

TUESDAY 24 JANUARY 2006

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Present

Bonham-Carter of Yarnbury, B  
Fowler, L (Chairman)  
Holme of Cheltenham, L  
Howe of Idlicote, B  
Kalms, L  
Manchester, Bp.  
Maxton, L  
O'Neill of Bengarve, B  
Peston, L

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Witnesses: **Ms Jocelyn Hay** MBE, Chairman, and **Mr Robert Clarke**, Member, Voice of the Listener and Viewer, examined.

**Q2029 Chairman:** Welcome, and thank you very much for coming. Mrs Hay, we have seen you before and your colleague is, just for the record?

**Ms Hay:** My colleague is Robert Clarke, one of our Voice of the Listener and Viewer members.

**Q2030 Chairman:** I think we saw you before, did we not?

**Mr Clarke:** Only in the public gallery.

**Q2031 Chairman:** Your face is certainly familiar.

**Ms Hay:** My apologies if I am slightly out of breath. I thought it would be much better to get a taxi and I have been sitting for half an hour in a traffic jam.

**Q2032 Chairman:** I think you know where we are at the moment. We are coming to the end of taking evidence. You are our last public witness before we get back to the Secretary of State again. We are producing our report on a number of issues which we have gone through,

so, without more ado, perhaps I could start the questioning. One of the things that we are interested in obviously is the cost of the licence fee. We have come from a position where we have supported the principle of the licence fee, but is your organisation concerned that, as the licence fee appears to be going up and up in real terms, let alone in cash terms - by 2014 the fee will be around £180 in real terms, so in cash terms much more - that it is going to lead to a greater level of public resistance about the whole licence fee itself?

*Ms Hay:* I think that will depend on a number of issues. It will depend partly on the BBC demonstrating that it is giving very good value for money. In comparison with subscription services, it certainly is. We are looking ahead eight years here, which is a long time away. The environment will have changed; a lot of other factors will have changed. A lot of people are prepared to pay more for their television and audio-visual services - that is obvious in the rate at which subscription and other things are rising - but I think it will particularly depend on the BBC showing that it is not profligate or wasteful on which costs of digital switch-over are being palmed off on the BBC and demonstrating very good value for money.

**Q2033 Chairman:** We will come to those costs, which, as you put it, are being palmed off on the BBC in a moment, but from your experience is there a growing resistance to people paying the licence fee?

*Ms Hay:* There is some resistance, definitely, and it is very much orchestrated by the press. One sees, every time there is a mention of the BBC or the licence fee, it is a very easy cause to take up, but when you actually look at the numbers of people who, when they think about it and when they actually know what the BBC pays for, I do not in there is such a great resistance. Amongst some people, yes, but what that fraction of the total population is I do not think is significant yet, and, provided the BBC continues to show that it is not profligate or wasteful of the licence payer's money and that it is providing very good value for money, then I think that that can be demonstrated to be reasonable.

**Q2034 Chairman:** How does it absolutely show that it is getting value for money? How does it demonstrate that?

*Ms Hay:* Partly in its popularity, in the knowledge that people and the viewers and listeners and licence payers have of the services that it provides, and, in our experience, very few people appreciate the breadth of the BBC services, not only across television and radio and, indeed, its on-line and website, but in the BBC's patronage of things like music and the arts and the spoken word in drama. Whether that should originally have fallen to the BBC is a separate point, but if the BBC were to drop that patronage now, who would pick it up? The result would be that, right across the board, from pop music to classical music, the visual arts to the spoken word, I think the nation would be poorer.

**Q2035 Chairman:** Perhaps there needs to be a little more open scrutiny, public scrutiny of the costs that are involved, just demonstrating to the public that money is not being wasted?

*Ms Hay:* That is right. The public is, I think, largely unaware of how the BBC's money is spent and it should be transparent.

**Q2036 Lord Holme of Cheltenham:** In that context, Ms Hay, I wonder if could ask you whether you are happy with this notion that the RPI is a sort of starting point from which we add costs, because there are two possible objections to it. One is if you take the RPI as a given and then add an extra amount for new requirements to generate it forward by the BBC, the danger is that there is not a physical enough incentive to be cost-efficient because it is assumed that your costs are going to advance in tandem with RPI or should they produce a saving? The other problem is one that anybody who is fortunate to have a saving account knows about, which is compound interest, and if you add compound interest to compound interest, as the banks would like to tell you, it can amount up to a tidy sum. I wonder whether there is a problem in the notion of taking RPI as a starting point rather than trying to take a

figure which is the appropriate figure with cost efficiencies on one side and extra requirements on the other. Is there a problem there, do you think?

