



**Cynulliad Cenedlaethol Cymru
The National Assembly for Wales**

**Y Pwyllgor Darlledu
The Broadcasting Committee**

**Dydd Llun, 16 Mehefin 2008
Monday, 16 June 2008**

Cynnwys
Contents

- 3 Cyflwyniad, Ymddiheuriadau, Dirprwyon a Datgan Buddiannau
Introduction, Apologies, Substitutions and Declarations of Interest
- 4 Tystiolaeth ar gyfer Ymchwiliad y Pwyllgor
Evidence for the Committee's Inquiry

Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal,
cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, an English translation of Welsh speeches is included.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Peter Black	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Alun Davies	Llafur (Cadeirydd y Pwyllgor) Labour (Committee Chair)
Paul Davies	Ceidwadwyr Cymreig Welsh Conservatives
Nerys Evans	Plaid Cymru The Party of Wales

Eraill yn bresennol
Others in attendance

Janet Lewis-Jones	Ymddiriedolwr y BBC—Aelod o'r Ymddiriedolaeth dros Gymru BBC Trustee—National Trustee for Wales
Syr/Sir Michael Lyons	Cadeirydd Ymddiriedolaeth y BBC Chairman of the BBC Trust
Mark Thompson	Cyfarwyddwr Cyffredinol y BBC Director General of the BBC

Swyddogion Gwasanaeth Seneddol y Cynulliad yn bresennol
Assembly Parliamentary Service officials in attendance

Sarah Bartlett	Dirprwy Glerc Deputy Clerk
Aled Eirug	Ymgynghorydd i'r Pwyllgor Adviser to the Committee
Gwyn Griffiths	Cynghorydd Cyfreithiol i'r Pwyllgor Legal Adviser to the Committee
Chris Reading	Clerc Clerk

Dechreuodd y cyfarfod am 12.35 p.m.
The meeting began at 12.35 p.m.

Cyflwyniad, Ymddiheuriadau, Dirprwyon a Datgan Buddiannau
Introduction, Apologies, Substitutions and Declarations of Interest

[1] **Alun Davies:** Yr wyf yn galw'r cyfarfod i drefn. Yr wyf am ddechrau drwy wneud y datganiadau arferol. Byddwch yn gwybod am y cyfieithiad sydd ar gael o'r sesiwn hon. Dylech sicrhau bod eich ffonau symudol a hyd yn oed eich BlackBerrys wedi eu diffodd—gwn pa mor anodd yw hynny i rai, ond byddwn yn hynod werthfawrogol pe baech yn datgysylltu eich hun ar gyfer yr awr nesaf. Nid ydym wedi derbyn unrhyw ymddiheuriadau ar gyfer y cyfarfod hwn.

Alun Davies: I call the meeting to order. I will begin by making the usual announcements. You will be aware of the translation that is available of this session. You should ensure that your mobile phones and even your BlackBerrys are switched off—I know how difficult that is for some, but I would be very grateful if you could disengage yourself for the next hour. We have not received any apologies for this meeting.

12.36 p.m.

Tystiolaeth ar gyfer Ymchwiliad y Pwyllgor
Evidence for the Committee's Inquiry

[2] **Alun Davies:** Yr wyf yn croesawu ein tystion i'r pwyllgor; yr ydym yn falch iawn eich bod wedi dod yma i gynnig tystiolaeth. Mae'r Aelodau wedi darllen papur Ymddiriedolaeth y BBC. Yr ydym wedi derbyn tystiolaeth gan BBC Cymru, ac yr ydym wedi cael cyfle i ddarllen honno hefyd. Yr ydym yn ddiolchgar iawn am y papurau. Gofynnaf i chi ddechrau drwy wneud rhywfaint o sylwadau agoriadol, os dymunwch, a byddwn hefyd yn ddiolchgar pe baech yn cyflwyno'ch hun ar gyfer y Cofnod.

Alun Davies: I welcome our witnesses to the committee; we are very pleased that you have come to give evidence. Members have read the paper from the BBC Trust. We have received evidence from BBC Wales, and we have also had the opportunity to read that evidence. We are very grateful for the papers. I will ask you to begin by making some introductory remarks, if you so wish, and I would be grateful if you could introduce yourself for the Record.

[3] **Syr Michael Lyons:** Prynawn da.

Sir Michael Lyons: Good afternoon.

[4] Thank you, Chair, for those introductory comments. My name is Michael Lyons, and I am chair of the BBC Trust and of the BBC, and I am delighted to be here this afternoon with my colleagues to give evidence but also to hear your views. So, we are very much in listening mode as well as here to give evidence. On my left is a fellow trustee, Janet Lewis-Jones, the trustee for Wales, whom you will know well, I think. On my right is the director general of the BBC, Mark Thompson.

[5] I will start by sharing a few opening comments with you, and then we will go straight to questions and try to be as frank and open as we can in our responses. What you see here is a team representing both sides of the BBC. I think that it is worthwhile for me to begin by spending a moment or two talking about the new governance arrangements for the BBC, because they are a very important part of the message that we bring to you about the BBC of the future. In particular, the new charter, which came into being at the beginning of 2007, having received Royal Assent in mid 2006, responded to a number of questions about the BBC and how it might be better governed in the future. The new governing body, the BBC Trust, is charged with being a stronger and more forceful voice for the licence fee payers and with ensuring that the BBC responds to all of its audiences; we take that very seriously, as you might have seen from the first year of our work.

[6] Reflected in the public purposes laid down in that charter is that the job of the BBC goes beyond making exceptional programmes, important though that is. It is an important part of the political, social and community life of the United Kingdom and its different nations. Among those purposes, you will see an explicit requirement for the BBC to represent the different parts of the United Kingdom, both nations and regions.

12.40 p.m.

[7] Among the issues that we have put at the top of our agenda is the fact that the BBC should respond to all audiences. This is drawn from our early research about listening carefully to audiences, both on the value that they place upon the existing work of the BBC and where they think that it might be further strengthened. We place an emphasis on distinctive programme-making—the BBC should use its unique position of being supported by the licence fee to constantly bring forward new challenging, stimulating material. We see clearly that that is exactly what the people of the United Kingdom want.

[8] Thirdly, it needs to observe, into the future, in all of its work, the importance of

impartiality—and not only in news and current affairs output. There must be a strong commitment to delivering value for money in the use of the licence fee, and it should use its undoubted economic strength with care, so as not to impair potential competitors—we might use that term, although it is not always appropriate—and restrict the innovation that might result from wider choice.

[9] So, I just offer that as a context, because it is important that, in any dialogue with you, we recognise that there are some issues distinctive to Wales—although you will be just as interested in the issues that are pan-United Kingdom.

[10] I will now say something briefly about the issues that we covered in our submissions. As you rightly say, you have two submissions: one from the BBC Trust, and another from the executive under the heading of BBC Wales. So, you have the views of both sides of the organisation. If I can quickly pick up there, we have identified five issues, and they were particularly drawn up from the work of the audience councils. Janet chairs the audience council for Wales, and they are a very important part of the new structure of BBC governance. Audience councils have been set up for each of the nations, with a strong voice and a direct link to us through the national trustee, for issues that are live locally. The five issues that we have picked up there were: the importance of the output of BBC Wales; the importance of properly reflecting the realities of devolution, and recognising that it is not a fixed state but an evolving situation; thirdly—an equally important issue—the proper representation of Welsh culture and current Welsh life in network output; wider access to digital services, which we know is a particular issue in Wales; and finally, a proper fulfilment of the BBC's obligations and responsibilities with respect to the Welsh language.

[11] I suspect that you will want to talk about all of those. We come to you in the immediate aftermath of both announcing our decisions for the future targets that we will be setting—and that is the right term—for network production originating in Wales, and the publication last week of the latest in our series of impartiality studies, concentrating on the way that the BBC's network production covers issues of devolution in the three devolved nations. Again, there will undoubtedly be issues that you want to explore with us on that front.

[12] I should probably stop at that point, other than to say, again, that we come to you both to listen and to answer your questions, and to underline that the BBC is fundamentally changed by these new governance arrangements. I hope that you will be able to see that clearly reflected in the answers from Janet and me as trustees, and from the director general in relation to the relationship that we have with him and with the executive side of the organisation. Let me stop at that point and thank you again for inviting us.

