that sort of way, too, so that if you are particularly interested in—I don't know why I am clutching at the A303—say the A303, so that every time that came up in Parliament you were told it was about to come up and you could listen to it or watch it or follow up on something like that. I would like that kind of group of like-minded people with the BBC to sit down and say, "How can we use this material and what you are doing"—and this is beyond BBC Parliament—"and find other ways of communicating to the voters what you are doing?"

Q19 **Chair:** It has been put to me that there is a plan that BBC Parliament will stop producing edited programmes and will just broadcast live footage from the Lords and the Commons. But from what you said in your previous answer it sounds like that is not the case. Can you confirm that?

Lord Hall: I want the edited programmes to continue. Let me just say we are constantly reviewing what we do. Anne and I have been saying, "We have to make over £800 million savings by the end of the charter period", and we are doing well and well on the way. Therefore, we keep on looking at: should we be doing this? Should we be doing that? Could we do this better? Could we do it more effectively? But do not read into that necessarily something that we intend to do.

Q20 **Chair:** It was also put to me that not only was there concern over the future of the edited programmes of what happens in Parliament being broadcast on the Parliament channel, but other programmes like "Book Talk"—I declare an interest; I have been interviewed on it—the broadcasting of the "Speaker's Lectures" series, other programmes, like the repeats of it and election night programming, that for people that watch the BBC Parliament channel are a regular part and a feature of that channel. Is that genre programming going to continue as well alongside the live broadcasts of the footage from the House?

Lord Hall: We are looking at how we can save money. I know there are some ideas about restricting some of the repeats of things that we do. I will happily write to you and give you more details of whatever we are planning in that regard.

Let me just go back to our commitment to getting people interested in and involved with and seeing what goes on in Parliament is not



HOUSE OF COMMONS

diminished by any of these changes we might have to make there but not in the Parliament channel itself.

- Q21 **Chair:** Thank you. You can confirm, though, that the Parliament channel will not become a digital-only service. It will remain as a broadcast channel as well?

Lord Hall: We want it maintained as a broadcast digital service. There may be a time in the future when everything goes over to IP when we want to migrate that to Internet Protocol, but it is not in the next year or so.

- Q22 **Chair:** In two years?

Lord Hall: I really don't know. What we have learnt from BB3 changing into a service that is almost on demand is you have to do these things very gradually. You have to pick your moment, because you want the audiences to be able to consume you and find you there. I cannot see at the moment us turning off BBC Parliament as a linear channel.

- Q23 **Chair:** The argument with BBC Three was that younger people watched television on mobile devices; therefore, why not serve it to them in a way in which they consume it? I am guessing that the demographic for BBC Parliament is somewhat different from the BBC Three audience.

Lord Hall: Yes, it is. My point about BBC Three, though, was what we have learnt from that. I think it was the right thing to do but with all things you learn stuff, don't you? It is amazing what BBC Three has done and Damian Kavanagh has done an incredible job. It won Channel of the Year and all that. But in retrospect had we taken the transition to an online-only on-demand environment, maybe using the linear channel to make people aware of a new way they consume BBC Three over a period of two years or so that would have been better.

- Q24 **Chair:** Finally, on BBC Parliament the budget this year was £1.6 million. It is a pretty small amount of money compared to what the BBC spends on anything else. How much greater level of contribution to savings do you think BBC Parliament needs to make?

Lord Hall: Exactly, and this is a microcosm of the issues that we are facing for BBC Parliament re the local radio station. I have visited nearly all the local radio stations. If two or three people are making a programme in the morning, it is quite difficult to say, "We would like 4% out of that". This is where we have to think very hard, because in running an organisation you always have to say, "We can do things better. We can do things more effectively. We can do things more efficiently", but there comes a point when dividing 4% into two people or taking something out is not the answer. That is a very good microcosm of some of the issues we are facing.

- Q25 **Julie Elliott:** Good morning. I want to talk about and ask some questions about the changes you announced earlier in the summer to do with



HOUSE OF COMMONS

Sunday political programmes and, in particular, the regional programmes, the regional part of that. I know that we are getting a few more minutes, which is welcome, but where are we on whether things will be live or pre-recorded?

Lord Hall: Our aim is to be live, but I need to come back to you. If you are asking me whether I can tell you where each programme is, I can't, so maybe, Ms Elliott, I can come back to you on that. Forgive me for not knowing the answer.

The overall picture there was we felt very, very strongly that what we do regionally is phenomenally important. We do not want to lose that. What we do day by day we wanted to refresh and to think again about how we can—to pursue the line we have been pursuing just now—get more people involved and make it feel a bit like, I suppose, “Morning Joe” in the States, more informal but also give people more analysis and background.

Q26 **Julie Elliott:** Perhaps I know a little bit more of what is going on in the regions. It is my understanding that they are still now suggesting that they only do three or four live programmes a year. In the north-east, a classic example of where because it is pre-recorded on Friday teatime, which is a nightmare for MPs to get to, we have had the nonsense—and this is an extreme example but it just shows the problem of pre-recording on a Friday to be broadcast on a Sunday—when an MP colleague died on a Saturday afternoon and there had to be a statement at the beginning of the programme. In the fast-moving 24-hour politics, particularly with Brexit, what is said on a Friday is a different universe from a Sunday.

I know that the proposal at the moment is looking like they are having three or four live programmes a year, which is just not acceptable. I understand that weather is going to be done live, so there are going to be live bits put into a pre-recorded programme. We also have the nonsense that people who pay their licence fee in Scotland, Wales and Northern Ireland will be getting live programmes, but people in the regions will not.

Can I urge you to look at this very seriously again because it really is not an acceptable level of service? It is not working. We have had the experiment since the last time, the announcements when it was changed to pre-record on a Friday, and it simply does not work. The programmes, however hard people try, are not as sharp and, as I say, the way that politics is moving at the minute simply makes it not a worthwhile programme to watch in the way it would be if it was live.

That is where we are, so can I ask that that is looked at again? I do not think cost in something as small in the global sum of the BBC budget is really an answer to that.

Lord Hall: Thank you for raising that. I think that the editorial point you make, which is something happens. It is very sad if somebody dies, but the nature of politics is such that I completely agree with you: what the



HOUSE OF COMMONS

world looks like on Friday is not what the world looks like on Sunday. Let me look at that. I think that it is a really good point you have raised.

Can I make another point as well? We have just appointed Helen Thomas, who used to be the head of programmes in Leeds, to be Director England. It was implicit from what you were saying, but I may be getting it wrong. I want to make sure that we are serving the English regions as well as we are serving Scotland, Wales and Northern Ireland. I think that that is really important. We put a lot of focus on Scotland, Wales and Northern Ireland. I want to make sure that England gets its fair whack as well, so thank you very much for raising that.

Q27 Paul Farrelly: I want to ask a few questions about the Sir Cliff Richard case. How much did that cost the BBC in total?

Lord Hall: Mr Farrelly, I can't tell you yet. The process is not at an end. Might I say and repeat what I have said in public in a variety of places? We really are very sorry for what Sir Cliff has been through. There are two issues for us. One is the nature of the coverage and then one is the principle that we wanted to establish through carrying on with the court case. I could expand on both or neither as you would like.

Q28 Paul Farrelly: In what sense is it going on? You are disputing his claim for costs, are you?

Lord Hall: That is going through the legal processes at the moment. We have an insurance policy, which will cover most of those costs. If I could just take you back, there are two issues at the heart here, which I am sure you are thinking of, too. One is the nature of the coverage. My own view on that is—as Judge Mann said—this was a proper thing to report. We reported accurately what happened, but my own view is we overdid it. I think that the helicopter was overdoing it. My own judgment—and judgment in hindsight is always a very fine thing—is that it was something to report but down the bulletin. That is the first thing, the content.

The second point—the principle we were fighting—was that, as the judge said, we were reporting accurately. We felt that it was in the public interest for them to know that there had been a police raid by South Yorkshire Police on Sir Cliff's property. Rather than a section 10 freedom of expression, the judge took the line in which privacy was more important. Indeed, in the time since this case was covered by us, privacy by the judges has risen higher. We felt that the principle of people knowing about this raid was more important in this case than the privacy, and privacy was not the case when we broadcast it. We felt that was an important principle.