*Ms Hay:* There may be, and certainly the RPI is not an indicator of broadcasting costs, because the broadcasting market works differently from normal markets, and, because of the competition now from new services, particularly for talent and for programme rights and sporting rights and anything that is attractive, the bidding process goes up. Therefore inflation in broadcasting costs has increased enormously with the growth of the numbers of services.

**Q2037 Lord Holme of Cheltenham:** Although some would argue that there are savings in other areas, in technology and in more efficient use of---

*Ms Hay:* Yes, there are certainly some savings in technology, but I think in many cases that is offset by the competition for sporting rights for popular events and for talent. One can see this in the way that popular figures are being poached from one service to another, and, indeed, in the cost of programme rights now that we have satellite services. In particular, the irony is that many people are paying subscriptions for channels which are largely repeating programs that were originally commissioned and made and broadcast free-to-air by one of the four public service broadcasters, either the BBC Channel Four or Five. If you look at a whole string of the satellite services, they are broadcasting largely repeats of programmes that were made there which are now being bid up in cost. It is very difficult, I think, for anyone outside the broadcasting industry to calculate what those costs are, and the RPI is certainly a blunt instrument, I think.

**Q2038 Lord Maxton:** You used the term "BBC being palmed off with the costs of digital switch-over". Do we take it from that that you do not believe the BBC ought to be carrying that cost?

**Ms Hay:** We do not believe that the BBC should be carrying all the costs. The cost of developing new technology has always been part of the BBC's remit, and its research and development department, together, indeed, with the research and development department of the old Independent Broadcasting Authority, were largely responsible for creating and developing new technology, including digital. We would not have digital terrestrial had it not been for the research and development departments of the IVA and the BBC - a lot of the Blue Sky thinking, before it became economically viable, materialised there - but what we do not think is right is that the social costs of helping vulnerable viewers to access a highly desirable service which should be paid for somewhere, but previously and normally would be paid for out of general taxation. So it is that additional cost of paying for helping people, both in providing equipment and in providing the expertise and the one-to-one help that a lot of the vulnerable viewers will need, that is what we think is not fair, for the licence fee payer to bear that social cost, highly desirable and necessary as it is.

**Q2039 Lord Maxton:** Some of do not believe that digital terrestrial television is the best way of switching over. Do you have a view on that?

**Ms Hay:** We certainly believe that there should be a free-to-air satellite service that should be launched, and we have been advocating that for some time, a genuinely free one. Sky services provided a free satellite, but it does have some strings attached to it, and we believe that, again, this is the only area of broadcasting where there is no actual free market in the supply of goods, because Sky at the moment, more or less, has a monopoly on satellite and a generally free-to-air satellite, we believe, would provide some horizontal competition for the first time at every level of the market.

**Q2040 Lord Maxton:** There is another one. BT are launching television services this year?

**Ms Hay:** Yes.

**Q2041 Lord Maxton:** The telephone line has two advantages?

*Ms Hay:* It does.

**Q2042 Lord Maxton:** One, it can provide television, but also does not use up any spectrum?

*Ms Hay:* That is true.

**Q2043 Lord Maxton:** Would you consider maybe a free telephone line into every house and a box as I way of doing this?

*Ms Hay:* Certainly with wireless communications for telephones as well as for broadcasting services, that is another way which is coming and which is being developed and might be a very feasible way of doing it, but certainly we believe that there should be an alternative to cable, which will not reach everybody - digital terrestrial will not reach everyone and satellite will not reach everyone - and so we believe very strongly there should be a combination of them all, and if that can be now assisted through broadband or the telephone, then that is excellent.

**Q2044 Baroness Bonham-Carter of Yarnbury:** You have said that you do not think the BBC should be responsible for paying for the vulnerable. What is your attitude? There are going to be some people who just do not want to convert?

*Ms Hay:* That is right.

**Q2045 Baroness Bonham-Carter of Yarnbury:** Whose responsibility should they be and how does one deal with that element?