[13] **Alun Davies:** Thank you very much for that—it is very helpful. As you will probably be aware, each Member has a number of different questions that they would like to discuss with you. I will start by noting that the report by Professor Anthony King was quite devastating with regard to the quality of journalism at the BBC. Would you agree with that?

[14] **Sir Michael Lyons:** Let me begin, and I am sure that Mark Thompson will want to say something about this as well. First, the report by Anthony King that we published last week was commissioned by the BBC Trust, together with two bodies of research—one of which was conducted by the school of journalism in Cardiff. The point that I particularly want to stress at this stage is that this is exactly how the BBC Trust goes about its business. In governing the BBC, we are charged with the difficult job of undertaking proper scrutiny and ensuring that that scrutiny is open for people to see. It is part of the new governance arrangements laid down in the charter. So, the fact that it is in the public domain at all reflects the fact that the BBC had the courage to commission it and to put it in the public domain. When you come to look at it as a whole, you will see some very important conclusions.

[15] First, the primary question of whether the BBC is impartial in its reporting of the new devolved arrangements is given a very clear, positive judgment by King. Indeed, you will see that he stresses the surprise that he had, personally, at the strength of response from elected Members in all three of the devolved administrations. On the key question of whether the BBC is impartial, the unequivocal answer was, 'yes'. Secondly, there is a very clear message that a very high proportion of the people of the United Kingdom would value more information on what is happening in the different nations. So, here we have a UK-wide issue. I think that it is very important to getting the right balance that people want to learn more about what is happening in different parts of the United Kingdom and the lessons to be learnt, as King himself stresses, from comparisons between different decisions taken in different places.

[16] Thirdly, it shows a deficit in the breadth and precision of BBC network reporting. We are clear that that needs to be addressed. The very positive news is that the director general and his team have seen the report and responded to it with a very immediate recognition that there is more to be done. Mark will say something about efforts already made that might not be fully reflected in the report's conclusions, but we can talk those through. So, yes, it shows a deficit, but in the context of some very positive news.

[17] If I now put it into a Welsh context for a moment, there are some startlingly positive figures about the extent to which the BBC is valued in Wales. It is valued even in the multichannel reality of today, when people have the choice to watch other channels because of the uptake of satellite services here. However, they stay loyal to the BBC and, by and large, trust and value its output. We can go deeper into that, but if you are happy for me to stop, I will give Mark a chance to come back and say a bit more about his take on this.

[18] **Mr Thompson:** I will just make a couple of initial comments. If you take the report as a whole, I think that there are, as Michael suggested, some real positives. On the accuracy and relevance of the way that it reflects the whole UK, the BBC does consistently better than any other broadcaster. I have to say that we would expect that. The fact that we do better than others does not mean that we cannot improve. Nonetheless, the report suggests that we do better than other broadcasters.

Secondly, when the public is asked to assess the accuracy with which the BBC reflects the nations to the rest of the UK, again, they are very positive, particularly the public in Wales. No less than 76 per cent of licence payers in Wales agree that the BBC accurately reflects the nations of the whole of the UK. I put it to you that there are not many parts of the broader public service where customer or public responses are as positive as that. So, part of the background to this is a relatively high level of satisfaction. That is part of the picture, where approval for the BBC, pretty much across the board, remains pretty high across the UK, but, again, it is particularly high in Wales—higher than the average. That is a significant part of the story as well.

However, the reason that I welcomed the announcement of the work by Professor King and also his conclusions is that, clearly, there are a number of areas where we can and must make significant improvements. The fact that we are doing better than other broadcasters does not mean that we are yet doing well enough and living up fully to our own standards.

12.50 p.m.

So, the right next step for me and for the executive side of the BBC is to take both the BBC Trust's perspective and, behind that, the points and the recommendations that Professor King has made and then look at practical ways of putting them into action. We will be coming back to the BBC Trust in July with a detailed programme. Shortly after that, once the trust has

considered it and, I hope, approved it, we will make that public. This will mean a big effort across the organisation, which I hope will involve all of our journalists in a process of training, better editorial co-ordination and more regular monitoring by us of our performance to ensure that we are genuinely making improvements.

I am sure that, in the months and years to come, there will be an external focus by you and by various elected and other bodies up and down the UK, and there will be close scrutiny of this aspect of what the BBC does. I know that the trust will also be monitoring what we do very closely. So, I have a high level of confidence that we can put the right things in place to ensure that we improve here, but I also have no doubt that, six months or a year from now—and forever afterwards—there will be regular external monitoring to ensure that those improvements really are being made.

[19] **Alun Davies:** Thank you for that; I appreciate those responses. I must say that I think that that is a wildly optimistic reading of the report. The monitoring undertaken by the authors of the report found that 19 per cent of the news stories involving one of the devolved policy fields were vague, confusing, or wrong. If you say that one in five of your reports are potentially wrong and you regard that as not being a problem, but largely a clean bill of health, what would you see as a failure?

[20] **Mr Thompson:** To be fair, I did not say that it was a clean bill of health; I said that there are significant areas that we need to improve. As for their being wrong, as in explicitly inaccurate, the report suggests that, of that 19 per cent, 1 per cent of the total is inaccurate. So, for literal accuracy, it says that 1 per cent is inaccurate. In my view, 1 per cent inaccurate is far too many. The 19 per cent is not just about inaccuracy; it is about areas where the researchers believed that there was an opportunity to put things more completely in context and to be rather clearer than the reports were in the difference between the different jurisdictions and so on. Again, the fact that external researchers found that 19 per cent were, in various ways, in their view, not as good as they should have been in context terms, also suggests that there is significant room for improvement. However, it would be wrong to say that the Cardiff work suggested that it was 19 per cent inaccurate; the figure that it uses is 1 per cent.

[21] **Alun Davies:** Inaccuracy can also include omission. The figure of 136 reports on health and education with zero coverage of Wales and the fact that there is no coverage of Wales on *Panorama* do not imply a mistake; they imply a systematic failure of BBC journalism.

[22] **Mr Thompson:** As I said, 76 per cent of licence payers here believe that we do a good job in reflecting the nations of the UK. I accept that it does not necessarily mean that 76 per cent of people are right. However, the report does not find widespread public dissatisfaction. The fact that the public broadly scores the BBC highly on this—and particularly the public in Wales, which was more satisfied than the public anywhere else in the UK—does not mean that there are not significant areas for us to improve what we do, and we are committed to doing that.

[23] **Alun Davies:** How do you respond to the conclusion that the extent to which the fact that Wales is a devolved nation failed to appear on network news programmes was striking? You are the director general and you are responsible for that failing.

[24] **Mr Thompson:** Going forward, one of the things that we should—

[25] **Alun Davies:** Before you go forward, can you explain why we are in the position at the moment where the BBC, a decade after devolution—and your background is in news—still fails to understand the basics about the structure of the United Kingdom?

[26] **Mr Thompson:** I do not accept that that is the case. What I do accept is that news editors, who work within news programmes of limited duration, trying to juggle any number of different topics, could, over this period, have found more space for programmes, or news reports, with a particular focus on events in Wales that were of significant news interest to our licence payers here, as well as across the UK. There could also have been more opportunities, in a way that would be useful and interesting for viewers and listeners across the UK, to find examples where you could compare and contrast the different policies being pursued by different administrations in different parts of the UK. Therefore, there have been some missed opportunities, and it is important for us, as we go forward, to take advantage of those opportunities.

[27] **Sir Michael Lyons:** I will add a rider to that, if I may, to try to open the question up to understand more clearly why the world might be as it is. Without for a moment wanting to distract from the primary conclusion that there is a deficit here that the BBC must make up, and the BBC Trust has been very clear about that, it is worth opening the lens and looking at two dimensions that in part demonstrate that this is not a problem entirely of the BBC's making. The first is that I do not believe that any of us would fail to accept that the first 10 years of devolution have led to a situation exactly as one might have predicted at the beginning, whereby, as the devolved arrangements in Scotland, Wales and Northern Ireland lead to different decisions, you end up with a much more complex picture that needs to be covered. That does not excuse the inadequacies that are revealed here, but it is a more complex picture, and one that grows more complex by the day.

