

Culture, Media and Sport Committee

Oral evidence: Work of the Department for Culture, Media and Sport, HC 407

Wednesday 22 May 2024

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Members present: Dame Caroline Dinenage (Chair); Steve Brine; Clive Efford; Simon Jupp; John Nicolson; Alex Sobel; Jane Stevenson.

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Witnesses

I: Rt Hon Lucy Frazer KC MP, Secretary of State, Department for Culture, Media and Sport; and Susannah Storey, Permanent Secretary, Department for Culture, Media and Sport.

Examination of witnesses

Witnesses: Lucy Frazer and Susannah Storey.

Q1 **Chair:** Welcome to this meeting of the Culture, Media and Sport Committee. I am really pleased to welcome the right hon. Lucy Frazer KC MP, the Secretary of State for Culture, Media and Sport, and Susannah Storey, the permanent secretary at the Department for Culture, Media and Sport, who we will be questioning on the work of the Department. Thank you both so much for joining us today—we have a lot to cover. I will kick off with a very simple question to you, Secretary of State. You have been in your role now since February of last year. In that time, what is your end-of-term report for yourself? What would you say were your biggest achievements so far, and what have been your biggest frustrations?

Lucy Frazer: It is a pleasure to be here. Thank you very much for the opportunity to set out the work of the Department. Early on after my appointment, I set out the three key areas that I wanted to work on. First, I wanted to ensure that we maximise the financial and economic potential of all the amazing industries that fall within my brief. Secondly, I wanted to ensure that we maximise the opportunities for young people. Thirdly, I said that I would stand up for press freedom. I have had the opportunity to do something on all those heads over the course of the last year, particularly in relation to maximising the potential of the industries.

I am very proud of having continued the work of Conservative Governments over the last 10 years with the support we have given to the creative industries. Year on year since 2012, we have given tax reliefs to the creative industries. That is one of the many reasons they are world leading. I am very proud to have played a role in ensuring that in both Budgets during which I have been Secretary of State, the creative industries have got further tax reliefs, whether that was the extension of the theatre tax credits we achieved not very long after I was appointed last February, or the £1 billion-worth of tax reliefs that we got for the creative industries in the recent Budget. Those were on a whole range of things, from making those theatre, orchestra, museum and gallery tax reliefs permanent, to the extra studio, independent film and visual effects reliefs we secured. All those are making sure that our creative industries are world-leading.

On opportunities, I was very proud to announce in September further funds for young people. We are maximising building on the national youth guarantee, to ensure that young people have opportunities for experiences outside of school time. We have delivered thousands of opportunities for young people to enhance their potential, and I am continuing to work on that because it is a significant passion of mine.

Thirdly, you will know that we have strengthened the laws around press freedom. The Department is working with the Ministry of Justice on



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strengthening the SLAAPs, making sure that we do not have strategic lawsuits brought against journalists so that they can report without fear or favour, or threats of litigation. There is also the work we are doing through the Media Bill on section 40 of the Crime and Courts Act 2013.

Look, Caroline, I could continue. I know someone is going to ask why I have not mentioned this, that or the other in my brief. Everything I am doing is so important, including all the sub-sectors of the creative industries I have not mentioned: gaming, music, or the grassroots stuff that I know you think is very important. I could spend the whole session talking about those other key sectors I have not mentioned, including tourism, but I will leave you with that brief synopsis.

Q2 Chair: I think we'll scoop some of those up—I would not worry about it too much. You did not answer the second part of my question: what has been the biggest frustration for you over the last 16 months?

Lucy Frazer: I probably didn't answer it because I feel very lucky to be in this job, and I think we have massive opportunities. It is always important to recognise the positives. One of the amazing things about my job is that we are world leading in so many of the sectors that I represent. It is a very positive Department, where we are working with industry on the things that matter to them and growing the economy. Government set the frameworks but business does the job. I feel very privileged to be in this role.

Q3 Chair: Last June when we met you, one of our colleagues who is no longer on the Committee, Kevin Brennan, asked you whether this was your dream job. You weren't very convincing on that. Now that you have had a year to think about it, what is your answer?

Lucy Frazer: I would say this is the best job in Government, because we have the opportunity to do so much. I might not have been convincing because I have been very lucky to have held a number of jobs in Government. We are here to serve, and I am pleased to have been able to contribute wherever I could.

Q4 Chair: Thank you. I want to quickly rattle through a few of the things that you have spoken about as your key achievements. First, you said that the creative industries are a priority for you—I have no doubt that they are. There have been some great achievements over the last year. However, are you convinced that the creative industries, which are our global superpower, are as much a priority for the Government as they are for you?

Lucy Frazer: Absolutely, they are. You can see that in not just what we say but what we have done. The fact that they are one of the five priority growth areas shows that they are a priority for the Chancellor and Prime Minister. The fact that in a fiscally tight Budget we managed to get £1 billion-worth of tax reliefs shows me how seriously the Chancellor and the Prime Minister take this. The Prime Minister was particularly interested; you will have heard in the Budget announcement that the Chancellor said that he had conversations with the Prime Minister on the independent tax



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reliefs. He is personally interested in supporting these sectors. They are a huge sector of growth for the economy. I absolutely feel like I can work with industry to build the evidence base to get the support of Government, and I absolutely feel that over the course of the last year we have had that.

- Q5 **Chair:** One of the things that worries us as a Committee—because we are obviously in the privileged position of taking evidence from people at the top of their sectors across the creative industries—and the theme that comes back to us time after time is the concern about AI, and the extent to which it could impact our creative industries. They are worried that the Government are prioritising the development of AI and tech industries over and above the development of the creative industries. The collapse of the IPO's AI and copyright code practice working group underlines the concerns that people have that the Government are not going to be there to protect the creative industries from exponential growth in AI. What would you say to that?

Lucy Frazer: I would say this is a really complicated area, which is fast moving and international. We are working together across Government—I am working with the Secretary of State for DSIT—to try to resolve these issues, which are incredibly important.

- Q6 **Chair:** Would you legislate?

Lucy Frazer: I think it is important to look at what we said in the White Paper that we put out, and that the Secretary of State for DSIT has been looking at very closely. We have highlighted one area in particular that we can make progress on, which is transparency. Everyone wants transparency in terms of what content is used. I think from that stems everything else.

- Q7 **Chair:** How do you ensure that transparency?

Lucy Frazer: What we need to do first is work out what the asks of industry are in relation to how we should ensure transparency across the board, and at every stage—input and output. That is what I want to work on very closely with the Secretary of State for DSIT.