*Ms Hay:* It is going to be very difficult, because probably this is going to be a more rapid change than previous technologies and there will be some resistance. I think the resistance is growing less, but perhaps more determined, amongst those that remain, and it will be a

difficult one to manage. It is government policy, and so in the end it should come down to government, I believe.

**Q2046 Lord Peston:** We certainly took the view, and this Government told us, that it was in the national interest. As you know, our earlier report arguing it is for the national interest not for the general tax payer who should take it is your view?

**Ms Hay:** It is in the national interest, we believe, yes, and it is a new technology that will bring benefits. It cannot be uninvented, so let us make the most of it.

**Q2047 Lord Peston:** You have really answered, I think, what I was going to ask you about who should bear the cost of the social side of all this. You are saying it should not fall to the licence fee-payer?

**Ms Hay:** That is true. We have just come this morning from a meeting with Digital UK, whom you have already interviewed, and they are responsible for managing the project. The BBC is contributing enormously to the costs of Digital UK and to the communications programme that it is preparing. I cannot quite remember now the actual costs, but was it not 95 per cent. I thought it was 95 per cent of the costs, which is a considerable cost which is already coming out of the licence fee. So, together with the development of the technology, the build out of the transmitter network, the work that the BBC has put into developing digital radio, for instance, that is a considerable amount which is coming out of a limited pool of people, the licence fee-payers.

**Q2048 Chairman:** We keep on talking about vulnerable groups. Have you any thoughts on who these vulnerable groups are? The government appear to have decided the over 75s is by definition a vulnerable group. The disabled?

**Ms Hay:** Yes.

**Q2049 Chairman:** How does one draw it? Have you given any thought that at all?

*Ms Hay:* Certainly not all over 75s are vulnerable by any means; some of them are far less than vulnerable.

**Q2050 Chairman:** I think we can probably talk with experience in this House on that subject.

*Ms Hay:* I do not like to be patronised myself. Nevertheless, there are, and I am not saying that there are not, some people who do need help and particularly with the technology and learning how to understand it, and a number of people with disabilities, whether they are physical or mental; but I think some of the groups who may not be exactly vulnerable but who will disproportionately have difficulty in making the move, include those who are living in very isolated areas, those who are living in particular areas where it is not so easy to get switched from satellite or they cannot get Freeview, for whatever reason, or digital terrestrial, and then there are people who live in mobile homes, or things like that, or live in flats in the lee of another big building, or whatever; so I think there is quite a range of people and a lot of young people who are on very low incomes. One tends to think of the over 75s, but there are a lot of young people with young families who may be on benefits who would find it much more difficult, and, of course, anyone on a low income is much more dependent on television for every service from entertainment to information.

**Q2051 Chairman:** It is going to be a pretty complicated business bringing aid to all these people?

*Ms Hay:* I think it is going to be, and perhaps in some ways it should be tied more, much more with greater difficulty, to means-testing rather simply than age.

**Chairman:** Yes, that takes us right into social security policy, does it not?

**Q2052 Lord Maxton:** Except that there is a bit of a myth that somehow those who are not taking up the new technologies are somehow the poor than the better off, but that is not the case.

*Ms Hay:* That is not the case, no.

**Q2053 Lord Maxton:** Let me come to a point where the last resisters are those who simply do not want to do it. Surely we are not going to start subsidising them if they can well afford to take it up. What do you do with them? Do you just say the television gets switched off and that is the end of it?

*Ms Hay:* It is very difficult. I would not like to say.

**Q2054 Chairman:** In your experience, has a great deal of thought been given. One could paint a picture which gets in a quite substantial body of the population actually.

*Ms Hay:* Yes.

**Q2055 Chairman:** Has any serious thought been given to who we are talking about: how many people we are talking about?

*Ms Hay:* I do not think it has. I do not think anybody knows. Ofcom has estimated ten per cent. I have seen some other estimates, but ten per cent of the population is actually quite a lot of people in actual fact.

**Chairman:** Six million.

**Q2056 Baroness Howe of Idlicote:** Following that one up, we had evidence from the BBC not very long ago that there was going to be a very small percentage that they think would not have access of a suitable quality. There are other people, of course, who have responsibility - Ofcom with media literacy, and all of that is part of it.

