

WEDNESDAY 9 NOVEMBER 2005

Present

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

Memorandum submitted by BBC

Examination of Witnesses

Witnesses: **Mr Roger Mosey**, Director of Sports, and **Mr Dominic Coles**, Director of Sports Rights & Finance, BBC, examined.

Q210 Chairman: Good morning. Thank you very much for coming. You know the background of the Committee. We have done our first report and we are now looking at a number of areas which we really did not have time to deal with properly in the first report. Sports and the BBC in sports is obviously one of those. We have read your paper. Thank you very much for sending that in. I think, if we may, we might just go straight into the questions now. What evidence have you about the value that the licence fee payer places upon sport; in other words, its popularity amongst licence fee payers?

Mr Mosey: I think sport is a vital part of the BBC's overall portfolio. We do top drama, top comedy, top entertainment and sport is a very important part of that mix. Sport can still bring the biggest audiences to the BBC. We had 25 million people watching England against

Portugal in Euro 2004 and we would expect huge audiences for the Olympics in 2012 at the BBC. So numerically there is a lot of evidence that viewers and listeners value BBC sport.

Q211 Chairman: So it is considered very important by you, but you cannot cover everything.

Mr Mosey: Absolutely.

Q212 Chairman: Your paper says that over time certain sporting events have become synonymous with the BBC, Wimbledon, the Grand National and the Olympics. Do I not remember cricket being synonymous with the BBC?

Mr Mosey: Yes. It was a blow to the BBC in 1999 when we lost Test cricket, absolutely.

Q213 Chairman: Why did you lose it?

Mr Mosey: I have been in this job for three months so I was not running BBC Sport in 1999. I think the BBC was taken slightly unawares by a very competitive and ambitious bid from Channel 4 at the time.

Q214 Chairman: Was it a question that the BBC could not afford it?

Mr Mosey: I think in 1999 that was probably not the case. I think there had been an assumption at the BBC to cover cricket for generations and, therefore, suddenly there was a competitive market in which the BBC lost out.

Q215 Chairman: Regrets now? Last summer must have been about the most exciting cricket series ever.

Mr Mosey: There is an interesting point about live television coverage of cricket. We did some research which showed that 29 million people followed the cricket last summer. Of those, 12 million people did follow cricket on the BBC because, of course, we have the Test

Match Special on Radio 4, we changed the scheduling of Radio Five Live to bring a lot more cricket on, and our on-line site reached a record of 3.3 million hits in one day, that is all on the basis of cricket. So we did provide a lot of cricket coverage, news and journalism for UK audiences. We have also said that we would like to bid for cricket in 2009 when the rights next become available, but it does depend on scheduling and value for money.

Q216 Chairman: So you do have some regrets, really.

Mr Mosey: We have. In the last three months Dominic and I have secured the rights to the highlights of the Cricket World Cup in the West Indies in 2007, so we do see cricket is an important part of television on the BBC if we can get cricket rights and it is a vital part of our radio offering.

Q217 Chairman: When you actually cost cricket, by definition it takes up an awful lot of space on BBC Two, do you cost in the savings that you have from not actually showing other programmes?

Mr Coles: The way that we value sports rights across the piece is by looking at the absolute cost of providing those services, the right costs and the production costs. You then look at the number of hours output that will be generated from acquiring those rights and then you do a comparative measure against what else can actually deliver in those spots, what is displaced by putting cricket into the schedules which would otherwise have been playing through that period of time, and what cost savings. You are absolutely right in saying that we do make those calculations. In addition to that we look at more subjective qualities, such as the type of audience that sport delivers, which may be different from your mainstream afternoon audiences. Clearly what sport is trying to do is to reach out to younger audiences, ethnic audiences and audiences which the BBC has found more hard to reach more recently because of the competing technologies and competing interests which are available.

Q218 Baroness Howe of Idlicote: We have all got great friends who are passionate about sport. I have one who will only watch sport and is furious with the BBC for having lost cricket. Are you quite certain there was not an element of thinking it was getting rather boring and it was not really the sport that you wished to cover when you lost it?

Mr Mosey: I would hope not. I think there are two stages to this. In 1999 it was a shock to the BBC and to the wider broadcasting world that Channel 4 came in for cricket because traditionally only the BBC had bid for or scheduled main Test cricket. We took a decision to bid for cricket World Cup highlights before the climax of the Ashes series. The cricket World Cup is something we wanted to have on BBC television in highlights form if we could. Our commitment to cricket on radio is absolute. I have no illusions that cricket is not a very important sport and the BBC should provide coverage of it.

Q219 Lord King of Bridgwater: Does Mr Coles report to you or does he tell you how much money he is going to have and you then decide what you go for? Mr Mosey said he has been doing this for a few months. When did you start doing your job?

Mr Coles: I started doing my job five years ago. I joined after they lost the cricket. I have a joint reporting line, one is to Roger and the other is to the Finance Director of the BBC, in terms of my responsibilities as Finance Director of BBC Sport.

Q220 Lord King of Bridgwater: Who tells who how much money there is?

Mr Mosey: It is a joint decision. Dominic and I would go on bidding for sports rights and Dominic sits on the Sports Management Group, so we work together collaboratively.

Q221 Lord King of Bridgwater: Has he had a letter from the Director of Finance saying, “This is your budget for this year. Now, make the best of it!”?

Mr Coles: I think it is worth me explaining how we manage our sports rights budget. We have a five-year rolling budget which is allocated corporately by the BBC Finance Director and the Director General, which allows us then to manage that spend over a five-year rolling basis and it allows us to secure ideally a portfolio of sport that maximises value for the licence fee payer. That allows us to have a lot of flexibility in the way that we look at new acquisitions, at the value of rights that we are trying to renew and to acquire and perhaps even to lose. On those occasions when we do lose rights we look at how to replace those rights within the confines of that restricted matter.

Q222 Lord King of Bridgwater: So you have a piece of the cake handed down to you by the Director General and you then make the best you can of it, is that it?

Mr Mosey: Part of our planning is to decide what rights we would like to acquire in the next four or five years and we put to the Director General what we think should be part of the sports portfolio. It is a process in which there are various iterations. We have already said we would like to bid for cricket in 2009 and so the corporate financial planning would try to take account of those kinds of issues.

Mr Coles: Although we manage this five-year rolling cash budget, on an individual basis we also have corporate approval procedures which require us for any investment over £2 million to go to the corporate centre and request them to approve it on an individual basis.

Q223 Lord Maxton: I once went to look at your operation at Wimbledon. At Wimbledon you pay the Lawn Tennis Association for the rights to show Wimbledon. You then become the sole broadcaster and so you then sell on your live fees to the rest of the world, do you not?

Mr Coles: No, we do not. As part of the acquisition of the Wimbledon rights we agree not only to pay a rights fee but also to act as host broadcaster for the Lawn Tennis Association or for the All England Club. They then, through their agent, TWI, sell those rights externally.

Q224 Lord Maxton: So they sell them, not you?

Mr Coles: We do not sell them, no. We would not be taking on that financial risk on behalf of the licence fee payer.

Q225 Lord Maxton: Is your bid lower as a result of that than it would be?

Mr Coles: Absolutely. The costs of our host production are taken into account in valuing the rights.

Q226 Lord Maxton: If you become the sole broadcaster for the 2012 Olympics, would you be selling on rights?

Mr Coles: That is a very good question. We have acquired the exclusive UK rights to the Olympics, but the IOC themselves manage the host production of the Olympic Games. I anticipate that we will inevitably be involved in a substantial manner in terms of helping the host production. The host production and the sale of the international rights to the Olympics will be managed by the IOC, not us. We have only bought the UK rights.

Q227 Lord Kalms: I have been studying your paper on how you approach sports rights and how you acquire them. I am not being critical of it because it is actually a very detailed paper. You are right to say it is not a science, although you do not quite come to the conclusion that bidding is an art, but it is. You seem to be at an enormous disadvantage at the end of the day. Bidding is competitive. In the world of deals and buying and bidding you seem to be very vulnerable to someone who comes along and offers £1 more. You are not in a strong position. Your formula is really a backroom exercise. A lot of boys are in the backroom doing calculations that are pretty meaningless. The figure you come to at the end means you are very vulnerable to a higher bid from someone who wants it. What happens at this stage?