- Q8 **Chair:** But would you legislate to achieve that? It's all very well saying that that is an aspiration, but unless there is something coherent in place, that will not be achieved. Other countries around the world are legislating.

Lucy Frazer: I think we need to have a very dynamic, agile approach to this area because it is changing all the time. I have had a number of roundtables where experts have said to me, "I didn't realise last week where everything would be." In any legislation that we brought forward we would need to ensure that that was very agile and fast moving. We need to work internationally on this as well.

- Q9 **Chair:** But can you guarantee us as a Committee that the Government will not prioritise the growth of the AI and tech industry over the growth of our creative industries?



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Lucy Frazer: What I can tell you is that I think this area is fundamental for one of our growth sectors. I know that the Government regards the creative industries as important. I can tell you that in my last bilateral meeting with the Prime Minister I said exactly what you have just said to me; I said that AI and the tech companies are really important, but we must not lose sight of the important R&D as well as the primary force of the creative industries in that world-class excellence of creative production. They are also an R&D tool for so many other products, and he agreed. The importance of both sectors is well understood.

- Q10 **Chair:** Okay, good. I want to move on to another big theme that we hear about in the creative industries all the time. A year ago you published the creative industries sector vision. The big theme for us is skills and the fact that, over and above everything else, the apprenticeship levy is not working for the creative industries. How can you help achieve an apprenticeship system that works for the creative industries? Have you done anything to try and move that forward?

Lucy Frazer: Yes, and I do agree that that is fundamentally important. We need to ensure that we have a skilled workforce. Apprenticeships are part of that ecosystem, although they are not the only part. We also need to inspire young kids at primary school and in secondary school. We need to ensure there are bootcamps. Learnings for people changing careers are important as well. I am looking at all that.

On the apprenticeships themselves, I have spoken many times with industry about the fact that they do not work for them because they are not doing a 12-month employment. They might move every few months, and that does not work within the apprenticeship system. The Government set out the pilots with ScreenSkills and others—to look into whether there could be a pilot system. I continue to talk to the Chancellor and the Prime Minister about whether we can have a more flexible arrangement within the apprenticeship scheme, of course also recognising the confines of the apprenticeship scheme as a whole. That is something that I am actively looking at.

- Q11 **Chair:** We don't think the pilots were a massive success, not least because we had ScreenSkills in front of us yesterday and we were not entirely convinced that they are capable of delivering them in a meaningful way. What would you say to that?

Lucy Frazer: I would say that there were a number of pilots and not all the evaluations have been conducted. I have heard mixed reports about what works and what does not work, and how they could be tweaked, so I think there is still scope for looking at a system within the sort of framework that has been piloted, and we must continue to explore a flexible type of apprenticeship that might work.

- Q12 **Chair:** One thing that we are told over and over again is that the overheads and administrative costs of apprenticeships for the creative industries are one of the biggest prohibitive factors. Is the Government prepared to unlock levy funds so that companies can cover some of those overheads?



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Lucy Frazer: All I can say, Caroline, is that this is something that I am actively looking at. Of course we need to work within the framework of the apprenticeship scheme as a whole. Obviously there are other Departments that hold the apprenticeship scheme as a whole within their policy areas—the Department for Education and the Treasury—but I would like to see some further work at least looked at in this area.

Q13 **Chair:** I think what we are looking for as a Committee is something a bit stronger than looking at it. This is fundamental. AI and skills are the two biggest themes that come up time and again.

Lucy Frazer: This is something that I talk about a lot when I have conversations with industry, and I am continuing to work on this in Government and with external stakeholders. It is important. As I said, there are also other things that we should be looking at in terms of skills. For example, I am very proud that this Government have set up specialist schools. I have been, as I am sure you have, to the London Screen Academy, which is doing phenomenal work inspiring young people. We have set up the BRIT School and have opened, or are opening, BRIT School North.

I have taken Neil Hatton and others to the Department for Education to make sure T-levels work as well. A huge number of people in the creative industries signed up to bootcamps. I am not in any way saying that apprenticeships are not important. I am continuing to work on looking at whether we can have more flexibility in the apprenticeship scheme and get a proposal that works, but we are not just looking at apprenticeships.

Q14 **Chair:** Do you know that for every child who goes through the BRIT School there is a shortfall of £2,000, which is made up by fundraising?

Lucy Frazer: I know that, yes. I have talked to the LSA, which tells me there is a £1 million shortfall, but it gets that from industry. One of the amazing things about the LSA is the partnership that it has with industry. There is no point just setting up a specialist school without that industry backing. I know that there is a shortfall; I have discussed that with the LSA, and it has obviously asked me about that shortfall. I also see that there is huge value in industry being willing to step up because it is also invested in the school.

Q15 **Chair:** You said one of your passions is youth, and that has always been one of the driving themes of your administration as the Secretary of State. How does the £52 million underspend on the youth investment fund in 2023-24 fit with that?

Lucy Frazer: We have committed an overall £500 million to young people and the youth guarantee. A significant part of that is for the building of youth facilities. You will know that when you start looking at construction work, it is not always possible to have programmes that can be ready in time within the funding window. We have worked with those who bid to try to make sure that that funding comes through, but unfortunately there is an underspend because of construction cost delays and other issues like that.



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I think Susannah wants to come in as well, but I will just finish. We want to ensure that that money comes through in later years. I will bring in Susannah in a minute, but I would like to say that our ambitions in relation to the project, notwithstanding the underspend, are still met. We committed to ensuring that 45,000 children will benefit, and in fact we are still going to exceed that expectation.

Susannah Storey: I was just going to add that same point, Chair. We have already committed £250 million for 227 projects. We will meet the 45,000 goal. You are right that we did reprofile £58 million out of the £368 million, but it is not that we do not expect to spend that money; it is just that, in the year just gone, because of some planning permission consents and so on, it has run a tiny bit slower. It does not affect the overall goal being achieved.

Q16 **Chair:** Susannah, of that underspend, only £32 million has been brought forward; £20 million went back to the Treasury. Were there no youth projects that could have benefited from that huge amount of investment?

Susannah Storey: Sometimes what happens in-year, as you know, is that you end up giving some money back to the Treasury, but it does not mean that we will not be arguing to get it back again as we go into the next year. Our commitment to the projects absolutely remains.

Chair: Okay. I am going to move on to Steve Brine.

Steve Brine: Good idea—thank you, Chair. Full of good ideas. Hello; nice to see you.

Lucy Frazer: Hi, Steve.