I took the view once we lost the case—and I read the judge's judgment very carefully a number of times and took advice on this—that the case itself was not one I felt happy enough to go to appeal on because of the way I thought we overdid it, to be blunt with you. I took advice from our



counsel and from other counsel as well, who said that if we were to go ahead and appeal we were very unlikely to win. It would cost licence fee payers money, money that I did not think it was worth paying. Thirdly, it would prolong what Sir Cliff had been through, and I felt on those counts and other counts that we should not appeal, which is why I felt very strongly that this is an issue about reporting. I do not think it is for judges to decide and certainly not for me, but I think it is one that Parliament should decide. In the end, I feel very strongly this is something where you as MPs should say what is right for us as broadcasters and as editors and as journalists to report.

Q29 **Paul Farrelly:** Why isn't it all done and dusted now? What are the issues that are still outstanding and of dispute?

Anne Bulford: To date, the BBC has paid damages to Sir Cliff as directed by the court and paid £850,000 on account of Sir Cliff Richard's costs. The BBC has also paid £515,000 to South Yorkshire Police on account of their costs. There are follow-up hearings to deal with Sir Cliff's specific claims in relation to his specific financial loss, and the contribution to the claim between the BBC and South Yorkshire Police needs to be resolved.

Q30 **Paul Farrelly:** What has it cost so far then?

Anne Bulford: So far we have paid £143,500 in damages to Sir Cliff, £850,000 on account of Sir Cliff's costs and £515,000 to South Yorkshire Police.

Q31 **Paul Farrelly:** So getting on for £1.5 million?

Anne Bulford: That is right, yes.

Lord Hall: Yes.

Q32 **Paul Farrelly:** Okay. You have referred to some of the things you felt you got wrong. How much soul-searching has there been in the BBC about this not being what the BBC does? We are not the *Sun*; we are not the *News of the World*. We are not the *Mail* or the *Mail on Sunday*. This is not what we do.

Lord Hall: A lot of soul-searching. I have always felt about the BBC and its journalism that, despite what a lot of people think, these sorts of issues are thought through very carefully both before and then after the event. This has been something we have been talking about and discussing what is proper a great deal. It might interest you to know that we approached Sir Cliff's lawyers and, indeed, I approached Sir Cliff on a couple of occasions suggesting we sit down and try to sort this out without going to the court. Sadly, but I guess understandably, the legal view came back, which was, "We don't want to talk. We are prepared to settle if you say you have acted illegally", but I don't think we acted illegally. It is a pity because it would have been good to resolve it before the court, but that was not possible.



HOUSE OF COMMONS

One of the reasons we are not appealing is because I think that the nature of the coverage was over the top, and I have said that and I repeat it, Mr Farrelly, to you again today.

Q33 Paul Farrelly: Clearly, with a story like that and the use of a helicopter and authorising it, on any newspaper the editor would be expected to be involved. Were you in any way involved in the editorial chain or did the buck just stop with Fran Unsworth in terms of decision-making?

Lord Hall: I was not involved in the decision about the story. Fran absolutely was and Fran has been very clear that the buck stops with her. I think she has been very forthright about that. In retrospect, it is interesting that we went before the Home Affairs Select Committee two or three months after that, that thought the coverage was appropriate. It was rather critical of South Yorkshire Police.

Our considered judgment on this is, as I said to you, that it is a story that is runnable but some way down the bulletin and not at the top. The policy issue for us is: at what point does the balance between the freedom to know and information outweigh the individual's right to privacy? That is very complex, because you do not want a point at which people's houses are being raided and no one knows about it.

On the other hand, I also have huge sympathy for somebody whose apartment has been raided and then X months later the charges are dropped. As Judge Mann said, the problem in that case is things stick in the public's mind. This is why I wrote to the Government to ask if there is a way in which Parliament can look at that because I think it is absolutely Parliament that should be deciding what is right in this very difficult issue of principle.

Q34 Paul Farrelly: Do you think as editor-in-chief you should have been involved in the decision-making? Did you ever at any point in the aftermath think to yourself or say to anyone, "Why didn't you come to me?"

Lord Hall: It was in the middle of the summer. I was out of the country at the time and had I been around then, most certainly, I would have said it should have come to me. But I was away and out of the country, so I did not pursue that.

Q35 Paul Farrelly: I do not want to take up too much time, but clearly Sir Cliff took legal action. At any stage since the legal action or after the controversy surrounding the story, did you internally examine how the BBC conducted itself vis-à-vis its own editorial guidelines and did you identify any breaches?

Lord Hall: We did not identify any breaches. As I said to you, Judge Mann was very clear that what we broadcast was accurate, but—

Q36 Paul Farrelly: Did you conduct an internal review set against your own guidelines?



HOUSE OF COMMONS

Lord Hall: We have not had a formal review, but we have talked, as you can imagine, Mr Farrelly, endlessly at every level in the BBC about what we have learnt from this. What we have learnt from this is about the nature of these stories and how we cover them and the judgment we make about what is a BBC story and what is appropriate for the BBC to cover. I am not saying it is not appropriate for us to cover this; I am saying that its prominence and the scale of it is something we have talked about very carefully.

Q37 **Paul Farrelly:** Would it not be a good bit of housekeeping to measure the story against your guidelines, particularly if you feel that the guidelines need to be updated? I think that the last time I looked at them the introduction was by Sir Michael Lyons, who left the organisation in 2011.

Lord Hall: You are pre-empting something, Mr Farrelly, which is that we will be publishing a new edition of the guidelines updated by this Board some time later on in the autumn. As ever with the guidelines, we are trying not to make them expand but we are trying to make sure that they cover all the things that we have learnt since Sir Michael Lyons gave his intro to those guidelines some time ago.

One of the things that I think is really good about the BBC is the guidelines, and the fact that the guidelines are the summation of the thinking that goes on in news, and in editorial policy more broadly, across the BBC about what we think is right and what we think is right for the nature of our journalism. That is something that is not only there in the guidelines but it is something that the Board takes very seriously, too, because number one of our public purposes is information, as you know.

Q38 **Paul Farrelly:** My last question before moving on: not now, it will take too much time, but after this session could you write to us to spell out what you are asking the Government to do in terms of the law, and also spell out to us which parts of the judge's ruling you feel potentially compromise the freedom of the press to report on investigations before anybody is charged? If you could write to us, that would be very helpful, I think.

Lord Hall: I would be very happy to do that and I can also copy you the letter I sent to the Government on exactly this subject. I would be very happy, Mr Farrelly.

Paul Farrelly: Thank you.

Q39 **Julian Knight:** I have to say, as a licence fee payer, I do find it quite incredible that, after £1.5 million being spent on a legal case and also the costs of a helicopter among other things, no internal review has taken place within the BBC over what went on and whether or not editorial guidelines were broken, whether or not those editorial guidelines were old or in process. This is not necessarily the most high-profile case that the BBC has been found wanting in. Recently there was also an Ofcom ruling over Medway and the Medway young offenders' institution—a "Panorama"



investigation—where it was shown that there was a serious breach because you brought a programme forward, effectively to protect an exclusive, and as a result a vulnerable teenager was identified during that programme, which they should not have been.

This feeds into what I have heard in your questioning with Paul. Editorially, does the BBC have a serious problem here in that when it tries to wake the tabloids or becomes obsessed with being first, effectively that is where you fall down? What are you doing to ensure that the BBC may not be the first breaking news but is correct? Because expressions of regret afterwards, frankly, are not good enough.

Lord Hall: That is a really interesting question or point that you are making. I think that the BBC's journalism must stand apart from others. I go back to our public purposes. It is number one and it is number one for me. I think that impartiality matters hugely. I also think that us having the guts or braveness to tackle subjects that others do not tackle is really important, too. To carry out investigations without fear or favour is really important.

The fact that we are transparent in a way that I don't think any other organisation is in the quantum of our editorial guidelines and how we, therefore, hold ourselves to account is really important. We do put our hand up if things are wrong. We do say if we think there is an issue here that we want to discuss a lot more and have a public debate about.

Let me just say I said it very carefully: there was no formal inquiry for Sir Cliff Richard but, believe me, the number of times we have discussed the implications of this in editorial meetings and with editorial policy colleagues and as well with the then director of news, James Harding, and the current director of news, we have discussed this and discussed this and discussed this. It is not appointing somebody formally to look at it, but please don't for one moment think, Mr Knight, that we have not gone through these issues very carefully because we really do.