[28] The second issue—and King's report is clear about this, and I might be speaking to a ready audience here—is that the problem is compounded by the willingness of Westminster-based Ministers, and their departments, to make statements as if the matters on which those statements are being made relate to the whole of the United Kingdom, rather than, in some cases, only to England. Therefore, we are not dealing with an issue here that, even if the BBC was able to guarantee a completely perfect response tomorrow, would not still be complicated given the realities of the evolving United Kingdom.

[29] **Alun Davies:** I agree that it is complex, but I disagree that it is unexpected. We know what—

[30] **Sir Michael Lyons:** I did not say that it was unexpected; I said that you could have predicted this.

[31] **Alun Davies:** We understand and we know the structural and constitutional basis of the United Kingdom by now. I do not accept that the fact that it might be seen to be complex is an adequate response. I understand what United Kingdom Government Ministers say and do, but surely it has to be at least part of the BBC's role to hold these people to account?

[32] **Mr Thompson:** I strongly agree with that. Michael is right to say that our journalists and editors face new challenges because of this. However, one thing that we must do is to ensure that we test all the statements that are made by all politicians against the benchmark of accuracy and context, and that we add context and a factual benchmark for viewers and listeners to judge those remarks against. That is true for all politicians, and all Ministers, in all the administrations, so I would strongly agree with that.

[33] **Peter Black:** Mark mentioned earlier how the BBC could better reflect the devolution settlement by finding items of news, or current affairs, that they could then cover to illustrate the differences across the network; I believe that we would all accept that. However, the other part of the King report was the way that it reflected the general culture of BBC news teams, and how they dealt with the day-to-day, bread-and-butter issues. The

Cardiff School of Journalism's research, for example, identified 136 stories on the BBC network that dealt with education and health, which are very important devolved fields. All 136 dealt with England alone and gave people watching network television news the impression that those issues might apply to Scotland and Wales in the same way as they applied to England, even though that is not necessarily the case. Do you not accept that the BBC has been culpable in promoting this misinformation about how devolution works across Wales and that your journalists should have been more on the ball to grasp those differences and educate the public as part of their day-to-day reporting? In other words, has the culture of BBC news fallen down in reflecting devolution?

1.00 p.m.

[34] **Sir Michael Lyons:** I will make just two points in response and then I will allow Mark to come in and add to those. First, I would like to underline again, because I think that it is a very important issue, that I would encourage you not to exclude from your deliberations of this issue the fact that the BBC now has new governance arrangements. They have led to this piece of work. It might be helpful for me to underline that our decision to do this, as the very first impartiality study that the BBC Trust has commissioned—although similar studies on the coverage of business news and of impartiality were inherited from the governors before us—is the result of listening carefully to the audience councils, including the audience council for Wales, and representations made on the visits that I have paid during my early days as chairman to, among others, Rhodri Morgan, the First Minister for Wales. So, it is about us listening to and responding to these issues and then undertaking the research and presenting the evidence publicly and being clear that we hold the BBC executive to account for delivery against different expectations. So that is the first point.

[35] The second point—and Mark might want to say more about it—is that it is in the nature of commissioning a piece of work like this that it has to be focused. We are clearly focused on the issue of network coverage. It does not, as a result, adequately cover all of the BBC's output. It particularly does not cover the output of BBC Wales, which we might want to factor in.

[36] **Mr Thompson:** I have a few points on that. First, it is worth saying with regard to the process of the trust commissioning this work, holding the BBC to account and requiring of me and my colleagues that we come up with actions to address these points, and then the certainty of review, that I cannot think of another media organisation in the world that goes through this process of self-criticism. To be honest, I think that you should have high confidence that this process will lead to a significant improvement.

[37] You really ask a question that is about the culture in the BBC, and we are already on a journey towards a BBC that, in all ways, better reflects, is more present in, and is more dispersed across, the whole of the UK. We have seen enormous creative success in BBC Wales, which means that network production has already grown strongly in this country. We expect network production to grow further. Menna Richards, who you have heard from, has an aspiration—and, in my view, a very credible one—for network production to double in Wales and in a way that you can monitor externally, because we have now moved to the Ofcom definitions. However, that is part of a story of a much broader shift in the BBC.

[38] By the end of the present charter, we expect well over half of the employees in the public service BBC to be based outside London. We have made massive investments in the broadcasting centres and in production outside London. We have been working progressively to integrate news gathering across the UK in ways that use outstanding journalists across the BBC and across the UK. I believe that you will see more and more over the next few years a BBC that culturally is fully attuned to the geometry of a new UK and to the challenging but, in my view, also creatively and editorially exciting task of reflecting what is going on across

the UK.

[39] **Peter Black:** I accept that. I do not think that there is any doubt that the BBC has set this process in train. You must have credit for that and, in a sense, the report reflects criticism about your network coverage that has been heard in Wales for the last few years anyway, but you have grasped the nettle and you are moving forward with that. Can you tell us, therefore, what specific actions you will now be taking to try to remedy these deficiencies, and, in particular, how are you going to tackle that cultural divide or gap, if you like, whereby journalists or presenters do not always think through the devolved context of their work and how they present programmes?

[40] **Sir Michael Lyons:** I will, again, make one or two comments and then turn to Mark to outline the actions. The full range of actions has not yet been agreed between the executive and the BBC Trust; we published and brought this document straight into the public domain, virtually as soon as we received it, even though discussions were still ongoing about the full-scale of the proper response. So, what you have are our indicative actions, and a full action plan will be agreed by our July trust meeting—so we have set a timetable for that. We have been very clear that we will return to monitor this in some detail and, indeed, embrace the role of the audience councils in that monitoring.

[41] **Mr Thompson:** Among the areas of action that we are looking at is much more systematic monitoring by the management—week on week, month on month—of progress. It is probably the single most important thing, and it is clear in management directives and in the objectives that are set through the various journalism divisions that this is a critical priority for the organisation to get right. There will be a particular focus on those programmes, for example, the BBC news channel, the *Today* programme and *Newsnight*, where there is the space to, in particular, take the opportunity to compare and contrast and to try, through a process of attachments and moving key editors, to give many more of our editors a chance to move around the UK and to get a sense of what is happening in different parts of the UK.

[42] There will unquestionably be a big straightforward training and information development, which is important—some of that already exists and the work is pretty good, but we need to ensure this—and we will also look at a scheme of accreditation to ensure that our journalists not only have done the appropriate training modules on the UK, but also that we know that and can track their progress. We are looking at the possibility of having a UK editor, and giving a senior editorial figure a specific responsibility to ensure that this happens. There is an editorial hook-up every morning—there has been for some time—and we want to ensure that the communications between editors across the UK is good. It takes two to tango, but—and I am certainly not going to suggest that this is a regular occurrence here—sometimes, historically, there has been a tendency for editors of the national 6.30 p.m. programmes, such as the *Wales Today* programme here or the regional 6.30 p.m. programmes in England, to hold some stories back from the network in order to run them as the lead on the 6.30 p.m. programme. You can understand the psychology behind that. So, sometimes, we have found that our nations and regions are not quite as forthcoming with the best stories as they might be, because they are saving them for their own programmes. We are also going to look at the editorial guidelines and perhaps suggest a strengthening of the guidelines to the BBC Trust.

[43] There will be many action points and a process of review to ensure that it is all getting into the machine, and that it is not just fine words, but is actually making a difference. The other great advantage of the Professor King report is that if there was not a high state of awareness of this issue in Wales and elsewhere in the UK already, there certainly will be now. I am also sure that all of you and many other people will be helping us to recognise when we make mistakes. The BBC is not a perfect organisation; we make mistakes and we look to all

of you to keep an eye on us as well.

1.10 p.m.

[44] **Peter Black:** I particularly welcome Sir Michael Lyons's assertion that you will be consulting with the audience councils; it is important that they are involved. Will you be consulting with other bodies, such as the National Assembly for Wales or the Welsh Assembly Government? To what extent will you be involving bodies like the audience councils in the onward monitoring of the success of your programme of change?