*Ms Hay:* Exactly.

**Q2057 Baroness Howe of Idlicote:** You have obviously given some ideas to some of the problems, but to what extent should the local communities themselves get involved with this? I am just going back to the days when electricity and gas suddenly appeared and, surprise, surprise, surprise, there was a Women's Gas Federation, a Young Homemakers' Organisation set up and an Electricity Council that were specifically to deal with making certain those who were mainly in the home, if you like the disadvantaged, actually to cope with the new technology.

**Ms Hay:** I think that is part of the responsibility that has been given to Digital UK, and they are beginning to get to grips with that. I do not yet know that anyone has realised the full magnitude of the job. I think it is probably the biggest infrastructure project since the end of the Second World War. It is far bigger than North Sea Gas, because every home in the land will be involved this time no matter how remote or where or whatever level of affluence they are. It is a colossal project.

**Q2058 Chairman:** I had a letter the other day and a discussion yesterday in which the person who wrote to me, who is in the university field, was saying that under-graduates, people studying at universities, could be brought into this for an advantage to both sides, I suppose, in terms of costs but also one generation speaking to another. Do you think there is anything in that?

**Ms Hay:** Yes, I would think it would be a very good thing. We have recommended and I am glad that Digital UK are doing this, I think they will need to involve voluntary organisations on the spot, because what will be required is an enormous amount of one-to-one passage of information from trusted people, particularly amongst the elderly - they are not very keen to welcome a total stranger into their home to help them adapt - and also, with new technology, you can be shown how to use it one week - and I know this with the computer - and three weeks later, you have not used that particular facility and the buttons are not quite the same!

So it is going to happen in the same way. One might need to show some people two or three times exactly how to use it and to get the best out of it. Again, there is the question of is it just the first set in the house. I think the average is 2.5 television sets per household; so the cost is going to be quite considerable. It is not simply one set that has to be adapted.

**Q2059 Chairman:** No. I think we can point out the scale of the problem.

*Ms Hay:* I think involving voluntary organisations, voluntary labour and effort on the ground will be absolutely essential.

**Q2060 Lord Holme of Cheltenham:** May I ask you a couple of questions about spectrum?

*Ms Hay:* Yes.

**Q2061 Lord Holme of Cheltenham:** As you know, it is contemplated, possible, may be likely, that broadcasters will be charged by Ofcom for the use of spectrum and it is possible that public service broadcasters, the BBC, will be charged for the use of spectrum. It is argued that this will be a discipline on them and make sure they do not waste it - this is the argument for it - but I wondered what your attitude both to the principle of public service broadcasters being charged for the use of spectrum was and the appropriateness of Ofcom for doing it?

*Ms Hay:* As to the second part, Ofcom has been given this task. I think a lot will depend on the transparency and the manner in which they handle that responsibility, but as to whether the public service broadcasters should pay spectrum tax, it is going to be another charge. Whether it will create a stricter discipline, I do not know. If it does create an extra charge on the broadcasters, in the case of the BBC that is going to fall on the licence fee payer again, and I notice that I think it was the National Statistics Office last week have redesignated the licence fee as a tax, so this could then be construed as a form of stealth tax, could it not,

really? It is taking with one hand and giving away with the other in a way. I do not see the justification for the public service broadcasters being charged spectrum tax, either Channel Four or the BBC. Those are the two that will feel it most. ITV has already been relieved of a lot of its licence obligations - those fees have been reduced - and, so far as I can tell, we do not think it is a good idea, but we have not seen the full justification or the cost and benefits of it.

**Q2062 Lord Holme of Cheltenham:** Could I further ask, not on digital spectrum but on analogue spectrum where it is quite apparent, as we have just been discussing, that there are a lot of costs associated with digital switch-over but there is also a potential revenue bonus, which is the sale of the analogue spectrum which will be liberated by the switch-over. I wondered whether, as some have suggested, you feel that in any way this revenue which results from the digital switch-over should be used to offset - and we do not know yet what it will be worth and how valuable it is, but to the it is of value, it should be used to offset some of the costs or all of the costs of digital switch-over?