Q17 **Steve Brine:** Could I ask you about impartiality, not just at the BBC but also with regard to some Ofcom rulings at the moment? You said earlier in the year that you thought on occasion that the BBC was biased. You did not want to provide examples at the time—you are welcome to do so now—but the BBC clearly agree with you, to some extent. The BBC say that impartiality is a priority for them, and that it is a focus for the mid-term review. Ofcom research found that audiences in 2022-23 rated BBC News lower for impartiality than for trust and accuracy. Of course, the public have the luxury of responding to polling without having to put qualitative data or qualitative opinion behind that—you do not necessarily have that luxury here today.

To give you an example of one of the BBC's thematic reviews, where they look into, as you know, how they produce their editorial standards, the author Madeleine Sumption found no persistent bias towards one point of view in their coverage of migration, but did identify "risks to impartiality that point in multiple directions." The review said stories were often told through a "narrow political lens", focused on commentary from a small number of high-profile people and without exploring issues in greater depth or detail. When you said, Secretary of State, that the BBC is on occasions biased, is that what you were driving at?



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Lucy Frazer: Yes. What I said, I don't think is controversial at all: the BBC needs to be impartial, and I think that it isn't always impartial. That is something, as you say, Steve, that the director-general and the BBC accept. This is one of their priorities, and they say that more work needs to be done—you are right. What I did not want to do was just pick out small examples of impartiality, because that is not the issue. The issue is that the BBC needs to address impartiality as a whole within its organisation, and I don't think that picking out individual examples necessarily underscores the importance of this as a broader issue.

But, having said that, if we were to look at examples, the thematic reviews that the BBC has done itself show the fact that it isn't impartial and that it has more work to do. In the migration report you mentioned that has recently come out, the reporter appointed by the BBC also said that journalists lack understanding of basic economics, which leads to a high risk of impartiality. There was another thematic review in relation to tax, whereby it was stated that gaps and assumptions put impartiality at risk, and that the BBC did not always explain trade-offs—for example, that if you did spend more, there would be trade-offs of having spent that money. I do think that the BBC has more work to do on impartiality, and I think that the BBC absolutely accepts that.

- Q18 **Steve Brine:** To continue on that theme of the taxation, spending, borrowing and debt thematic that they did, the authors “did not find evidence of wilful bias”, but found that some perspectives were neglected, such as the interests of people on low incomes, which therefore “fails the test of broad impartiality”. Again, we are back to the narrow lens, really. Take the thematic reviews and then take the BBC's mid-term review, do you think as a whole that the BBC have made progress on impartiality? The director-general would say so, and when we have the new chair in front of the Committee at some point in the near future, I am sure that he will say that as well. Would you concur?

Lucy Frazer: What we did in the mid-term review was change the frameworks as to how the BBC operates so that there are more checks and balances. In particular, there is a committee within the board—the editorial standards committee—that is tasked with looking at impartiality. We strengthened its ability to look at impartiality, which I am confident will mean that there is more ability within the board to look at, follow up on and get research within the BBC on issues in relation to impartiality. I am confident that the changes we made in the mid-term review will assist the BBC in tackling this very difficult issue. I should say that the BBC accepted all the recommendations that we made in the mid-term review, and this is something that it does want to tackle. I was quite interested to see that actually there were a few findings over recent months that have been upheld in relation to impartiality. I think that shows that the system is working.

- Q19 **Steve Brine:** Okay. The BBC is not the only broadcaster, although they dominate the landscape, don't they? The interview where you were asked those specific examples, which you resisted for the reasons that you have rightly said, was with Sky News. Is Sky News impartial as a broadcaster?



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Lucy Frazer: Sky News has a different level. All broadcasters who are regulated by Ofcom have to be impartial. I think there is a special burden on the BBC in relation to impartiality because it is funded by the taxpayer, and therefore it can't just put out what it thinks; it has a duty to the licence fee payers to present neutral news.

Steve Brine: They all have a responsibility to the public.

Lucy Frazer: They all have a responsibility to the public, which is regulated by Ofcom. As you know, if complaints are made, Ofcom will look into issues of impartiality. It is not for me, as the Secretary of State, to sit here and say whether a particular programme was impartial or not. It is the job of Ofcom to do that, and it is for me to make sure that those organisations fulfil their duties.

Q20 **Steve Brine:** We will come to that imminently. Do you feel that it is a matter of impartiality, or is it a matter of tone? There have been some eyebrows raised about, for example, the interview with the Chancellor this morning on the "Today" programme. People who are not listening to Times Radio breakfast are listening to the "Today" programme. I wonder whether you have any comments on tone, as opposed to impartiality in its nuts and bolts?

Lucy Frazer: I don't want to comment on something that I didn't hear, and I didn't hear that interview this morning. What I want to do as Secretary of State, and what I think I have done, is make sure that, in the mid-term review, the frameworks are in place to ensure that the BBC itself takes its responsibility seriously. I have strengthened the internal mechanisms within the BBC so that those people who are responsible for it can get the resource within the BBC to look at these issues, to reflect on them, and to internally hold the BBC to account internally when it does not meet the bar that it has itself set. I don't think that it is helpful for me to comment on particular instances or the way that they report.

Q21 **Steve Brine:** You say you didn't hear it, which kind of proves my point. Moving on to Ofcom, in March this year, it concluded that five programmes on GB News featuring politicians acting as news presenters—imagine—broke broadcasting due impartiality rules. This week, I am sure you are aware that Ofcom investigated "People's Forum: The Prime Minister", which was on GB News on 12 February 2024 at 8 pm. Ofcom said, "We found that an appropriately wide range of significant viewpoints were not presented and given due weight...nor was due impartiality preserved." The programme was therefore in breach of rules 5.11 and 5.12 of Ofcom's own code. Given the circumstances of that case, Ofcom considers that breach to be serious, and given the licensee's repeated history of compliance issues, it will therefore consider that breach for the imposition of a statutory sanction. I wonder, do you concur with that? Have you had a chance to have a look at or be briefed on that Ofcom decision, which was published just this week?

Lucy Frazer: Ofcom is the regulator. It has certain rules, which I think are appropriate, for presenters doing current affairs programmes versus



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presenting news. There had been a number of breaches in relation to sitting politicians breaking news, and GB News has been found in breach of that. Obviously, there is the finding that you mention in relation to the Prime Minister's appearance on GB News. Ofcom is doing its job by making sure that the broadcasting code is complied with, and that is its job.

- Q22 **Steve Brine:** But have they handled it well? Andrew Neil told the Lords Committee—not quite our equivalent, but it is a Committee down in the Lords that looks at these matters—that he was surprised how tolerant Ofcom have been of GB News. We all have to declare our interests. What do you think about that? Do you think that they have been tolerant?