[45] **Ms Lewis-Jones:** On the role of the BBC Audience Council for Wales, it was brought into existence at the beginning of last year to ensure that the interests of licence fee payers in Wales are served. I think that it is a sign of a new system working rapidly and well that it badged that set of issues that has been causing you so much concern early on, and then felt compelled to press it on the trust's attention in a clear and articulate way—and I think that it did so at the very first meeting that you attended, chairman—which gave the BBC Trust more than enough to go on to commission this work. The fact that the report has now been placed in the public domain relatively quickly and that the audience councils will be involved in following it up and monitoring it gives me a bit of confidence in the new system. I think that it will be an issue for wide public debate in many fora over the coming months, and a lot of people will be watching the BBC like a hawk.

[46] **Sir Michael Lyons:** To add to Janet's comments, I can already say that we will involve the audience council for Wales, along with the other audience councils, in the monitoring of progress made, as you see reflected in the documents that we published last week. It will continue to be our ambition to get as full a picture as possible. If you want to get the most accurate picture possible, it is important to take as many types of information from as many sources as possible and to put them together. The only other comment that I would make is that the BBC Trust started its life—and it is now just over a year old—with a strong commitment both to high-quality engagement with audiences and those who represent them and to complete transparency in the work that it does. Sometimes, that is quite difficult, and so our commitment to publish every piece of research that we have done, which we have maintained, sometimes means that we have to redact small proportions of those reports to protect the interests of individuals and commercial organisations; that can sometimes look slightly more 'lumpy', let us say, than just producing a short summary. However, our belief is that this is as much about public debate as it is about decisions taken either within the trust or within the executive.

[47] **Peter Black:** So, will you involve the devolved administrations in the consultation process on the action plan?

[48] **Sir Michael Lyons:** Absolutely. We have made them aware of everything that we have done so far. We made you aware of the fact that we welcome the Assembly's views, and that they will form an important part of the future.

[49] **Peter Black:** I will move on to the next part. I have just one more question about the King report, which advocates the creation of Scottish and Welsh 6 p.m. news programmes to parallel BBC network news. If that were the case, you would not have the problem of BBC Wales holding back its best stories. Why did you reject that recommendation, given that, on the basis of your own evidence, network news and current affairs are inadequate to provide coherent coverage of what your report calls the 'transformational change' of devolution?

[50] **Sir Michael Lyons:** This gives me an opportunity to underline the fact that we have commissioned this piece of work by Professor King but that the King report is only one component of all that we have published. We also published the research that we

commissioned, which he was able to draw on, and our own views on this. If you read just the section written by Anthony King, you will see clearly that he stopped short of making recommendations, feeling that it was more appropriate to share his views with us. We welcome that, because the BBC Trust would not seek to carry some of those issues forward, and you will see that reflected in our documentation.

[51] Although this is not to rule out structural changes such as a Scottish 6 p.m. news programme, we are not convinced at the moment that it is the first response to these issues, and nor is it clear to us that it is even the most appropriate response. The findings underline not only a deficit in the BBC's network coverage of devolution in the three devolved administrations, but also that there is a UK-wide appetite—it varies, but is actually very strong in Wales—to learn more about what is happening elsewhere in the country. It is not clear that that could be served by starting to separate off news coverage on the model of a Scottish 6 p.m. news programme; indeed, it might even be detrimental to that ambition. Is there a bigger role as a result of this report for BBC Wales and BBC Scotland journalists, in my view and that of the trust? Yes. However, let me hand over to Mark Thompson at this point.

[52] **Mr Thompson:** The biggest single point that I want to make is that the current news hour, consisting of the 6 p.m. news followed by *Wales Today*, is immensely successful with audiences here. This combination is 11 share points ahead of ITV1's news hour, has one of the biggest leads, and is one of the most popular news hours in the UK. Appreciation of the hour is very high. If you ask the public in Wales about their levels of satisfaction or dissatisfaction, they will tell you that they are very satisfied with the current level of news provision—more so than people in most parts of England.

[53] It is worth adding that in any of the ways that we can measure—and this was not always true in the past, but it is right now—our existing combination of the 6 p.m. news and *Wales Today* is very successful in this country.

[54] **Peter Black:** I will just move on to—

[55] **Alun Davies:** Before that, Nerys has a question to ask.

[56] **Nerys Evans:** The report was quite damaging not just about the lack of coverage on the network news, but about misinformation. Are you rejecting the idea of a Welsh news at 6 p.m. only for fear of upsetting the Westminster village and the unionist agenda?

[57] On news coverage, Scotland has its own version of *Newsnight*, so why is there no comparable service for Wales? Are there any plans to look at this matter again?

[58] **Sir Michael Lyons:** Let me just take the first part of that question and then give the director general a chance to come in on the second, more detailed issue.

[59] There is no question of the trust seeking to find favour with any particular part of the Governments of the United Kingdom, whether that is you, a body of the Assembly, or the Westminster Government. One of the biggest changes in the BBC's new charter is the further strengthening of the independence of the BBC, and that is a responsibility that the trust takes seriously. I come back to my point that the trust has not ruled out the fact that structural changes may play a part in this but, on our first examination, it does not look like the first question to be answered, particularly when you come to the headline issue that more than 80 per cent of those surveyed across the United Kingdom want to learn more about what is happening in the different countries of the United Kingdom. It is not clear that the creation of a Scottish or a Welsh news programme at 6 p.m. would make any contribution to that whatsoever. So, it is a matter of being clear about what we are trying to achieve.

[60] **Mr Thompson:** A general point to make about the BBC is that it is a UK broadcaster, but it has a responsibility to provide services in the UK as well as in different parts of the UK. It is important to say, however, that the BBC is there to be a platform on which the political debate about the future of the UK can take place, as between those who believe in the continuation of the UK as a union and those who believe otherwise. We are not in any sense there to be ‘pro unionist’; our job is to be an impartial platform on which these debates take place. I have to say that I generally believe that we do that well, but if you have examples of where you think that we are not doing well, you should bring them forward, because we should be impartial on this topic.

[61] On the specific question of a segment for Wales in *Newsnight*, like Michael, I do not want to rule out any development. The right thing for the BBC to do always is to go on listening carefully to audiences—and to allow the trust to make sure that we do it even if we do not desire to—and, over time, to work out the best way of delivering coverage. So, I would not rule it out in the future.

1.20 p.m.

[62] At the moment, across our news and current affairs output, in the English and Welsh language, public satisfaction with the existing coverage broadly seems to be very high. The right thing for us to do, as always, is keep an eye on that and try to respond as the public’s priorities change.

[63] **Paul Davies:** Before I ask you questions about the network provision, I will quickly come back to the King report, in which Professor King poses a very important question.

‘[I]n recent years, has the BBC’s UK-wide network news, current-affairs and factual programming kept pace with – and responded adequately and appropriately to – the United Kingdom’s changing political, social, economic and cultural architecture?’

He categorically says that the answer is ‘no’, and goes on to say that,

‘The network has not kept up, and it has not responded adequately and appropriately’.

Do you accept that?

[64] **Sir Michael Lyons:** Yes, but, to be clear, the question was set for Professor King by the BBC Trust, so here you have the BBC testing itself—and I cannot underline that enough—to establish whether it was doing everything that it should be doing.

[65] **Paul Davies:** But you accept that, do you?

[66] **Sir Michael Lyons:** Absolutely, but there is a deficit here and that is exactly what the trust has said, echoed by the director general. We are not flinching from the fact that there is more to be done and that it is a matter of importance and urgency.

[67] **Alun Davies:** Does the BBC management accept that, too?

[68] **Mr Thompson:** Yes. I certainly believe that we can and must do better.

[69] **Alun Davies:** Do you accept the totality of that criticism?

[70] **Mr Thompson:** Yes, I do. As Professor King notes, the BBC has probably done a better job than any other broadcaster. So, benchmarked against others, the BBC has done

better. Have we done enough to live up to our high standards of impartiality, accuracy and the richness of coverage? No, we have not. However, there is no area of our journalism in which I would say that I am 100 per cent satisfied with our performance. Every one of the impartiality reviews that the BBC governors, now the BBC Trust, have commissioned has led to areas being identified in which the reviewers thought that the BBC could and should improve. In other words, it is not as though we start off by assuming that we are perfect. In every one of these reviews, we expect to learn of our shortcomings and, when we do, the right thing for us is to try to respond to them. If there is another review in five years' time, I hope that it will show significant improvement from where we are today. Will we reach perfection? It is hard to say. I hope so, but this is a process of continuous improvement.