Q40 **Julian Knight:** Just returning to my actual question: what are you doing in order to ensure that the BBC is not about being first but is about being correct?

Lord Hall: First, this is something that Fran Unsworth and I talk about a lot and accuracy is extremely important. Implicit in your question is also the agenda. I think that the agenda is really important for BBC News. When I look at "News at Ten" each evening, I think that the agenda we are pursuing there is exactly right. I think that the programme is in very fine shape. I think that it is covering the world as well as this country well.

We have just appointed Kamal Ahmed to come in and be an editorial director in the news operation. His job will be to look at how we ensure that the agenda and the time we spend on key issues are not just the issues of the moment but we also look at issues that are maybe below the surface that we are not tackling, that we use our news-gathering force across the world to reflect the world back to this country and also



HOUSE OF COMMONS

explain more what it is that is going on, so that our viewers and listeners can understand the complexity of the world that we are currently living in. I have great ambition for BBC News under Fran and also with Kamal's help for what we can do.

Q41 Julian Knight: What is your analysis of how Ofcom regulation is going to date? What do you see are the challenges, the positives and the improvements that may need to be made as a result?

Lord Hall: One of the successes that we do not really talk about has been the way in which we have a completely new system of governance both in the BBC but also with Ofcom. I think that our relationship that we have developed with Ofcom in the first year and a half of Ofcom's complete overseeing of us has been really good. They are there to regulate us; we are there to be regulated. Our relationship has been open and, I think, testing. Ofcom has asked us to deliver degrees of information that I think are proper; so far, so good.

What do I think the issues are? I think they are probably twofold. In any regulated environment, there is always how much regulation versus how much scope you need to run the business. Sharon White has always been very clear with me and clear in public that she is not running the BBC, she is regulating the BBC, but you know and I know that those marchlands, those boundaries, are difficult.

The bigger picture for regulation in the UK is something that I and other chief executives of broadcasters wrote an open letter on two or three weeks ago. We have a very highly regulated, properly regulated—we are spending public money—but very good ecology of broadcasting in this country: BBC, ITV, Channel 4, Channel 5 and Sky. Then you have the dramatic change, which we all know about, in the market with the entrance of Netflix, Google and so on, not regulated or very lightly regulated.

As broadcasters, what we were saying there was there must be some way of putting the things that we think matter in the broadcast or social media ecology to make all of us responsible, not just part of the market. I think that big question—which is how you regulate what is at the moment relatively unregulated and get the balance right between the highly regulated and the unregulated—matters.

There are huge advantages. We have a really strong and good relationship with Google, but we know some of the issues that you have been looking at and you have been dealing with. Finding a way to treat us all fairly and properly for the ends that you as parliamentarians want is an issue for you. It is not for Ofcom in a way, it is for you almost to decide, to say to Ofcom what the right way forward is.

Q42 Julian Knight: Do you think that the reality of Ofcom regulation has bedded down with BBC editorial and programme makers and what more do you think needs to happen in that sense?



HOUSE OF COMMONS

Lord Hall: I think that what has built up between us and Ofcom is an understanding of our respective positions. If I were to say areas where we need to do more work, I suspect it is probably this. First, we know and you know that the world in which we are all operating is moving very fast. What seemed the case a year ago is no longer the case. The issue for a broadcaster like the BBC or ITV or Channel 4 is we also have to move and change fast as well. How regulation keeps up with the pace of change I think is a really big issue. Sharon is completely aware of that and we talk about these things. We have a very open and good relationship about it, respecting each other's different positions. Ensuring that regulation can allow and keep up with a rapidly changing marketplace where consumers are getting different things—which is great for consumers—I think is an issue.

Q43 **Julian Knight:** Finally, you are confident, effectively, that the reality of Ofcom regulation has bedded down entirely with BBC editorial and programme makers and that they know they exist in the new ecosystem?

Lord Hall: I am sorry not to be more direct in my answer to you on that. Absolutely, yes, I think that it has bedded down. I would say, Mr Knight, that that is one of the successes. We have managed to make that happen over the last 18 months. That is as much to Ofcom's credit as well as internal BBC. There are always going to be bumps and there are always going to be grinds, but I think that we have a very good working relationship.

Chair: Ian, did you have a quick question?

Q44 **Ian C. Lucas:** Yes. On the Sir Cliff Richard case: how long before the police search took place was the BBC aware of it?

Lord Hall: As I recall, Mr Lucas, some weeks before we were tipped off about it.

Q45 **Ian C. Lucas:** You were not advised of that at the time?

Lord Hall: No, I wasn't.

Q46 **Ian C. Lucas:** Was any payment made by anyone from the BBC to any public servant concerning the information about that search?

Lord Hall: No.

Q47 **Julie Elliott:** Changing the subject completely again, the last time that you both appeared in front of the Select Committee we talked at length about equal pay. I am delighted that in recent weeks there has been a settlement of the grievance with Carrie Gracie, but I would like to know where the BBC is now with the outstanding cases on equal pay.

Anne Bulford: As we explained to you when we saw you before, we are undertaking a widespread reform across the whole of the BBC. Since we last gave evidence to the Committee we have successfully agreed with our trade unions and our staff our new framework and we published



HOUSE OF COMMONS

information to all our staff, including on-air groups, about where they sit in the market-informed pay range.

The first point I would like to make is that men and women across the BBC have a huge amount of information now about what they are paid and how they sit relative to their peer group.

The second thing is that, on a number of occasions, we have encouraged people to come forward and if they have questions ask them in a very proactive way. As a result of that, we have had a lot of people step forward and ask questions about their pay. Some of those are very straightforward: can you please check that I am in the right place? Others are very complex sets of circumstances that raise very serious equal pay questions that need to be addressed.

We have been putting a huge amount of resource into dealing with all of those queries. Our objective throughout has been to resolve as much as possible through an informal process, by which we mean not making people go through a formal grievance. I want to be very clear that that informal process is an extremely rigorous, internal assured process involving the individual managers, HR and, where appropriate, legal advice on what we are dealing with.

We have been dealing with hundreds of questions. We have dealt with very many of them. We still have around 50 to 60 cases being worked on, and we have a number of cases where, despite all the work that we have done, people have chosen to take through to grievance and appeal. There is a good process in place to resolve these as quickly as possible.

Q48 Julie Elliott: Are those 50 to 60 cases informal cases?

Anne Bulford: Yes. At the moment we have just over 200 cases that are in informal resolution stage. Of those, 70 or so we have done the work; we are in conversations with people about what the result of that is. There is another group of cases that have gone through, where people have chosen to take them on to the formal stage. Then we have 64 cases where we are still doing the detailed work and are not ready to go back to people, some of which are quite recent cases.

Just to reinforce, these are questions about what people are paid. They are not necessarily cases that would be represented as equal pay cases when we get through all of the work.

Q49 Julie Elliott: I do welcome the structure as not having a structure has led you into this awful situation that you ended up in. However, I understand there were over 200 formal grievances lodged. How many of those are outstanding?

Anne Bulford: Those are not the figures that I have. We have had a total of 78 formal grievances lodged. Of those, seven have been resolved, including being out of time to be on appeal. Three are on hold because we are in discussion with individuals and hope to deal with them in a



HOUSE OF COMMONS

different way. Fifty-three are being worked on, four are very close to being completed and one is in very detailed discussions. Right now there are 68 outstanding formal grievances.

Q50 Julie Elliott: What is the timescale for those to be settled? It is an awfully long time for this to be going on for.

Anne Bulford: There were 13 of them that are over 90 days, which is outside of our target. The rest are within the timeframe that we are working on. Some of these cases are very complex, go back over a long period and involve looking for comparators and checking the history of people named as comparators back through different parts of the BBC over a long period. We all regret the time it takes. We would like them to move more quickly. However, it is a rigorous and thorough process and it needs due time.

The other thing that is in place with the formal grievance process is that there is an independent BBC hearing manager, by which I mean separate from the business area people work in, and the second member of the panel is an independent appointment from the company Croner. In the event of a dispute between the two individuals on an outcome the Croner representative has the casting vote, which is a mechanic that we put in place some time ago for dealing with sexual harassment cases so people can have confidence in the independence of that process. That adds an additional level of assurance. I do not know whether that slows it down, but obviously you have somebody independent who needs time to understand the roles, the jobs and the comparators, and that takes time as well.