You have got a limit of £2 million. Your calculations are pretty meaningless in the open market. When the open market says this is worth more your calculations will crumble.

Mr Mosey: One of the tests is our success so far. The successes that we have are the World Cups in 2010 and 2014, we have Wimbledon to the end of the decade, the Six Nations to the end of the decade and the Grand National to the end of the decade. In terms of whether or not it works, I think it does work.

Q228 Lord King of Bridgwater: Which World Cup?

Mr Mosey: We have the football World Cups in 2006, 2010 and 2014.

Mr Coles: We are always vulnerable, you are absolutely right, to a knockout bid from a competitor and as a result of that we have lost rights in the past; the European Rugby Cup and the boat race are very good examples. Usually through my team we can anticipate what the commercial sector will be looking to bid and we will formulate our valuation with that in mind. First and foremost, however, we must ensure that the amount that we are prepared to bid will deliver value to the licence fee payer and an assessment of that value is arrived at both through the empirical measure of cost per viewer hour, looking at overall costs, looking at the viewer base and looking at the number of hours output, but also, as I mentioned earlier, looking at the type of audience we are delivering to and the value of that specific audience to the BBC, and it may be a hard to reach audience in particular. Having made those assessments and having come up with a valuation of the value to the BBC, we then do our own market analysis of how much we believe the market would be prepared to pay for those rights. If the two are way out of sync then we will either not bid or we will put a bid in in the expectation we will lose. A good example of that is the Champions League which has become an incredibly valuable commercial property to ITV and to Sky. We would always anticipate having to struggle to be able to compete with those premium values which a subscription service or a particular demographic do actually offer ITV or other commercial

broadcasters. Premier League football is another good example of where those premiums apply. We will go ahead and bid and we will go to the corporate centre and explain our strategy for bidding and the rationale for bidding, but you are absolutely right that in many cases we will find a situation where we cannot compete and we will have to reassign that element of the budget that we previously committed to that particular sport and look at other sports which may be more affordable for market reasons, ie because they are less attractive to a purely commercially-driven organisation. Formula One has a high intensity of sponsorship and marketing visibility. In the BBC's walled garden that is very difficult for us to accommodate. It is easier for the likes of ITV to accommodate.

Q229 Lord Kalms: Let us say your backroom calculations work out at £x for the offer and you realise it is not enough. How much would you go above that, ten per cent, 15 per cent? How many have you lost? Does it move from the bean counters to the marketplace is really the question I am trying to get at.

Mr Coles: The process ensures that we do move from the bean counting to the market because the significant rights that I think we are referring to would require us to go to the corporate centre. If we are paying a premium which delivers a cost in cost per viewer hour terms which is more than is usual for either sport or for the BBC as a whole, we need to justify it and we justify it by looking at the demographics it is delivering and looking at the value across the piece.

Q230 Chairman: Do you have a cash limit on what you can do? Do you go in with an inflexible cash limit and you cannot go above that?

Mr Coles: When we start to look at rights our cash limit is our capped sports right budget. If we were to take on Sky and buy the Premier League outright that would consume the entire sports rights budget for the BBC. So we have to look at how we manage that portfolio.

When we are making the decision of how much of the big pot to commit to a particular sport we go to the committees and we discuss the rationale for coming out at a bid level where we believe we could compete. If we cannot compete then we say we cannot compete.

Q231 Chairman: Does it go back to the committee or to the Governors? Say you wanted to make a really big bid, would that go to the Governors?

Mr Coles: All investments over £2 million go to the Director General's Finance Committee. Investments over £5 million go to the full Executive Committee to decide. Anything over £10 million is normally referred to the Governors but goes through the Chairman and the Head of the Audit Committee because of the commercial sensitivity of the acquisitions and just the issues with confidentiality.

Q232 Chairman: And swiftness, presumably.

Mr Coles: And speed, of course.

Q233 Lord Kalms: How much were you outbid on the cricket by Channel 4?

Mr Coles: Back in 1999?

Q234 Lord Kalms: Yes.

Mr Coles: I could not tell you. I am not aware of the figures. Even if I was, because this is a public meeting we cannot go into individual figures.

Q235 Lord Kalms: In hindsight would it have made sense to be more competitive? You hit your glass ceiling very early on that one, I suspect, because of the structure and the way you bean counted the cost value to the BBC. In hindsight would it have been better to say for the BBC's prestige and the viewers' benefit and subscribers and as a general benefit across the

board that you should have bid higher? Channel 4 had its own glass ceiling and in a competitive bid somehow or other we got squeezed out.

Mr Mosey: I have found one of the joys of the job is that there are two completely conflicting pressures. One is that the BBC at its most extreme should not bid against other terrestrial broadcasters and the other is that the BBC should have cricket come what may. You then get an absolutely huge flex in price and the kind of market depending on whether we bid at all costs or whether we take value for money. It is a tricky dilemma for us because clearly there is also a public service obligation to have major national sports on the BBC.

Mr Coles: One thing we should avoid doing is paying inflated values to avoid the negative publicity that could arise from the BBC failing to secure rights, particularly if the successful bidder is another public service broadcaster who ends up delivering a very good service for that particular sport. A good example of this is when we were outbid for the *Match of the Day* rights by ITV in the last contract when it is public knowledge that ITV bid £61 million for a contract that we were paying £20 million for. When you have those levels of extremes, when other broadcasters are prepared to pay that level of strategic premium to secure a sport - and it was the last chance ITV had of securing regular football at that particular point in time - I do not think we would be serving our licence fee payers by chasing those premiums. We have to step back.

Q236 Baroness Bonham-Carter of Yarnbury: In the case of the cricket now, it has not gone to a terrestrial channel. Do you think the BBC should have been more active this time round?

Mr Mosey: I think what we said going forward is that there are these two questions, which are whether we can schedule the rights to buy and whether they are value for money for the licence payer. I think we will need to look quite hard at the scheduling in the future and whether we are paying a premium. Sky want to drive subscriptions and I think it is absolutely

right, Sky run a very good business. They pay a premium because they are pay TV. The question we have to face is whether the market is going to be like that in 2009 and if we are competing against pay subscription premiums it will be tough. We would like to bid for the cricket, but that is the kind of consideration we will be looking at.

Q237 Chairman: When does it come up again, in 2009?

Mr Mosey: Yes. The cricket could come back on to terrestrial television in 2010, but the expectation is the rights will be available in 2009.

Q238 Lord Peston: If you think of the companies selling the rights, they are private enterprises and they are entitled to make as much money as they can. I have always been troubled by anything called “England” or “Great Britain”. Let us take the Test team and the notion that the MCC have somehow the right to sell that for the maximum amount of money. Do you have any idea where they get the right to call their team England from in the first place? It sounds funny but it is a very serious question because you could argue, and I would argue very strongly, that anything being called England belongs to the people of England and the notion that in order to watch a team that belongs to them they actually have to pay for it I think involves a degree of contradiction. Have you argued about this in any way yourselves at any time? I do not mean just England. England is often used for other things. I think the Olympic team is called Great Britain. I have always been worried about why you should have to pay to watch something called England when the marginal cost of supplying it is actually zero.

Mr Mosey: Let me give you an example where I think there is a very good partnership and that is between the BBC and the FA. The BBC and the FA have a relationship where we jointly want to support England for large terrestrial audiences, so the rights to England home internationals are on the BBC. In the case of the FA Cup, we see it as part of our function to

support the FA Cup at grass-roots level, so in the preliminary rounds and also last Sunday when we showed Chase Town against Oldham, so there is a sense of getting the community involved. We think, if possible, we should spread the benefits of sport and our partnerships with governing bodies right through whole communities. On the technical point of who has a right to call themselves England, I am not absolutely sure about that.

Lord King of Bridgwater: Surely the point is it is not the MCC, it is the England Cricket Board.

Q239 Lord Maxton: Do you not think that the sporting bodies, not the commercial ones but those representing sport and supposedly representing sport across the whole of the range of sport from the grass-roots level right up to the top, have a responsibility not just to maximise the amount of money they make but to maximise the amount it is seen on television to encourage young people to play that sport?