Lucy Frazer: They have found various breaches of GB News in certain respects, including the one that you mentioned. They also have a live investigation in relation to LBC and David Lammy's appearance on LBC, so I would say Ofcom is doing its job.

- Q23 **Steve Brine:** Are you surprised that Pochettino left Chelsea overnight?

Lucy Frazer: My son is a big Chelsea supporter and I got a very disappointed text from him, but I am certainly—last night I was at the League Managers Association Awards, and they do a fantastic job. In fact, a lovely film was played, which had football managers—an impossible job made possible—and I did think about politicians.

Steve Brine: Slightly different remuneration, possibly.

- Q24 **Simon Jupp:** Tim Davie said in March that the World Service is a “uniquely valuable and globally important” output and that “not properly funding one of the UK's most valuable soft power assets makes no sense economically or culturally.” Do you share his concerns?

Lucy Frazer: The BBC is a world-class institution and a huge tool for soft power throughout the world. The World Service is part of that. That is why the FCDO has provided £568 million in funding since 2016 and £94 million per annum over the current SR period. You will know that we are looking at the funding of the BBC as a whole in the ongoing funding review, and the World Service is part of that.

- Q25 **Simon Jupp:** Are you personally committed to funding the World Service for the long term? You appreciate that it has an awful lot of soft power. It is probably the jewel in the crown of the BBC—a worldwide and recognised brand. Are you committed to it?

Lucy Frazer: Personally, I think the World Service provides a great service, and I would like to see it continue. I am looking at the evidence, along with an expert panel, on the nature of how we fund these things going forward, but I can say very clearly, I think, that I am very committed to the World Service.

- Q26 **Simon Jupp:** Tim Davie also said that “we are heading for a big decision on the World Service and how we fund it”. Clearly, that is part of your ongoing discussions about the BBC. Should it be in the same discussions as the licence fee? We are talking about something quite different.



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Lucy Frazer: It should be part of those discussions because we need to consider BBC funding as a whole. We will address the issue of the World Service separately. When we look at it, we do not just discuss everything together. We recognise that there are certain aspects that we need to look at separately, and we will look at the funding for the World Service and the importance of that separately. But it falls under the umbrella of BBC funding as a whole.

- Q27 **Simon Jupp:** My impression is that what seems to happen every couple of years is that the BBC raises concerns about funding for the World Service and the Government turn around and write a cheque. That is not sustainable long-term. It needs a sustainable long-term financial footing to keep the soft power in place.

Lucy Frazer: That is what I want to ensure with the funding review as a whole. One of the reasons I am looking at the funding for the BBC is to support the BBC to have a long-term future. At the moment, licence fee payers are declining in number: 400,000 people did not renew their licence fee last year. If we do absolutely nothing, the BBC will just get smaller and smaller and have fewer resources, and you are right that it will just keep coming to Government to ask for funding to top it up. I want to make sure that we look at all these things in the round—not just the money that comes through the FCDO at the moment for the World Service—and make sure that the BBC can plan long-term for how does it grow, survive and sustain in what is a very much changed media landscape.

- Q28 **Simon Jupp:** For the long term, then, have you had any discussions about taking back overall responsibility for the funding of the World Service?

Lucy Frazer: We have not come to this particular aspect in our discussions with the expert panel yet, but we will be discussing the long-term funding arrangement for the World Service.

- Q29 **Simon Jupp:** Do you support the BBC's decision to put adverts on podcasts accessed via third-party platforms?

Lucy Frazer: The BBC has certain responsibilities in relation to what it puts out. It has responsibilities in the charter to avoid unnecessary adverse impacts. The BBC should be providing a service distinctive from commercial entities, and we strengthened that in the mid-term review. One of the areas we strengthened, which we have already talked about, is impartiality, and the other is competition. We set out further requirements on the BBC to consult with commercial entities when it did start encroaching on things done by them.

- Q30 **Simon Jupp:** Do you think it has done that? Do you think it has had that discussion?

Lucy Frazer: No, that has not started yet. The BBC has not yet set out in clear terms what it proposes to do in this space. If it does that, it will need to consult. I have regular meetings with the BBC, and this is one of the things I will be discussing in my next meeting with the director-general.



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Q31 Simon Jupp: Broadcasters wrote to you last week and said that this move would set a dangerous precedent that might usher in advertising across more BBC services. That must be a worry, surely.

Lucy Frazer: I have obviously seen that letter, and I think this is an important area to look at. I will be discussing it with the BBC at my next regular meeting.

Q32 Simon Jupp: Overall, if we look at the commercial sector, falling advertising revenue is affecting commercial broadcasters. We heard yesterday about some changes at ITV; aside from its news and current affairs, there are overall changes to its structure. There are changes to production facilities and local media in particular—we have spoken previously about the decline of local newspapers. Is there a role for the Department in managing that decline and scrutinising the BBC even more closely when it decides to move into those sectors more? We have seen cuts to BBC local radio in the last 12 months. By the way, if you look at the latest RAJAR results, they have been somewhat of a disaster for the corporation. We have seen a lot of news go on to the BBC websites, whether it is Cambridgeshire, Suffolk, Devon or wherever, but that is going to harm local newspapers even more in a very, very fragile ecosystem.

Lucy Frazer: Yes, and these are things that Ofcom should look at, in terms of the BBC's obligations under its charter. We did bring in Ofcom's regulation of online news, which is important. We will also look at the funding. We will look at these broader issues, including what the BBC is producing and where it is operating a distinctive service.

Q33 Simon Jupp: Do you think that if the BBC had certainty for the future, in terms of funding for the World Service and how it gets its funding in the future, whether it gets its funding through the licence fee or another process—in other words, if the Government sped up its review—it would be less interested in moving into the purviews of commercial broadcasters and everything else? Isn't the lack of certainty about the funding formula for the BBC part of the problem, and isn't it impacting on commercial broadcasters?

Lucy Frazer: I think the BBC is doing its own work as well, looking at what it is producing. It obviously has studios, which are the commercial arm of the BBC, so it is looking at these things. Everyone always thinks the Government is the answer to everything, but the BBC needs to look at these things internally too.

Q34 Simon Jupp: Absolutely, but it can't mark its own homework. Your predecessor said, "This licence fee announcement will be the last", in a tweet that was highly stupid. Do you think the delay that has been put in place by this Government has meant that the BBC has been forced to diversify and encroach on other broadcasters?