[71] **Paul Davies:** Okay. Moving on to network provision, Mr Thompson, you said in a recent statement that 50 per cent of network commissions would come from outside London and that 17 per cent would come from Wales, Scotland and Northern Ireland. Could you explain how you arrived at that figure?

[72] **Mr Thompson:** The 17 per cent is a broad reflection of the population of Scotland, Wales and Northern Ireland as a proportion of the UK population. The idea of 17 per cent of network television commissions coming from Scotland, Wales and Northern Ireland is not new; it is one of the BBC's commitments in the present charter. The significant change that we have made in recent weeks is due to a proposal that the BBC Trust has approved, namely that the 17 per cent comes under Ofcom's definition for network production from the nations, and several criteria have to be met. That poses a tougher challenge to us than the previous BBC definition did.

[73] **Paul Davies:** Have you set a specific target for Wales?

[74] **Mr Thompson:** We have not, although I am very supportive of the aspiration that Menna Richards has made public and which she shared with you. That would see network commissions from Wales come under this Ofcom definition, which, I think it fair to say, pretty much guarantees a significant proportion of employment and production inside Wales. Under this definition, network delivery from Wales is growing from roughly £25 million to around £50 million a year. So, it has doubled.

[75] **Paul Davies:** Would this target for Wales be a limit or a ceiling, so that—

[76] **Mr Thompson:** No. It is fair to say that Menna and BBC Wales have been emphatic about that with me and with management, and they are right—we should not be trying to limit success. We see the 17 per cent target as a floor; in other words, as a minimum for the BBC to meet over the time. If we continue to see the creative growth that we have seen in recent years, from BBC Wales and from some independent production companies based in Wales, there is no reason why that target could not be exceeded.

[77] **Paul Davies:** In Salford earlier this year, you said that you aim to base more of the BBC's existing strand programming outside London, saying:

[78] 'Strand editors are themselves commissioners and basing them in national and regional hubs should help local programme-makers',

[79] and that,

[80] 'returning strands can be key in sustaining a critical mass of network-ready talent'.

[81] What types of programming would you expect BBC Wales to secure commissions for?

[82] **Mr Thompson:** It is complicated, because it is possible, if you organise things carefully, for a strand that may not be based in a particular part of the UK to draw heavily on it nonetheless. The fact that BBC Wales has provided more than 100 films so far for the *One Show* is useful in relation to having a sustainable talent base here. However, we are looking at everything from long-running drama series to game shows, factual strands, art strands and so forth. We are in the middle of a process of looking at the mixture, but the assumption is that there would be a broad spread of strand programmes based, in the future, in the nations.

[83] **Paul Davies:** Do you have plans to base more commissioners of channels or strands in Wales?

[84] **Mr Thompson:** If strands move, we would expect the editors or executive producers of those strands to also be based in Wales. We are also looking, separately, at whether or not there are opportunities to move network commissioners—people who commission strands, one-off series and other programmes—out of London and into the rest of the UK. I would be disappointed if we could not find a way of basing at least one network commissioner in Wales as well.

[85] **Paul Davies:** It has been put to me that some commissioners do not recognise the richness of the whole of the UK. Do you believe that commissioners have the will to recognise the whole of the UK?

[86] **Mr Thompson:** The success that we have seen in the commissions from Wales in recent years is evidence of the incredible wealth of talent that is here. One of the most important things to say is that, when I come to Wales, I am struck by the incredible creative opportunities. We talked about some missed opportunities in journalism, but it is important that we seize the opportunities that we have for creativity across the board in Wales. The fact that BBC Wales has been on an upward cycle of winning commissions suggests that more and more London commissioners are recognising that. We now have a carrot and a stick in place. The stick is that we have some hard economic targets that we are committed to meeting and which will be up for external scrutiny, but the carrot is that what we have seen coming out of Wales in recent years has been a string of outstanding programmes. Something that all commissioners want, wherever they are based, is fantastic programmes across the piece; *Doctor Who* stands out, but that is only a small part of a story that includes *Tribe* and many other programmes.

[87] The other thing that BBC Wales has been very good at doing is using its own commissions of programming that will be seen in Wales to develop relationships with independent companies that can go on to network success. If you take the example of Indus Films UK, which made *Coal House* for BBC Wales, it is now making *Amazon* for UK network television. Particularly when you are trying to build a critical mass, leveraging everything that you have in order to build something is quite important, and Menna and her team have been doing a very good job of that here in Wales.

1.30 p.m.

[88] **Ms Lewis-Jones:** May I just add a little about network radio? We tend to forget about network radio commissioning, and BBC Wales has work commissioned from Radio 4—for example, *Book at Bedtime* dramas—and the National Orchestra of Wales is commissioned quite a lot by Radio 3.

[89] **Paul Davies:** Looking at your channels, I see that BBC2, BBC3 and BBC4 are based in London. Can you tell me why they have to be based in London, and why one of them cannot be based in Cardiff, for example?

[90] **Mr Thompson:** What we have been trying to do with the portfolio of television channels is to get them to work effectively as a portfolio, and, in particular, to try to get as much co-ordination between them as possible. I will give you a simple example of why you might want to do that. If you take a genre like comedy, you can have a comedy strategy and a comedy story that uses your channels to create opportunities for new artists, and for new talent, and can in a sense take a particular group of people from the nursery slopes to BBC1 prime time. *Gavin & Stacey* is an interesting example—it is not a programme that would count under the Ofcom definition, but it is a comedy that has been rather brilliant in bringing great, outstanding Welsh talent forward, as well as bringing a portrayal of modern Wales to network audiences. However, that programme began on BBC3, moved to BBC2, and ultimately, I think, is destined for BBC1. So, it is about trying to use the networks together. Because of that, particularly in their early years, having them together—where you can keep your eye on them and ensure that they are talking to each other—has made sense. However, as you perhaps know, we are moving CBBC, CBeebies and Radio 5 Live to Salford, and I would not rule out the idea of other UK networks moving out of London; that would be consistent with the direction that the BBC has set itself.

[91] **Paul Davies:** There is no doubting the success of *Doctor Who* and *Torchwood*. I understand that *Doctor Who* is taking a well earned break in 2009, and obviously—

[92] **Mr Thompson:** With David Tennant going to play Hamlet, I am not sure it will be a break for him. [*Laughter.*]

[93] **Paul Davies:** In addition, *Torchwood* is being reduced to a five-day season. Coming back to the targets, how can you make up the difference in commissions, given the targets that you have set yourselves?

[94] **Mr Thompson:** First, one of the advantages of having long-running strand programmes as part of the overall mix is that such programmes are less vulnerable to being decommissioned, or just running out of steam, than one-off programmes. In practice, I hope that *Doctor Who* will be with us for many years. It is interesting that ideas and possible spin-offs are constantly coming out of it. However, network success for BBC Wales and for independents based here will depend on a constant supply of great new ideas and great new programmes—that is true everywhere—and the BBC as a whole can help. We are looking at whether there are any long-running dramas that we can move here to help with that critical mass issue, but fundamentally, this will be about the talent that we can get, and the new ideas that they come up with. My reading of what has been happening here is that our chances of getting more hit programmes—hit dramas and other kinds of programmes—out of Wales, are higher now than they have been at any time that I can remember. That is not least because success breeds success, and some of the young people that we are now getting to Upper Boat, and into every aspect of production, are some of the brightest people that you meet anywhere. Again, I think that BBC Wales's ability to use a combination of UK-network television and radio talent, but also talent that it is using in Wales for Wales, both in the English language and the Welsh language—*Pobol y Cwm* is part of this story as well—actually gives Wales a competitive advantage over most other out-of-London centres and now, after some years of disappointment, we have really seen that leverage taking place in the last five years.

