



Reimagining the BBC: Charters Past and Present
Wednesday 2nd December 2015

House of Lords Committee Room 2

Lord (Peter) Hennessy (PH) - My name is Peter Hennessy and I must declare an interest, I'm an occasional performer for the BBC mainly on Radio Four and happy to be so. Both seminars are the fruits of a partnership between the Mile End Institute, which is part of my scholarly home Queen Mary University of London and the BBC and tonight's purpose, to sum up really, is to help infuse a dash of historical perspective in to the wider political and public debate about an institution which has a gift I think for turning an understated pragmatic British people into creatures of true passion.

I'm always reminded when thinking about the corporation, as Tony knows, of something that that great man the economic historian R.H. Tawney wrote nearly a century ago about British institutions, and this is what Tawney said 'only those institutions are loved which touch the imagination', isn't that wonderful? And the BBC across my lifetime so far has always passed the Tawney test by a very wide margin and always up there with the National Health Service as a kindler of feeling and indeed a badge of who we are.

Tawney's words remind me or us I should say, that what we're talking about this evening is the poetry as well as the plumbing of broadcasting which licence fee settlements and the road to charter renewal in their linked but separate ways have in recent years fused together, and the drill for this evening is as follows: The Director-General of BBC Tony Hall, Lord Hall of Birkenhead will reflect upon our theme for about five minutes, we'll then have a ten minute film on charters past made by Professor Jean Seaton, the BBC's official historian who sadly can't be with us this evening, then I'll turn to our terrific panel who I'll introduce properly then, Tessa Jowell Baroness Jowell, Norman Fowler Lord Fowler and David Levy who will share their thoughts and individual experiences of the last time round speaking for about eight minutes each.

Tony welcome, tell us all.

Lord (Tony) Hall (TH) - Thank you, I just thought I'd say three brief comments because part of this evening is to listen and to hear other views as opposed to me talking for too long. But apart from saying thank you to the panel and to you Peter for chairing this evening, I just want to make three points and they're the kind of themes that are on my mind from the charter at the moment and there are many, many things that we're trying to resolve with the charter but these are the three which I think are really important.

First of all is the issue of how the BBC is regulated and I made a speech in Cardiff last week talking about this among other things and said that I absolutely welcome the idea of an external regulator reviewing the BBC's remit and that's a huge change for the BBC, a strong unitary board and an external regulator but I can tell you it makes sense for the organisation and it'll be simpler and it'll be clearer and will give people a sense of, I hope, a real sense of belief in the external regulation of the BBC.

But, and this is the kind of balance, the Morton's Fork in a way, at the same time as wanting tough, proper external regulation, I also believe the organisation needs regulation which is effective but not prescriptive. Prescriptive to the point sometimes of being paralysing and you can see that in the way that other countries regulate public broadcasters by saying this is what you spend on this channel, this is what you spend on drama, or this is what you should spend, and I think that sort of prescriptive regulation I haven't heard anyone suggesting, but I think would be extremely dangerous to the creative health of the BBC. At the moment we already operate under twenty six different service licenses, those are licenses for the services that we do with around one hundred and sixty statutory and non-statutory quotas and separate conditions so it's a very highly regulated organisation already and how we balance the desire to surprise and delight our audiences with content and services which are new, innovative, pushing boundaries and unexpected, with something which is both a proper regulator but is also simpler I think is a big issue, so that's number one.

The second point is the independence of the BBC and as I said again the speech last week, in my coming back to the BBC after twelve years away it seems to me that the independence of the BBC... the BBC is less independent than it was in say the nineties and those of you with very long memories and we all do have will remember Willie Whitelaw giving the BBC a fifteen year charter.

I've not heard anyone suggest that there should be a five year charter in Government but it's been debated and discussed outside in newspapers and elsewhere with people saying 'well of course it makes sense, change in broadcasting is so fast and rapid - far better you kind of set things for five years and then see how you are in five years. I think that will be dangerous for the BBC's independence. I think a period of trying to remove the BBC from the electoral cycle and saying go for eleven years as opposed to something short term like that, I think from an independence point of view would be really beneficial, but we'll hear from history I'm sure and it'll help us on that.

And then the other point I want to make, the third point is about our audiences who in the end own us and pay for us. The Government's consultation as you'll all know brought in nearly two hundred thousand responses I think it's second only to gay marriage the number of responses to Government, and what's really interesting as far as I can work out what those responses are from Government there are a lot of individuals not just a sort of block sending in of emails or whatever, there's an awful lot of individuals. That tells you, and by the way I think the trust have got about forty thousand, that tells you the passion that the audiences have for the BBC and for what it can do. So I would love to explore ways in which we can build on that body of support for the BBC knowing that in the future it's going to be easier to find out what people are thinking in the online world, to try to cement audiences more firmly into the way that the BBC kind of runs itself.

I suggested last week a dual lock for fundamental changes, and I mean fundamental changes, for the next charter which might be subjecting those fundamental changes to a two thirds resolution of each of the houses of Parliament, but also looking at some way of linking the people who are paying for us into discussion and debate about those changes - an online vote or something very similar. So I don't have all the answers, I'm really looking forward to hearing the comments this evening and thank you all very much for your time.