Lucy Frazer: I don't accept that there has been a delay. We are working towards the next charter period, which is in 2027. We want to ensure that by that date we have a clear, evidence-based analysis of the media



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market landscape, how the BBC sits within that and how it should be funded. Contrary to there being a delay, I would say that we are working at pace, in good time, to make sure we are ready for the licence fee review, but the BBC obviously needs to do its own work at the same time to feed into our review and to consider its day-to-day operations.

- Q35 **Simon Jupp:** Let us talk about BBC local radio for a second. You may not be as boring as me, so you may not have looked at the audience figures for BBC local radio, which have fallen off a cliff. The latest audience research figures show that one radio station has lost half its audience, which is disastrous. How concerned are you by the changes that have gone on in BBC local radio and the impact on audiences, given that they are a unique service? No one else provides BBC local radio-style programming. It is not fulfilled by any commercial broadcaster.

Lucy Frazer: I have raised concerns. Many parliamentarians, including this Committee, have raised concerns with me, so I have raised those concerns with the director-general. He knows of the concerns that have been raised. I must emphasise that, as you will know, the BBC is operationally independent so it is not right for Government to interfere with those operational or editorial decisions.

- Q36 **Simon Jupp:** Would you say those changes have been a success, looking at audience figures?

Lucy Frazer: The BBC is operationally independent, but I have absolutely passed on my concerns and the concerns of parliamentarians.

- Q37 **Simon Jupp:** Forgive me—I am going to get geeky for a second. A couple of years ago, the Government announced that small-scale DAB digital radio multiplexes would become available and advertised for communities. It is very expensive for smaller broadcasters to go on big DAB multiplexes that cover entire counties, but nowadays you can get them covering cities or urban conurbations—that sort of area.

I think Ofcom is on the third tranche now of advertising those small-scale digital multiplexes. The industry is quite concerned that those are not actually fulfilling their main task. The reason for that is they are expensive to run and it is very difficult to get the programmes on there covering the area they should be covering. Is that something that has crossed your desk so far?

Lucy Frazer: We have said that radio will still need to retain FM until at least 2030, and FM still accounts for 30% of total listening hours. As you say, there are three DAB national services, so we will continue to look at that.

- Q38 **Simon Jupp:** Okay, but when it comes to small-scale DAB, the industry is saying to Ofcom and presumably to the Department too that those multiplexes do not make financial value for money. They are covering small cities but not able to cover them properly, transmission costs are high and not enough services are coming forward. Obviously, this was a great idea, but it is not entirely working. It is a bit like local TV a couple of years ago—if you remember, the launch of local TV was something of a



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damp squib. Do you think that there is more to be done to make sure these can be a success for the future so there is more competition for the BBC?

Lucy Frazer: It is something that we should definitely continue to look at.

Q39 **Simon Jupp:** Okay. Are you still committed to keeping analogue radio—FM, and AM to a point—until 2030?

Lucy Frazer: Yes.

Simon Jupp: One hundred per cent?

Lucy Frazer: Yes.

Q40 **Simon Jupp:** And has the Department decided on any shut-off date for analogue radio?

Lucy Frazer: Not at the moment.

Q41 **Simon Jupp:** Is that under constant review?

Lucy Frazer: Obviously, we look at these things from time to time, but at the moment we have said that we commit to retaining until at least 2030 and we will keep that under review. When I say that we will keep it under review, I mean that commitment is not changing: it will be at least until 2030. Beyond that, we will keep it under review.

Q42 **Simon Jupp:** Good. Changing tack entirely to Pontins. Like us, you wrote to the CEO of the Pontins parent company about the closure of three of its sites. Were you satisfied with the response?

Lucy Frazer: No, I wasn't satisfied with the response because they have not responded. What I said was that it was important that they liaised with their local MPs and I know that their local MPs, particularly James Davies, are very concerned about this issue. I would encourage Britannia Hotels—it was Britannia Hotels that I wrote to—to engage.

Simon Jupp: What steps will you take next, if any?

Lucy Frazer: I raised the issue because I was disappointed, and I am happy to reassert my disappointment in this Committee. I would encourage them to take these matters up with their local MPs.

Q43 **Simon Jupp:** I know you are a very busy person, but you might have seen the BBC's reports about serious health and safety concerns at those Pontins sites. What are the Government doing to ensure that the remaining sites are safe for visitors as we head into the tourist season?

Lucy Frazer: Obviously there are authorities—health and safety authorities and others—who regulate this space, and they should be looking at these issues carefully.

Q44 **Simon Jupp:** I realise that this is not your Department's job, but is someone in the Department keeping an eye on what these organisations are doing to make sure that health and safety is paramount?



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Lucy Frazer: Of course those responsible ought to be continuing to look at that, and if further issues are raised with me—

Simon Jupp: I am asking about your Department's liaison with those bodies. Is that happening? Obviously, you look after tourism.

Lucy Frazer: I do look after tourism, absolutely, and when further issues are raised with me I will absolutely take them up.

Q45 **Chair:** So are you waiting for an issue to arise, or is there any proactive work going on to ensure that these sites are safe for visitors over the summer?

Lucy Frazer: I will absolutely take that up.

Chair: Thank you.

Q46 **John Nicolson:** Good morning. Secretary of State, you have mentioned a few times meetings that you have had with the BBC and I would like to pick up on some of the points that Mr Brine made earlier. I wrote down some of your quotes.

You said that as Secretary of State you have no right to interfere with the BBC on issues such as impartiality. I understand that before the acting chair of the BBC left, you had a meeting with her, the director-general and a number of other board members just at the end of last year, to discuss finance and the settlement for the BBC licence fee and other matters. Can you just confirm what else you discussed at that meeting?

Lucy Frazer: I am sure there is a note of that meeting. We discussed a range of issues; it was open for any board member to raise any matters that they wanted to raise. I can't remember, because I think it was about—gosh, months ago that we—

John Nicolson: Perhaps I could remind you.

Lucy Frazer: Yes, you remind me.

John Nicolson: I can remind you because I have been informed by some who were present about some of the discussion. They were very keen to talk to you about inflation-linked settlement, but I am told that you kept returning to the issue of the BBC's coverage of the war in Gaza. Can you confirm that is the case?

Lucy Frazer: We absolutely discussed that, so we have discussed that. We had a meeting and at the end of that meeting I had previously said that I—in fact, what we discussed at that meeting is now coming back to me.

John Nicolson: Good.

Lucy Frazer: We discussed very clearly the position that the BBC did not refer to Hamas as terrorists. It was a matter that I had publicly called the BBC out on, I think the previous week, in a newspaper article. I put points to the BBC, in a private meeting, about something I had already said publicly: the reasons why I thought their guidance allowed them to refer



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to Hamas as terrorists. I put forward a number of points as to why I thought that was open to them. I had previously asked my officials whether it was appropriate to do that, and they said it was, and I had told the BBC that I might raise it at the meeting.