[95] **Alun Davies:** Does that not make it all the more surprising therefore that the BBC has not commissioned more from Wales and also portrayed Wales more? *Doctor Who* and *Torchwood* are fabulous productions and, for the record, I think that Menna has done a fabulous job in developing the infrastructure around that, but the fact is that Wales is not portrayed on the BBC at all in drama. You have *Torchwood* and you have *Doctor Who* and, as we have heard, both of those are going to be, over the next year or so, not hit and miss, but—

[96] **Mr Thompson:** I think that *Gavin & Stacey* is in the mix as well. It does not happen to come from BBC Wales, but would you not accept that that is a really interesting portrayal of Wales?

[97] **Alun Davies:** I think that *Gavin & Stacey* is marvellous, but as regards drama and the portrayal of life in Wales for the rest of the United Kingdom, you mentioned earlier that you are a UK broadcaster and that is about reflecting ourselves to each other, but I have to tell you that *Doctor Who* does not reflect everyday life in Wales, or certainly not my experience of it.

[98] **Mr Thompson:** Although you could say that *Torchwood's* main sort of success is in the portrayal of lesbian aliens, it is true that it actually does give you quite a lot of a sense of this city. What is interesting about *Doctor Who* is that I think that it has found a rather interesting and sophisticated way of reflecting its origins here in the broader sense, by way of the actors and the fact that the TARDIS arrives here slightly more often than one would expect. There is so much Welsh talent involved in both projects that I would say, Chair, that, absolutely, we want to see more. We are hungry. We are talking about doubling the amount of output from Wales and we are, frankly, desperate for more great ideas. If those are great ideas that also can bring the amazing diversity of life in Wales to life for UK and global audiences, so much the better. There are lots of, as you say, untapped areas that we can look at. I would see that really as a rather brilliant opportunity rather than as an enormous problem.

[99] **Alun Davies:** The point that I am making is about the fragility of the current position and, as director general, you are responsible for the output. It is your responsibility, at the end of the day, to deliver the output and the portrayal and not simply to sit back and say, 'Well, you know, it is up to you lot; it's not up to me'. You are the person who is ultimately responsible for what the BBC broadcasts and if the BBC is not portraying Wales, it is your responsibility to make sure that it does.

[100] **Mr Thompson:** I accept all of that and, effectively, what we are doing now by setting ourselves these new targets, which Ofcom is going to look at, is that this is going to be played out entirely publicly. In other words, you will be able to judge, simply by looking at the numbers, how well we are doing. Therefore, we face an enormous challenge. You are absolutely right to say that it is my responsibility and that I will be judged on the success or failure of this, but what gives me great heart is the creative talent that I see here. I will not be making all the programmes myself—I need incredibly gifted writers, producers, directors and so forth to make the programmes—and I would say that the kind of creative heat that you feel here is stronger than I remember it. You must be aware of that yourselves. It is a very exciting period.

[101] **Sir Michael Lyons:** Could I just come in to underline one issue? I am eager to leave you with a very clear message today in response to the unstated question of why you should have more confidence in the BBC in the future, given that it appears to be in deficit in a number of areas in the past. I want to underline, again, the role of the new governance arrangements and to use this as a case study perhaps. What we offer you is much more than the very strong personal commitment of the director general, critical though that is to this being delivered.

1.40 p.m.

[102] The new targets were the result of a challenge from the trust to the director general to go even further than the BBC was already minded to go. The targets for both 2016 and 2012 were in line with the Ofcom definitions, which certainly do away with some of the areas of controversy that have dogged this debate in the past. As with any definitions, they are not without their weaknesses, but it means that the reportage of what the BBC achieves will be very clear. There will be only one set of figures; there will be no debate about two sets. There

is no doubt at all that they are considerably more challenging than the BBC's own definitions were. Here is an example of the trust challenging the director general to do better even than his ambitions. He has taken that away to consider seriously and has come back and agreed to go that step further. I hope that you take some confidence from the facts that there are strong governance arrangements in place, working with a strong director general who is committed to tackling what are not straightforward issues, and that those arrangements will be measured publicly against the progress that is made.

[103] **Alun Davies:** We appreciate the new governance arrangements, and I think that we would all welcome the changes that have been made recently to those arrangements. We would like to continue the conversation about those areas of accountability. Paul, do you have a question?

[104] **Paul Davies:** Mr Thompson, you have been quoted as describing the development of a drama village in Wales in relation to the provision of network supply. What does that mean?

[105] **Mr Thompson:** It is possibly a piece of television jargon, which might suggest a slightly odd image of a church and a community centre. We have been exploring whether, by getting more long-running drama onto a single site, we can achieve not just economies of scale, but a way of getting critical mass in the main production talents and all the craft skills and, indeed, opportunities for actors and performers. There has been some speculation; we are looking at the possibility of *Casualty* being produced in Wales. We have not made any decisions about that, and there are quite strong arguments both in favour and against. However, the idea of having a piece such as *Casualty* added to the existing drama output would be rather like, in a sense, creating a big, effective factory; you have a lot of people together and in everything from set design and art direction through to make-up and the opportunities for people to learn script editing, producing and executive producing, for example, as well as providing opportunities for writers, you begin to get a real mass together. So, all a drama village means is getting a significant amount of drama together so that you can make it efficiently. There are also many creative benefits. So, that is something that we are looking at.

[106] **Nerys Evans:** Hoffwn ofyn cwpwl o gwestiynau am atebolwydd. Ar hyn o bryd, nid oes gan wledydd y Deyrnas Unedig gynrychiolaeth ar brif fwrdd gweithredol y BBC. Fe'u cynrychiolwyd ynghynt gan gyfarwyddwr y gwledydd a'r rhanbarthau, ac yn awr gan y dirprwy gyfarwyddwr cyffredinol, sydd hefyd yn gyfrifol am newyddiaduraeth y BBC yn gyfan. Gan ystyried bod strwythurau datganoledig wedi newid yn enfawr—sy'n cael ei gydnabod yn yr adroddiad a gyhoeddwyd yr wythnos diwethaf—a ydych yn cytuno y dylai gwledydd y Deyrnas Unedig gael mwy o gynrychiolaeth o fewn y BBC?

Nerys Evans: I would like to ask a couple of questions regarding accountability. At the moment, the nations within the UK have no representation on the BBC's main management board. They were previously represented by the director of the nations and regions, and are now represented by the deputy director general, who is also responsible for journalism for the whole of the BBC. Considering that devolved structures have changed enormously—which is acknowledged in the report that was published last week—do you agree that the nations of the United Kingdom should have more representation within the BBC?

[107] **Sir Michael Lyons:** Forgive me for answering you in English; it is my limitation. You properly raised this question under accountability. So, I will leave Mark Thompson to deal with the issues of the operations and how that can be best achieved. In terms of the accountability of the BBC, the executive board—through the director general, who chairs that executive—is accountable to the BBC Trust, which is made up of just 12 people, and each one of the nations is represented among those 12; Janet represents Wales—and very ably too, I should say. She is reinforced, formally, within the constitution of the trust, by the existence

of the audience council for Wales, which she chairs. Therefore, on the BBC's accountability, under the charter, the interests of Wales are clearly reflected in the creation and shape of the BBC Trust. On the issues of how operational interests are best achieved, I pass you over to the director general.

[108] **Mr Thompson:** I do not think that a week goes by without my having a conversation with at least one of the national controllers; therefore, direct contact between me and the national controllers, and other senior members of the teams here, is very regular. It would be wrong to suggest that these are distant outposts where senior BBC management never arrive and we do not know what is going on—we are very close. However, we have talked already about some of the challenges that we face. There is the combination of this real improvement that we need to see in the co-ordination, accuracy and context of our journalism about the UK, as well as the big mountain that we have to climb in relation to network production.

[109] There are also all the other challenges that the BBC faces. The BBC is going through an enormous revolution, almost, as we move into this digital age, which is about how we work, trying to get pretty bracing efficiencies into what we do, and entirely new things such as BBC iPlayer and on-demand. That also argues for the people who lead the BBC in Wales, Scotland and Northern Ireland being really close to the centre of things. Therefore, one thing that I intend to do over the next few months is to look at that question, but very much with a view to seeing whether there is a way in which we can ensure that the leadership of the BBC in the nations is even closer to operations, and as near as we can make it to the top of the BBC.

[110] **Sir Michael Lyons:** I will invite Janet to comment on this.