PH - Thank you Tony that's terrific. You'll each have I think a summary of the charters right from the very first one 1927 right up to 2007 which you can take home with you and this is the subject of the film that Jean Seaton has made:

- JEAN SEATON FILM ON THE HISTORY OF BBC CHARTERS -

<https://www.youtube.com/watch?v=CzWC5jdmag8>

LORD REITH CLIP -

<https://www.youtube.com/watch?v=HmtUzwYSgDk>

PH - Well it's now discussion time with our panelists, I'm delighted they're here. Tessa Jowell was Secretary of State for Culture, Media and Sport at the time of the last charter renewal in 2007. Norman Fowler was the chair of the House of Lords select committee on said charter renewal and went on to chair the communications committee of the Lords. And David Levy, now Director of the Reuter's institute in Oxford was the BBC's Head of Public Policy between 2000 and 2007 and the insider on all that. So could we start Tessa with you, what you had in mind and why the 2007 charter renewal process was quite palpably different from anything that had gone before.

Baroness (Tessa) Jowell (TJ) - Yes well it was... the charter review process was different because we opened up the process to the biggest deliberative consultation that's ever taken place. I was all set to drop one of the Reithian characteristics of entertainment, but overwhelmingly the response from the consultation was that entertainment was an absolutely fundamental part of what the BBC offered and I think that the public knew better than I did on that.

The second thing that I wanted to say about the process of charter review, the agreement and the licence fee was how shocking the friendlessness of the BBC was at that time. The BBC at that time had virtually no friends in the cabinet or in senior positions in Government and I think that that was in very large part a reaction to the sort of culture of excess that Tony has tackled and I think with great courage and persistence, a culture of excess that offended politicians.

There was also obviously the growing power of Sky and the reach of Sky so to move from... it's small points but it's always important to remember in these kinds negotiations the context within which you are negotiating and what was absolutely clear to me was that the BBC had become disengaged, had not tried to build good relationships with key people in Government which really takes me to the key arguments in the licence fee settlement which really started with a ridiculous bid by the BBC which I have to say compounded the offence that the cabinet at that time felt.

There was then our determination to find a way of funding £700 million of digital switchover from analogue to digital during the first four years/five years of the charter.

And then the third was the absolute determination that large parts of the BBC would contribute to the regeneration of the North West by moving to Salford, a move that was fiercely resisted by the BBC and caused such a breakdown in relationships between the then Chancellor of the Exchequer and the then Director-General, that the Chancellor of the Exchequer when I met him to discuss the licence fee settlement, which I did on a number of occasions, refused to refer to the Director-General by name.

So we were not actually playing a terribly strong hand as somebody who has grown up with and believes passionately in the BBC. The argument that had become rather tired by then, as we were beginning to see diversification in broadcasting, was that the BBC was not then, is not, an accidental market intervention, it's a wholly intended market intervention.

However what was also absolutely clear, and this was the quite fine line that we had to tread was that there was a risk in two respects that the BBC was going to choke off innovation if it simply acted in the kind of rather imperial way that it was inclined to do and also one of the major changes we made during that time was.. it was kind of small change big impact - which was in the terms of trade

because what the BBC was doing, this is outside the charter review and the licence fee settlement but it had an enormous material impact.

Back in 2003 the independent production sector was worth about £70 million. By stopping the BBC hoarding rights the independent production sector is now worth in excess of £2.8 billion and that was a very important freedom to create in pursuit of development of creative industry's revenue and the quality of independent production.

So I've tried to set out just very briefly some of the tensions. I remember speaking as Secretary of State in the statutory debate on charter review and I don't think... there might have been one rather desultory speech in favour which I'm sure reflected on the lack of my powers of persuasion with my colleagues but it was a fraught time.

The second thing that I think we have to accept as a given, and by the way had I consulted with the Prime Minister rather than simply negotiated with the Chancellor for the licence fee settlement it would have been worse and he made that absolutely clear to me two days before I took the settlement to cabinet and I said you just have to accept my judgement on this and you have to accept my proposals because this has been going on for a year and we were getting to the point where it was becoming problematic that the licence fee settlement had not been reached earlier, so he was fortunately prepared to accept that and didn't speak up against it in cabinet which would have been a pretty mortal blow to the carefully crafted settlement.

So the third point I want to make after the intended market intervention, is that there has always been as we've seen and we saw with Steve Hewlett's documentary that Catherine wanted us to watch as our homework for this, there has always been tension between the government and the BBC and I think that that tension is unhealthy.

And let me go on therefore quickly to my fourth point just while I've got time. There is ambiguity about who owns the BBC; it is not a Government agency. The money raised by the licence fee is the public's money it is not Government money, it is even more the public's money than lottery money which my Government and Governments before and after have in a sense hijacked for largely mainstream public expenditure processes - exactly what the incoming coalition Government did in 2010, just decided to help themselves to a substantial lump of licence fee payment.

That is why, and again I may just be a bit of a lone voice in this, when the BBC Trust was created, it was created not to be the regulator and the cheerleader for the BBC as it has been wilfully misrepresented, but to be the voice of the licence fee payer, to be a strong voice establishing this very clear separation between the BBC and the Government. A firewall between the Government and the wider public.

I think the Trust has failed in this and I can talk a bit later about why I think the Trust... but it didn't need to. Had it done its job properly then I think we would have been in a different position now. And so finally I've argued for about the last five years that in order to deal with all these five points we should recreate the BBC as the country's biggest mutual, in which every single licence fee payer by virtue of their licence fee certificate holds a share and we then work out, and it is not beyond the wit of the great minds of the BBC and beyond, to develop a governance structure that would respect that mutuality.

And I think unless we take some of these really bold steps and have the arguments, have the fights to create this very clear distinction, in 10 years' time we will have an even smaller BBC. We will regret the fact that the BBC is smaller and the arguments will just keep on coming in pretty much the

same way that they do about every five years, but we can take control of it and change the course of history and prospect.

PH - Thank you Tessa. David, what did it feel like on the inside?