Mr Mosey: Yes, I do. I think we should give credit to sporting bodies where they have achieved wonderful transformations in sport in some cases. It has gone from the old Division One of 15/20 years ago to the Premier League now. It is a major achievement for UK sport that we have such a prestigious Premier League. Part of our agreement with the Premier League is we support grass-roots football in *Match of the Day* when it is repeated on Sunday mornings. We are launching a major initiative next year called “Your Game” which is designed to bring football to under-served communities, which is in partnership with a number of footballing bodies and we do absolutely believe that it is income, of course, but it is also visibility and involvement at the grass-roots.

Q240 Chairman: Do you think that if cricket goes on to pay TV it is going to have an impact on new young people taking up the game seriously if they do not have access to it?

Mr Mosey: I think that is a worry. The worry is that cricket as a sport is effectively going to be exclusively live on pay TV, so there will be no cricket available live on terrestrial TV at all. The mix you have got in football at the moment we think is rather appealing for viewers and everyone else. Sky have live Premier League games, we have *Match of the Day*, we share the FA Cup with Sky, Sky share the Champions League with ITV, so there is a diversity of supply and you have got big terrestrial audiences coming to the BBC for major live FA Cup games. The worry with cricket is that it is absolutely the case that audiences will go down next year because of the pay TV dimension. I do not know, I think the jury is out. We cite and believe there is a pretty interesting precedent in rugby because at one point England rugby was exclusively on pay TV and it went to much smaller audiences. It was interesting that the rugby authorities wanted to come back for the Six Nations and to have all the Six Nations' matches on the BBC.

Q241 Chairman: You cannot divide up cricket in the same way as you divide up the Premier League, *Match of the Day* and highlights of the day.

Mr Mosey: We have a number of options.

Mr Coles: We look long and hard at this. My team and I had 15 meetings with the ECB when the rights were first being tendered to try and explore a way in which, in the crowded way that the BBC operates, to fit cricket in there. The schedules which were produced overlap with World Cup football, with Wimbledon, with Open Golf, with a whole number of contractual obligations which we took on way back in 1999 and subsequently to fill the holes left by cricket. What we tried to work out with the ECB was whether or not a more flexible approach to the way in which they sold and packaged their rights would actually deliver us the opportunity to take an odd Test match here and there, maybe even a session here when another session went on under Sky, or allow Sky to show everything and we can dip in and out when it suited our schedules, so at least you could still get some visibility for the licence

fee payer. At the time we had some very fruitful discussions with them and it may be something to look at for the future. At the time I do not think the ECB anticipated that they would be losing Channel 4 as a terrestrial broadcaster. If we were having those discussions today with Channel 4 out of the picture then I think those discussions could go somewhere. That is why I am encouraged, particularly with our strive to get into digital technology and digital ways of distributing content, that when we sit down with them again to talk about the future we may be in a situation where we can deliver something.

Q242 Chairman: But nothing can happen before 2009.

Mr Coles: A commercial contract has been signed. I cannot see that going back.

Q243 Chairman: We seem to have your pledge that you are going to be fighting it quite hard when it comes to that.

Mr Coles: We will. We have an obligation to licence fee payers for all significant sports rights, to look at them and to try and secure some of that action for the BBC.

Q244 Baroness Howe of Idlicote: You have given instances of the various occasions that you have bid for and achieved. How do you define what is a crucial or a major sporting event? What are your tests for arriving at that conclusion?

Mr Mosey: Some of it is simply numerical. We know that the Olympic Games and the World Cup will get big audiences. If you take Wimbledon, the importance of Wimbledon as a cultural phenomenon as well as a sporting phenomenon to the UK is obvious and Wimbledon has been the premier tennis tournament in the world, it is something that the BBC would want to deliver to terrestrial audiences. We are undertaking a major piece of work at the moment as part of a programme strategy review at the BBC which is assessing which sports we think are developing and which sports maybe need a bit of refreshment so that we

can provide a portfolio which is balanced and balances major events and some minority sports as best we can.

Q245 Baroness Howe of Idlicote: In terms of developing sport, how crucial in coming to your conclusions is the fact that the younger generation may not be interested in sport at the moment? Sport generally is now coming back on to the agenda. It is now even popular to encourage schools to play sport when at one stage it was not at all, it was too competitive and so on. Your role there as a public service broadcaster is in actually engaging with young people as well as those who are already into various games. How crucial is that in your definition of crucial?

Mr Coles: It is absolutely critical. We do feel we have an obligation to showcase not just the biggest, grandest events but also the more minority public service sports which are struggling to get visibility in an increasingly polarised sports marketplace. What I have found in the last five years is that the funding that is available from broadcasters and from other investors in sport is increasingly focusing on the big events and that is primarily about football but also the big rugby events and the cricket events. There is a polarisation going on at the moment. A lot of sports are going to be left behind. I feel the BBC has a responsibility, through the Olympics coverage, through the Commonwealth Games coverage, through the *Grandstand* coverage, to continue to serve those sports as well. However, that is within the constraints of where we operate and within the two linear channels in which we operate where clearly they are multi-genre channels and we have to compete for the air space against current affairs, religion, drama and comedy. We cannot have it all, but we certainly do like to punch our weight in to ensure that we are delivering to those sports as well as to the big sports.

Q246 Baroness Howe of Idlicote: How important will the new technical development be in selling sport? I am thinking of high definition television and so on because that could be

quite crucial in the cost aspects of what you are doing. You have described the method of how you are bidding and getting into the marketplace and so on. Could you give us some idea of just how the pattern might change year-on-year and what the actual spend is? In one year you might be bottom of the league with all the other competing pressures.

Mr Coles: The advantage of running a five-year rolling budget is that it allows us, almost uniquely in the BBC, to plan ahead by up to five years or even further in respect of the World Cup in 2014, for example, which is a great advantage to have. It means that we can take on contractual commitments which give us certainty. In terms of building the blocks that deliver the overall BBC portfolio and delivers to the licence fee, we can build those with quite a lot of certainty and security.

Q247 Baroness Howe of Idlicote: Let us say we were looking at a graph. How would it look?

Mr Coles: Crudely, in terms of our spend, in the even years when you have the Olympics, you have the World Cups and you have the European Championship football you spend a lot more than you do in the odd years when you do not have those major events because clearly the major events cost a lot more money and commit a lot more resource to those summer big moments.

Q248 Chairman: Can you put some figures on it?

Mr Coles: It adds around £80 to £100 million a year in terms of the step up in a major event year. When you have got the Olympics and the World Cup that is going to significantly increase your spend across sport.

Q249 Chairman: What would the average be?

Mr Coles: You are going up from between £250 and £300 million to £350 to £400 million.

Q250 Chairman: A year?

Mr Coles: Yes. So you are looking at going up by 25 per cent in a major events year and then coming down by 25 per cent when you fall out of that into an odd year. In terms of a graph of where the BBC spend has gone, certainly since I have been in BBC Sport and certainly during Greg Dyke's time as Director General, he recognised that we were struggling at the time to compete for major sport and he invested a lot more money into sport than traditionally had been invested and that has been sustained, so we have been funded quite well.

Q251 Bishop of Manchester: The Governors recently endorsed the plan for the removal of your department up North. I am not here to promote or demote the significance of that for the City of Manchester and the City of Salford. What I would like to explore is the significance of that for your department. Were you properly consulted? From your point of view what are the pros and cons? In the end will it produce an even better department? It seems to me quite a crucial time in the history of the broadcasting of sport in this country to be making what clearly will be quite a major physical move at any rate.

Mr Mosey: I should say that I come from Bradford and so it is moving to the wrong side of the Pennines. I think it is vitally important that the BBC spends its money around the UK and invests in the creative industries around the UK. I have no doubt at all the BBC should be in significant mass in centres outside London. I personally think that Manchester gives us a chance to revise some of the ways we work, to have a new creative environment and also to support local industries and local creativity in the North West and across the North generally.

Q252 Bishop of Manchester: So some of the rumours that one has picked up from within the BBC and particularly within the department that this is disastrous news is not shared by you?

Mr Mosey: No. There are mixed feelings about moving to Manchester. Clearly people have homes and families and social networks in London and therefore it is a significant move for people to think about going 200 miles north, I absolutely accept that. I think you have to ask the question the other way round, which is should the BBC spend so much as a proportion of its money in London forever? I think you have to make significant commitments to the regions of the UK.

Q253 Lord King of Bridgwater: How many people is it?

