



House of Commons

Digital, Culture, Media and
Sport Committee

**Pre-appointment
hearing for Chair of the
BBC**

Fifth Report of Session 2019–21



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The Digital, Culture, Media and Sport Committee

The Digital, Culture, Media and Sport Committee is appointed by the House of Commons to examine the expenditure, administration and policy of the Department for Digital, Culture, Media and Sport and its associated public bodies.

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Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the internet via www.parliament.uk.

Publication

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Committee reports are published on the Committee's website at www.parliament.uk/dcmscom and in print by Order of the House.

Evidence relating to this report is published on the [inquiry publications page](#) of the Committee's website.

Committee staff

The current staff of the Committee are Kate Anderson (Second Clerk), Keely Bishop (Committee Operations Assistant), Andy Boyd (Committee Operations Manager), Gina Degtyareva (Media and Communications Officer), Conor Durham (Committee Specialist), Lois Jeary (Committee Specialist), Stephen McGinness (Clerk), Anne Peacock (Senior Media and Communications Officer), and Charlotte Swift (Second Clerk).

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Background to today's session

Introduction

1. On 6 January 2021 the Government announced that their preferred candidate for Chair of the BBC Board was Richard Sharp. Under the BBC Royal Charter, a this unitary Board is wholly responsible for governance of the BBC. Ricahrd Sharp has been chosen as the preferred candidate to replace Sir David Clementi who was appointed after a hearing with this Committee on 17 January 2017.

2. The process of appointing the Chair of the BBC has not been the open and orderly affair that our predecessor Committee recommended in its Third Report of Session 2016–17, BBC White Paper and related issues. Before the competition had formally commenced rumours of who the Government might prefer had been floated in the press leading this Committee to write to the Secretary of State due to our concerns that, if senior members of the government promote names in public ahead of an appointment, the eventual appointment of such a person would cast doubt on the fairness of the process regardless of the candidate's merit. This is a view shared by the Commissioner for Public Appointments who wrote, on 6 January 2021, that “it would be helpful if people briefing on or behalf of ministers kept their views to themselves ahead of appointment competitions”.

3. In line with Cabinet Office Guidelines agreed with the House of Commons Liaison Committee, the Chair of the BBC Board is a post subject to a pre-appointment hearing by us. The outcome of the hearing is non-binding, although the report from a Select Committee holding a pre-appointment hearing should inform Ministers' decision making on whether or not to proceed with an appointment. Our purpose in conducting this hearing is to satisfy Parliament that the post would be filled by someone of sufficient calibre and independence for the role.

The BBC

4. The BBC is a public corporation, established under Royal Charter. The Charter is the constitutional basis for the BBC, setting out its public purposes, guaranteeing its independence, and outlining the duties of its governing Board and the way it is regulated. The BBC's mission is to act in the public interest, serving all audiences through the provision of impartial, high-quality and distinctive output and services which inform, educate and entertain. Under the Charter, the BBC must promote the following five public purposes:

- (1) To provide impartial news and information to help people understand and engage with the world around them;
- (2) To support learning for people of all ages;
- (3) To show the most creative, highest quality and distinctive output and services;
- (4) To reflect, represent and serve the diverse communities of all of the United Kingdom's nations and regions and, in doing so, support the creative economy across the United Kingdom;

(5) To reflect the United Kingdom, its culture and values to the world.

The role

5. The advertisement for the Chair of BBC Board set out that prospective candidates for the role need to be able to demonstrate a commitment to the independence, mission and public purposes of the BBC, as well as demonstrating that they meet a majority of the following criteria to a high degree:

- Experience working at the highest level of public or commercial life in the UK and/or internationally;
- An understanding of the key challenges and opportunities facing the media and broadcasting market and/or the creative industries in the UK, and globally;
- The skills needed to be an effective Chair; including experience of exercising financial management and securing value for money;
- A proven ability to think through complex issues strategically, independently and imaginatively;
- Excellent communication and relationship management skills, and the ability to represent the BBC to a wide range of stakeholder groups, including audiences, parliamentarians and the media; and,
- Ability to challenge and vigorously scrutinise in the public interest, the operation of the BBC, including delivery of impartiality and global reach.

6. The time commitment for the Chair will be at least 3–4 days per week and be paid £160,000 per annum. The Chair will be responsible for providing strong leadership of the Board and the role will require a greater level of public facing, engagement and management activity than the other Board members.

Recruitment process

7. The BBC Chair competition was launched on 14 October 2020 and was advertised on the Cabinet Office Centre for Public Appointments website and on DCMS Social Media. The Secretary of State also announced the launch in the media. The BBC promoted this role within their own networks. The closing date was 11 November 2020.

8. The selection panel was made up of Sarah Healey (DCMS Permanent Secretary), and three independent members, Sir William Fittall, Blondel Cluff CBE and Catherine Baxendale.