David Levy - Well, it is very interesting to hear what Tessa's perspective of that side. I suppose, I left the BBC in 2007, in September 2007 and I spent four years before that working on the Charter and licence fee negotiations. So I can give a personal perspective, a bit about the context and the processes, the issues and the outcomes I suppose. I mean, the last Charter review process took a long time, taking about three years from late 2003 to 2006.

Tessa talked about the difficult relations with the government that obviously...the key thing that influenced the atmosphere in the BBC was the aftermath of the Iraq War and the Hutton Enquiry. Hutton published his report in early 2004; it led very swiftly to the resignation of the Chairman and the departure of the Director-General and a new Chairman and Director-General in the first half of 2004.

So, within the organisation things felt pretty bad; there was a completely new BBC leadership, there was the aftermath of a very bitter battle between the government and there were staff who were pretty traumatised by the departure from the staff's point of view a much loved Director-General.

Beyond the BBC, there were good relations with the DCMS team, bad relations with Number 10 as Tessa has said, serious tensions with the treasury, lobbying from commercial broadcasters in what they saw as an over-expansionist and unduly commercial BBC and serious concerns from the independent sector that under Greg Dyke the BBC had both repeatedly missed the targets for independent productions and seemed intensely relaxed about the speed with which it might meet them in the future.

The only area of consensus about the BBC was that the system of governance the BBC had (the BBC governors) was a system that was broken and the governors were far too close to management, too ready to align themselves with them (management) and lacking the independent support to keep proper eye and proper tabs on management and scrutinise their work. So the environment, as they say looked rather challenging.

Against that environment, the BBC published a revision document *Building Public Value* in June 2004. Mark Thompson had only been appointed in May that year and took up his job in June, but had a hand in the final drafting of that document. And, I suppose the interesting thing about that document, I think, was the introduction of this notion of 'public value,' a way of articulating the BBC's purposes in terms of outcomes for society – both as citizens and as consumers, and the balancing of that against impact on the market, both positive and negative. That led to the public value test in time, which took account of the BBC's impact on the market in deciding on new services.

Building public value also made a big thing out of the BBC's job in building the move towards digital switchover that was essential for the government's goal to be realised. Michael Grade's arrival also gave a little bit of fillip to some deliberation that had been going on within the governors about how they could toughen up the BBC's system of governance. He added the idea of an independent governance unit and added a clear service lines...he developed the idea in building public value of service licences for BBC services.

There was also the report by the Burns Committee Report, which created...there was a charter review panel set up by DCMS and Tessa, a series of seminars – and these expert seminars ran alongside the extensive public consultation that Tessa has talked about.

Terry Burns' Committee Report; the two key things that he proposed was that there should be an 'off-Beeb' or public service broadcasting commission that would specifically be focused on the BBC's performance and accountability, and could recommend the level of the licence fee and have the ability to allocate some of it elsewhere to support BBC plurality. They proposed a single BBC board, with a majority of non-executives and a non-executive chair. Neither of those things happened.

I guess from within the BBC it felt like there was a pretty vigorous process going on, at a time when the BBC had very few friends and as Tessa said one of the most difficult areas was the relation with independent producers and that meant that over time there was a change in the terms of trade that Tessa referred to. But then the BBC, under some pressure, produced this unfortunately named organisation/institution called the WOCC – the Window of Creative Competition, which meant that over and above the 25 per cent independent production quota, there was a further 25 per cent, which was contestable between in-house productions and independents.

So, turning to outcomes, I really want to just make five personal observations on what I thought about the outcomes of the Charter process.

The first one is that after a period of extreme conflict between the BBC and Number 10, I think the calm and orderly way that the Charter process was conducted by the Secretary of State at the time, was itself a pretty remarkable outcome.

Tessa Jowell managed to take the temperature down several notches, she played the process long and repeatedly stressed during the long public consultations and expert consultations – if you look at Tessa's speeches at the time, there's one phrase that was repeated time and time again. When asked what she wants, she said I want to hear what the public say, but the only outcome I want is a strong and independent BBC. Some people may think that's a platitude now, but it didn't sound like a platitude at the time.

Alongside that there was a search for an evidence-based process, wide-ranging public consultation, industry input and audience research. The second point I will make is about the public value test, which in my view was both positive in itself in giving the commercial sector great certainty about what was going to happen with BBC services. It was also quite influential in Brussels where it drove a lot of subsequent policy in this area in terms of the interaction between Brussels state aid rules and public services broadcasting, and how those replied to public service broadcasters around Europe.

But within the organisation as well, it also had some benefit in my view in forcing BBC management to have much greater clarity about their own priorities. There is a bit more independent scrutiny of the BBC's proposals, but above all there was a past world where sometimes BBC news services were different executives' pet projects. The complexity of the public value process obliged the organisation to make clear priorities about which projects mattered most and which order they were going to do them in and then see how the market impact, public value sort of 'balancing act' worked out.

On governance the third point, I think the BBC Trust was a great improvement on what had preceded it, in terms of independent support for the trustees, a separate trust unit, service licences and a set of protocols and procedures. There was though, an unusual allocation of responsibilities between the Trust and the executive board. Senior pay was left to the executive board, while the

trust was responsible for value for money. A bit of a problem, and that problem was exacerbated when the minority of non-executives that were included in the Charter on the executive board, were then appointed mainly for their commercial acumen initially rather than public sector experience or public sector focus.

The fourth point really is about the BBC's public purposes, these were looked at in terms of outcomes, sustaining citizenship and civil society, promoting education and learning, rather than purely hours of outputs in genres and so on. That was intellectually rather innovative, and it reflected in some ways the idea of citizen value added by the BBC to the UK. But there was a risk within it that the BBC activity might be aligned too closely to wider government objectives.