Q51 Julie Elliott: Do you feel that the people involved, who have lodged these grievances, are satisfied that things are moving at the speed they should be moving at and that staff resources are being put in—bearing in mind what you are talking about is complex work and cannot be just done in five minutes—at the speed that it should be done at?

Anne Bulford: There are two things. First, at the informal resolution stage, some people felt very strongly we were not moving quickly enough. Indeed, that is one of the reasons some people are moving through to grievance. Those are people that were very keen to try to deal. We still keep the informal route open and that runs through. I think it is the case with the individuals involved, the managers involved and everybody working on it that we want these cases resolved as quickly as possible.

We continually look at resource and whether putting more resource in can speed things up. One of the things we are considering, and we hope to make a couple of appointments, is to put some people in the hearing manager role full time. As people around the table who are familiar with these processes will know, normally a person of appropriate seniority and independence is asked to deal with it alongside their day job. It is a big ask and I think we feel we want to put more dedicated resource particularly onto these very complex cases.



Q52 **Julie Elliott:** How is staff morale, particularly among women who have been affected by this? What are you putting in place to try to support and improve staff morale where there clearly has been a problem?

Anne Bulford: I think it is better. We feel that there is a more open discussion about the issues and that people are more confident that they are pushing at an open door when they raise issues with us. That is not to say we agree with everything people raise with us or they are comfortable with everything we say back to them.

However, a very important shift has been the work that our colleague, Donalda MacKinnon, in Scotland has led on the progression review. We have undertaken reviews in a number of areas for different groups. The first we published was in relation to gender and then ethnicity followed on pretty quickly. We have work running on disability, social inclusion and sexual orientation as well.

The project that Donalda led on was very important. Something like 5,000 separate individuals across the BBC contributed to that. It raised some very important questions and some really good work on things that we could do to practically support women around the organisation, and all people around the organisation, in terms of developing their careers and seizing opportunities for development where that works for them.

What was very interesting about the work is that there are things that we could add in—we have lots of schemes, arrangements and things—but there are these very deep cultural issues around people's confidence to step forward and take those opportunities.

A good example was in relation to part-time working. We have very many schemes for part-time working, job share arrangements and flexible working in place. Our gender pay gap in relation to part-time working is minimal. All of that looks good. However, we had very strong messages through from very many people in the organisation that there is a stigma attached to part-time working. Nothing could be further from the truth in what we are trying to achieve. However, we have a lot of work to do to encourage everybody to consider flexible working as the norm rather than as something special to be negotiated and that wanting to work flexibly does not represent a badge of lack of ambition at all. It represents a point in your life, or perhaps for longer, where you want to work in a different way.

It is very simple things, like looking at all jobs and beginning from, "Why should this not be flexible?" as opposed to advertising them as a standard working arrangement and then requiring people to ask for them to be flexible. What came through loud and clear is that that deters people from applying in the first place and that holds people back. As everybody knows, even though the world is changing, many people have responsibilities outside work and these things still disproportionately impact women with children. It has been a very important piece of work. Donalda put a huge amount of time into it and she had great support



from very many women across the organisation. I think that has helped us a lot now.

The important thing for us as a leadership team is going to be to demonstrate that, having received these messages, we are now on it. What we are doing as an executive team, with a lot of support from our non-executive board colleagues, is to complete the other reviews and then pull them together and look at an action plan. It was interesting. We had an internal discussion on whether we should complete them all and then talk about everything. However, for all the reviews people have put such heart and commitment into giving us feedback that we felt for each of the different reviews the right and respectful thing to do was to report back to each of those groups specifically on the issues they had raised with us.

Q53 Julie Elliott: You are clearly doing a lot of work. When do you think the BBC will be in a position where things have been put in place so this cannot happen again? Everybody can have an individual case happen but when do you think you will be in a position where you can confidently say that everything has been in place and this type of real problem with equal pay cannot happen again?

Anne Bulford: We had pay and grading systems—those mechanics were in place. However, we have made tremendous progress with the introduction of the career path framework, which we are a long way through implementing but is not completely finished. It is a living, breathing thing as jobs will change and roles will change and we will need to keep looking at them. I think we have made tremendous progress and we feel much, much more confident about an individual's clarity about where they sit and why, managers' ability to judge pay and our ability to monitor that with these frameworks in place.

At the moment we are going through the first of our six-month pay checks, which is giving all managers information to look at the cohorts of their people, to look for adjustments that need to be made on an ongoing basis and putting money aside to deal with that. All of these issues, of course, have come up in a period of pay restraint where there has not been that much money around beyond the annual inflation increase. There is a lesson in that, because I think you have to recognise that everything cannot stay the same for these long periods of time. We have got that and we are working on that.

It is not to say we will get everything right in every case. However, the two things we are seeking to do is, first, to answer these historic issues as quickly as possible in a proactive and open way. It is not easy and some people are not going to be easily resolved but we are doing our best with that. Secondly, at the same time, setting up the career path framework and the reforms to terms and conditions, which simplify contracts and allowances across the whole of the BBC. A combination of those two things makes it much, much easier to judge pay, make appropriate comparisons and minimise the risk of problems arising and, if they do, we will continue to deal with them.



Q54 Julian Knight: I spent yesterday evening speaking to some of your employees. It was a very different response I got from them in terms of the processes and their experience. One that particularly struck me was a young lady—I will use a false name in this case—let us call her Karen. She believed she was underpaid to the tune of £10,000 a year with a direct male counterpart. She put in a claim in the autumn and after several months she was told there was no claim to be had. She says then she was actively discouraged from putting in another claim as an appeal. When she decided to appeal the tone of the conversation changed. Once again this individual alleges intimidation from senior management and issued a grievance, which again ran into the sand. All the while this individual was warned she would be hearing from BBC lawyers. Eventually the individual decided to leave the organisation she had worked at for decades. This is no fly-by-night individual. This is what is termed a “BBC lifer”.

Hearing that, is there not a sense of shame that this is still going on despite this Committee bringing this to your organisation’s attention? Where are you still going wrong?

Anne Bulford: I am very upset to hear someone has had an experience like that. I am not familiar with that case. Of course, lawyers are involved in making judgments around equal claims. That is inevitable. At a senior level, we have made every effort to encourage people to put forward claims. There is no barrier to that. The numbers of people who have stepped forward makes that clear.

I cannot answer the question that you raise because I don’t recognise the circumstances of that case. However, what you describe is so far away from what we are trying to achieve that all I can do is understand the details of it and follow up on it.

Q55 Julian Knight: I do believe that this is very far away from what you are trying to achieve, I know that from our previous sessions.

Anne Bulford: Yes, and I don’t believe it is a common experience.

Julian Knight: It is certainly an experience that has been related to me.

Anne Bulford: I understand that, of course.

Q56 Julian Knight: It is not just one, it is several over a period of months. One of the points is that the whole issue came about because of the way the BBC is structured—sort of fiefdoms effectively—and people bringing salaries from one job to another, they carry it over, there is no communication and they are operating in silos.

Are you confident that what you have put in train here in terms of answering these grievances circumnavigates that problem that you have as an organisation and that effectively managers downstream are not—as this individual, Karen, states—following up a grievance with intimidation and bullying? How are you ensuring that is not the case?



HOUSE OF COMMONS

Anne Bulford: The mechanics that we have in place allow people to raise grievances, and informally or formally raise questions, outside of their management line. It comes through a rigorous process through HR, with independent assurance running through it. Our colleague, Peter Johnston—who is the Director for Northern Ireland—through the mechanic that runs here has acted as an assurance point that individuals can go to if they have concerns. He has also independently reviewed the process for me again. All the cases come through an assurance process at divisional level, and they come to a management meeting, which I or one of my senior colleagues chair, to look at each case, whether they are yeses or noes.

Q57 **Julian Knight:** All you are seeing is the black and white there. How are you ensuring that the communication being had by the employee—when they are coming at this moment to their boss, their direct line manager—is not the wrong conversation that is going on?