- Q47 **John Nicolson:** Okay. Of course it is self-evidently the case that Hamas are terrorists, and revolting in every regard. However, I am told by folk who were at the meeting that they were baffled by your response to their questions about funding, and that you kept repeating your points about the coverage in Gaza. Some people there said they couldn't get you off the subject of Gaza when they wanted to talk about funding.

Lucy Frazer: John, that is wholly incorrect. We had a meeting where I—we had a board meeting which I was invited to, where we discussed whatever the BBC wanted to discuss, and it was open to them to raise anything, and we discussed the BBC at that meeting. At the end of the meeting, we had some moments to discuss—

- Q48 **John Nicolson:** Do you think it is appropriate for you to put pressure on the BBC over its journalism and its use of individual words?

Lucy Frazer: I think the BBC made an error, which I have been very public about, in its refusing to recognise the use of the term “terrorists”, and I put forward my points. Susannah was also at the meeting, so—

- Q49 **John Nicolson:** We are agreed that Hamas are terrorists but I am a bit perplexed because, having agreed that, when we are talking about Gaza, are you not more shocked as a champion, I imagine, of independent journalism that Israel has locked journalists out of Gaza in order to hide what it is doing in Gaza? I have searched; I cannot find you on the record anywhere condemning Israel for locking journalists out of Gaza.

Lucy Frazer: I have made a number of speeches, John—you are free to read them all—about how journalists are treated across the world.

John Nicolson: Yes, but in Gaza?

Lucy Frazer: That includes referring to the high number of deaths that have taken place in Israel and Gaza. I am always happy to support journalists.

- Q50 **John Nicolson:** Just to get it on the record, do you share my shock at the fact that Israel is locking journalists, including BBC journalists, out of Gaza?

Lucy Frazer: I am very keen to go to Israel to understand—

- Q51 **John Nicolson:** No, no. This is really a very simple question to answer. It is not a question of you having to be on the ground in Israel. You do not have to go to Israel to have a belief in the principle of independent journalism. You can't visit every country in the world to do an on-the-ground report as Secretary of State.

This is a matter of principle. Does Israel have the right to lock journalists out of Gaza so that they are unable to report on the on-the-ground



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breaches of international law in Gaza? That is a question that you can answer in quite a straightforward fashion.

Lucy Frazer: John, I like to look at evidence and answer on the basis of evidence.

John Nicolson: If journalists are locked out of Gaza, you cannot look at the evidence by definition. That is the point of journalism: to gather evidence. You cannot see the evidence because journalists are locked out of Gaza.

Lucy Frazer: I have been very clear, in my engagements with news operators and in a number of speeches that I have made, about the importance of the freedom to report and the difficulty of reporting in war zones.

John Nicolson: We know that.

Lucy Frazer: I am very keen to ensure that, wherever people are in the world, they have the freedom to report. I will always stand up for those who are unable to do that—absolutely.

John Nicolson: You are constructing a variety of sentences to avoid saying something.

Lucy Frazer: If you are putting something to me, it is my job to assess the evidence. That is not a matter on which I have assessed the evidence, but I would be very interested to do so.

Q52 **John Nicolson:** So for example, you would have to go to the occupied areas of Ukraine, would you, before you could express a view on Putin and whether it is right or wrong for him to lock journalists out? So you cannot express a view on any war zone unless you, in person, visit that war zone? You're going to be very busy over the next few years.

Lucy Frazer: I absolutely haven't said that, and you are misconstruing what I said. I said that I am particularly interested in what is happening in Israel and Gaza in relation to journalists.

John Nicolson: We all are.

Lucy Frazer: That is why, a number of months ago, I asked the Foreign Office whether I could go to Israel; I also asked to go to Ukraine as well. Unfortunately, neither of those trips has transpired, but I asked again. I asked again last week because I am very interested in the high number of deaths in the region in relation to journalists.

John Nicolson: Yes, we are all shocked by it.

Lucy Frazer: I asked my Department again, in fact, last week, whether it was possible for me to go because I am very interested in ensuring that journalists have the freedom to report.

Q53 **John Nicolson:** Yes, well, they don't. The Committee will note that you



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have been given more than five minutes to express a view on whether Israel should lock journalists out of Gaza, and you are choosing not to answer that question.

Lucy Frazer: If that is the case, it is wrong but I would like to look at the evidence.

Susannah Storey: I just want to—

- Q54 **John Nicolson:** Wait a second; allow me to pursue this, permanent secretary. “If that is the case”? Are you saying that, all these months into this war, you do not know definitively whether journalists are locked out? It is not a question of if it is the case; you only have to talk to the BBC at one of your meetings with them, and the BBC middle east editor will confirm to you that it is the case that the BBC are locked out. It is not a question of “if”. Let me move on.

Susannah Storey: I just want to say for the record that I was at the same meeting as the Secretary of State with the BBC, and I recollect that we covered a range of topics, including their digital investment and a whole load of things they are doing now.

- Q55 **John Nicolson:** Okay. Let’s move on to the general question of impartiality. This is what the Prime Minister said: “I think all elements of the media industry have to be subject to the same impartiality rules.” I think he is right about that; it should be industry-wide. You said earlier on in your evidence that the BBC has a “special burden”, so which is it? Are all branches of the media subject to the same rules, and should they be? Or are some branches of the media subject to special burdens that other branches of the broadcast media do not have?

Lucy Frazer: All public service broadcasters have particular duties. All those who are governed by the broadcasting code have particular duties. The BBC is special because it is governed by the charter, and under the charter it has particular responsibilities. It is governed by the charter because it is funded by the taxpayer. It therefore has specific and important duties.

- Q56 **John Nicolson:** Your predecessors rightly condemned Russia Today as a channel that spouted disinformation and argued that no Member of Parliament should ever be on Russia Today. I agreed with all of them. I was offered lots of money by Russia Today. They would throw money at MPs to appear, but I always said no. It was a mouthpiece for Putin, it spouted propaganda, and no self-respecting MP should ever have appeared on it. What do you think about your colleagues who appear on GB News as some of their fellow presenters spout disinformation?

Lucy Frazer: Can I just clarify? Are you equating GB News with Russia Today?

- Q57 **John Nicolson:** They both spread disinformation, yes. One is subject to Ofcom rules, and the other has been taken off the air by Ofcom for repeated breaches of Ofcom rules. We know that GB News is going down that road at the moment, with defiant breaches of Ofcom rules. In fact,



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your colleague Mr Rees-Mogg did a long rant direct to camera yesterday in which he said that he did not believe that GB News should any longer be subject to Ofcom rules and that it should be independent of Ofcom.