I think the most obvious example of it was in a way what emerged out of the money from the licence fee allocated to the goal of digital switchover, which essentially marked the first major allocation of the licence fee generally understood until then as being designed primarily for BBC content to a wider government public policy objective. The objective was achieved – interesting question as to what were the consequences of that.

Finally the licence fee discussions. It is really interesting to hear what Tessa said about the environment within which that happened. From the BBC's perspective or inside the BBC at the time, it looked like whereas the Charter process was long, transparent and clear, the licence fee process seemed much harder to get a grip on and to understand what was going on – so it is very interesting to hear your perspective on that.

I think one of the good things about that decision was that the remit was decided before the level of funding, which I think is a logical way to do these things. But in the end the deal was done in January 2007, regardless of the merits of the level or whatever, it did feel like a deal rather than the result of a vigorous or transparent process. But I know what Tessa says about the way in which the BBC's proposals were perceived in government at the time.

I'll just make a final rather sort of personal observation; six months after I left the BBC I found myself in France sitting on a French government commission looking at the reform of French public service television. The aim of that commission was to reduce French public service television's reliance on advertising, restructure it and make it more like the BBC. That's why I was invited to sit on that commission. However, interestingly after three months' deliberation, when the commission's report was launched at the Elysee Palace by President Sarkozy his immediate response was that he needed to bring the governance of French public service television into line with that of any other state enterprise where the shareholder, i.e. the state has the final say.

His conclusion as a result of that, was the Director-General of France Television, henceforth would be personally appointed by the President rather than the regulator as previously. So I suppose, it suffices to say that that experience of a similar review six months later gave me a new respect for the way the last BBC Charter review process had been conducted. Thank you.

PH - Thank you David very much, Norman your cross-party select committee had to make sense of all of this.

Lord (Norman) Fowler (NF) - Yes, I mean my perspective is different from both Tessa and David because I was not an 'insider' and I make this comment in passing and I think that the trouble with the BBC at times is that it tends to be an 'insider conversation' that is taking place and not the rest of us. My view is therefore slightly different; my view on this history of that period is rather different to

that of Tessa and I'm also I'm afraid – even after David's brave defence of the Trust, not a convert to the Trust either.

Although I do feel that Tessa's final point about the mutual, BBC mutual, puts us on at least on the same page as far as the future is concerned. I think I would be a little more radical than we've been up to now and I am also going back to what we were looking at. I think the first and most basic question, that I have, is whether this long period of consultation and evidence giving is all something of a waste of time. I ask that question in the light of my experience; we had a very strong select committee in 2005, we had Baroness Bonham-Carter (I try to get the audience on my side) we had Lord Armstrong, we had Tom King, we had the Bishop of Manchester, we had Baroness O'Neill.

It was a pretty strong committee that we had, it was all-party and we took all the evidence from 33 separate panels of witnesses, including just about everybody in broadcasting. We received countless written submissions and we produced not one, but two final reports. And was that effort worthwhile? Well if you judge it on the basis of the immediate results and the immediate impact upon the government – and the Secretary of State, I think it was probably a bit dubious. But, I think that what has happened, interestingly, in the years that have gone by some of our proposals have now become accepted and although our most fundamental proposals were ignored and before you put that down to my reaction, sour grapes on the part of the chairman, I would just add that in several respects what we proposed ten years ago is now becoming – I won't put it too higher than that, the emerging consensus on what is happening today.

Take the most fundamental government proposal of that time, which was of course the creation of the BBC Trust, we were in no doubt about that I won't go into all the details but we thought it in essence 'foolish counter-productive' and quote 'confusing, misguided and unworkable.'

TJ - It was an on-balance judgement!

NF - And we said it created a divided leadership at the top of the BBC with the chairman of the Trust able to call himself chairman of the BBC as a courtesy title. We wondered why no corporation in the Western world had alighted on this particular situation and we wondered even more on the idea of having non-executives on the executive board.

We said, and I just quote for one moment what we said that 'for the governance of the BBC, we produce a unitary board with a majority of non-executive members and a non-executive chairmen, who together are responsible for a wide range of governance functions.' I think some of those proposals are now being taken rather more seriously. Today, many people agree with that and hardly anyone – with the exception of David, can be found to defend the continuance of...

DL - I wasn't defending now, I was explaining the history of the time.

NF - The basic question is why was it introduced? Because our criticism was not alone, many said the exactly the same thing. Many in the consultation process said the same. But the fact was that all adjunctions were trumped by the government, who I think probably smarting on BBC reporting on Iraq had the power and pushed ahead. And it takes us to the most fundamental question of the review then and now; should there be a Royal Charter at all?

Now a Royal Charter sounds very grand, but the idea that it guarantees the independence of the BBC is utterly mistaken. The Privy Council's own guidelines states that once incorporated by Royal Charter, a body surrenders quote 'significant aspects of control of its internal affairs' it adds quote 'this effectively mean a significant degree of government regulation of the affairs of the body.' In

practice, what this means is that the government in power, at the time, whatever government's in power – the Conservative government now, the Labour government then...they can do more or less what they like because there is no bill that has to be put to Parliament, no committee stage to go through. Their say so is what rules.

Let me say with some certainty on this – and other members of the committee I think felt the same, this all came rather as a revelation to me because I had studied the Charter process ten years previously, indeed I don't know what happened at particular time. When we started, we believed that there would be in some way in which Parliament would be allowed to decide, but we soon found out that there would be no bill, no committee stage, no consideration in the Lords. Incidentally, one correction on the response or the Parliamentary response in the Lords, the BBC was extraordinarily popular then and is extraordinarily popular today. I don't recognise this view of the BBC being an unpopular institution, certainly from my point of view.