Anne Bulford: We are doing our best to support managers and individuals. At all times all individuals have a number of places that they can go to raise complaints about the way in which the process is running. There are a number of independent helplines through the BBC. There are a number of contacts. Individuals can come to me or they can come to Tony if they find they have no other route to go to. We have repeatedly gone out and encouraged people to step forward, and if they are having experiences that are as you described there are opportunities for them to come through. That is at the same time as reinforcing down the management line that the only way to resolve this and put this to rest is to deal with each case on its merits fairly and openly. If there are examples of intimidation, as you described, it is not what we want and I would like to put those right.

Q58 **Julian Knight:** Will you say today that any managers that are found intimidating and putting off BBC women from coming forward in this way will face serious disciplinary action for so doing?

Anne Bulford: Of course.

Lord Hall: Of course, absolutely.

Q59 **Julian Knight:** I would like to focus on your independent HR company, Croner. Of all the cases that Croner has sat in, how many have been resolved in the claimant's favour? How often has Croner used its casting vote in favour of the claimant?

Anne Bulford: I am not aware of that sort of issue coming through. Of the grievances a very small number have come through and been resolved, there are still many in progress. What they are broadly doing is investigating additional facts or additional context that is coming through. There is a range of outcomes. I don't think we have had any that are a complete overturn; at the informal resolution stage we thought this and at the grievance stage this conclusion was reached. What tends to happen—



HOUSE OF COMMONS

Q60 **Julian Knight:** No one wins on appeal?

Anne Bulford: It is not necessarily a question of win/lose. We are still in an informal process. We are trying to reach resolution with people.

Q61 **Julian Knight:** The individual is not going to appeal if they were not—

Anne Bulford: What tends to happen is that there is more context. A different range of financial recompense comes out so perhaps the issue is judged to have gone back for a longer period, or other comparators come in, and potentially there is a higher increase going forward. Those sorts of things come out. I don't think we have had one where at the informal stage where we have thought there is no case and then at the grievance or appeal stage there has been a case. Really it is about: what is this? How long has it gone on for? Have you taken all the right comparators into play? Is there something more to come? More information comes out.

Q62 **Julian Knight:** I understand this is a very complex issue.

Anne Bulford: Each case is very different.

Julian Knight: They are very different, I understand that. However, frankly on what you are saying there does seem to be a lack of clarity and disclosure in terms of getting right to the heart of this and saying, "This is the number of cases resolved. This is the number of cases that have gone to a casting vote at appeal. This is what has happened in those cases". I am wondering whether or not down the line you will look at supplying that sort of information and putting it in the public domain, so people can be sure that when they do come to this sort of juncture they are facing a process that is not meted in one direction rather than the other. They can be confident that the appeals process does sometimes lead to something that did not happen the first time around.

Anne Bulford: I hope that people do have confidence in the grievance and appeal process they are going through. We have been very clear that we will publish—effectively in the accounts of next year—where we have reached, what we have gone through, how many cases we have dealt with and what stage they have reached.

I want to be very clear that the Croner casting vote is in the event of a dispute. I am not aware that there have been disputes in the cases that have been resolved.

Q63 **Julian Knight:** I understand several claimants have submitted FOI requests—this is what happens basically when you deal with journalists, they submit FOI requests—relating to the handling of this crisis. Is it true these requests have not been met?

Anne Bulford: I am sorry, I am not aware—

Q64 **Julian Knight:** You are not aware of any FOI requests?

Anne Bulford: No, I am aware of FOI requests. I am not aware of an outstanding FOI request.



HOUSE OF COMMONS

Q65 **Julian Knight:** You have given the information that has been requested, have you?

Anne Bulford: I am sorry, I did not say that. What I will say is I am not aware of any outstanding ones. I can certainly check and come back to the Committee.

Q66 **Julian Knight:** When you say not outstanding, basically you have refused to supply the information?

Anne Bulford: We cannot refuse to supply FOI information. We are required to supply information just as we are required to meet our obligations if people have a subject access request that we have also had a number of requests for and we provided that information to people. If there are outstanding FOI requests that you are aware of, if you give them to me of course I will follow up and check that has been dealt with.

Q67 **Julian Knight:** What I would like to do, Lord Hall, is if you could please write to the Committee in terms of the current situation with FOI requests.

Anne Bulford: Certainly.

Lord Hall: Yes.

Julian Knight: I am hearing quite a different thing from BBC employees, which is effectively FOI requests are either being ignored or are being responded to in the negative. They are saying that non-disclosure of personal information and data protection is being used as an excuse.

Lord Hall: I am very happy to follow up on that.

Q68 **Julian Knight:** Thank you. Finally, have you had any approaches from any large-scale law firms looking to represent groups of women impacted by unequal pay?

Anne Bulford: We have not had a group of women being represented in that way in relation to equal pay. What we do have is a small number of law firms representing a number of individuals.

Q69 **Julian Knight:** It is just individual firms, no group action at the moment?

Anne Bulford: We have not had a group action.

Q70 **Julian Knight:** Do you anticipate getting a group action?

Anne Bulford: We very much hope not because it remains our view we want to resolve these issues informally. Where we find there are issues we will deal with them. What we do have is a small number of law firms representing a number of women.

Q71 **Julian Knight:** You will probably agree that disclosing information and responding to FOI requests would reduce the chances of potentially down the line ending up with large-scale law firms coming with a group action that would cost the BBC, and ultimately we licence fee payers, a lot of money.

Anne Bulford: We have been very clear from the outset. We have encouraged people to come forward. We have sought to resolve issues



HOUSE OF COMMONS

informally. We put mechanics in place to investigate cases thoroughly and with assurance. If there are still problems with the process for individuals and they bring them to our attention we will deal with that.

Q72 Julian Knight: Finally, have you made any sort of estimate of exactly how much this is going to cost the BBC?

Anne Bulford: We, of course, had to make estimates at different stages. Until we reach the end of the process we are not in a position to talk about the total cost of equal pay claims. The number of equal pay claims remains small from the overall number of questions that are raised.

Q73 Paul Farrelly: A quick couple of supplementary questions on this. I was talking to a lady from the BBC recently, whom I have known for years, who is one of the people not happy with the situation. I detected a particular unhappiness about the way the informal process was working from the outset, which may lead people to go down the more formal grievance route they do not really want to do because it is upsetting and confrontational.

Anne Bulford: Yes, I agree.

Paul Farrelly: I was told when people want to lodge a complaint—whatever you want to call it—they are given an email inbox with no named person. They find it difficult to get face to face. The whole design of the process from the outset leads some people to wonder what the HR Director of the BBC is paid £310,000 a year for.

Anne Bulford: The way the process works is that people email into the inbox. They can also raise issues through their local HR person or through their manager. Sometimes, of course, people do not want to raise it through their manager, for all the reasons we have been talking about. What should then happen is a reach out to them on an individual basis from a person and then the process sets off.

At different points—particularly where we published information about positions in a cohort—a lot of people have come in at once. The speed of getting back to individuals is not always good enough. There has been delay for some people that they found unacceptable, which has got them to the conclusion they need to go through to grievance in order, if you like, to get attention to their case. It is not what we want. We keep the door open. We try to improve communication all the time. At any point if we can find a way of resolving informally, whatever stage people are at, we will seek to do that.

We have made a good deal of progress over the summer. I think we are better at reaching out and getting to people. If the criticism is that all the processes do not go through quickly enough and that communication is not good enough, that is criticism I have also heard myself. As I said, we are putting more resource into it all the time so people have that one-on-one contact early.

Q74 Paul Farrelly: If they do not want to complain about line managers or



feel uncomfortable about that, why can they not go to a named person at the end of an email?

Anne Bulford: They can go to a named person. They can go to their HR director. We could put a name at the end of the helpline and email that is there but it is going into a team who are then triaging those things.

Q75 **Paul Farrelly:** Why do you not do that from the outset, put a name on it?

Anne Bulford: We have very, very many people coming through and raising queries. The idea there is a barrier to asking these questions does not feel true to our experience. Getting that right once people have raised it and getting good confidence in the process has not worked well in every case and we are doing our best to rectify that.

Q76 **Giles Watling:** I would like to move on to one of the things that attracts more interest in the media than pretty much anything else with regard to gender and equality in pay, which is celebrity pay. It is an interesting one and keeps coming up with the likes of Chris Evans, Huw Edwards, whoever. How does the BBC quantify or measure what they pay their stars? There is the value of celebrity, of course. It has to be more than just mere competence.