[111] **Ms Lewis-Jones:** Nid wyf am siarad **Ms Lewis-Jones:** I will not speak in Welsh, I yn Gymraeg, mae'n ddrwg gennyf, am fy am sorry, as I want to say this quickly. mod eisiau dweud hyn yn gyflym.

[112] The royal charter structure is carefully designed to protect the independence of the BBC, but there is a real lightning conductor running through it, which is to the audiences. The trust is duty bound to focus on the interests of the licence fee payers and to safeguard that interest. The audience council is an important part of that structure, and it goes out of its way to hold public meetings and all sorts of accountability events, to listen carefully to what audiences are saying, to review research and so on. Therefore, it is a mechanism that keeps the licence fee payer and the audiences at the forefront of everything that the trust is doing; that, in turn, is one reason why we publish everything that we do—we try to be completely open and transparent in the way that we work, so that audiences can scrutinise it.

[113] **Nerys Evans:** Hoffwn godi pwynt sy'n codi o dystiolaeth yr ymddiriedolaeth. Soniwch eich bod yn barod i gyfrif am eich gwaith a pherfformiad y BBC i'r sefydliadau datganoledig, gan gynnwys y Cynulliad. Sut ydych yn gweld y strwythur hwn yn datblygu, a beth yw rôl cyngor y gynulleidfa yn hynny? **Nerys Evans:** I wish to raise a point that emanates from the trust's evidence. You mention that you are willing to account for your work and the BBC's performance to the devolved institutions, including the Assembly. How do you see this structure developing, and what is the audience council's role in that?

[114] **Sir Michael Lyons:** You will excuse my being a bit prissy about the terms that I use. There is an important issue of principle about the independence of the BBC and the way that it is established under the charter. By that, it is important that the trust clearly holds itself open to dialogue with the Westminster Parliament and the Assembly, but that it is not held to account by them. If you are happy to follow me in the distinction between those—and I believe that we are as clear with Westminster committees as we are with Cardiff

committees—the distinction is that we should not leave in the public mind for a moment the suggestion that the BBC has suborned its independence in that dialogue. Therefore, we are absolutely clear that we are here today—and on other occasions when you might invite us—to talk about progress made against the clear public targets and objectives that are set for the BBC, but that stops short of being accountable to either Westminster or indeed any other elected body.

[115] **Nerys Evans:** In the recent media audit by the Institute of Welsh Affairs on behalf of the Welsh Assembly Government, it suggested that the BBC should be federated in order to respond better to the political realities of the UK. How do you respond to that?

[116] **Sir Michael Lyons:** Again, the trust and the BBC as a whole are open to debate on these issues. Indeed, they draw strength from the debate that took place before the new charter was given parliamentary approval in 2006. There are many views on how the BBC can be better served into the future, but I think that I would stop short of federation. We are willing to listen to debate, but we see that there is a very considerable strength to be achieved, and a strength that is recognised throughout the world, from having the British Broadcasting Corporation serving the whole of the United Kingdom; there may be some imperfections in how that is done at the moment, but there are also very considerable strengths.

[117] To return to the figures that Mark Thompson and I referred to today, time and time again, what we find when we survey across the UK, and including the different countries and nations and regions, is very considerable strength of respect and affection for the BBC and the role that it plays in the life of our nation. However, at the same time, in many places, there is a demand to go even further against those high expectations.

[118] **Mr Thompson:** Although the BBC is a unitary organisation under the BBC Trust and in the context of the charter, to take Wales as an example, it is worth adding that the BBC attempts to ensure that licence payers here have a choice of services that, hopefully, across the portfolio of what they receive, will meet their particular needs so that BBC 1 here is BBC 1 Wales and has some special programming and an adjustment to the schedule to try to be as relevant as it can be to licence payers here. In the morning, people who want to, and many do, will listen to the *Today* programme from Radio 4 broadcast from London, but they can listen to *Good Morning Wales* on Radio Wales or they can listen to Radio Cymru or look at our English-language or Welsh-language websites. So, within the context of this unitary body, there is an attempt to make the services as flexible and as relevant as possible, but to ensure that they also offer a real choice so that they serve people around the UK as well as they can.

[119] **Alun Davies:** I am sorry to interrupt your questions, Nerys, but I think that this is a crucial point for how the BBC moves forward. I recognise that the change in governance will have an impact on how the BBC makes decisions and its accountability. At the same time, there is a great sense of disquiet here. Sir Michael, you talk about serving the whole of the UK with some imperfections, but we have not seen imperfections; it has been a case of invisible reporting on and from Wales. The last time that we met, Mr Thompson, was at the Hilton hotel in 2006 when you promised us the most extensive coverage of the 2007 Assembly elections. However, the reality was that the election in Wales was almost invisible to UK viewers and the political convulsions that gripped Wales following those elections were eclipsed in BBC terms by Shambo the cow. That does not reflect the reality of life in the United Kingdom, and it is a failure of the BBC's journalism and management.

[120] I think that you were telling us the truth in 2006 and that you did want to deliver the most extensive coverage of the election, but the reality is that the coverage was an absolute disgrace. How can we have any confidence that, without federating accountability in the BBC, the new structures will deliver what you promise?

[121] **Sir Michael Lyons:** Against that backdrop, I absolutely understand that you will have some scepticism. I will give Mark a chance to speak for himself on this, but I think that he and Mark Byford were disappointed that the research from Cardiff and Professor King's conclusions did not more fully reflect the energetic efforts that they put in over the previous year, particularly into the training of BBC journalists on the reality of devolution. I would say again that it is important that we do not inflate Professor King's conclusions to speak for the entire BBC outlook, because it was quite narrowly focused, and properly so, in order to be a manageable piece of work.

[122] **Alun Davies:** Almost none of the BBC's 2007 election coverage dealt with Wales in any way. Surely that is not an imperfection, but a failure.

[123] **Sir Michael Lyons:** Chairman, I was not meaning to qualify that conclusion at all, but more the beginning of your comments.

[124] On that point, that is a failing, there is no doubt about it, and neither Mark nor I will flinch from that. There is clearly a challenge here, but you have conjoined it with the issue of whether or not we need to move towards a more federated model for the BBC. On several occasions, I have tried to come back to the tension between properly serving a Welsh audience and properly responding to the appetite of the people of Wales to see themselves reflected in network output, both of which we give the highest priority to, but at the same time also responding to that clear appetite to understand more about the United Kingdom and its citizens, and that is the challenge. So, I would ask you to watch the journey that we make, to, by all means, challenge us if progress is less speedy than we and you would like it to be, and then, in that context, to have a further discussion with us about other measures that might be necessary if progress is not made. All of the steps, and particularly the notion of a federated BBC, would be likely to bring other complications and difficulties with them and they would have to be balanced.

[125] **Mr Thompson:** I was disappointed at the lack of coverage around the 2007 elections, and in particular the aftermath. My sense is that there was very good coverage by BBC Wales across its output, but that they were insufficiently covered on the UK news outlets, and it is worth saying that that was not because those outlets were at that point obsessed with, as it were, English politics, but—and this is a failing—UK politics, and the centrality of UK politics, meant that some aspects of what was going on here was not reported at all. As Michael says, some scepticism on this point is reasonable. What I would accept is that what we now have in front of us is a significant test for the BBC, which it can pass or fail, and I would expect all of you to be watching what we do very closely in the next few years; I am under no illusions about that and neither are my colleagues. This is an area where we know where we can and must strengthen what we do, and we are committed to doing that.

[126] **Nerys Evans:** Would you consider devolving scheduling for nation services?

[127] **Mr Thompson:** What we currently have is, I think, quite a sophisticated dialogue between BBC Wales and the network schedulers, and there is extensive room for manoeuvre for colleagues in BBC Wales to adjust and fine tune our television networks to reflect local priorities and programming. I would say that we are already in a position where, where it is appropriate, significant changes are made to the schedule to reflect the priorities of the Welsh public as seen by BBC Wales. I am not sure that there is any advantage to be had in changing that.

2.00 p.m.

[128] **Nerys Evans:** I would like to ask you about BBC Local and developments such as adding video content to text and audio reports on BBC Local. Some newspaper groups are

fearful that it will embrace hyper-local news for smaller communities. Do you acknowledge their concerns and how do you respond to them?