9. The panel had 23 candidates successfully submit applications before the deadline, two of which were female, two from a BAME background and 2 declared a disability. Of the eight candidates shortlisted, one was female, one from a BAME background and no-one with a declared disability. While DCMS ministers were concerned about the lack of diversity in the shortlist with respect to protected characteristics, the Panel was satisfied that there was broad range of relevant experience and expertise among candidates.

10. Five candidates were found by the selection panel to be appointable to the position of BBC Chair but the Government did not provide the Committee with information on the diversity of those final five.

The candidate: Richard Sharp

Biographical information

11. Richard Sharp has over 30 years of experience in the financial sector, including commercial banking, derivatives, fixed income, private equity and investment banking. He spent 23 years at Goldman Sachs, joining in 1984 to start and head its European Capital Markets Group. He subsequently held a number of senior roles, most recently as Chairman of Goldman Sachs' principal investment business in Europe. Prior to this, he worked in both commercial banking and investment banking for JP Morgan. He is also a Director of Oncimmune, a former Chairman and an Emeritus Trustee of the Royal Academy and a Director of International Rescue UK.

12. Mr Sharp was a member of the Bank of England's Financial Policy Committee (FPC) from its formal inception in 2013 through to April 2019. The FPC is the entity charged by the UK Government with the powers and the duty to ensure financial stability in the UK. Elsewhere, Mr Sharp has headed the primary Eurobond business, the European Investment Banking Services, the UK investment Banking Business, the European Private Equity and Mezzanine Business. Mr Sharp was a Partner of Goldman Sachs and was a member of the European Management Committee.

13. Mr Sharp is Chief Executive of DII Capital UK Adviser LLP, and a partner in Roundshield Partners LLP and SW7 Asset Management (UK) LLP. These commercial interests were all placed into a blind trust due to his role serving as a Special Economic Advisor to the Treasury, addressing national financial issues arising from the current pandemic. Mr Sharp is stepping down from this role immediately.

Our evidence

14. In oral evidence we asked Richard Sharp about the following specific matters:

- Reasons and motivations for applying for the post;
- Experience and selection process;
- His potential priorities for the BBC;
- How he would support the BBC in developing commercial income;
- Diversity within the BBC
- Pay discrimination at the BBC
- The future of the licence fee;
- Whether the BBC reflects the UK;
- What the priorities should be for audience engagement;
- The future of public sector broadcasting;

Conclusion

15. One of our key concerns before the session with Richard Sharp was that his appointment would mean that, for the first time, neither of the senior roles in the BBC, the Director-General and the Chair of the Board, would have editorial experience. We also had concerns about the process where a series of names were leaked in the press prior to the competition opening and the press also named Mr Sharp as Chair of the BBC hours before any announcement from the Government. We questioned Mr Sharp on a wide range of issues from his credentials for the job and the process by which he was chosen as candidate through issues of equality and impartiality at the BBC and the future of the BBC and public service broadcasting in general. We were satisfied that Mr Sharp, despite some understandable early nerves, demonstrated an ability to handle robust questioning and to keep calm under pressure.

16. When questioned on equal pay, Mr Sharp had obviously done some homework but, despite a welcome commitment to come back to the Committee with more detail, did not convince us that he knew enough to get an immediate handle on the situation. What was more impressive was Mr Sharp's ready understanding of the business and how, and where, the BBC needed to perform to deliver on its public service commitments and to compete in a changing media landscape, both in the UK and globally. He was convincing in his defence of the independence of his role and of the BBC.

17. We would like to re-emphasise to the Government that the process needs, not just to be fair, but to be seen to be fair. The lack of candidate diversity is probably impacted by the process being seen as less than fair. The way the names of the Government's preferred candidates were leaked to the press ensured that strong questions were raised in our session regarding how Mr Sharp was appointed and to what extent his political connections, and donations, contributed to that appointment.

18. Despite, like his predecessor, lacking in broadcasting experience, Mr Sharp was able to respond effectively to our questions. We are content to confirm his appointment as Chair of the BBC Board and wish him well with the challenges the Corporation will face in the coming years.

Appendix 1: Richard Sharp's CV

PREVIOUS EMPLOYMENT

Richard was serving as a Special Economic Advisor to the Treasury until January 2021, addressing national financial issues arising from the current pandemic. Richard's commercial interests are now placed in a blind trust.

Goldman Sachs 1984–2007

- Richard joined GS to start and head its European Capital Markets Group. Subsequently he headed the primary Eurobond business, the European Investment Banking Services, the UK investment Banking Business, the European Private Equity and Mezzanine Business.
- Throughout his career at GS Richard was a producer manager: managing businesses and also leading on some of the firm's most significant client and principal transactions. His media advisory and investing activities included successful M&A, Private Equity transactions and venture capital.
- Richard was a Partner of GS and was a member of the European Management Committee. Whilst at GS Richard was independently named as one of the leading bankers in Europe.

JP Morgan 1978–1984

- Richard was a founding member of JP Morgan's securities operation and was one of the creators of its derivative operations.