Mr Mosey: It is a total of between 1,500 and 2,000.

Mr Coles: Five hundred will be BBC Sport.

Q254 Baroness Gibson of Market Rasen: How are you dealing with this in people terms? You have said it is a major thing for someone to be asked to move somewhere else. Are you offering packages?

Mr Mosey: First of all, on the timescale, we will not make a final decision about Manchester until after we know about the licence fee settlement, so that will probably be some time in April or May of next year. The plan is that we move to Manchester in 2010, so we will have a four-year transition for our staff in which we will ask whether they do or do not want to move to Manchester, offering relocation packages if they do want to move and if they do not want to move there will be deals available to them or relocation within the rest of the BBC.

Q255 Chairman: Why is it going to cost more or is sport not going to cost more in Manchester because the whole move looks as though it is going to cost more year-on-year-on-year? I do not understand why that should be the case.

Mr Mosey: These are issues you may want to pick up when you talk to the Director General and the Chairman. I think you have to make an investment in the regions in order to deliver a

building that is fit for purpose. We should not under-estimate the fact that any building that has got to have a significant broadcasting infrastructure is quite expensive and actually, if we are dealing properly with people, some of the relocation costs are also significant. I think there is a net spend in the first years of the Manchester project with savings further down the line.

Q256 Chairman: Do you envisage savings further down the line? After what period?

Mr Mosey: Over a 25-year period.

Chairman: That is ambitious!

Q257 Bishop of Manchester: What about the opportunities that a hub presents? Do you see that there will be values to be gained from being alongside ITV and other independent producers or will that not affect the sports department?

Mr Mosey: I think it is important that the BBC is part of a community. We would hope that independent producers might consider moving to Manchester and that there might be a media village. We have discussed, for instance if we have a big studio, whether the big studio might be available for other forms of arts and recreation. Also, I like the idea that we should have a degree of public access and public visibility. As you will know if you have seen the open centres we have in Hull and in Blackburn, getting the public involved in broadcasting is an absolutely fundamental role that the BBC should do.

Q258 Lord Holme of Cheltenham: I would like to ask about listed events. As I understand it the purpose of listing is to give you and other terrestrial broadcasters - or is it other public service broadcasters or is it other analogue broadcasters - a first crack and a protected zone which one could well argue is in the interests of the licence payer and the viewer. Is that

going to survive into the digital age which we have heard so much about? Is that system going to work? How will it work?

Mr Mosey: I think there is some misapprehension about the switch-off of analogue and the effect on listed events. I see it essentially as free-to-air versus pay TV. BBC One in a digital era will still be available to 100 per cent of the population. Subscription television services obviously put a significant barrier for people on low incomes or people who are casual viewers. I think it is £408 a year for the most basic subscription package that includes sports channels. There are people who cannot afford to pay that on top of the licence fee. The second thing, of course, is there are sports events that bring in casual viewers. You may not want to watch of the whole of the Ashes series but you may want to come in for the final day of the Fourth Test and the climatic Fifth Test and that is really a dilemma for people, about whether they have to pay to buy a whole year of sports broadcasting when really a terrestrial broadcaster or a free-to-air broadcaster can bring them in for those major sporting moments.

Q259 Lord Holme of Cheltenham: Do you think more events should be listed?

Mr Mosey: I think in a way this is a debate for within the industry and we are keen to take part in that debate. My personal view is that I think it is odd that no cricket at all is listed. If you look at the DCMS letter in 1998/99, there was an assumption that cricket would still be available in some form on terrestrial television. The fact that no cricket is available is an interesting question for debate going forward about should some cricket be listed.

Q260 Lord Peston: I want to take us back a bit to the economics of this which Lord Kalms also raised. If you take the 24 million who watched England versus Portugal, you could argue that, even if some of them are casual, the marginal utility as a minimum is £1 for each of them, so you are talking £24 million-worth of value. That would be a very considerable under-estimate. Does that not lead us to the view that in the new age it would be a good idea

for you, in addition to the licence fee, to have a kind of system where you could buy in for quite low sums, it would be affordable for poor people, some of these events? Sky is actually - if you are as devoted to football as I am - incredibly cheap, although it is not the same as going to the match. Being at the match is an infinitely better experience in my view than watching on TV. You can get the Sky Premium service for £50. Even if it includes rubbish quite a lot of the time, it is still £50 for over 50 matches. Going to Highbury costs £50 just for one match. Do we not have to look again at all sorts of events and see how the BBC in the digital age could have a different access approach as well as lots of free-to-air? I speak as someone totally devoted to the licence fee, but the fact is that if that were worth £20 million, you are not going to take £20 million out of your licence fee income to buy that, are you, yet in economic terms you ought to?

Mr Mosey: If you pay for the licence fee our belief is you should get a mix of genres for the licence fee.

Q261 Lord Peston: We are not arguing with that.

Mr Mosey: If you are saying that the most watched football match in the last three or four years should be subscription, in that case should the Shakespeare retold programme on Monday night be subscription or a major movie at Christmas be subscription? What you can see is a model where bringing in the major national events as part of the licence fee feels philosophically right, but putting an extra tax on something just because it is the big moment of Euro 2004 I would not feel comfortable about.

Q262 Lord Peston: So you would be totally opposed to any additional form of BBC financing for some of these things? I understand the argument if you are. I would just like to know whether you are.

Mr Mosey: Yes.

Mr Coles: That fantastic audience for the Portugal versus England match happened during Euro 2004, which was a listed event and we secured those rights alongside ITV for a price which was fairly reasonable, as we are required to do within the legislation, but without the protection of that legislation it is arguable whether we could have competed. At the end of the day, as I mentioned much earlier, we have to look at how we commit our portfolio of sports funding to which sports and the relative weighting we give is calculated by that measure I mentioned, the cost per viewer hour. If you are getting 24 million viewers then the amount you are prepared to commit for that particular area because of the fantastic audience draw will be higher and that is where you skew your budget. You are absolutely right to point out that, outside of listed events, we would struggle and that is where we do struggle because the amount that Sky pay on a per match basis for the Premier League is way beyond the audience generating capability for a terrestrial broadcaster.

Q263 Lord Maxton: It is the breadth of coverage that you simply cannot provide at the present time. I am a rugby fan. Over the Heineken Cup weekend, as a subscriber to Sky I can watch six rugby matches over three days and then a highlights programme at the end of that, so that is seven programmes. I also would have gone and watched a live rugby match on the Saturday afternoon as well. It is impossible for you at the present time, even if you had the rights, to give that sort of coverage because you just cannot compete. It is not a matter of competing for the money, it is a matter of competing for the genres that you have to do. Therefore, is it not time the BBC, instead of looking at BBC Three and Four, if they are looking at a new channel, looked at a sports channel dedicated entirely to sport, where they can show live matches and they can show that wonderful archive of sporting moments that you have?

Mr Mosey: The upside of the present system is that when we do show rugby, and we show it on BBC One or Two, we bring it to the biggest audiences who watch rugby. On the

PowerGen Cup which we have acquired this year, we are streaming some PowerGen matches on the internet, but they are also available on digital channels, including BBC Two Wales which is seen across the UK or by subscribers. Over time channels may be eroded by the amount of choice you can give through broadband and interactivity. If you take the Olympics, we have provided up to eight streams of Olympics sport through interactive television which is equivalent to eight old fashioned channels. In terms of delivering choice to viewers and listeners, using digital technology to expand when you need it and then to contract on a Wednesday morning when you do not, for example, may be the way we should be going in future.

Q264 Lord Maxton: Are you looking at your sporting archive material and putting it on the web so that people can look at England winning the World Cup whenever they wanted and however often they wanted?

Mr Mosey: Yes. The BBC is looking at the question of how we do our archive generally, both the creative archive and making the archive available. We are looking at ways we can give people a choice of archive material on the internet.

Q265 Lord Peston: Is a minority sport a sport that many people are not interested in watching or is it a sport that many people are not interested in doing? Secondly, I am interested in the decision-making process. Is it you two who say pigeon racing is a minority sport and you do not think it is show-able and therefore you are not showing it? Is there a list of minority sports and you two have a meeting once a month to say, "Is there one here that we ought to be showing?"? What goes on?

