



House of Commons  
Culture, Media and Sport  
Committee

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**Pre-appointment  
hearing for the  
Government's  
preferred candidate for  
Chair of the BBC Trust**

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**Second Report of Session 2014–15**

*Report, together with formal minutes relating  
to the report*

*Ordered by the House of Commons  
to be printed 9 September 2014*

## The Culture, Media and Sport Committee

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

### Current membership

[Mr John Whittingdale MP](#) (*Conservative, Maldon*) (Chair)

[Mr Ben Bradshaw MP](#) (*Labour, Exeter*)

[Angie Bray MP](#) (*Conservative, Ealing Central and Acton*)

[Conor Burns MP](#) (*Conservative, Bournemouth West*)

[Tracey Crouch MP](#) (*Conservative, Chatham and Aylesford*)

[Philip Davies MP](#) (*Conservative, Shipley*)

[Paul Farrelly MP](#) (*Labour, Newcastle-under-Lyme*)

[Mr John Leech MP](#) (*Liberal Democrat, Manchester, Withington*)

[Steve Rotheram MP](#) (*Labour, Liverpool, Walton*)

[Jim Sheridan MP](#) (*Labour, Paisley and Renfrewshire North*)

[Mr Gerry Sutcliffe MP](#) (*Labour, Bradford South*)

The following members were also a member of the committee during the parliament:

David Cairns MP (*Labour, Inverclyde*)

Dr Thérèse Coffey MP (*Conservative, Suffolk Coastal*)

Damian Collins MP (*Conservative, Folkestone and Hythe*)

Alan Keen MP (*Labour Co-operative, Feltham and Heston*)

Louise Mensch MP (*Conservative, Corby*)

Mr Adrian Sanders MP (*Liberal Democrat, Torbay*)

Mr Tom Watson MP (*Labour, West Bromwich East*)

### Powers

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

### Publication

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the internet at [www.parliament.uk/cmscom](http://www.parliament.uk/cmscom). A list of Reports of the Committee in the present Parliament is at the back of this volume.

### Committee staff

The current staff of the Committee are Elizabeth Flood (Clerk), Grahame Danby (Second Clerk), Kevin Candy (Inquiry Manager), Hannah Wentworth (Senior Committee Assistant), Keely Bishop (Committee Assistant) and Jessica Bridges-Palmer (Media Officer).

### Contacts

All correspondence should be addressed to the Clerk of the Culture, Media and Sport Committee, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 6188; the Committee's email address is [cmscom@parliament.uk](mailto:cmscom@parliament.uk)

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## Summary

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On 9 September 2014 the Culture, Media and Sport Committee held a pre-appointment hearing with the Government's preferred candidate for Chair of the BBC Trust, Mrs Rona Fairhead CBE. On the basis of the evidence provided to the Committee, we have concluded that she is a suitable candidate for the post.

# 1 Background to today's session

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## Introduction

1. The July 2007 Green Paper, *The Governance of Britain*, proposed the introduction of pre-appointment hearings for key public officials in which Parliament has a strong interest. It stated that, in each case, it should fall to the relevant select committee to conduct the hearing, which should cover issues such as the candidate's suitability for the role, his or her key priorities, and the process used in selection. Following representation by this Committee and the Liaison Committee to Government, the position of the Chair of the BBC Trust was added to the list of appointments which are subject to this scrutiny process.

2. The outcome of a hearing is non-binding, although the report from a committee holding a pre-appointment hearing should inform Ministers' decision-making on whether or not to proceed. Our purpose in conducting pre-appointment hearings is to satisfy Parliament that the post would be filled by someone of sufficient calibre. Since July 2010, we have held three hearings: with the Rt Hon Lord Patten of Barnes, Chairman of the BBC Trust, Mr Huw Jones, Chairman of the S4C Authority, and Dame Patricia Hodgson, Chairman of the communications regulator, Ofcom.

3. On 31 August 2014, the Government announced that their preferred candidate for the Chair of the BBC Trust was Rona Fairhead CBE. On 1 September 2014, Rt Hon Sajid Javid MP, the Secretary of State for Culture, Media and Sport, wrote to us saying he looked forward to the select committee's pre-appointment hearing and that he would carefully consider our findings before making a formal decision to appoint Mrs Fairhead.