**Ms Hay:** Yes, we do quite definitely believe that that should be used within that direction. Having had a meeting with Ofcom not so long ago, just before Christmas, they had three, at least, commercial operators queuing up to buy that spectrum, I think it could be worth quite a lot, particularly in another five years' time. Two or three years ago it was being pooh-poohed as being worthless, but now it is pretty obvious that a number of commercial companies would very much like to get their hands on that, as I say, to buy that, and it will have a value, and it is an obvious one to be used to implement government policy of furthering switch-over.

**Q2063 Lord Holme of Cheltenham:** Your organisation does not by any chance have any estimate of the potential value of the sales of analogue spectrum?

**Ms Hay:** I am sorry, no, we do not.

**Q2064 Lord Holme of Cheltenham:** I think we are all in the same boat.

*Ms Hay:* Yes. It would be nice, but I am afraid not.

**Q2065 Chairman:** You mentioned the Communications Act, which we all remember.

*Ms Hay:* Yes.

**Q2066 Chairman:** But I, for the life of me, cannot remember how much attention was given to this issue of Ofcom being allowed to make the charge to decide which broadcasters to charge for spectrum. Was it something which was well debated?

*Ms Hay:* I do not think it was. There was a report, and I suspect that the present policy is largely based on that, by Professor Martin Cave some time ago, going back three or four years.

**Q2067 Chairman:** We have seen that.

*Ms Hay:* In which he advocated that. I personally have not seen much else on the subject, and it is something I have not kept. I am not fully aware of, I am afraid, much more than that report by Martin Cave, but to my knowledge that is the principle report that I have seen, although I may have missed other ones.

**Lord Kalms:** Can we cover a little bit about religious broadcasting?

**Chairman:** We have now got the Bishop of Manchester with us, who has come back from the floor of the House where he has been doing service, we notice.

**Q2068 Lord Kalms:** We are not doing Manchester today! I was reading in your letter the recommendation of the Council of Europe on religious broadcasting, and this somehow combines I think the most noble of thoughts that man has ever had in this declaration. You recommended the BBC should follow it, which suggests that the BBC is not following it. I

am just trying to find out how you feel that the BBC is erring from the Council of Europe's recommendations? How could the BBC improve?

**Ms Hay:** We did not actually mean to infer that the BBC was erring from that. The BBC is not doing too bad a job I think really. In its religious broadcasting it does cover religious broadcast under the Council of Europe, the public service broadcasters, I think, are recommended to provide a service that creates understanding and builds understanding and community and tolerance and understanding of different faiths, and the BBC and indeed Channel Four are pretty good at doing this. There have been two excellent programmes this year, one on the BBC with Rageh Omar and one on Channel Four with (?) Yanosek on Islam, for instance, and the BBC recently did a series on the other side, if you like, with Jonathan Miller on non-believers, non-belief and atheism. I think they are doing a reasonably good job, but I think from the point of view of going further than that, I am not quite sure what the Committee is looking for here on the question of religious broadcasting.

**Q2069 Lord Kalms:** We have had several interviews on religious broadcasting and the BBC puts forward a very strong case. I was trying to seek the differences between their case, which is quite a powerful and well-presented argument, and the rather broader nobler concepts of Europe. If you cannot define it, then it is not definable. In other words, they probably blend together, but unless you have a particular view, let me ask you a particular question, for instance. What is your view of Thought of the Day?

**Ms Hay:** I personally enjoy Thought of the Day. It varies from day-to-day. It is sometimes a better quality than other quality. It does now cover other faiths than the Christian faith, but that depends very much on the competence, I presume, of the individual speakers. Personally, I listen to it almost every day and I enjoy it and find it uplifting in most cases, so I like it to be there. I know there is some pressure from some quarters to remove it. I think it is a very good thing, and I do not think it is too intrusive to bother people who are bothered by it. I can

put up with some programmes that I do not like, then I think other people should also be able to do the same thing for the general good. I think the same about Morning Service. I do not normally listen to that, but I know quite a lot of people who do and find it of enormous comfort. I think it is one of those things that the BBC should be broadcasting. In your list of questions that you sent to me you mentioned the fact that Mark Thompson, the Director General of the BBC, said there had been more complaints, and I think some of those were inspired by the Jerry Springer incident, of which I think he said he had had more, which was a phenomenon, which did bring the whole issue into the public eye and was using modern communications orchestrated to a hitherto unknown extent, I think.