But the trouble with what we have at the moment is that it all depends on the government and it doesn't matter if it is a Conservative or Labour government, that's what happens. It is as near as you can get to a government having absolute power. So, as a result of that we set out our solution that the BBC should be a statutory corporation very much like Channel 4, that's why I say we get more or less on the same page as your mutual [in reference to Tessa Jowell] and we said, again in terms, we believe that the BBC's mandate and structure should be defined in statute rather than by Royal Charter. And that is where we stood.

Unsurprisingly, perhaps the government rejected this because all history shows and Tessa, I think has illustrated this, is that governments of every party do not like giving up power as far as the BBC is concerned. And we might remember I think if you go back to 1926 (I did a bit of research on this) that statutory corporations was proposed then but rejected because the government really didn't like this idea of the BBC kind of getting away.

In 2005, usual tired arguments were put forward, Parliament would interfere too much, in fact that doesn't happen in a structural way with Channel 4. Of course government spin doctors phone up Channel 4 news and say you're not giving us a fair crack at the whip or whenever that happens but in serious structural terms, Channel 4 have not been interfered with. And all history shows that the main danger of interference comes not from Parliament, members of Parliament, even not their Lordships, it comes basically from governments.

And the present government is no exception to this, as Tessa has said, financing old people's television licences out of the licence fee or, one proposal I saw, giving advice on how the BBC website should be set up so as not to upset local newspapers. I think that is getting into a degree of detail, which no government should get in. I was a chairman of two regional newspaper companies and I have to tell you that the idea that it is the BBC that has sent the local press into decline is complete and absolute nonsense.

So, I return to the point that one Labour member of my committee John Maxton made continually, 'Parliament is the only elected body in this country with authority throughout the country.' I think I better just modify that a bit, the House of Commons is the only elected body with authority throughout the country. You can still have periodic reviews with statutory corporations, nothing against that, hopefully those reviews will not be every five years, which I think is complete nonsense. And for broadcasters, I think a statutory corporation provides safeguards; the government talk about privatising Channel 4, we've all seen the stories that come periodically once every couple of weeks and I won't go into the issue with that. But suffice it to say, if you wanted to do that you have to get it through Parliament – you can't just do it. You can do lots of things under the BBC Charter but you

can't privatise Channel 4 because it's a statutory corporation and you've got to get it through parliament and my guess would be that you wouldn't get it through the Commons let alone getting it through the House of Lords.

So, my view is basically this, I would not like to say that the Charter review has no worth whatsoever, that would be uncharitable. Sometimes it underlines – and this is important, the public's view of important services. It underlines the importance that the public put for example on the World Service, which seems to get a unanimous 'thumbs up' around the country. It also in fact supports the licence fee, much criticised by columnists, but it actually gets a quite big approval rating when it gets to the public themselves.

So my position is that I strongly support the BBC, my select committee strongly supported the BBC and if anyone is ever in any doubt, one only has to go across the Atlantic and see not only what's happening there but how they regard the BBC in this country. So, I am totally convinced of the importance of the BBC and its independence, but the Royal Charter I cannot support, it is out-dated, it is undemocratic and it may perhaps once have had some purpose but its only purpose today, I think, is to hand too much power to the government and that is basically not what any of us want and that is the reform that I would like to see coming forward today out of my review ten years ago.

PH - Thank you Norman, very much. Can I ask you Tessa, we'll discuss among ourselves before the questions and answers. Counterfactual, if Tony Blair and Number 10 had re-written your deal, what would it have looked like? You said it would have been far more punitive on the BBC

TJ - I don't know in detail, but it would have been a substantially lower settlement.

PH - What about power, would there be extra powers?

TJ - I think the focus was not so much on powers because, I think, they had not really talked about it actually. There was actually...that's not strictly true, there was quite a bit of enthusiasm for Terry Burns' public service commissioning body and creating...and I felt about that... I wasn't completely opposed to it but I felt it was too early. I thought we might well get to a point where some licence fee money would be used for other public service purposes by another broadcaster in order to maintain public service content. But I felt at that stage it was too early.

PH - Tony what have you learnt from these three contributions?

TH - One well there is the issue around the board and what Tessa, talking about what the Trust was set up to do which was a firewall and I hadn't appreciated that and I think that's really interesting because going back to the point I was making about independence and all the speakers have mentioned that - I think it's really important, number One. Two - Norman's contribution which again I think was really interesting about the Royal Charter; is it outdated? Is there another way in which the BBC's independence can be secured which is not through a royal charter? And again I think that's really interesting. I'll stop there.

PH - Can I ask the three panellists, we have got Jesse Norman at the back, the chairman of the select committee. What do you think Jesse and his committee might syringe from the history of the recent past in their current deliberations? I don't believe in iron laws of history, history doesn't repeat itself – Mark Twain: history doesn't repeat itself but sometimes it rhymes – do a Mark Twain for Jesse...

TJ - I think that what will go on repeating itself is this kind of spitting fury between the government and the BBC – we had it during the election. It is part of the instability of that relationship and until

that relationship is pointed in a different direction and the acute accountability is felt to licence fee payers through whatever governance structure can be constructed, that will just go on. And I could go on about the failure of the 'chumocracy' of the BBC governors. Do not think that the BBC governors represented some golden past of judgement, integrity, probity and all the rest of it. Because it did not. Everybody was so pleased of themselves, so pleased to be a governor of the BBC that they forgot and they became quite disconnected from the public who pay for the BBC. There is one last thing I want to say which is that I think is the Trust would have succeeded... Michael Grade left after 2 years to go and became the chairman of ITV, the job that he had always wanted and I completely understood that. But Michael really got the purpose of the Trust, he really understood it. Had that been different... because organisations are always about the people who lead them, the people who work with them and the culture that is created and I think that each chairman of the Trust subsequently was there to nit-pick, turn up their noses and sort of make it not work.