## BBC and the role of the Chair of the BBC Trust

4. The BBC is a public corporation, established under Royal Charter. The Royal Charter is the constitutional basis for the BBC, setting out its public purposes, guaranteeing its independence, and outlining the duties of the Trust and the Executive Board. The current Charter runs until 31 December 2016. Under the Charter, the BBC must promote the following six public purposes:

- Sustaining citizenship and civil society;
- Promoting education and learning;
- Stimulating creativity and cultural excellence;
- Representing the UK, its nations, regions, and communities;
- Bringing the UK to the world and the world to the UK; and
- In promoting its other purposes, helping to deliver to the public the benefit of emerging communications technologies and services and, in addition, taking a leading role in the switchover to digital television.

5. The BBC comprises two separate bodies, the BBC Trust and the BBC Executive Board. The Trust is the sovereign body of the BBC. It sets the overall strategic direction of the BBC, including its priorities, and oversees the work done by the Executive Board. Under the Charter it also acts as: “the guardian of the licence fee revenue and the public interest in the BBC”. The Trust was established in 2006 and replaced the previous system of a Board of Governors. The BBC’s Executive Board has responsibility for delivering the BBC’s services in accordance with the priorities set by the Trust and for all aspects of operational management, except that of the Trust’s resources.

6. The Trust is composed of a Chair, Vice-Chair and 10 other members, four of whom are nominated as members specifically for England, Northern Ireland, Scotland and Wales.

7. The Trust sets the BBC’s editorial guidelines and protects the BBC’s independence. It is responsible for monitoring performance to ensure that the BBC provides value for money while staying true to its public purposes. The Trust is the final arbiter of complaints in respect of the impartiality and accuracy of the BBC’s content. The BBC is also subject to Ofcom oversight in various areas.

8. We are currently conducting an inquiry into the future of the BBC ahead of the formal Charter review process. Our inquiry is looking at all aspects of the Corporation including how the BBC should be governed, regulated and held accountable beyond 2016. We expect to report our findings and recommendations later this autumn.

### ***The role***

9. Lord Patten stood down as BBC Trust Chairman in May this year on health grounds after three years in the position. He was the second Chairman of the Trust, succeeding Sir Michael Lyons in 2011.

10. The DCMS “role specification” stated that the Chair must be able to provide effective leadership of the Trust as the champion of the interests of licence fee payers which will include driving and embedding the BBC’s governance arrangements. In addition, the Chair is expected to lead the BBC’s discussions about a new Royal Charter. The key responsibilities of the Chair were listed in the job application as follows:

- Leading and steering the BBC Trust through the Charter Review period, including representing the Trust in negotiations and liaison with the BBC Executive, and thereafter delivering against the new Charter;
- Ensuring that the independence of the BBC is maintained;
- Representing the interests of licence fee payers and making decisions in their best interests;
- Holding the Executive Board to account for the delivery of the BBC’s services to licence fee payers;
- Exercising rigorous stewardship of public money and maintaining an effective working relationship between the Trust and the National Audit Office;

- Having regard to the competitive impact of the BBC's activities on the wider market;
- Setting and overseeing compliance with the BBC's editorial standards;
- Ensuring the proper handling of complaints about the BBC;
- Approving multi-year strategies and annual plans for the Corporation as a whole; and
- Assessing proposals from the Executive Board for new services or activities.

## Recruitment process

11. The recruitment of the post was managed by the Department for Culture, Media and Sport, who engaged a firm of recruitment consultants, Saxton Bampfylde Ltd to assist with the selection process. Sir Jeremy Heywood, the Cabinet Secretary, sat on the recruitment panel as a senior Government representative. Mrs Fairhead was also interviewed by the Secretary of State. The whole process was overseen by an independent public appointments assessor, who has confirmed he is satisfied that the competition met the requirements of the Commissioner for Public Appointments' Code of Practice for Ministerial Appointments to Public Bodies.

12. The job advertisement indicated that the appointment process would involve the following steps:

- public advertising of the post in the national press and on Cabinet Office public appointments website;
- consideration of all candidates against the criteria set out in this role specification;
- interviews of short-listed candidates;
- Secretary of State would meet all appointable candidates, in line with the guidelines set by the Commissioner for Public Appointments;
- the involvement and confirmation by an Independent Public Appointments Assessor, who would chair the selection panel, that the process had complied with the Commissioner for Public Appointments' code of practice throughout; and
- the preferred candidate for the post would be required to appear before a Parliamentary select committee prior to appointment.

13. The original advertisement for the post stated that the candidate would receive an annual salary of £110,000 per annum for 3-4 days work per week (or 12-16 days per month). This was subsequently amended by stating that suitable candidates able to offer a lesser time commitment would also be considered.

14. Under the terms of the BBC Royal Charter, appointment of the BBC Trust's Chair and its members is made by HM The Queen on recommendation from the Secretary of State for Culture, Media and Sport, through the Prime Minister.