**Q2070 Chairman:** Thought for the Day, I do not think anyone was thinking, or certainly on this Committee - at least I was not thinking - I had better not try and talk for the whole committee on anything to do with Thought for the Day - but it is not my view that we should get rid of it, but there is an argument for extending it so that other people apart from the recognised faiths, humanists, for example, who might believe very strongly in a set of principles which could also be expressed. Would you be against that?

**Ms Hay:** Not necessarily, no. Again, I think it would depend on the question of balance and context. We do not normally get involved in criticism of individual programmes, and so I am speaking personally now, not on behalf of the organisation, but in my experience Thought for the Day is not a programme that particularly proselytizes on behalf of any particular religion, it is a thought for the day which is generally geared to be uplifting for people of any faith, I would have thought.

**Q2071 Chairman:** Any faith or no faith.

**Ms Hay:** Or no faith, yes, in most cases. Not entirely - sometimes it errs one way or the other, that is down to individual speakers - but I think it is fairly uplifting.

**Q2072 Chairman:** We are entering dangerous waters here.

*Ms Hay:* I am not speaking for the organisation here. That is a personal view.

**Q2073 Baroness Bonham-Carter of Yarnbury:** Picking up on the question of breadth of coverage, one of our witnesses from Channel Four did suggest that the BBC tended to confine religious coverage to the Judai/Christian area?

*Ms Hay:* Rageh Omar did a brilliant series this year on BBC Four, and it was repeated on BBC Two but fairly late at night, on Islam.

**Q2074 Baroness Bonham-Carter of Yarnbury:** I think he was talking about Hinduism, Buddhism, but getting slightly beyond----

*Ms Hay:* Channel Four did a brilliant series on the Kumbara Hindu a couple of years ago.

**Q2075 Baroness Bonham-Carter of Yarnbury:** There was a suggestion that the BBC's is a little bit stuck on Islam and Judaism. I wondered what your view was on that, but your companion seems to be shaking his head vigorously.

*Mr Clarke:* The Inbelief programme on Radio Three, Joan Bakewell, covered all spectrums. She interviewed Hindus, Sikhs. It is a programme that goes out at Easter and Christmas or two programmes - I am not sure - but, yes, the full spectrum is covered and the good ones are repeated. If you take broadcasting as radio and television, I think it is very wide. I cannot comment on religious television.

*Ms Hay:* I think after all Indarjit Singh's Thought for the Day is one of the best of those, which is a Sikh point of view.

**Q2076 Bishop of Manchester:** Let me ask the one question which arises, again, from what Mark Thompson has said and not simply on the controversy side but more in terms of what he has described as something of a cultural shift and that during his tenure of office he sees

himself as being in a situation where any broadcasting organisation faces the importance of religion on a worldwide scale in a manner that has not quite been so intense for many a generation. I do not know whether from your organisation you pick up any kind of increase in interest in that sort of way or not?

*Ms Hay:* It is very difficult, I think. In some ways the evidence is conflicting, I think. In some ways we are into a much more secular world and there is an apparent turning away from the established churches; in other ways people appear to be seeking a spiritual life that they do not have at the moment. I do not think I am qualified to comment on that, quite frankly. I see a place for greater understanding. I see a place for religious broadcasting because it brings a comfort and fulfils a need that a lot of people who are confined to the home have, and they cannot find the means of meeting that need in any other way. There is also a need and there is also perhaps a growing, I am not sure, number of people who have no belief in particular and would like to see a wider range of philosophical and ethical debate, and I think it is up to the BBC to reflect that as well, but also to try to create a better knowledge, understanding and tolerance different faiths.

**Q2077 Baroness O'Neill of Bengarve:** Let me turn to the move to Manchester, which is expected to be rather expensive the BBC was suggesting, £400 million. On the other hand Pat Loughrey, the Director of Nations and Regions, stated that value for money is not the prime objective of the project. Do you think value for money should be a prime objective or that it is appropriate that value for money is set aside in evaluating the move to Manchester?

*Ms Hay:* I do not think it is necessarily the only objective. Did he say what the objective was if it was not value for money?

**Q2078 Baroness O'Neill of Bengarve:** That would require me to draw on memory more than anything I have in front of me, but I think that what he had in mind when we discussed

this with him was breaking an over metropolitan culture within the BBC in favour of something that was more reflective of the diversity of the country.