Mr Mosey: I think it is a very good point about levels of interest in various sports. I would hope that as we go to the Olympics the BBC would have a commitment, at least on the internet, to every single Olympic sport and that we would provide at least news and results

and coverage of Olympic sports. Part of the programme strategy review we are doing at the moment is to assess which sports we think are developing. For instance, we have figures that MotoGP is a sport which is up about ten per cent year-on-year.

Q266 Lord Peston: What is it?

Mr Mosey: It is Motorcycle GP.

Mr Coles: It is the equivalent of Formula One but for motorbikes.

Mr Mosey: It is all sorts of people racing round on motorbikes in places like Dubai and so on and it is very popular. It is increasing about ten per cent year-on-year. Other sports are struggling a bit more. What we try to do is assess our level of coverage based on audience response underpinned by a public service commitment. I think a commitment to minority sports going towards the Olympics will be part of the public service commitment. What I would hope is there will be some sports who will have their big chance between now and 2012 to get themselves onto the British sporting landscape and we would like to support them in doing that.

Q267 Chairman: Surely some minority sports, like pigeon racing, do not lend themselves particularly to television, do they?

Mr Mosey: It is an interesting debate. The pigeon fanciers may not think that.

Q268 Lord Maxton: Let me give you a better example. Squash is a widely played game by a lot of people but it is not a televised sport. You cannot really watch squash on television very well. I cannot because I cannot see the ball. I cannot see the ball when I play!

Mr Coles: There are sports that are more difficult to cover. Using squash as an example, there has been a lot of technological advancements particularly in terms of the fact that the courts are now completely transparent and the balls are now coloured in a way which is ideal

for the cameras to pick them up if not the players. It does mean that with the advancements of technology you can address some of the issues. There is absolutely no doubt that it is not the same as football.

Q269 Baroness Howe of Idlicote: Minority sport, what does it cover? For example, does it cover some of the sedentary sports, chess, bridge, the sort of things perhaps that the disabled might be able to play quite apart from watching or indeed the elderly who are veering towards the disabled? What is the approach there? Thinking again of the use of encouraging sport back into learning processes and so on, you could get a lot of interested people, skilled people, perhaps going back into schools and starting the whole business of clubs. Is it a sport?

Mr Mosey: I think the definition is one which is a matter of intense debate. Evan Harris, the Liberal Democrat MP, is passionate about chess as a sport. Some people do not think that snooker and darts are proper sports. The debate about what is a sport is a tricky one. I think from our point of view we are committed. There are some things which the BBC covers which I do not think any other broadcaster in the world would cover in the way we do, eg the Paralympics for which we recently one an award, we did European wheelchair rugby on *Grandstand* recently and we have done wheelchair basketball. There are sports which we do think we have a role in supporting outside a normal commercial judgment on our sports generally.

Q270 Baroness Howe of Idlicote: How would chess qualify? Would it be current affairs? What would it be under if it is not sport?

Mr Mosey: Chess is the most troubling anomaly about what a sport is and what it is not. One of the biggest growths on multi-channel television has been card games and poker. They tend now to have commercial applications alongside them. Should the BBC support poker? I am

not really sure. Should we be support chess? We probably should. That sort of thing we will debate.

Q271 Baroness Gibson of Market Rasen: If darts is not a sport, what is it?

Mr Mosey: I think darts we do categorise as a sport and we are committed to the World Championships. We had darts from Bridlington on *Grandstand* a couple of weeks back.

Q272 Chairman: You never quite know what is going to work and what is not. Twenty years ago I would not have given much for darts appearing on television or snooker, but they both appear to be very popular now.

Mr Coles: It is also about what audience you are delivering to and what audience you want to appeal to. We devoted whole weekends to extreme sports and we knew that they would not rate with our core *Grandstand* audience, but we felt it was important to bring extreme sports to a terrestrial station to appeal to a much younger audience who otherwise play on their Playstations or on the internet or whatever.

Q273 Bishop of Manchester: Understandably, this morning we have been talking almost entirely about television but it is important not to forget radio. I do need to ask you if you feel that the present coverage within radio is as you wanted and, if not, what plans for expansion do you have or indeed what opportunities for expansion are there?

Mr Mosey: I am a former controller of Radio Five Live. Radio Five Live has been one of the most conspicuous successes of the BBC innovation in bringing in fresh audiences in the last 11 years it has been going. The big development for us in the past three or four years has been the growth of Five Live Sports Extra which has enabled us to cover more minority sports. I am a Rugby League fan. Rugby League is difficult to schedule nationally sometimes because it obviously has an appeal in the heartlands of northern England and

Sports Extra has been able to cover some Rugby League that would not make it on to Five Live, some of the big games like the Charity Cup Final. I think that sense of digital technology offering people more choice is the way that we would like to go. The big events are becoming bigger and they should have a home on BBC One. For minority sports and for niche sports the ability to give broadband streaming, audio commentary, web news, is the way we would like to go forward.

Q274 Bishop of Manchester: Have you any information about audience figures? We have talked about audience figures on television. What about radio? Those who listen in to sport, are they up or down?

Mr Mosey: Five Live has grown pretty much consistently since its launch. Its latest audience figures were about 6.1 or 6.2 million a week and probably 3 or 4 million of those listen to the major sports programmes, so they are healthy. Five Live Sports Extra, we are seeing growing year-on-year.

Q275 Lord King of Bridgwater: In all sport now, since becoming much more professional, the people playing them are demanding huge salaries and it is all about seeing what footballers get and it has moved into rugby and into cricket. This puts great pressure on governing bodies to raise funds, the combination of that upwards pressure of people desperate to get the funds to maintain their clubs and keep their teams going coupled with the commercial competitors you have. The sports budget of the BBC is going to have to grow significantly faster than any possible increase in the licence fee or anything else and you are going to be looking for a bigger and bigger share of the BBC's budget. Is that understood by the governing body?

Mr Mosey: I hope so. The fact is that the BBC has to allocate funds recognising its range of commitments to drama, the arts, culture and so on. There is a clear worry that some sports

rights are not solely and hugely in a cost. We feel we have the support of the Chairman, the Director General and the Management Committee of the BBC to the importance of sport. Does that mean we can spend any amount of money we want? Obviously not.

Q276 Lord King of Bridgwater: The inflation index for sports broadcasting is going to be significantly higher than the other cost elements in the BBC budget.

Mr Coles: Absolutely. Sports super inflation has been prevailing now for a number of years. That was affected by an increase in our funding back in 2000/01 when Greg Dyke came on board. What we have done is given a commitment under the current Charter of negotiations to try and absorb as much as possible that super inflation. That does mean, through re-privatisation, our portfolio of sport rights we have described may have to be tweaked, may have to be mixed. I do believe our funding is adequate for us to remain competitive because it is not just about the money we give these major sports, we also give those very highly paid participants profile and their own image rights are very valuable to them, particularly those in football, rugby and cricket and the absence of that, if they do get in some ways shunted across into a walled garden which is a subscription service, the loss of the eyeballs on their own image rights will deflate their own value. This is why we need rights holders to appreciate the fact that it is a balance. It is not just about pure rights fees but what other things broadcasters can bring to their sports. At the end of the day the reason listed events legislation is there is because often it is very difficult for a rights holder who is looking at the short term to take a longer-term view about the impact of taking sports away from the BBC on the visibility, on their future fan base and on the long-term impact it will have on the image rights of their participants.

Q277 Baroness Gibson of Market Rasen: Ofcom can fine non-BBC broadcasters if they think there is anything wrong with the information they are giving etc. The BBC is exempt from this. Why should that remain the case?

Mr Coles: I am not clear that has any impact on our regulation because we have a very close dialogue with Ofcom. At the request of Talk Sport, they recently looked at our Radio 5 Live FA Cup contract and exonerated us from any impropriety. I do not think any regulatory exclusions impact on the way we conform to regulations and the regulatory environment in which we operate.

Q278 Baroness Gibson of Market Rasen: If you were to include it therefore it would not make much difference?

Mr Coles: I am not close enough to this particular point to answer with any degree of confidence.

Q279 Lord Maxton: Can I ask about the link between sports broadcasting rights and sponsorship rights of sporting events? I know of one golfing event in Scotland which you do not cover but it lost sponsorship because it went to a satellite channel. Do your negotiations involve the sponsors?