## 2 The candidate: Rona Fairhead CBE

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### Biographical information

15. Rona Fairhead has been an independent non-executive director of HSBC Holdings plc for the last ten years and is currently a non-executive chairman of HSBC North America Holdings Inc. She is also a non-executive director of PepsiCo Inc.

16. She served as chairman and chief executive officer of the Financial Times Group for seven years until 2013 and as a non-executive director of The Economist Group from 2006 to 2014. She was an executive director of their owners, Pearson plc, from 2002 to 2013, serving as Pearson's chief financial officer from 2002 to 2006. She was chairman of Interactive Data Corporation (an NYSE-listed company) from 2006 to 2010.

17. Prior to joining Pearson, Mrs Fairhead held a variety of positions at Bombardier Inc., in the Aerospace division, and at Imperial Chemical Industries plc, where she ultimately served as executive vice president of strategy and group financial control.

18. Mrs Fairhead was awarded a CBE in 2012 and was appointed a British Business Ambassador in 2014. She was a non-executive member of the Cabinet Office board but stood down on being selected as the preferred-candidate for the BBC Trust Chair.

19. She has an MA in Law from St Catharine's College, Cambridge where she is an Honorary Fellow and has an MBA from Harvard Business School. She was awarded an Honorary Doctorate by Teesside University in 2010.

### Our evidence

20. In oral evidence we asked Mrs Fairhead about the following specific matters:

- Her reasons and motivation for applying for the post;
- The recruitment and selection process;
- Potential conflicts of interest and political independence;
- General expertise and career experience;
- Knowledge and views on evolution of public service broadcasting;
- Her views on the priorities for the BBC Trust;
- The BBC's role in news and journalism;
- The BBC's impact on the wider market;
- Funding of the BBC and public service broadcasting; and
- Future direction of the BBC.



## Conclusion

21. We were impressed by the answers given by Mrs Fairhead and are of the view that she is well qualified to take on the role of Chair of the BBC Trust. We believe that her considerable management experience will be of great value. We note that she already has and will retain significant responsibilities as a non-executive director of HSBC and in other external roles. However, we welcome her assurance that her first priority will be Chair of the BBC Trust and that she will step down from her other positions if necessary.

## Appendix: Curriculum vitae

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### Rona Fairhead's CV

#### NON-EXECUTIVE POSITIONS

<b>2014 – Present</b>	<b><u>HSBC North America Holdings</u></b> (Total Assets \$300+ bn) Chairman
<b>2004 – Present</b>	<b><u>HSBC HOLDINGS plc</u></b> ( <i>FTSE 10</i> ) Non-Executive Director Member of Nomination Committee Chairman of Financial System Vulnerabilities Committee Former Chairman of Group Risk and Audit Committees
<b>2014 – Present</b>	<b><u>PEPSICO INC</u></b> ( <i>S&amp;P 30</i> ) Non-Executive Director Member of the Audit Committee
<b>2010 – Present</b>	<b><u>UK CABINET OFFICE</u></b> Non-Executive Director Chairman of Audit and Risk Committee
<b>2005 – Present</b>	<b><u>ECONOMIST NEWSPAPER GROUP LTD</u></b> - 50% Pearson-owned Non-Executive Director
<b>2007 – 2010</b>	<b><u>INTERACTIVE DATA CORPORATION</u></b> – NYSE-listed Chairman

#### EXECUTIVE CAREER SUMMARY

<b>2001 – 2013</b>	<b><u>PEARSON plc</u></b>
2006 – 2013	Chairman & CEO, Financial Times Group
2002 – 2006	Group Finance Director
2001 – 2002	Deputy Finance Director
<b>1996 – 2001</b>	<b><u>IMPERIAL CHEMICAL INDUSTRIES plc</u></b>
1998 – 2001	EVP, Strategy and Group Financial Control
1997 – 1998	EVP, Planning and Communications
1996 – 1997	Director, Planning and Acquisitions

**1991 – 1996**                      **BOMBARDIER INC**  
1994 – 1996                      General Manager, Bombardier Aerospace Services  
1991 – 1994                      EVP, Strategy and Communications—Short Brothers