*Ms Hay:* There is certainly, I think in many areas of life, a London centric view which, as an organisation that has members I think in every county almost in the kingdom and certainly a representation in almost all of them, we do not support a totally London centric view. On the other hand, we have not seen evidence yet of the benefits of moving to one single place like Manchester. Why was Manchester chosen perhaps over other centres like Birmingham, Leeds, Liverpool, Newcastle, for instance? Why is it being centered in one particular metropolitan area like Manchester? I think what we would like to see is some evaluation of some of the moves that are already being made the religious department, for instance, and ethics. It was moved to Manchester. I have not actually seen any recent evaluation of how efficient that was, whether it was effective, and again some of the arguments for moving departments, like children, up to Manchester, what the actual benefits will be, and again on the service upgrade of Five Live, which, being a new service, wants to interview very often people who may not be so available in Manchester. We have not seen all the arguments, either the figures of the costs or the alternative objectives, so I think at the moment it is open to question and it is up to the BBC to prove the value of that, because it is an expensive move.

**Q2079 Baroness O'Neill of Bengarve:** Would you not expect it to be a cost-cutting move to no longer be paying London costs for certain things?

*Ms Hay:* One would hope so. If it is simply going to mean more people travelling up and down to Manchester it might increase the costs.

**Q2080 Baroness O'Neill of Bengarve:** Would the Voice of the Listener and Viewer be keen on the National Audit Office looking at this?

*Ms Hay:* I think we need transparency in things from the BBC and they themselves, I think, should show the benefits and show some of the costs as well as the benefits of such a major move, and whether in fact the cost, as I understand, of them building a new big headquarters in Manchester is going to be the best way of using that money and to make sure that it does not turn out to be another big white elephant; because the BBC has had a bit of a record of investing in new projects, building projects and then successive chairmen or directors general changing that from time to time. I am not sure that it is necessarily the best thing, but we have not seen yet all the arguments, costs and figures on both sides, and so it is a bit open to question, but it is very much up to the BBC to prove its case, I think, still, looking at experience that it has already had of moving some departments out of London.

**Q2081 Baroness O'Neill of Bengarve:** I think that they have not, in fact, fully committed to Manchester at this point and are waiting for the licence fee settlement. Do you think that I something that is causing difficulty, particularly, of course, for those departments that may move from Manchester and for Manchester that no decision is made?

*Ms Hay:* Certainty is something that would help any planning progress, because the more certainty you have got the longer your planning can be. The question you have put to me here was whether it was - in the written question - whether this was not a form of blackmail.

**Q2082 Baroness O'Neill of Bengarve:** I think that is a slightly strong way to put the question; I so fend it?

*Ms Hay:* Yes. I do not know that it is that, but I certainly think that the costs as well as the benefits should be transparent and be debated.

**Baroness O'Neill of Bengarve:** Thank you very much.

**Q2083 Baroness Bonham-Carter of Yarnbury:** One of the down sides of not being transparent is that you get selective exposure, as the BBC have this week about their expenses, which seems to involve a rather excessive amount of travelling according to the newspapers?

*Ms Hay:* Yes.

**Q2084 Baroness Bonham-Carter of Yarnbury:** As well as move to Manchester the BBC is planning to spend £400 million on new ultra news and television services. Do you agree with this idea? Lord Puttnam, who appeared in front of us, likes it but is sceptical that the BBC is the type of organisation that can actually tap into the local. He thinks they are potentially envisaging a professionalisation of local rather than improvisation of local.

*Ms Hay:* I do not know. Again, I think it is something that should perhaps involve more pilot schemes, and more experienced people invested in the total amount. I think when the BBC moved into local radio they invested originally in some pilot projects, but it is very difficult in advance to predict what kind of service viewers will take up until they have actually experienced it, and so some people will say they would like it, some will say they would not, but until they have actually experienced what it is they do not know and predictive research is always very unreliable and very speculative. I think here what would be most cost effective and most beneficial is if the BBC tried some pilot schemes, and the ones they have already started are too recent to have any proper response from, but, on the basis of some of those and one or two more, then to progress progressively rather than to invest the whole amount in one go initially.

**Q2085 Baroness Bonham-Carter of Yarnbury:** But you do not share the scepticism about the BBC's ability to work with others?