I am not surprised that you are frowning—if that is disapproval, then I agree with you. I thought it was an extraordinary thing for Mr Rees-Mogg to say. How do you feel about your colleagues popping up on GB News alongside spreaders of covid disinformation and other disinformation?

Lucy Frazer: As I explained to your colleague Steve Brine, GB News has chosen to be regulated by Ofcom.

John Nicolson: Chosen to be?

Lucy Frazer: Yes, it doesn't need to be. Not all broadcasters need to be regulated. It has chosen to be regulated by Ofcom, and therefore Ofcom regulates it. If there are any breaches, those are matters for Ofcom.

John Nicolson: It is not an "if". There are breaches.

Lucy Frazer: There have been breaches, and Ofcom has looked into them.

Q58 **John Nicolson:** Right, but I am asking specifically about your colleagues who sit beside spreaders of disinformation. Let me quote one of them, Neil Oliver—that is the long-haired guy with the scarves—who said: "The climate crisis, the world at boiling point, rising sea levels, dying polar bears—it is all lies." He comes out with this nonsense, then up pops Mogg and co to give the channel some credibility.

I put it to you that in the same way that you and your colleagues condemned those MPs who sat beside spreaders of disinformation from Russia Today, you should also be condemning your colleagues who sit beside people who are covid deniers and climate change deniers. They should not be on that channel.

Lucy Frazer: Well, that is your view.

John Nicolson: What is your view?

Lucy Frazer: My view is that GB News is regulated by Ofcom—

John Nicolson: As was Russia Today.

Lucy Frazer: As is ITV and a whole host of other channels. It is Ofcom's responsibility, as you are aware, to make sure that it does its job. That is Ofcom's responsibility.

Q59 **John Nicolson:** Sure, but the difference, of course, is that you condemned MPs who appeared on Russia Today, because the channel spread disinformation, but you are choosing not to do so with colleagues who appear on GB News.

On the subject of disinformation, this was covered briefly in the Commons but I do not think it got the coverage it should have. An investigation revealed that 36 groups with 38,000 members, three of



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whom were administrators believed to be Conservative central office staffers and an activist who helped to run an MP's digital campaign, spread the most appalling poison about the Mayor of London and others. I would like to get an update about what has happened to those Conservatives. How did the investigation go? Have any of them been sanctioned? Have any of them been sacked?

Lucy Frazer: I think you are talking about an internal party matter. If you want to put questions to the chair of the party, I think that is appropriate—

- Q60 **John Nicolson:** No, it is not an internal party matter; it is immensely important to all of us if people spread racial hatred about the Mayor of London and others, operate out of a party headquarters and are not being sanctioned. That is not a matter just for the party chair; that is a matter for all of us as parliamentarians.

Lucy Frazer: John, I am not sure in which capacity this is an issue that I should be addressing. If you want to clarify, I am happy to answer.

- Q61 **John Nicolson:** I do. I want to ask you, as Secretary of State, who must be concerned with the issue of disinformation and—like all of us as parliamentarians—with the abuse of politicians and racial hatred. I do not think you have to compartmentalise to answer the question.

Lucy Frazer: Thank you for your clarification. Disinformation is a matter for the Secretary of State for Science, Innovation and Technology.

John Nicolson: We also handle that in this Committee. One of the groups shared not only an image displaying the notorious white supremacist slogan, "We must secure the existence of our people and a future for white children", but other alleged conspiracies by Jewish people to attain world domination. Conservative party activists and staff were the people monitoring those groups. I have invited you to condemn it, and I note that you have not.

Chair: Thank you, John. Alex Sobel.

- Q62 **Alex Sobel:** Thank you, Secretary of State and Permanent Secretary for coming in. I am going to cover, or try to cover, questions about gambling, grassroots music venues and, if there is time, video games, to pick up on some of the issues you raised at the start, Secretary of State. On gambling, the Committee and the Government agree that, with the rise in problem gambling for a small number of gamblers, we should have financial risk checks on gamblers, looking at issues of affordability. The checks also need to be frictionless. Is the Department confident that we can get the frictionless checks?

Lucy Frazer: Absolutely, yes.

- Q63 **Alex Sobel:** As we know, the Gambling Commission is undertaking a pilot. If its pilot shows that there are difficulties, or that that is not possible, are the Government still committed to introducing checks?



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Lucy Frazer: No. We have said that we will make sure that they are frictionless; and if they are not frictionless, we will not bring them in.

Alex Sobel: That is slightly contradictory.

Lucy Frazer: We believe that they will be frictionless. We are confident that they will be. We are operating a pilot system to ensure they are frictionless. We have committed to not bring them in if they are not.

Q64 **Alex Sobel:** If it transpires that you need to take some actions to make them frictionless, will you?

Lucy Frazer: Yes, we will absolutely do that.

Q65 **Alex Sobel:** Great. On non-profit society lotteries, I have met them and they are concerned that the gambling regulation coming in is harming the amount they can raise for good causes and limiting them. As we know, those sorts of lotteries do not really cause gambling harm, so what discussions has the Department had on zero-rating their required contributions under the levy?

Lucy Frazer: Stuart Andrew has had a lot of conversations with the society lotteries about that very issue. In our consultation, we said that we recommended that the rate be set at 0.1%. We recognise that there are different issues in relation to society lotteries.

Q66 **Alex Sobel:** Have you reviewed the prize limits, which are the other limiting factor for society lotteries?

Lucy Frazer: Yes. He has looked at this very carefully. The limits were last increased in 2020. He has said—I agree—that there needs to be evidence about how those limits are working before we look at it again.

Q67 **Alex Sobel:** I will move on to grassroots music venues, which are undoubtedly in crisis. We have had a whole range of issues impinging on our grassroots music venues: covid, the Ukraine war, the rise in energy costs, the general operating environment, development and planning regulations. Without grassroots music venues, we would have had no Ed Sheeran or Adele—major income earners for the Exchequer. The Government have put forward a small amount of money through the Arts Council to support grassroots music venues, but that will not solve the issues we have had. Do you accept that grassroots music venues are in crisis and that we need to intervene further?

Lucy Frazer: I accept everything you have said in terms of the phenomenal way that grassroots music venues bring our pipeline of talent through. You mentioned Ed Sheeran, but there are many others we could name. They are absolutely fundamental to ensuring that we retain our world-leading status in music.