DL - I agree with Tessa that the sense, the rationale for something like the Trust was the public accountability and rooting something in some kind of public legitimacy and my personal view is to do that you need a very very visible leader of that entity. There is all the plumbing and details but if you don't have a very visible, public chair of the Trust who can actually embody it and then you complement that with some effective public accountability, then the game is lost basically. You can argue about the rights and wrongs of the Trust but the rationale I suppose was that accountability which I think didn't happen. I suppose I think there is interplay between three things: the remit, the regulation and the money. Essentially the last charter had a broader remit, slightly tougher regulation and less money and I think the question is how one configures the triangle of those three things whilst maintaining a sense of BBC independence, independence from government but at the same time accountability for spending public money. It is always a tension with every public broadcaster in the world how you can be both independent editorially day to day and quite rightly held to account for spending public money and this has not always worked very well but those are the forces that one is trying to keep in balance.

NF - Well I would hate to try and advise the House of Commons select committee on the line they should take. What I would like to see done is for us to ask the fundamental question: about whether the royal charter is outdated, or not, because I do not think it is achieving independence for the BBC and I think if you took a poll round this room, not my solution necessarily would have a majority but I think the independence of the BBC would have a very strong majority. And it is shot at in different ways. It's worth very much going down that. The government won't like it; Tessa's government wouldn't like it, this government won't like it, previous governments didn't like it, but that doesn't mean to say it's wrong. Also, it is quite interesting to remember one of your former chairmen Gerald Kaufmann when he was chairman, his committee advocated the same thing 15 or 20 years ago - so it is an issue as in all things in policy, you have to keep on pushing but I think the present system is bust and needs to be reformed.

PH - Thank you Norman. We have half an hour for a free flow. Could you catch my eye and identify yourselves for the transcript and tape. From the back please.

Paul Barber - My name is Paul Barber. I am from East London. My view is that the BBC charter should be removed. I believe it is totally corrupt, perverted propaganda machine.

PH - Who for? A propaganda machine for who?

Paul Barber - The BBC had a reporter Jane Standley....

PH - We do not have the time to go to case studies.....

Paul Barber - This proves the lies they tell. She said 20 minutes before the building fell it had fallen... proper investigation needs to be done into what they knew about Jimmy Saville... They are supposed to be fair and just but they are not

PH - Thank you. Another question.

Brian Walker - I'm formerly of the BBC, I now work for the Constitution Unit at UCL. I have been doing a project on the judiciary which is very interesting as it has been undergoing enormous changes since 2003. Their independence is sacred, there isn't another set of digital judiciaries out there so you could say they are more important than the BBC. Since 1997, we have found that there have been 200 committee appearances by judges before select committees. They have certain rules and conventions which are tightening up. They will talk about policy retrospectively but will not give policy advice. They will not talk about judgements of course, but they will talk an awful lot about money. I wonder whether a time will come when the BBC who are appearing a great deal before select committees, not only the DCMS we had Tim Davie demurring to talk about certain commercial matters very understandably, whether the BBC can resist the avalanche of requests to be accountable to parliamentary committees. We can see of course, the assurances given to a committee to say we are going to very carefully have training about the European referendum, but one can imagine select committee wanting to interrogate closer and closer, with more and more controversy unless you have a strong system of arm's length accountability. My second point I would like to raise is devolution which will be huge unless Scotland decides to leave which will change the central governance of the BBC and it's not something out there it's intrinsic to governance

PH - Thank you. Another question or points to raise?

Alban Webb, University of Sussex - I was reading the ... security strategy today and I noticed the claim about Britain being the leading world soft power. Apparently it is that because of institutions like the BBC World Service and the British Council and I wondered what the panellists thought about how the BBC World Service and BBC Monitoring, which is a shared national asset fit into the debate about charter review and renewal. Should this have a separate space or a different space or should it be discussed in the same terms as the rest of the BBC as one institution.

NF - It is a very interesting point. When we set up the House of Lords communications committee. It was opposed on exactly these grounds by the then chairman of the House of Commons communications committee – John Whittingdale - on the grounds that BBC people would be going from one end of the corridor to the other in perpetual motion giving evidence – that hasn't happened at all and people are quite sensible and parliament is quite sensible. You need to keep an eye on it and parliament needs to keep an eye on it and in my experience does, but I don't think you need to be too concerned about that.

On the World Service, I just tell one story – long ago when I was a reporter in the Middle East war, I always remember there was an American reporter who had a little transistor radio, news was very difficult to get out, this was in 1967 in Beirut and we were on the Arab side. News was very difficult to get. He had his ear to the BBC World Service and not because it was pushing a line but because it was independent and because it was the most reliable news service there was. So I think it comes under the umbrella of the Royal Charter very easily and very well and I think it remains one of the great jewels in the crown of the BBC and should be seen in that way.

TJ - I agree that the World Service is precious, the standard of its broadcasting is excellent. My question is in 5 or 10 years' time, will it still be as relevant or will technology have made it easier to

create the sense of presence and immediacy that journalists on the ground manage to do? That I think is generally a big question for the BBC and don't really feel I know the answer but I know it is a question and a challenge which is coming down the road.