[129] **Mr Thompson:** The status of BBC Local is that it is a proposal that we are still formulating, which will come to the trust. The trust will have to consider at least some of it under the formal public value test regime. Therefore, it is easier for me to talk about it as a management proposal than it is for Michael and Janet. BBC Local will not be local in the sense that many local newspapers are local; it will cover very large population groups, but it potentially offers the public in Wales a much better and more finely textured reflection and reportage of the regions of Wales. The metropolitan obsession and the sense of all coverage being based on the capital city is not entirely restricted to London; if you talk to the public here in Wales, in Scotland or in Northern Ireland, Cardiff, Edinburgh, Glasgow and Belfast also spring to mind. So, this is potentially a chance to reflect much better what is going on in the whole of Wales.

[130] However, in our proposal, we will reflect carefully on the potential impact to others who are providing news, whether that is in print, on radio, television or the web. We would expect, where we can, to partner with them and to ensure that we have the websites of other news providers on our website and that we can point people to other providers. We are also potentially talking about sourcing some news content from other providers, so we are potentially a revenue stream for their news-gathering efforts. I understand why there is concern. The BBC is a big organisation, and when you hear that the BBC has some new service in mind and it feels that it might touch your own patch, there is some anxiety, but we are very anxious to ensure that the BBC Local idea, when it emerges, where it can, will help to support and strengthen the plurality and diversity of media in Wales and across the UK, rather than undermining it. Ultimately, I think that people will be pleasantly surprised when they see our plans there. It is worth saying that I believe passionately that this is potentially a big way in which the BBC can improve the service that it offers the public and can reflect local politics and engage people with local politics and local issues much better than we do at the moment. Particularly given the overall realities of media in Wales—the fact that there is a much smaller proportion of newspaper reading and the complexities of delivering media to much of this country—it could be a very positive step.

[131] **Sir Michael Lyons:** I will add a couple of comments to that, if I may, that I hope will be helpful and which relate to the things that we have tried to dwell on today. First, this will be the subject of a formal public value test by the trust, which we expect to begin in June and is likely to continue for eight months. In keeping with previous public value tests, there will be a chance for the National Assembly for Wales and individual Members and components of the Assembly to contribute to the initial consultation. Also, as is now our house style, we will also put our provisional conclusions into the public domain for a second round of consultation, so it is a very open process. Secondly, we do this against the backdrop of existing audience research that demonstrates a strong appetite for more local coverage by the BBC. That point was forcefully made to us when I visited the First Minister and the Deputy First Minister last year, so we have taken that message from the Assembly as well as from newspaper people.

[132] Thirdly, just to underline this, on the specific issue of the impact on newspapers, the public value test will include a formal market impact appraisal that will look at these issues. That will be undertaken by Ofcom, although it will be for the trust to strike the right balance between public interest and commercial tensions in this exercise. I would add that to Mark's comments, just so that you have a sense of the sort of testing process that this will go through.

[133] **Peter Black:** I have a question in relation to the recent Ofcom report and the issue of plurality in particular. We all accept the need for plurality in broadcasting regional services, but we are not convinced that we are getting it in Wales. I am interested in your views on

whether you welcome it and how you value it. I am also interested in one aspect that touches on the BBC in particular, which is that the BBC licence fee may be top-sliced to address market failure in the provision of alternative regional programming in the ITV system, for example. What are your views on those issues?

[134] **Sir Michael Lyons:** I will give you my view and then I will let my colleagues come in, if they want to add anything. The BBC Trust and the BBC recognise the importance of plurality, but want to underline that that has to be plurality in output as well as institutional plurality. Even if it can be achieved, and we recognise that there are some threats and weaknesses in services for Wales, it is not enough just to have institutional plurality; it has to make a difference to what people see and hear in services. That is a proper aspiration. There is no doubt at all that it is weakened as a result of decisions taken by commercial organisations, for which they should account, but we believe that Ofcom should not readily step back from making proper demands of those other public service broadcasters.

[135] On top-slicing, our message is very clear. It is not the job of the trust to say that top-slicing should never take place—that is properly a matter of public debate and a decision by the Westminster Parliament. However, on behalf of audiences, we would very clearly say that you would have to not only demonstrate the additional benefit from where that money might otherwise be spent, but take careful account of the reductions in BBC services that it would lead to. That would need to be very carefully balanced. If I put that into the context of Wales, just for a moment, such is the level of support and affection of Welsh audiences for the BBC, even in today's reality of multichannel television, where most of them are now able to make a choice, that they opt for BBC services time and again. I suspect that it would be a very difficult to argue that that money would be better spent elsewhere. However, we remain open to the debate and to see the results.

[136] **Peter Black:** There is already £130 million that is, effectively, top-sliced for Digital UK and the digital switchover help scheme and Ofcom has suggested that that money might become available after 2012. Of course, because it is being used for those specific projects, continuing to top-slice that money would not diminish the level of service that the BBC was able to provide. Do you believe that that money could be made available in that way or would you have other plans for it?

[137] **Sir Michael Lyons:** It is not a question of having other plans for it, but as I have said publicly before, I think that it was wrong of Ofcom to describe those moneys as a surplus licence fee. It is imprecise and it is unhelpful to the debate. Up until 2012, those moneys are earmarked for, and are very likely to be spent on, the digital support scheme. The period after that takes us into a different licence fee settlement. I for one, on the basis of recent history, would not want to assume that those moneys would be available either to the BBC or to Ofcom to spend on other purposes.

2.10 p.m.

[138] On behalf of licence fee payers, I have underlined that neither Ofcom nor the BBC should speak lightly of the money that is taken from licence fee payers, over which they have no choice. It is just possible that licence fee payers would prefer to keep that money in their pockets rather than letting us determine how it is spent. So, there is a debate to be had about the proper level of the licence fee after 2012, and whether there is any headway in that for purposes other than supporting the excellent services of the BBC.

[139] **Peter Black:** That is very clear.

[140] **Alun Davies:** Os nad oes mwy o **Alun Davies:** If there are no more questions, gwystiynau, hoffwn ddod â'r sesiwn hon i I would like to bring this session to a close. I

ben. Diolch am eich presenoldeb y prynhawn yma. Yr wyf yn hapus iawn gyda'r sesiwn. Diolch hefyd am y ffordd yr ydych wedi ateb y cwestiynau. Yr ydym yn gwerthfawrogi hynny'n fawr iawn. Byddwch yn cael copi o drawsgrifiad y cyfarfod hwn yn ystod yr wythnos nesaf. Diolch eto am dreulio amser gyda ni y prynhawn yma.

thank you for your presence here this afternoon. I have been very pleased with this session. Thank you also for the way in which you have answered our questions. We greatly appreciate it. You will receive a copy of the meeting's transcript during the coming week. Thank you again for spending time with us this afternoon.

[141] Cynhelir cyfarfod nesaf y pwyllgor ar 30 Mehefin. Byddwn yn cyfarfod Cyngor Cynulleidfa Cymru y BBC, felly byddwn yn gweld rhai ohonoch chi eto, ymhen pythefnos, ynghyd ag Ed Richards o Ofcom. Mae cyfarfod anffurfiol gennym ddydd Llun nesaf, 23 Mehefin, yn Llundain, a fydd yn gyfarfod ar y cyd â'r Pwyllgor Dethol ar Faterion Cymreig a chyda chadeirydd Comisiwn Darlledu yr Alban. Cynhelir y cyfarfod hwnnw yn San Steffan. Diolch i bawb am eu presenoldeb.

The next meeting of this committee will be held on 30 June. We will be meeting the BBC Audience Council for Wales, and so we will see some of you again, in a fortnight's time, along with Ed Richards from Ofcom. We have an informal meeting next Monday, 23 June, in London, which will be a joint meeting with the Welsh Affairs Select Committee and with the chair of the Scottish Broadcasting Commission. That meeting will be held at Westminster. I thank everyone for their presence.

[142] **Sir Michael Lyons:** Thank you for the courtesy with which you and your colleagues have questioned us this morning, and for the care and thought that has clearly been devoted to the issues that you have raised with us.

[143] **Alun Davies:** Thank you.

*Daeth y cyfarfod i ben am 2.11 p.m.
The meeting ended at 2.11 p.m.*