Mr Coles: Absolutely, because this is one of our competitive advantages and it obviously has a long term impact on sponsor values. Unfortunately though, if you look at the escalation in the value of sports rights compared to the sponsorship value of the sport, you are still only talking about 10 or 20 per cent for sponsorship compared to 80 per cent of the income they are receiving from rights fees. Although you are right to point out that it is a competitive advantage for us which we should and do exploit, it still comes under rights fees and still requires the rights holders to believe in the BBC.

Q280 Baroness Howe of Idlicote: Taking your answer to my question about minority sport, I thought there was a degree of evasion about the answers. Am I right in thinking that what you define as a sport is what becomes a sport and it may be based on growth in something or because you are hearing it is likely to be popular. Your answer gave me the impression that you were not prepared to say that any one form of sedentary sport enjoyed increasingly by a number of people was or was not sport.

Mr Mosey: I am sorry if I gave that impression. We have some difficulties with the term “minority sports” anyway in that technically every sport is watched by a minority in the UK so therefore anything, apart obviously from the World Cup final, is a minority sport. I recognise chess is a particular anomaly but the important thing is that the BBC supports and is committed to a wide range of activities which would include chess.

Q281 Baroness Howe of Idlicote: But not bridge?

Mr Coles: I am actively discussing with our Russian colleagues setting up a chess league between the UK and Russia which we would then broadcast, if not on our terrestrial channels, at least on our interactive and broadband. Our Russian partners are very keen on exploring this.

Baroness Howe of Idlicote: If chess, why not bridge?

Lord Peston: Bridge is not a sport.

Chairman: Thank you very much for coming. It was a very interesting and valuable first session on sport. Perhaps we could come back to you if we have further questions.

Witness: **Ms Sue Campbell**, CBE, Chair, UK Sport, examined.

Q282 Chairman: Thank you very much for coming. We have already produced a report on the agenda of the BBC and we are now going into a number of other areas in more depth. One of those is sport. I think you heard some of the evidence that the BBC were giving and I wonder if you could start by giving us a brief summary of what UK Sport aims to do.

Ms Campbell: I can try. We have three main objectives. Our first is we are responsible for what we call world class success. In other words, we take responsibility for the preparation and development of Olympic and Paralympic athletes moving towards the Olympic and Paralympic Games over each four year cycle. That involves supporting the athletes with funding and all of those things around the athlete: the coach, the sports science, the sports medicine, everything that is required to ensure that our athletes can compete against the best in the world on equal terms. The second area of work is what we call world class standards. We are responsible for all the drug testing on all sports across the United Kingdom and we are also responsible for drugs education. We have a campaign called 100 per cent me in which those athletes, particularly high profile athletes, who are determined to keep sport clean are our role models. We are advocating education and support for young athletes to make sure that people do not end up in a situation where they are taking drugs because of poor advice or poor information. The third area is we are the UK government's arm in international sport development. We call that worldwide impact and our job is to ensure that the representatives of this country are on international sport federations, are properly supported and that we attract major events to this country. Once they become mega events like the Olympics or the Commonwealth Games, they are a matter for government. In the last seven years, we have brought over 100 world or European events to the UK which gives our athletes home advantage and which sports can use to drive participation in their sports.

Q283 Chairman: How does the BBC impinge on you? Do you work with the BBC? How does the BBC come into your life?

Ms Campbell: We have a number of ways that we work with the BBC. Probably the one that is best known is the sports summit that we have done with the BBC. That was done both with Sport England and ourselves at UK Sport and the BBC. It was an opportunity for us all to do some active listening to the people who are out there doing sport at the grass roots level. It was an opportunity to get some new, innovative thinking about sports policy, about the way we are implementing strategies on the ground. It was very successful. It is not something we do annually. We have done it biannually and that was a very good piece of collaborative work. It was not just a talk shop. People did leave very clearly with pledges and commitments to action and many of those have been followed up. It did have a significant impact on behaviour as well as on consultation. In terms of our relationship generally with the BBC, we are both public sector bodies in the sense that we are there to ensure success in the sporting arena and our remit is not only to ensure success but to make sure that success cascades down to greater participation. That relationship with the BBC and our ability to broadcast and promote that to many millions of young people is critical to us, so I would say we have a good relationship with the BBC.

Q284 Chairman: There are a lot of national broadcasters these days. Is it still necessary for the BBC to retain events of national importance like the Olympics?

Ms Campbell: We believe very strongly that it is. We believe winning the 2012 Olympics will be a profound moment for sport in this country. It is an opportunity for us to really demonstrate the power of sport to affect so many other agendas beyond just the sporting agenda, particularly its impact on education, on community cohesion and on health. It has the power to change many things. We are very eager that the 2012 Olympics is not just a wonderful festival for a number of days in London in 2012 but over the next six or seven

years and beyond 2012 we use the opportunity to really galvanise the nation. The BBC's ability to reach people freely in large numbers has to be something that we all need to exploit to maximise this fantastic opportunity.

Q285 Chairman: You would not get that same advantage by definition with pay for television?

Ms Campbell: We feel that the route would not be the same. Please do not ask me those tough questions about minority sport. You had a very important conversation about minority sports. There are some sports that would be viewed as minority in terms of audience but would not be minority in terms of participation. Of the sports going into the Olympics, many do not get significant TV time. This could be an opportunity to both widen the range of opportunity and to get more people interested in those sports.

Q286 Chairman: What kind of sports?

Ms Campbell: There is slender coverage for sports like volleyball and basketball. Gymnastics gets a little bit of coverage but if you look at the 26 sports, one of our challenges to the BBC going forward was how we widen that menu of sports that they cover because I think it is critical. They are our public broadcasting body. They must find a niche where others will not go and I think they have the potential to provide a wider vision of sport for young people and perhaps to translate that into a stronger educational push for young people. We are very keen to encourage them to widen that remit.

Q287 Lord Maxton: I would like you at some point to define what you mean by "a sport". What is your linkage between yourselves and other sports bodies, the Sports Council in Scotland, Sport England and Sport Scotland, and presumably Sport Wales and Sport Ireland,

because it seems to me you do not have any role in what you have just said in terms of participation in sport at the grass roots level. Would I be right in saying that?

Ms Campbell: Yes. We have now in England three distinct bodies that are supporting the delivery of the bigger agenda. We have an organisation called the Youth Sport Trust supporting the delivery of the new PE and school sport national strategy which the government is now putting £250 million a year into. It is about galvanising school participation in school sport. We have Sport England and its equivalents in Wales, Scotland and Northern Ireland that pick up, if you like, from the school gates and are responsible for all of that community sport, whether it is the development of clubs and coaches or using sport for intervention purposes in communities for community cohesion or health intervention strategies. They take responsibility for that. Then, UK Sport picks up those athletes that come out of the national programmes into the British, UK programmes. We are responsible for those athletes that are going to compete wearing the GB vest.

Q288 Lord Maxton: At the Commonwealth Games you will not be covering Scotland?

Ms Campbell: No. Scotland, Northern Ireland, Wales and England all have representatives on our board. We work very closely with them on that level just below that, so that would be the Commonwealth Games level, before they step into GB. Our aspiration would be that they all produce very strong Commonwealth Games teams and our job is to make sure they are all as strong as they can be, but they would all state that one of their major objectives of their own performance strategies is to get as many people into the GB teams as they can. Scotland, Wales and Northern Ireland are very committed to working jointly with us and we have very good relationships with them.

Q289 Lord Maxton: My concern is participation. There may come a time when all sport is available to all people but at the moment it is widely available to the BBC.

Ms Campbell: One of the things we have not exploited well enough -- and this is our responsibility; I know people talk about these schemes but we have probably not consistently delivered them -- is the potential of elite athletes as role models in our communities, working much more effectively. We have been working on a scheme called Changing Lives. One of the other things that is very clear to us is, as elite athletes come off what are now sponsored by state investment programmes, where they have perhaps had eight years investment from us for athlete support grants, they step in and the moment they step out of sport they step into a vacuum unless they have some other career that they have been developing in parallel which we try to encourage them to do. We started a scheme where those athletes that retired from Athens have had the opportunity to work with us for a year, where half their time is spent going into schools for us and half their time is spent helping them develop vocational and educational job opportunities.

Q290 Lord Maxton: How do you do that with premier league football? Have you a similar scheme for taking the big name footballers out of Chelsea and Arsenal and putting them into schools?