For instance, at The Women's Equality Party Sandi Toksvig revealed she was being paid some 40% of what Stephen Fry received for the same job as the host of "QI". I understand the argument could be that Stephen Fry is a national treasure, the argument then is that Sandi Toksvig is a national treasure. How does the BBC come up with that sort of answer?

Lord Hall: In the case of Sandi Toksvig—who does a fantastic job on "QI"—she is employed by an independent. Of course, we discuss with the indie the make-up of all their costs but in the end it is for them to judge what the right amount to pay to Sandi is.

One factor here is that the world has changed. When Stephen Fry was presenting "QI" at the very beginning the amount that was generally deemed okay to pay presenters was much higher than it is now. As I say, the world has changed. We have taken the top talent bill for the BBC down by a quarter in the past five years. That does mean that people generally are getting paid a lot less than they would have been. That is one point.

The second thing is that one of the things we have been working on—Anne has been taking lead on this—that has not been easy but I think is right, is putting a framework on how we pay our top presenters—I am going to avoid the use of the word "talent" because everybody is talented—and getting rationality and a proper code for people to understand why one job is worth more than another job. We are not quite through that yet but we are getting there. Rather like the career path framework for the staff broadly, having that sort of framework in news and news-related programmes is very important.

Q77 **Giles Watling:** Lord Hall, if you have a framework like that are you not



in danger then of restricting your ability to attract the top talent—I am going to use the word—to the BBC when you are in competition with others across the spectrum?

Lord Hall: We have to recognise, Mr Watling, we are not going to attract people at the kind of mega sums that others in the commercial sphere might be able to pay. Therefore, we have to say—we have been through these discussions a lot before—we are going to find the next generation of talent. We are going to promote people who are new to our airwaves and keep constantly refreshing in that sort of way, and also attract people because of the sort of work we do. A lot of presenters I know could make possibly more money outside but they are actually not doing it for that. They are doing it because they are committed to the BBC—it could be to Radio 4, it could be to Radio 3—and I admire them hugely for that.

Of course, we will lose some people and indeed have lost a couple of people for a large number of reasons, but no doubt disclosure and the fact that people overpay has been a significant factor in some of those losses.

Q78 Giles Watling: Is it not the case, though, that perhaps the issue of the independent production companies, which people do use to work through and to be paid through, is that not something of a side issue? It is not that the BBC isn't prepared to pay people, is it? Surely not.

Lord Hall: We pay a sum for a programme to an independent company. They are completely independent. What they pay on casting, what they might pay on sets, what they may supply, and all those things that go that way, is up to them. They are an independent company. Of course we talk about policies with them but in the end it is their judgment, and it must be their judgment. They are independent companies.

Q79 Chair: Lord Hall, could I ask with regard to pay for on-screen talent, which I suppose is the word, obviously there has been a lot of focus on BBC pay but on the question of equal pay there was equally a focus on the amount of money that Left Bank paid the two lead actors in "The Crown"—they paid Matt Smith more than they paid the "Queen" and that was corrected. They were under no public obligation to do that but, once the light of transparency shone on what they were paying their stars, you could see it wasn't right. Do you think, in terms of the BBC honouring its values as a broadcaster, that it should be saying to the independent production companies that it contracts with that they expect a fair pay policy for their talent?

Lord Hall: That is right and we do say that to them, but again I am just making the point—not to escape the issue—that responsibility does lie then with those companies, but we do expect them to pursue a fair pay policy, yes.

Q80 Chair: You alluded to the fact that a couple of people have left the BBC over pay. Are you saying in the case of people like Chris Evans and Eddie Mair that you are unable to meet their pay demands and, therefore, they



HOUSE OF COMMONS

have left the organisation?

Lord Hall: They left the organisations for a number of reasons and let me also say, in the case of Eddie, who I think did a remarkable job with “PM” and is an astonishingly creative presenter, and with Chris who has done an incredible job for us and he continues to do, because he continues up to Christmas on Radio 2 making it the most listened to show across Europe; again, an extraordinary figure. You really need to ask them but, undoubtedly, knowing what has been going on, that disclosure has been a factor in their decisions to leave.

I listen to Chris. I know Chris. I think he has been doing so many good things and not just the programme, but the charitable work he does. I listened to him at 8.07 I think it was on Radio 2 last week, and Chris is one of those people who, as he has described, “I’ve climbed this mountain. I want another mountain to climb and that is why I am leaving”, and of course that is why he is leaving but I don’t think there is any doubt that disclosure has made it harder for us to retain people like that, but we have decided to go down that path and we will stick with it.

Q81 **Chair:** Surely disclosure only makes it harder to retain people like that, as you put it, if you don’t feel you can justify paying those salaries. Disclosure does not, in and of itself, prevent you paying high salaries to top entertainers but it may be that you feel that that is not justifiable.

Lord Hall: I have no complaint about arguing with or rather for what we pay our talent and disclosure in that sense is a good thing. What it does do is puts in the case of, for example, Chris Evans—and it is me saying it, not him—I think the pressure on him when it came to the annual disclosures was quite hard. For three or four days he was the centre of a lot of attention and I think, if you are a presenter, that is something you take into consideration when you think about where you want to work in the future.

I take my hat off to him. I think he has been through that with an extraordinary amount of gusto. I think he is a remarkable presenter. I love “500 Words”. I love listening to him in the morning, and he is a loss to the BBC. He clearly is a loss, and he is a loss to our audiences who we polled and asked them did they want us to make sure that we have the people that they want on the radio and on TV.

Q82 **Chair:** When you gave evidence to the Committee earlier in the year on equal pay and, indeed, in some of your public remarks on the subject as well, you talked about the fact it is not just a question of raising up women’s pay to the appropriate level if they have been underpaid, but also looking across the organisation at how much the men get paid and some of those men probably being paid less. Is what we are seeing now the delivery of the strategy, which is that for many reasons there are a number of very senior men at the BBC, very senior broadcasters, who are on high salaries, as a consequence both of their talent but also of their length of service, and probably in the future you will not see people paid at quite that level again, and some of those people are now choosing to



leave?

Lord Hall: I think that is right. In this annual report and accounts you see the number of men paid over £500,000 a year coming down from five to three. Of course next year that will be lower, and you have seen the number of women who are paid more than £200,000 going up from seven to 14, so there is a rebalancing going on, which I think is absolutely right and proper. With all these things that takes time. We want to do this, giving due weight to people who have given a lot of service and who viewers and listeners like watching or listening to on the BBC.

Q83 **Chair:** You answer that there are numerically more women joining the ranks of the higher earners but most of them are at the bottom end of that scale, and the amount of money paid by the BBC to its most senior people there is still a very significant balance in favour of the senior men.

Lord Hall: I am targeting the top 10 and the top 20 of names to get a proper gender balance there for the future. It takes time when you are dealing with contracts that are over many years to make these sorts of changes, but be in no doubt myself and the team want to get to the point when the top 20 is equally distributed between men and women. It is really important we get there, and that it is not just women at the bottom and men at the top.

Q84 **Chair:** Finally on this for me, can you see as well there is also this question about what on-screen talent are paid is going to recur as a theme, because particularly when we are dealing with repeat BBC series that have been commissioned out, or made by BBC Studios, where the amount of money the presenters get paid will not be disclosed. I think the sensitivity around equal pay is such that there will be continued pressure for there to be disclosure of what the core presenters for some of these repeat—what many see are BBC programmes even though they are not made by the BBC?

Lord Hall: Yes. I understand your point really clearly and I understand why you feel very strongly about it. Equally, I want BBC Studios to succeed. I think they have had a remarkable first year but the agreement we came to with the Government—way back when, two years ago, three years ago—was that we would float off, as you know, into a commercial subsidiary in-house production. It would then be treated exactly as an independent television production company would be outside.

All that I ask for BBC Studios is that it is treated equally and it does not have to compete in a way which other independent companies would not be treated. I am sorry I put that rather badly. What I mean is it is treated equally to other independent companies.

Q85 **Chair:** It is not just about BBC Studios but I think other companies you contract with as well, and some might say, “Well, if you are spending two-thirds of the budget of BBC Parliament on the presenter of “Question Time” is that a good balance?”