**1990 – 1991**                      **BAE SYSTEMS plc**  
Independent Consultant

**1989 – 1990 and**                **BAIN & CO. INC**  
**1983 – 1987**                      Senior Consultant

**1988**                                **MORGAN STANLEY INC**  
Summer Associate

#### **AWARDS and EDUCATION**

**2012**                                **QUEEN'S AWARD**  
Commander of the Order of the British Empire (CBE)

**2012**                                **ST CATHARINE'S COLLEGE, CAMBRIDGE**  
Honorary Fellow

**2011**                                **UNIVERSITY OF TEESSIDE**  
Honorary Doctorate

**1987 – 1989**                      **HARVARD BUSINESS SCHOOL**  
MBA

**1980 – 1983**                      **ST CATHARINE'S COLLEGE, CAMBRIDGE**  
MA Law (First)

**1972 – 1979**                      **YARM GRAMMAR SCHOOL, TEESSIDE**  
(now Conyers School, Yarm)

#### **OTHER**

**BRITISH BUSINESS AMBASSADOR**  
Prime Ministerial Appointment

**CBI**  
President's Committee

**CHEMICAL INDUSTRY ASSOCIATION**  
Council Member

**SOCIETY OF BRITISH AEROSPACE COMPANIES**  
Council Member

**LAGANSIDE CORPORATION**

Non-Executive Director

**PERSONAL**

**Date of birth:** 28 August 1961

**Nationality:** British

**Status:** Married with three children

**EXECUTIVE CAREER DETAILS**

**2001 – 2013**            **PEARSON plc**

**2006 – 2013**            **Chairman and CEO, Financial Times Group**

In 2006 the FT Group was a disparate collection of businesses with limited synergies and highly uncertain prospects. We rationalised and re-shaped the portfolio making the remaining core into sustainably profitable global businesses (2011 Sales £ 427m, Profit £79m).

- Transformed the Financial Times from an advertising and print based business into an innovating, content-led, multi-channel subscription-based business. We invested to retain editorial excellence and global reach. We also acquired bolt-on businesses to enhance selected niches e.g. Money-Media and Medley Global Advisers. We focused on enhancing operating efficiency and turned its financial performance from losses to profitability despite global recession and structural industry decline
- Acquired and grew Mergermarket to become a major source of FT Group profits. Developed innovative new products e.g. Debtwire ABS, Pharmawire, and expanded globally in Asia-Pacific Latin America and the Middle East to grow sales by 80+% ( 2007-2011) despite financial crisis.
- Expanded The Economist – grew US print and digital subscriptions to 1.5m +, enhanced the EIU and developed the US-based government and regulatory intelligence businesses.
- Exited local language business newspapers:
  - Sold Les Echos in 2007 (2006 FY Sales £86m, Profit £5m) for Euro 240 million over-coming and addressing significant Works Council objections.
  - Disengaged from the loss making FT Deutschland by selling to the joint venture partner.
- Recognised that Interactive Data Corporation, then 60% owned by Pearson and independently listed on NYSE, would have greater growth potential and thus greater value under different ownership. Initiated and negotiated the sale for \$3.4 billion to Warburg Pincus and Silverlake

- After exploring several strategic options for our JV business, FTSE, sold the group's 50% interest in 2011 to our partner, LSE, for £450 million (Our share of 2011 profit £21m).
- Assumed responsibility for Pearson's Vocational & Professional Education in 2008. Almost doubled sales and more than doubled profits by 2011.

**2002 – 2006                      Group Finance Director**

**2001 – 2002                      Deputy Finance Director**

Immediate tasks were—internally—to address the balance sheet weakness (through improving cash generation and return on invested capital) and address operational performance, to improve management information and financial processes and to raise the profile, calibre and influence of the Finance function. Externally the key task was to restore investors' confidence following the damaging deeply discounted rights issue and questioning of the integrity of our accounts.

We successfully engaged the Pearson teams in focussing on these priorities: rebuilt the balance sheet providing the resources for further acquisitions, established discipline in capital allocation, began a drive for continuous improvement in our operating cost base to allow for sounder investment decisions. We transformed Pearson from a loosely managed portfolio of businesses into a company whose businesses shared the same mission and operations wherever appropriate. Finance was restructured and became the business partner.

In the second phase, we invested boldly through internal investments in digital technology, emerging markets and bolt-on acquisitions. We also continued the portfolio rationalisation with the sale of Recoletos for £500m.

**1996 – 2001                      IMPERIAL CHEMICAL INDUSTRIES plc**

**1998 – 2001                      EVP, Strategy and Group Financial Control**

**1997 – 1998                      Division EVP, Planning and Communications**

**1996 – 1997                      Division Director, Planning and Acquisitions**

I joined ICI with a strategy remit and assumed greater and greater responsibilities including Mergers and Acquisitions and Finance and Control with a view to succeeding the Group Finance Director. Additionally I became a trustee of the ICI pension fund (liabilities of £7bn) and Chair of the Investment Committee. I also represented ICI as a board member of the Chemical Industry Association (CIA).