I remember how moving the coverage was by the World Service and also by BBC television in the immediate aftermath of the tsunami – we had accounts of what happened to people almost immediately because there were BBC journalists there. And the question now is with people taking their own video and being their own broadcasters, is whether that continues to be justifiable.

DL - I do not have a profound answer on devolution except for one thing. Whatever the political merits of a separate BBC or not, one of the objections that is raised, it's been said in the past by people in the BBC – you can't do a decent television service for 5 million people. I would just say look at the whole of Northern Europe and look at the public broadcasters in Denmark, Finland Norway etc. and it is perfectly possible to do a decent service. Whether it will give them everything they have at the moment is another matter. It is possible but there is another question about the politics and the organisational side but it is perfectly possible to provide decent public service television, you only have to look at BBC4 on a Saturday night to have the answer to that.

TH - On Alban's point about soft power and the role of the BBC World Service. Increasingly more and more of what you do in the BBC is global by its very nature, that's the digital world we're in so the impact you have, one of the strengths over the last 2-3 years, is you now see World Service reporters reporting back to the UK, or listen to them, as well as broadcasting out there. So I think it's all the same thing. One of the thoughts I put forward for consultation about the Ideas service, is if we can do this for news, globally, we are a global power, can we do exactly the same for culture which is one of those other... and science which again is one of those huge assets this country has.

PH - and the Monitoring point?

TH - Monitoring is in essence part of the newsgathering operation of the World Service and therefore for the domestic service so I think again it's part of the whole

PH - Safe in your hands?

TH - I hope so

Jesse Norman – thank you, I apologise for being slightly late, I've just had three hours of interviewing Lord Coe, but I did just want to thank the panellists for their unsolicited but very welcome advice.

It would be a mistake for me to get ahead of where my committee is but I would offer one comment if I may which is, the answer to the question often depends on what the question is. What's so surprising is there isn't more clarity about what the question is. If you want a BBC that's independent then you have to take measures that secure the independence of the BBC. If you want the BBC to have a secure funding settlement then you have to take measures to secure the funding settlement of the BBC. If you want to have a BBC that is a global source of soft power, then you have to be prepared to enable and allow it to do so. If you want a BBC that's a genuine public service broadcaster, you might have a worry about the commercial incursion or commerciality in aspects of it. It all depends on what question you ask. If we want a BBC that is well led in the future we must have strong leadership and lots of accountability, no one doubts that.

One final point is that far from the bitterness of the relationship between politicians and the Beeb that was being described by Tessa so eloquently in 2005, I've seen almost nothing of that. Yes, there

was the initial dispute over the funding settlement, for reasons one could go into, but actually there's been remarkably little that I can detect from the government, by way of seeking to undercut or cut the BBC down to size, and the BBC's reaction in any case has been more than strong. So it doesn't seem to me there's anything like the same kind of worry, I'm certainly not persuaded either the Prime Minister or the Chancellor have anything like the same interest in cutting the BBC down to size that you saw in 2005.

Baroness (Jane) Bonham Carter - I'm very glad to hear that. I want to respond to what you were saying Tessa, I think the World Service is hugely important, more important in a way because of filtering the information that's coming from all kinds of sources from all over the world. In the same way I think the BBC news organisation is something in my experience young people turn to because they know blogs represent certain types of information which are often very interesting and often news breaking but there is a central point they can rely on I think that's true of the World Service too.

TJ - It's a different view. I remember when I first became secretary of state in 2001 and I was introduced to convergence. When it was described to me that in 6 or 7 years' time, we might be taking pictures with our telephone and watching TV from our telephones, it seemed unimaginable. I think when you think more than 5 years' hence, you have to think but how will technology have changed the world?

Baroness (Jane) Bonham Carter - I am an optimist and I think back to the future. I think people have assumed that what the BBC provides will be of less importance I actually think it's going to be of more importance.

TH - I think that's right. When you look at what do people use BBC online, globally, or in this country for, often it is a test. I want to know what's happened and I want it clarified and I'll go to the BBC to do that but actually I might use 3 or 4 on average other news sites at the same time. I think the money which the chancellor gave us last week which is extremely welcome, for the World Service. It is roughly a third increase in the budget. We will spend a lot of that money on these things. The second point I want to make on devolution, I think there's a principle which I was talking about last week, which is that within the nations of the UK, the money which is spent within the nations of the UK should be decided within the nations of the UK. That's quite a different principle to the one we run through at the moment. That's not to say you decide what proportion of the UK money is spent, but actually if you are running Wales for example as a Director, then working out what's the right balance between services for news, or maybe services for drama, or Radio Cymru versus Radio Wales, those should be decided within those nations

DL - On the World Service, I'm convinced about the importance of the BBC's international role. But I do think one's having to do two things at the same time if you are in Tony's position. You're having to make less money go further because it's going to be paid out the licence fee, you're operating in a more competitive environment internationally, where there's more and more news, and at the same time you will have to persuade domestic licence fee payers that they will want to pay for these things and I think that's hard. I think it's desirable, I think it's worth doing, but I think it is a hard case to make.

Simon Milner - I had the privilege of being the last Secretary of the BBC. It's interesting being here tonight, thinking back to a time which was a bit of a personal nadir, when both my bosses resigned within 24 hours in January 2004. The thing I found most interesting, it's a shame Norman Fowler's left is, if the government for once had decided to accept the recommendations of the committee and said, you know what maybe the time for the charter is over, and we should think a statutory

basis for the BBC and introduce legislation, how different the process would have been, last time, and how different it would be this time. Because I absolutely agree from my own experience, when I was there we didn't focus on parliament, we focused on government alone, and the influencers around those key decision makers – Tessa, the Chancellor and the Prime Minister. Parliament frankly didn't matter other than keeping them warm with some nice videos, and the occasional nice drinks event. So I wonder how different it would have been had Tessa had to navigate a bill through parliament.