Ms Campbell: We have not been responsible for the soccer, rugby union, tennis elite programmes to this point. The Secretary of State announced in September that as of 1 April next year we will take responsibility for all elite sport and that will mean we will look to work with premier league, people at the LTA, cricket and rugby union to see where we can support and add value to some of the work that they are doing and to see if we can share some of the good work they are doing with other sports and the good work other sports are doing with them. We still have a lot to do.

Chairman: We are concentrating very much on the BBC.

Q291 Lord King of Bridgwater: You were listening to the evidence and you heard my question about cost inflation of trying to cover sport. You have a budget of 29 million?

Ms Campbell: We have 50 million a year, 29 million from the Exchequer and the rest from the Lottery.

Q292 Lord King of Bridgwater: For instance, on cricket, the concern is that being denied terrestrial television will stop a lot of young people from getting the interest in cricket that they might. You will be promoting young people in terms of youth teams in cricket and other sports you want people to be interested in. Have you considered putting money into supporting the BBC in their bidding to try and get some terrestrial coverage which would be in line with your objectives as set down in the statute?

Ms Campbell: We are extremely challenged to achieve our objectives using the 50 million we have and it depends where you put your priorities. I would suggest that the four home country sports councils, whose primary responsibility is to increase participation in the wider sense, might consider it. In terms of our budget, to do what we are doing, we are going to be extremely pressured between now and 2012 to produce the level of performance we want to.

Q293 Lord King of Bridgwater: It is a question of duplication. Your description of what you are doing for the Olympics is exactly what Lord Moynihan has told us his British Olympic Committee are doing in making sure that we have the athletes and everybody ready to perform. There was recently some comment about a survey that you are doing on various matters. Is that right?

Ms Campbell: We are the body that receives all the public sector investment that goes into elite sport. The British Olympic Association funds itself essentially through sponsorship and commercial investment. Any public sector investment, any money directly from the

Exchequer or any money from the Lottery will be going through UK Sport and it is UK Sport that is both leading and developing the planning of that process.

Q294 Lord King of Bridgwater: There is duplication, is there not?

Ms Campbell: I think it is a partnership. I do not think it is duplication. What BOA does extremely well is support the team in its holding camp prior to the Games and looks after the team after the Games. Our job is to take care of the athletes over the four years before they go to the Games.

Q295 Chairman: Did the fact that the BBC was given such active and positive support for the Olympics bid have quite an impact on the decision?

Ms Campbell: The BBC is very highly regarded by the IOC. It has given it an award for its coverage in Sydney. Between the Olympics and Paralympics, virtually every other broadcaster exited but the BBC was there and did an outstanding job on the Paralympics. Its commitment to this bid was very important, yes. The work that Lord Coe did was outstanding and one of the strengths of what he did was he made all of us play team sport for the first time and the BBC were part of that team.

Q296 Lord Kalms: Can you tell me a little bit about your organisation? How big an organisation is it? How many people? What is the structure? You get this allocation from the National Lottery of 21 million. Is it a block grant to you or is it a conditional grant? Do they suggest how you distribute their block allocation to you?

Ms Campbell: On the organisation, I went in as the reform chair two years ago. We are now down to 70 staff, working in those three areas of work. We had a lot more than that. A great deal of our time is spent out with the governing bodies of sport, helping them with the development of their performance requirements. We put considerable investment into

coaching, into our elite coach programme. We are developing sports scientists for the future and we are nurturing new sports medics who can work to support our athletes through injury. We work very closely with the home country institutes in sport. They provide all the service delivery, all those services around sports science and medicine. Our structure is that we have a board made up of the home country chairs and independent, individual members. Below that we have the three sections working both across the UK in terms of making sure we have collaborative working in the home countries and with the governing bodies, making sure we deliver.

Q297 Lord Kalms: Is the allocation you get from the National Lottery conditional or is it entirely up to you to allocate?

Ms Campbell: The DCMS would say we have a very clear agreement with them about what our priorities are. Those priorities are in those three areas that I have talked about. We get a percentage of the lottery as a right at the moment and how we use that percentage is against that mission and that programme. We have a very good relationship with the lottery. The BBC have an important role here. We have been able to promote to the public very clearly that it is lottery investment that supports those elite athletes. A lot of those interviews done on BBC television talking about the impact of lottery investment have unquestionably helped support lottery programmes.

Q298 Bishop of Manchester: You spoke about the significance of the coverage by the BBC at Sydney as being influential in the decision by the IOC to choose London. Presumably therefore there are high expectations of the BBC's coverage for the forthcoming Olympics. Does it worry you at all that the BBC sports department is to move in what might be regarded as a fairly crucial phase? We were hearing this morning that the intention was that they should move and be in place in 2010. Bearing in mind that such projections are not always

what turn out to be the case, do you feel that this is a matter of concern to you or are you sufficiently confident in the ability of the BBC to be able to do very good coverage, wherever it happens to be, even if it is in between venues at the time?

Ms Campbell: We have every confidence that when the BBC covers something it does an extremely good job. It did a tremendous job from Sydney and Athens. I heard them talk earlier about some of the work they did, for example, on the Paralympic World Cup which is a new event happening in Manchester. To be honest, if the BBC had not supported that, we would not have got the sponsor or the event and it would not have been the enormous success it has been. We are confident that where they sit, in terms of their headquarters, should not influence their outside broadcast ability. Most of their outside broadcasts do not happen in London. To a large extent, one of the great messages that Lord Coe is very keen to project is that this is not a London Olympics. This is an Olympics for the United Kingdom. In some ways, you could argue it is a good thing that there is some dispersal of the organisation.

Q299 Baroness O'Neill of Bengarve: You are a great fan of the BBC but you heard our earlier discussion about the system of bidding for sports rights. Do you have general comments on the way in which that bidding works? Does it concern you when the BBC fails to win or does it concern you when they bid against other terrestrial broadcasters and the price goes up?

Ms Campbell: The rights holders, which largely are the governing bodies of sport, are caught between maximising audience and maximising income. For those sports that use much of that income they get in grass roots development, it becomes a critical decision. All of us feel that there is overall insufficient investment in sport in the United Kingdom. Therefore, the governing bodies get a certain amount from Sport England, Wales, Scotland and Ireland and ourselves. They are constantly wanting to do more, particularly around grass roots development. Sometimes that ability to sell the jewel in their crown in order to generate

money to invest in grass roots is a judgment call they have to make and I think it is a very difficult one for them at times. We are eager that there is a balance between supporting what is the growth of commerciality in sport, which brings with it many problems but many bonuses too, and ensuring that we do provide the showcase that we want to encourage and engage lots of people of all ages and aspirations in sport. I would not say we rejoice one way or the other. For us, it is a balancing act all the time about trying to get those two right. Does it always turn out the way we would like? Probably not. We do not intervene. It is very much for the governing bodies and the rights holders to do their own negotiation.

Q300 Lord Peston: Did I hear you say in answer to Lord King that your total annual expenditure is about 50 million?

Ms Campbell: Yes.

Q301 Lord Peston: You said just now that we do not invest enough in sport. My guess is that Chelsea's wage bill annually is about the same 50 million. One then asks where should the money be coming from. Sport obviously has values in many different ways but one is that competitive sport, especially successful competitive sport, is enormously important in developing a sense of national identity. Is there not, on the whole question of who has access to seeing sport, a fundamental matter of getting that access in order to promote that sense of national identity? I am not clear what UK Sport does that enables them to get involved with that sort of thing. I have heard your view which is very supportive of the BBC. The BBC is one of our few institutions that is the best in the world by a long way, but are you able to put pressure on those bodies to say, "We know the balancing problems but really your duty is to this country and that is what you have to make sure it becomes available to"? Could you imagine, for example, if the England football team could not be watched by most people in this country? It would be an extraordinary state of affairs.