RESPONSIBILITIES PLACED INTO BLIND TRUST AS A RESULT OF TREASURY ADVISORY POSITION:

CEO of DII Capital

- **DII** is a holding company for investment activities.
- Two Principal Holdings – Roundshield Capital and SW7.
- In addition, significant venture capital holdings: Oncimmune (Cancer Diagnostic), Celsee (MedTech research company).
- Tadaweb and Kyra (mediatech).

Chairman Partner of RoundShield Capital

- **Roundshield**, co-founded in 2013, provides medium term capital to SMEs. It includes amongst its LPs some of the world's leading university endowments. It has recently raised its third (€500mm) fund and has generated returns on existing capital (€500mm) of approx. 19 pct. Net to date. Richard chaired the Investment Committee.

Partner of SW7 and SW7 Technologies

- **SW7** is an algorithmic specialist company which Richard founded with a former quant partner of Richard's from Goldman Sachs and a team of mathematicians from Imperial College. Its principal initial activity is to apply its graph theoretical mathematical algorithmic capability to investment activities and, following that, to develop further MedTech and security technology applications.

OTHER BOARD MEMBERSHIPS

- **Oncimmune** is an AIM listed Nottingham University spin out company; it is a Cancer Diagnostic Company seeking to save lives through the early diagnosis of cancer through blood testing. It has recently successfully completed a trial with NHS Scotland.
- **Kyra** is a UK based private media technology company and media platform aimed at Generation Z on YouTube etc.
- **Tadaweb.**

Board member, Financial Policy Committee of the Bank of England

- Richard has been a member of the FPC since its formal inception in 2013 through to April 2019. The FPC, created by statute and accountable to Parliament, is the entity charged by the UK Government with the powers and the duty to ensure financial stability in the UK. As an FPC member, Richard was required to deliver public speeches and appear regularly in front of the Treasury Select Committee. Richard conformed to the civil service code on political independence.

Other Board Positions 2005/19

- Richard has served as Chairman, Deputy Chairman, or non-executive Director of the following companies providing him with a wide range of Governance Experience: Huntsworth (UK public – media), ISS (Global Industrial Services – Danish), Cognis (industrial Chemicals – German), Celsee (medical technology – US).

NON-PROFIT ACTIVITY

- Richard has maintained an involvement in UK Cancer philanthropy and has served as a trustee of the Institute for Cancer Research (one of the world's leading Cancer Research Institutions) and has had a governance role at the Royal Marsden Hospital.
- Richard has served as a member of the UK Board of International Rescue and serves as a supporter and trustee of other Refugee focused charities.
- Richard is a trustee of Uprising, supporting social mobility for underprivileged students and young graduates.

ARTS

- Richard was Chairman of the Trustees Royal Academy of the Arts (2004–14)—the world- famous Piccadilly based Arts Institution—he remains an emeritus trustee of the RA.
- He co-founded the music charity London Music Masters, bringing music education to underprivileged primary schools in London.

EDUCATION & PERSONAL

- Richard was educated at State primary and Grammar Schools and sixth form at a public school. He was an exhibitor at Oxford reading PPE 1975/1978. Richard lives in London and has 4 children.

Formal minutes

Friday 15 January 2021

Julian Knight, in the Chair

Kevin Brennan	Rt Hon Damian Hinds
Steve Brine	John Nicolson
Alex Davies-Jones	Giles Watling
Julie Elliott	Heather Wheeler
Rt Hon Damian Green	

Draft Report (*Pre-appointment hearing for Chair of the BBC*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 18 read and agreed to.

A Paper was appended to the Report as Appendix 1.

Resolved, That the Report be the Fifth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No.134.

[Adjourned till Tuesday 19 January at 9.30 a.m.]

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

Thursday 14 January 2021

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

Published written evidence

The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

PAA numbers are generated by the evidence processing system and so may not be complete.

- 1 Department for Digital, Culture, Media and Sport ([PAA01](#))
- 2 Richard Sharp ([PAA02](#))

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the [publications page](#) of the Committee's website.

Session 2019–21

Number	Title	Reference
1st Report	The Covid-19 crisis and charities	HC 281
2nd Report	Misinformation in the COVID-19 Infodemic	HC 234
3rd Report	Impact of COVID-19 on DCMS sectors	HC 291
4th Report	Broadband and the road to 5G	HC 153
1st Special Report	BBC Annual Report and Accounts 2018–19: TV licences for over 75s Government and the BBC's Responses to the Committee's Sixteenth Report of Session 2017–19	HC 98
2nd Special Report	The Covid-19 crisis and charities: Government Response to the Committee's First Report	HC 438
3rd Special Report	Impact of Covid-19 on DCMS sectors: First Report: Government Response to Committee's Third Report	HC 885
4th Special Report	Misinformation in the COVID-19 Infodemic: Government Response to the Committee's Second Report	HC 894