HOUSE OF COMMONS

Lord Hall: There were the marchlands between what is public service and what is commercial and we can look at that, but if you were to say—and you are not—an independent company working for the BBC should disclose all the pay of its staff and its talent because it is working for the BBC, first, I think that would really make us extremely uncompetitive and a place that people would not want to bring their ideas to. Secondly that is quite a fundamental change in the way that an independent company would work, and I think that would be very difficult for them, not to say impossible.

Q86 **Ian C. Lucas:** Can I pursue just that line—so thank you very much, Damian, for introducing it—about independent production companies? The BBC, as far as using licence fee payers' money is concerned, is using public money. You said earlier about it being important for independent production companies to pay fairly. Don't you think it is an obligation on the BBC to make sure that there is equal pay when public money is used to procure contracts with independent production companies?

Lord Hall: Yes, I think it is important that we ensure that those companies have equal pay policies, that they have policies on representation of BAME, health and safety policies, all those sorts of things. The difference between us ensuring that and asking them to disclose data about their staff, about their turnover, about their individual lines of business, because they are independent companies, they are commercial companies and what I don't want to do is to start commercial companies thinking that because of the amount of disclosure we have—I mean this is not happening because that is not in the agreement, but that would be a great disincentive for them to come with their best ideas to the BBC.

Q87 **Ian C. Lucas:** Those companies are benefiting from public money via the BBC. Isn't it right that we should be using that public money to pursue policies on equal pay that we want to see in our society?

Lord Hall: I am saying that, yes, we must ensure that they are abiding by policies that we would all agree are right by the law, if not even more than that. But that is another step to say that they should then do what we have to do willingly, which is disclose pay by bands and what you are paying people, because I think if you make a difference between an independent television company, for example, working for ITV or working for us, there will be a disincentive to work for us. People will take their ideas elsewhere and I don't think that would be right for licence fee payers.

Q88 **Ian C. Lucas:** Can I turn to personal service companies? Lord Hall, you talked earlier about people who have given a lot of service to the BBC. It strikes me that when you give your evidence to us you very often do pay tribute to those individuals and to people who work for the company, and you do that on a very regular basis. I am concerned that with personal service companies, it appears from correspondence that the Committee has had with the BBC that the decision to move to that model was not



considered by the Board. Is that your understanding too?

Lord Hall: Yes. Anne and I can only speak for what has happened since 2013 when we took over and have had to deal with what is an historical programme. The NAO is looking and intends to report some time later this autumn about the origins of this issue, which is before our time, and I think it is fair to say that, with the minutes and other things of that time, it is very difficult to understand quite what was decided when and by whom. I don't think we can find records of the Boards or the then way the place was governed having taken decisions about it. That is an historical issue.

Q89 **Ian C. Lucas:** I understand that it is an historical issue but it is also affecting individuals who are now working for the BBC, so it is a current issue as well. What concerns me here is that a decision that had a big impact on those people who have given a lot of service to the BBC was not considered by the Board. Is that your understanding that the decision was not considered by the Board?

Lord Hall: What I can say, Mr Lucas, is that the issues of PSCs is one that, since Anne and I have been at the BBC, has been discussed at length at the executive board and the trust and again at the Board since then. What we have been dealing with are two issues in our time in the BBC. One is around 2017 and the consequences of the changes implemented then by HMRC. We knew changes were coming but we thought they were limited changes for some individuals in television and news. What we did not know was that HMRC was going to overturn what was then an agreed test in the radio industry and suddenly start examining and put a new test in for 3,000-plus people, individuals, who were working in radio, so that was number one. That happened very, very rapidly and that is what we were dealing with in 2017. The second issue we are dealing with—

Q90 **Ian C. Lucas:** Was that considered by the Board?

Lord Hall: That was considered by the Board, yes, absolutely, and the current arrangements of our governance have been through this rigorously. They are reported on I would say every month but almost every month, and have taken detailed papers on all of this because the consequences of HMRC suddenly deciding to overturn the radio industry's guidelines, which had been the way that, whether you go to a PSC or not, had been decided beforehand, was something we had not expected and was done very rapidly. That is a lot of what we have been dealing with in the last year.

Plus, the other point is the consequences of HMRC wanting to look retrospectively, going back, for some individuals as well, which is why we decided—again this has been to the Board and we have spent some time debating this—to go to HMRC and have conversations about whether we could look to come to an arrangement with them to deal with the cases of these individuals in a bulk sense so that we are not spending—



individuals, some of them, who are in difficult circumstances—time going to tribunals and so on in the coming years.

Those conversations are going on at the moment. I think we have conversations with HMRC sometime late this month. I think they are behaving constructively. We are trying to behave constructively, to try to get this issue—which is an historic issue that we are trying to deal with—solved.

- Q91 Ian C. Lucas:** The concern that I have—and it has come through as a bit of a theme in the hearing today—is that you seem to be relying on individuals who work for you, whether they be employees or whether they are self-employed, to be coming to you with issues. I have concerns about your governance structure, about dealing with these issues proactively. We heard from Liz Kershaw, in evidence to this Committee, about the impact that the BBC’s decision on personal service companies have had for her as an individual. I have also heard from individuals in private about the big impact that this has had. It does not seem to me that, within the organisation as a whole, the governance structure at the minute is responding adequately to the concerns of the people who are giving a lot to the organisation.

Lord Hall: I am sorry you feel like that or that people might think that. As with gender pay and gender balance in the corporation, this is something that we have been at for a much longer time than you might believe if you just look at what has happened over the last year. PSCs have been an issue that we have been constantly on. When HMRC changed the Radio Industry Guidelines last year, again we were very proactive in getting on top of this issue. What I would say is that I do not think any of us expected them to include radio people who had been covered by the Radio Industry Guidelines. That was 3,000 people, a lot of whom, as you heard from some colleagues in March, are in local radio, not on high incomes.

We have been really solid on ensuring that those people have had support. We have been proactive in that. Could we do more? I always think you could do more, but I don’t think we have just been sitting back and waiting for things to happen. We have known this was an issue and we wanted to deal with it, which is why we decided—nobody else decided—that we wanted to go to HMRC and whether we could get the retrospective element of this sorted.

- Q92 Chair:** Can I ask one thing on this point? If it is proven to be the case that there were either BBC employees or BBC freelancers who were told they had to set up a personal service company and that, as a consequence of that, if that advice proves to have been incorrect, and if that person has lost out as a consequence of that, will the BBC look at compensating people, where the BBC clearly has a degree of culpability for that person being required to set up a personal service company in order to be paid?



Anne Bulford: In many cases we are talking about decisions that were taken a very long time ago and everybody's circumstances are different and there are two steps: one is people moving from roles that had been staff roles into freelance activity or, indeed, joining the BBC as a freelancer from somewhere else, and then the second stage of the BBC contracting those people, freelancers, through PSCs. What we said that we would do is, where people faced tax liabilities from the past, we would look at that case by case, individually. That is still open to us but what Tony has described is, in terms of this jeopardy, which people are either facing retrospectively or are worried that they are going to face retrospectively, our objective is to try to resolve that with HMRC so that we can deal with it in that way.

It is very complex. Everybody's circumstances are different. Many of the problems that we are dealing with, with people having their employment status changed going forward under the application of the new Zest, there are lots of challenges around getting their contracts straight, making expenses policy straight, looking at the fee frameworks, making sure those are right, and we have made good progress on that. We have fortnightly meetings with a group of people, representing people in that area, alongside the trade unions. All of that, we can make good progress resolving, but while people are concerned that a change in employment status going forward opens them up to jeopardy in the past and these questions that you raise, particularly for individuals in PSCs, it is very, very challenging and difficult and stressful.

Our objective is to try to resolve that with HMRC so that we can deal with it in one go rather than people having to go to tribunal, establish a liability, then come to us and go through a long process to establish who—to use your phrase—is culpable for what. We may need to do that. I very much hope that we don't.

Q93 Chair: I want to try to simplify this a little bit. It seems to me that there are individuals who approached this Committee who were freelancers, and Ms Kershaw is an example of this—it was the basis of evidence we took earlier in the year—who were told they had to set up a personal service company and went months without being paid because they were reluctant to do that. There are other individuals who were on staff contracts who were told to set up personal service companies as well who did not want to do it.