TJ - I thought about that a bit at the time. I think this is absolutely a debate of now, but we've got to decide that we want the BBC's independence to be reinforced. And actually what I did feel at the time was that for all I would deploy the arguments about the Charter safeguarding independence, it was so flimsy really. It didn't protect the BBC when the government wanted to turn on the BBC. So I think this is the most interesting question, I've got great misgivings about a unified board for the BBC I think it will be a hop and a skip before it just goes back to being like the governors of the BBC – a meeting of the elite establishment, that would be terrible. There is a great opportunity but everyone's got to be brave enough to take this step and I really wish there had been more concerted effort to make the Trust work because the Trust would have done that if it had been done as originally intended. You can have all sorts of ridiculous things about these responsibilities around the edges which became substantive under the select committee fire, but they could easily have been dealt with had there been a will to do so. I think there was never a will to really make the Trust work. Because there was a huge energetic drive to create this voice for the licence fee payer.

Ben West - I am from the Cooperative Party where we've been working to build on the idea that Tessa put forward for introducing a greater principle of mutuality in the BBC. I wanted to ask about the audience councils which have been set up by the BBC Trust. My understanding is at the moment they are on a voluntary, non-statutory footing, on a consultative basis. Is there an opportunity to increase the voice of the licence fee payer and potentially salvage some form of what the BBC Trust was created for, in making the trustees accountable to the audience councils rather than the other way round?

TH - Well there is an experiment we're trying in the New Year in Cardiff with our thinking round this Ideas service. We're going to try to involve an audience in trying to help us determine what that service looks like. Because people who sit on audience councils sometimes complain that no-one listens to us etc. etc. – actually I think they do a very valuable service in the nations of anchoring us in what the nations do. I think that rather looking at formal, in some respects rather old fashioned ways of saying, how can we keep in touch with what our publics are thinking, are there new ways we can do that? And that's what I want to try to experiment with. Because I think what Tessa's been saying and I think Norman was saying before that - actually is you want independence but you've got to be scrutinised because you're spending public money and you've got to be accountable. And how you square that in a way that really makes sense creatively I think is really important. I think part of the answer is also culture. I think the culture of the BBC should not be an arrogant culture it should be one that is listening and getting out there and talking to people. I think that's really important too. People often underestimate the importance of culture.

PH – Melvyn would you like to give us some distilled wisdom?

Lord (Melvyn) Bragg – the place is full of wisdom, I'm just absorbing it.

Lord (Tom) McNally – I think it's significant that on your pamphlet should be John Reith – and you had some words of wisdom from him. You asked Tony what he'd learned from this, I just hope he's learned from this that although there's lots of beguiling ideas, that we'll all be watching

programmes on our watches before long, essentially the main job of the BBC will be sending programmes to televisions and to radios and that's where the vast majority of people watch. Roy Jenkins used to have a simile he would use that something is like carrying a precious vase across a highly polished floor – that's what you're doing Tony. I think it wants a Director-General with the kind of moral integrity... we still work – thank God Tessa was defeated - to Reithian values as far as the BBC is concerned and I think if the BBC sticks to that what Norman Fowler said is true, you're not alone and the more the vandals start to assault, the more friends you'll find you've got because you are actually defending something very precious in our national life.

Lord (Melvyn) Bragg - Tom said something I'd like to second... it is extraordinarily important, the BBC, and the thing that's been most encouraging for me over the last few years is Tony's decision to go out there and say to the public we are very important in the way that he can and wake up to it. And the second thing is that we own the BBC. There's no ambiguity, we pay the licence fee for programmes on radio and television. And to make that known - we just accept it but there's a difference between accepting and knowing. And I think people would welcome that – it's their BBC.

Take it a step further if it's possible – I think it's to do with us, in the Middle Ages as you know there was this great debate about the matter of Britain, what was Britain? What was it about? And I think we're having in our country, very much on all sorts of levels that debate now – in private, in bars, in homes – the matter of Britain. And one of the things about the matter of Britain is what is at the core, and one of the things that's at the core is the BBC. And I don't think that many people would deny that.

It's ours, it's more powerful than any other public service broadcaster, it's the leader in so many different fields, and I think we're very proud of it. And without it we would be a lesser place. I think people feel that very very strongly. And to get that across which I think Tony's set himself to do, is extraordinarily important.

And there's another thing to say, nobody's marching against the BBC. We march against everything in this country, if they stop allotments in Wigden there's a march, there's not a march against the BBC not even a little march. Over 90% of people take the BBC in radio and television every week of the year, it's massively held in esteem. The idea that it's going to wither and die doesn't seem to be on the cards, it hasn't happened like that. The terrestrial channels are holding up extremely strongly, the radio channels are increasing in power and reach, that's what's really happening.

We are falling into the trap of letting the argument go to those who are the enemies of the BBC without challenging it more than we are challenging it. We should hit them and say to them it's not like that – you want it to be like that because that means you will prosper but it isn't like that. The BBC is solidly based in this country, of course it's criticised, everything that's solidly based is criticised. We must turn it inside out, it's been passively accepted and now I think it should be actively supported, and that's I think the best way fundamentally the only way to get through what most of us – everyone in this room wants – a strong, continuing, diverse publicly funded BBC.

My Roy Jenkins was Huw Wheldon. Huw Wheldon said the BBC is the sum of its programmes, we pay for the programmes. If they get the programmes right for as diverse a group of people as possible, then their OK – that's what we want, and all the rest is to prop up that. That's the vase, the programmes.