Key achievements included the \$8bn acquisition of Unilever's specialty chemicals businesses, the disposal of our petrochemicals and other non-core heavy chemicals businesses. I was also instrumental in enhancing the operating performance and organisation of the businesses.

- 1991 – 1996**                    **BOMBARDIER INC**
- 1994 – 1996**                    **General Manager, Bombardier UK Aerospace Services**
- 1991 – 1994**                    **EVP, Strategy and Communications, Bombardier Short Brothers**

I joined Bombardier in Northern Ireland Short Brothers to help develop the business's strategy post privatisation. I worked closely with Head Office in Montreal and assumed responsibility for Communications, M&A and programme oversight. I was promoted into general management with full P&L responsibility for the UK services business (sales £200 million, 1,500+ employees). Grew the business dramatically winning contracts in Oman and throughout the UK.

- 1990 – 1991**                    **BAE SYSTEMS plc**  
**Independent Consultant**

Helped to develop strategy for new business operation in Aerospace Services

- 1989 – 1990**                    **BAIN & CO. INC.**  
**Senior Consultant**

Led and/or participated in multiple assignments for key clients in Beverages, Financial Services and Manufacturing. Primary focus on productivity improvement, organisational rationalisation and product strategy.

- 1988**                                **MORGAN STANLEY, New York and London**  
**Summer Associate**

Summer internship whilst at Harvard Business School. Primary assignment on business swap in aerospace and mass transit sector.

- 1983 – 1987**                    **BAIN & CO. INC, London, Paris and Munich**  
**Consultant**

Joined as Research Associate and first promotee to Consultant through Consultant-in-Training programme. Worked in Paris, Munich and London offices. Worked with clients in Manufacturing, Information Technology, Financial Services and Beverages.

# Formal Minutes

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**Tuesday 9 September 2014**

Members present:

Mr John Whittingdale, in the Chair

Mr Ben Bradshaw  
Angie Bray  
Conor Burns  
Tracey Crouch

Philip Davies  
Paul Farrelly  
Mr John Leech  
Steve Rotheram

Draft Report (Pre-appointment hearing with the Government's preferred candidate for Chair of the BBC Trust), proposed by the Chair, brought up and read.

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

Paragraphs 1 to 21 read and agreed to.

*Resolved*, That the Report be the Second Report of the Committee to the House.

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

[Adjourned till Tuesday 14 October at 10.00 am

## Witness

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The following witness gave evidence. The transcript can be viewed on the Committee's inquiry page at [www.parliament.uk/cmscom](http://www.parliament.uk/cmscom).

**Tuesday 9 September 2014**

**Mrs Rona Fairhead CBE**, the Government's preferred candidate for Chair of the BBC Trust



# List of Reports from the Committee during the current Parliament

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All publications from the Committee are available on the Committee's website at [www.parliament.uk/cmscom](http://www.parliament.uk/cmscom)

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

## Session 2012-2013

First Report	The Gambling Act 2005: A bet worth taking?	HC 421
Second Report	Racism in football	HC 89
Third Report	Library Closures	HC 587
Fourth Report	Football Governance Follow-Up	HC 509
Fifth Report	Scrutiny of the Draft Public Bodies (Merger of the Gambling Commission and the National Lottery Commission) Order 2013	HC 1104
Sixth Report	Pre-legislative scrutiny of the draft Gambling (Licensing and Advertising) Bill	HC 905

## Session 2013-2014

First Special Report	Football Governance Follow-Up: Government Response to the Committee's Fourth Report of Session 2012-13	HC 156
First Report	Scrutiny of the draft Public Bodies (Abolition of the Registrar of Public Lending Right) Order 2013	HC 506
Second Report	Scrutiny of the draft Public Bodies (Merger of the Gambling Commission and National Lottery Commission) Order 2013	HC 256
Second Special Report	Scrutiny of the draft Public Bodies (Merger of the Gambling Commission and National Lottery Commission) Order 2013: Government Response to the Committee's Second Report of Session 2013-14	HC 646
Third Report	Supporting the creative economy	HC 674
Fourth Report	Nuisance Calls	HC 636
Third Special Report	Supporting the Creative Economy: Government Response to the Committee's Third Report of Session 2013-14	HC 945
Fifth Report	Pre-appointment hearing with the Government's preferred candidate for the Chairman of Ofcom	HC 933
Sixth Report	Online safety	HC 729
Fourth Special Report	Nuisance calls: Government Response to the Committee's Fourth Report of Session 2013-14	HC 1211

**Session 2014-2015**

First Special Report	Online safety: Responses to the Committee's Sixth Report of Session 2013-14	HC 517
First Report	Women and Sport	HC 513