Where it is clear that the BBC required that this be done and if it transpires that, as a consequence of that decision taken against the wish of either the freelancer or the employee, that they have a tax liability that HMRC is pursuing, whether the BBC will accept some responsibility for that? It is a point of principle. It would bring a lot of comfort to individuals who are genuinely very worried that they may end up with a huge tax bill they cannot afford—and they would have to sell their homes—as a consequence of this because of a decision that they never wanted to take in the first place but they were told they had to do



otherwise they would not get paid. In a position like that—and I appreciate this may still be hypothetical and you will not want to be drawn on individual cases—to give some reassurance to people who are genuinely very frightened about what the future may hold for them as a consequence of a decision that was really taken by the BBC.

Lord Hall: That is why we are going to HMRC and that is why we are pursuing discussions with them as fast as we can make HMRC talk to us about this. I am concerned about this from the point of view of the people who are working for us and I want to make sure that we can get this resolved. I am really hopeful that we and HMRC can come to some solution.

Q94 **Chair:** A final question from me, and we have a couple of final questions on the nations and regions then we will bring the session to a close. We are in our final few minutes.

I want to go back to one thing you mentioned earlier on, Lord Hall, about the BBC not wanting to be reliant on selling through platforms like Amazon and Netflix in the future, as the only route to selling products, and that you felt you should be working with other similar broadcasters to do that. We have talked about this in the past, but for you is that looking at the BBC along with other UK broadcasters developing their own platform to sell content on demand to the public?

Lord Hall: The future of the BBC is a balance of keeping our linear channels working really well. I do have to say that Charlotte Moore and her team are doing brilliantly at that, the awards they are winning. One of the things that I do take pleasure from, from this annual report and accounts—there are lots of things we have to get right and work on, and it is right that we concentrate on those things—is that creatively it was a very strong year. That is on the linear side.

On the non-linear side, the digital side, I know what we have to do is build iPlayer. That is fantastically important, getting the user interface there is important, using data there is important, using AI to get you the kinds of programmes that we know you would like to hear or see is really important. Kerris Bright, who we brought in from Virgin Media to come and run as chief customer officer—the word “customer” is in there because actually we want to get a real focus on the sense of being able to say to you, as licence fee payers, “Look at all the things you can get from us; we are not trying to sell you anything we are just trying to give you very good programmes”. The focus on iPlayer is key and growing iPlayer.

What we have learnt over Christmas and since then about box sets is really important. Tile size, all of those things are really important. Re-launching Sounds next month, doing the same for radio, is absolutely vital. What I was announcing here with Anne and the team yesterday, I was saying we want to bring down our number of online brands to eight—iPlayer, Sounds, News, and so on—which is really important.



HOUSE OF COMMONS

I feel very confident about our future there in terms of developing our services for the licence fee payers. But that is not enough. We are talking with ITV and also Channel 4, to see what else we can do together. I cannot tell you more than that at the moment, but I am very content and repeat to you what I have said in public but also here, I think, before. The more that Channel 4, ourselves, and ITV, can work to conserve, for the right reasons, what I think is an amazing ecology in this country of producing great television, then we should do that.

I am really content with what we are doing with ITV outside this country. Our BritBox, which is a joint venture between us and ITV, our content in the States, is growing very well. Subscriber numbers are going up as well. I cannot speak for Carolyn McCall, but we were talking about expanding that beyond North America to other territories, so outside the UK we are working together and I want us to do more inside the UK because I think there are things we can do.

Q95 Chair: Inside the UK: could that mean, for example, that you could see a BritBox-type service that could make programmes available to viewers that are not currently available through the iPlayer?

Lord Hall: The issue of what is available on iPlayer, to our mind growing the service, not in an imperial way but just growing the service we offer to our licence fee payers I think is absolutely key. That still leaves, as you are suggesting, a lot of rights that are then left over and the question is how we combine with others, or sell to others, to make best use of that to get value back for licence fee payers but also, as a consumer, to be able to see things that otherwise you might not be able to see.

Q96 Ian C. Lucas: I want to ask about the support for local newspapers, regional journalism. What is your assessment of the initial impact of that?

Lord Hall: We have not yet filled all the places on that scheme. I think it is working well. Anecdotally, I am getting some good feedback on stories that we are covering that we would otherwise not be covering. What News must do is assess where we are. As I think I said to you before, and I repeat, this is not a subsidy to local newspapers but it is absolutely us working with local newspapers to say that there is a gap in what we can all report and we want to do something about that in terms of local democracy, in terms of court cases and so on. I am optimistic about this. I am certain it is going to work, but individually I want to make sure we go through and that what we are running is giving value back to the people who pay for us and not just the local newspapers.

I am optimistic about it. I think it is really important, which is why I also made a speech last November, which the annual report and accounts mentions, about the importance of local radio and us reshaping local radio, not just to in that very BBC phrase, "hold to account", but also to celebrate and to celebrate local communities. Local radio is not just about the plus-65s—although there is nothing wrong with that—but it is for the broader warp and weft of the community. I really believe in local radio. It



HOUSE OF COMMONS

is a really important part of what we do and of course the democracy report feeds into that as well.

Q97 **Ian C. Lucas:** I believe in BBC local radio, Lord Hall. It is just a shame that we do not have it in Wales.

Lord Hall: I hope what we are doing—I just mentioned Wrexham—putting in a new correspondent in there, getting our FM coverage improved, and I know from Rhodri, I know for myself, that you are a fearsome fighter for that part of Wales. It is good that you are because it reminds us how in Wales you cannot just concentrate on what happens on the M4 corridor down south.

Ian C. Lucas: Just a little bit of comfort to my good colleague, Julie, as a North Wales MP who rarely appears live on Sundays in Wales TV coverage, so don't worry too much about that.

Chair: To show there is no north/south bias there, it is the same in Kent too.

Q98 **Paul Farrelly:** I want to follow up on the Local Democracy Reporters' scheme with the Local News Partnership. I found reference to its 145 journalists on page 50, but I cannot find any reference on pages 194 and 196 as to how much it is costing you, how much you are spending on it.

Lord Hall: The figure—let me check this—off the top of my head it is round about £7 million but I will come back to you with the exact figure.

Q99 **Paul Farrelly:** If you could. What would be quite useful would be if you could come back to us on the costs and also some more details of how it is working, which organisations the journalists are with, and where they are, so we can get an idea about how balanced it is between organisations and across the country, and if there are areas where there are gaps, where organisations need a prod to try to avail themselves of the benefits of it, that would be useful information, too.

Lord Hall: Maybe I could hold that until the point at which we have done our own review about how this is working and then submit that as a paper or something like that.

Q100 **Paul Farrelly:** How long would that take?

Lord Hall: I don't know. I can give you the actual budget figure very quickly, but I do want us to assess properly how this is working. That is really important. Like you, I want to make sure this works for the common good.

Q101 **Paul Farrelly:** I am very happy about that. I think £7 million is £7 million. It is five times or four times as much as you spend on the Parliament channel for instance. You, and everybody else, will want to know to what extent it is adding something extra rather than just substituting or taking the place of what local newspapers used to do as their bread and butter.



Lord Hall: Yes, that is precisely the point that I think is really important, which is that this is not a subsidy. This is us doing something that otherwise would not happen and we all benefit.

Let me just say that the figure I came up with is what I recall from way back in the back of my head somewhere. It may be a number of years put together. I will come back with that figure.

Q102 **Giles Watling:** A very quick question. We have not touched on it before. You were mentioning figures, the £1.2 billion that the commercial subsidiaries of the BBC generated in revenue last year and the rules changed, I believe, in April last year. How are you planning to expand that and use those revenues?

Lord Hall: As you know, it is an ecology: a top line dividend comes back to the BBC but also programme investment comes back to the BBC. Bringing Studios and Worldwide together into one company I think is really beneficial. We started looking or, rather, the companies are looking with me and Anne, at how genre by genre we can build our output, not just for the BBC but for others. We have an ambitious strategy in something that I think is a core BBC strength, which is natural history. We have been very ambitious likewise in science. Again, I think that is a real strength for us. It is interesting that our first programme for Channel 4 came from our science team. It was about the fatberg. It came from our science team within Studios.

We are looking to grow and this will take some time, but I really believe that in the specialist strengths that we have in Studios. There are things where we can do programme making that will make us world leaders, and that is our ambition.

Chair: Lord Hall, Anne Bulford, thank you very much for your evidence this morning. That concludes the Committee's questions.