Ms Campbell: Our leverage -- I can probably speak for all the sports councils here -- varies with different sports. The four big sports that can generate significant commercial income -- soccer, cricket, rugby and tennis -- generate significant sums both from sponsorship and from television rights. We as public sector investors can make not a huge difference to their bottom or top line. Our ability to lead a change there is very much more about influence. There is a whole raft of sports who are very dependent on public sector investment both at grass roots and elite level: rowing, sailing, cycling, equestrian. Our ability to support and lever decisions there is much stronger and I think you will find that we have done that very successfully. Our ability to lever the decisions with those sports is very limited, except through influence. We have to recognise that soccer is very different virtually from everything else in terms of the industry that it is. It is different in the way it conducts its business, in the way it runs its board rooms and the amount of money that is there to be used. It is independently run. The premier league runs the premier league. The FA, as you know, is responsible for the England team and there are some real challenges there in terms of the governance issues that face that sport.

Q302 Lord Peston: Do you feel it is part of your job to speak out on these matters?

Ms Campbell: When, from 1 April, we are responsible for those sports I will be having discussions with them about some of these issues. Would I speak out publicly against them if I was working in partnership with them? No. I would work with them very closely to see if we can make decisions in the best interests of sport in this country.

Q303 Chairman: Do the football bodies operate in a team in the same way that you were talking about a team previously?

Ms Campbell: Dave Richards, who is the chairman of the premier league, was present in Singapore and played his part. Soccer speaks to nations around the world. He and his

colleagues did a very good job in supporting the bid in the best way that they could across their own networks. They are very influential networks across the world.

Q304 Baroness Howe of Idlicote: On the business of crucial and significant, I think you were here when Lord Holme was asking that question of the BBC. I just wondered what you thought of how they approach this whole business of choosing what is significant and crucial and whether you agree with that or whether you could add anything.

Ms Campbell: In terms of the sports, any television coverage is crucial because it can add massive value. It might not be crucial to the BBC but it most certainly is crucial to sport. It is this balance between providing a wide magazine type opportunity for people as described to go into different activities and sports, where we can excite different people's interests, which is obviously a huge part of the role that we would want the public broadcast body to play; and at the same time being able to capture the audiences to justify some of the outside broadcast costs they end up incurring. That is the reality for them. We talk about covering events. I used to commentate for the BBC on netball. I used to do an annual netball thing from Wembley. The vast numbers of people, the vans that appeared and the huge technology used to bewilder me. That is why they are the best in the world but best in the world is not cheap. When they do outside broadcasting, it is expensive. As a business they have to balance that cost against audience numbers that justify to their own board why they are going somewhere and not somewhere else. From our point of view, we would love to see them keep pushing those boundaries. In the run up to Athens they did a very good job. I think they covered 20 of the 28 Olympic sports through Grandstand which did excite and interest people and absolutely generated better coverage at the Games. We would hope we can use the next six years to do the same thing. I think their coverage of the Paralympics is leagues ahead of anybody else in the world and they have helped to really bring very positive, exciting images of people with a whole range of disabilities achieving fantastic things.

Q305 Baroness Howe of Idlicote: Do you think there is an adequately diverse and varied range? In other words, is it stretching far enough to meet what you are looking at?

Ms Campbell: I joined the Women's Sports Foundation to help them talk to the BBC about the issues around covering women's sports because there is not a huge amount of coverage of women's sport. They are looking at ways of making the coverage of the sports they do more women friendly and they are also looking at some of the wider issues. We have similar issues around cultural diversity and ethnicity. We tend to broadcast in a way which speaks to a certain type of person. Does it speak to all the population of this country? Is it truly multicultural in its presentation and is it truly diverse enough? Probably not, but there are not many public sector bodies that are able to do that as effectively as we would want them to. It is a challenge the BBC have to keep accepting. They must communicate effectively with everyone in our communities if we are truly going to use sport as a vehicle to drive some of the change we want to see.

Q306 Baroness Howe of Idlicote: You accepted the challenge that you would have a go at defining sport, coming back to the minority aspect. I hear what your main interest is, in getting the younger generation involved and interested and perhaps also as a result away from other less desirable activities and that is hugely important. On the other hand, we are facing an ageing population and there are costs to be saved by keeping them involved. I can always remember being thoroughly amused at coming back to bridge to find there was some research which showed that, by playing bridge, you improved your immune system. With these thoughts in mind, you can see where I am coming from. Do you take any account of the older population, those less able to move about but equally enjoying what they regard as sport? Your definition would be interesting.

Ms Campbell: UK Sport's remit is world class success. We do not directly do that but Sport England, the Sports Councils for Wales, Northern Ireland and Scotland are all very committed

to not only sport but physical activity, engaging people in healthy, active lifestyles. That is about engaging people in a whole range of activities that we might not categorise as pure sport -- walking, rambling, hiking, biking, caving, canoeing, anything that gets people active and engaged. We are facing a massive health issue with our younger generation. It is just waiting to explode on us. We have a huge job to do to engage people in active lifestyles, unlike when you and I were younger, being active as part of the way we grew up. That is not true. You only have to look at a playground in a school to see that children do not run about any more. They stand still and, preferably, they are sitting inside. Getting people active is now something we have to rebuild back into people's lifestyles.

Q307 Lord King of Bridgwater: What has come out of your evidence is the huge asset that the BBC can be and if they cover sport it gives it a whole new impetus. If they stop covering sport, there is a decline. I think we were talking about squash and that is what happened there, but what about Channel 4, ITV, Sky and the roles that they can play? Do you have much of a relationship with them?

Ms Campbell: I think we have a pretty good relationship with all of those people. Our job is not to select one partner here; it is to recognise that the BBC is a public service broadcaster and work as closely with them as we can to ensure that what they do broadcast really adds value to our commitment to improve sport in this country. We are also working closely with Sky and other people to look at how we can add value through the work they are doing. Sky, for example, at the moment are putting £1 million a year into a programme which is using sport to tackle behavioural issues in schools. There are real connections there that mean we are looking to reinvest some of the money they are earning back in.

Q308 Lord King of Bridgwater: They are not the only ones who have a public service obligation. You talked rather as though the BBC were the only ones who have.

Ms Campbell: I am sorry. I do not mean that. Because you are talking about the BBC charter, I guess I am very focused on the BBC. We have a communications team that builds very good relationships with broadcasters and journalists.

Q309 Lord King of Bridgwater: The overall judgment is, while you work with the others, you look to the BBC as an essential role?

Ms Campbell: Absolutely. Whilst we would like to continue to chivvy to move them in many of the directions your questions would indicate, we value them and think they have a significant role to play.

Q310 Lord Maxton: Can I come back to the participation of the elderly? Do you actively encourage elite veterans? Would you agree that the London Marathon on television is a much more significant sporting event for the general fitness of the nation than Chelsea playing Arsenal in the Cup Final? I can look at Chelsea playing Arsenal and know that I will never be there but I can look at the London Marathon and see people older than me running in it and maybe one day I might run in it. I have a brother who is two years younger than me and he will run his fourth London Marathon next year. Surely that is where participation matters. Would you list the London Marathon?

Ms Campbell: Nick Patel, who is the chairman of the London Marathon, sits on our board at UK Sport and I think they do a terrific job. They have grown that to be one of the major sporting events in the world, not just in London. It is completely inspiring to see people in their very strange, comical outfits jogging along or even walking along at the back. If Sport England, Scotland, Wales and Northern Ireland were sitting here, they would say to you that they want to galvanise and support more of that and encourage more people to get active.

Q311 Lord Maxton: Showing it on the BBC is what is important.

Ms Campbell: Absolutely.

Q312 Chairman: On the acquisition of sports rights, you talked very sensibly about the balance between maximum audience and maximum income, but do you think that this is really essentially not a decision for you; it is a decision for the governing bodies in sports?

Ms Campbell: It has to be because at the end of the day it is their business. As UK Sport, we are a public funder. We are an investor in those sports. We invest with a very clear purpose and very clear targets, but we do not run those sports and nor should we. They have governing bodies of their own. They are managed independently. We can influence and I think we do influence where we can. We have greater leverage to influence some rather than others, but our job is to influence, guide and support.

Q313 Chairman: How do you influence?

Ms Campbell: It depends whether they are dependent on us for grants in aid. It gives us greater leverage than if they are not.

Q314 Chairman: We assume that the Football League and the Football Association are not?

Ms Campbell: They come under our auspices from 1 April but even so we would never be able to invest them in a way which would lever significantly. What we can do though is work to influence and support. That is what our job should be as a public sector investor.

Chairman: Thank you very much. You have been very clear and your evidence has been quite excellent. If we have any other points, perhaps we can come back to you.