*Ms Hay:* I do not think so. I think BBC local radio, in the face of a great deal of criticism when it was first mooted, has proved immensely popular and successful, but it has taken time for that audience to grow and it is totally different to the commercial local radio offering.

**Q2086 Baroness Howe of Idlicote:** What I wanted to ask you was what your reaction was in one way to our first report, because I think you will have seen, we suggested that if Ofcom, which seems sensible to this Committee, was to take on additional regulation of the BBC then there would be a need to strengthen the content and be more open and transparent to the licence fee payer. I wondered what you thought of that reaction. I should say that their view was it would make them less effective, because the consumer panel we suggested as a parallel was less powerful, even though rather more open, they could see what we are were getting at, but less powerful because they were reporting direct to Ofcom and to nobody else.

*Ms Hay:* The content board.

**Q2087 Baroness Howe of Idlicote:** No.

*Ms Hay:* The consumer panel.

**Q2088 Baroness Howe of Idlicote:** The consumer panel.

*Ms Hay:* It is an advisory panel.

**Q2089 Baroness Howe of Idlicote:** The Chairman of the content board is vice chair of the whole set up. What your view is of the content of the board if you have got one?

*Ms Hay:* We have heard remarkably little about the activities of the contents board actually, and from that point of view I think that is a bit disappointing. It is very difficult to see exactly what they have been doing because most of Ofcom's communications are conducted on their website rather than in any other way and it is not a particular user-friendly website, and, I do not know if I am alone, but I personally find it irksome to have to stop what I am doing, log

on, go through a slightly tedious website then print off what I want to keep and so on. I do not think it is user friendly. The content board, as I say, we have not heard a lot from them. It is not easy to find out what they are doing. The main board ignored one of the recommendations that the content board made. We had Stephen Carter, Ofcom's Chief Executive, speaking at our conference in November and he confirmed the fact that when the content board recommended that the main board's decision to relieve ITV of its responsibilities in regard to non-news regional programming, the content board opposed that but the main board overrode it, so I do not know what influence it has with the main board, and in Ofcom's work plan last year the content board was scarcely mentioned. It was only mentioned one diagram and nowhere else. So it is not as transparent in its working as it might be and therefore it is difficult to know exactly what it is doing. It handles complaints, but again it is difficult to know exactly how those are handled. It is not as easy as it used to be to see what the content board is actually doing.

**Q2090 Baroness Howe of Idlicote:** Have you got any suggestions of how that could be remedied?

*Ms Hay:* We would like to see it more transparent.

**Q2091 Baroness Howe of Idlicote:** How?

*Ms Hay:* If it could publish reports of what it has done. Presumably you have interviewed members of the content board here, have you?

**Q2092 Baroness Howe of Idlicote:** The Chairman was certainly here at the early part, yes.

*Ms Hay:* We have had members of the content board speaking at different conferences, whether it was at our conference on children's broadcasting, but again, although I think she was in favour of keeping the quota on ITV, ITV has been relieved of some of its obligations,

its hours in regard to children's television; so it is difficult to see what the board has been doing and how much notice the main board actually takes of its recommendations.

**Q2093 Chairman:** In principle, without putting words in your mouth, the idea of strengthening the board would seem to flow very naturally from what you have been saying.

**Ms Hay:** Very much so, yes. We would like to see that. We have pinned a lot of hope. The content board was not in the original White Paper. It was put in at the last minute, and I believe I am right in saying that the Chairman of Ofcom actually spoke against it, I think, when it was discussed at Bill stage in the House of Lords, and I think the chief executive also on another occasion at a different conference during the preliminary period, before it was legally operational, also spoke against it, so it has been pushed into the structure of Ofcom and in some ways it does not seem to have such an obvious, clear, transparent role or effective role as the consumer panel. So, yes, it would be good to see it strengthened because it is necessary. Ofcom is operating very much as an economic regulator and we had pinned a great deal of hopes on the content board in exactly that area.

**Chairman:** I am immensely grateful. You have been very patient and I think you have made some very strong points in the evidence. Thank you very much. If we have got any other points following up perhaps we could be in touch with you, but we are slightly running out of time at this point. Thank you very much, and thank you, Mr Clarke, for coming as well. We are very grateful.