I would slightly challenge your suggestion that we have given minimal support. You might be referring to the £5 million that we recently gave, which I was proud to announce last June. That builds on previous grassroots support we have given, so it is £15 million in total now through



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the grassroots support fund. During covid, we gave £200 million for live venues through the cultural recovery fund and £800 million to live events through the insurance scheme, and ACE has given £500,000 to the Music Venue Trust's "own our venues" initiative.

In the last Autumn statement, we extended the 75% relief on business rates up to a cash limit of £110,000, which those venues will benefit from, so we have given support. One can always give more. I am always looking at how we can continue to support them, and I am very interested in the industry's own support for the grassroots venues that it is itself discussing. When you have a very successful industry, it should support its pipeline of talent.

Q68 **Alex Sobel:** Absolutely, and I will come on to that in a minute, but do you accept the premise that grassroots music venues are in crisis, notwithstanding the fact that you are supporting them? If they were not in crisis, you would not be supporting them.

Lucy Frazer: I accept that they need support and that is why we have given them support repeatedly over the last few years.

Q69 **Alex Sobel:** I assume you have read our Committee's report on grassroots music venues. Do you agree with the recommendations in our report?

Lucy Frazer: You make some very important recommendations. I do think that, in particular, the industry work is very important. I would encourage industry to continue to look at that and offer support. I am very supportive of that.

Q70 **Alex Sobel:** There is a general issue in the music industry, including live, that money is pushed up the pipeline. The most successful acts benefit disproportionately, and so do larger venues, stadiums and arenas. One of our recommendations was to have a levy on arenas and stadiums. Do you agree that a levy should be introduced?

Lucy Frazer: I am always in favour of industry coming up with its own solutions. If that is what the industry thinks works, then I would be supportive of that. I am supportive of industry coming up with the solution to support the grassroots.

Alex Sobel: So are you not going to push the industry to introduce a levy?

Lucy Frazer: Let us see where they get to. As I said, Alex, I am very supportive of them doing something.

Q71 **Alex Sobel:** More broadly, live music venues have looked at other areas of support the Government have given. For instance, there are no opportunities such as video games tax credits for live music. During covid, like the rest of the hospitality industry, they benefited from lower VAT. Have you approached the Treasury about bringing in those measures for live music, or any other measures that the Government could introduce to help relieve some of the pressures on the grassroots



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music venues?

Lucy Frazer: I can assure you that I regularly raise things with the Treasury on all my sectors. The Chancellor recently said to me that I lobby him more than, indeed, any other Minister. These matters are ultimately a matter for the Treasury. All I would like to say, Alex, is that I regularly raise these issues. That is why we got the £5 million-worth of support last June.

- Q72 **Alex Sobel:** Coming back to arenas, the opening of Co-op Live has been absolutely chaotic and it cost the UK public a significant amount of money. The former general manager, who had to resign because of it, described grassroots music venues as “poorly run”, which is some chutzpah considering the way in which he managed his own venue’s opening. Have you discussed with Co-op Live the reasons behind why it was delayed and why it has been chaotic, to ensure that we do not have those sorts of issues in future?

Lucy Frazer: I am really pleased that it opened last week. I know it has been a major issue, and there were a lot of construction delays. It is a private enterprise and I am pleased that it is now open.

- Q73 **Alex Sobel:** Moving on to video games, I am chair of the APPG on video games, as I am sure you know, and we should not underestimate in the creative industries how important video games are. They account for some £7.8 billion GVA and some 76,000 jobs, although unfortunately we have seen a fall in jobs recently. The work around the video games expenditure credit tax relief has been welcome, but the industry is still predominantly based in London and the south-east. It is very difficult, as a northern MP, for northern indies to get going.

The industry has looked, with some jealousy, at the film industry and the way in which the tax credit has been put in for smaller independent productions. Is there a view that we should have a similar tiering within video games, which would allow a blossoming of the independent sector? It could allow some of that innovation and some of those studios to open around the country, distributing jobs and the finance of video games more broadly, or are we going to see a one-size-fits-all tax credit?

Lucy Frazer: I appreciate that often there is an issue about lots of companies being focused in London and the south-east. In our creative industries sector vision, which we did jointly with the industry, one of the things that I am very proud of is the fact that we have clusters across the country where we are investing £50 million, which we know last time leveraged £250 million worth of private investment. Those will be across the country. I had a meeting the other week with Andy Haldane and we had a roundtable on how we expand the northern corridor.

I met all the Mayors who I thought would be interested in bidding for the investment zone money in my sectors, but unfortunately only Teesside took that up. They have the creative industries as one of the sectors in their £100 million investment zone project that was announced at the last Budget. Hopefully, we will see more excitement in the north-east. I am



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constantly look at ways in which we can support all the creative industries across the regions. We have gaming in Dundee, and we do have some clusters across the country.

- Q74 **Alex Sobel:** I am not disagreeing that we have clusters, but the number of big studios in London and the south-east is still disproportionate, and we need to move around the country.

Lucy Frazer: Just to pick up on that, we have also had a very exciting announcement of a potential film studio—I appreciate you are talking about gaming—in Sunderland. It is happening and we are on the way.

- Q75 **Alex Sobel:** I will ask just one more question, because I know time is tight. I went to Sheffield Hallam University last week to open its new PlayStation 5 development studio, and one of the issues raised was that it was difficult for its graduating students who were trying to move into the industry as entrepreneurs to access the UK games fund. We generally have a skills shortage, and there are not enough opportunities for people to get skilled up. How do you expect us to be able to scale up and meet the demands and the ambitions of the sector so that we can carry on growing jobs and growing the sector?

Lucy Frazer: I am pleased that you mentioned the games fund—that is important. I think what we need to do—this is not unique to games, and Dame Caroline was talking earlier about skills more broadly—is ensure that we inspire in young children the belief that creativity is important from primary school. That is why I am working with DFE on wraparound care and on what creativity we can get into primary schools in those extra hours. It is why we need to educate parents on the importance of these sectors; it is a really good job that people can go into. It is why we need to provide support and why we need companies to bid for participation in bootcamps, which absolutely they are now doing. It is why we need to make sure we get the apprenticeship levy right for these sectors.

We need to do everything, from the first day of school to the last day at work, to continue to encourage and inspire people to go into these jobs. There is also the creative careers programme, where we are helping people. I have been to a number of gaming companies which have accessed the creative careers programme—it is not called the creative careers programme. We have particular funding to allow people to scale up and access money. The aim is to know how they can go from a one-person business to a six-person business to 150. That programme also got more money in the sector vision.

- Q76 **Chair:** Thank you, Alex. Secretary of State, can I take you back to a couple of the answers that you just gave Alex? I want to press you on a couple of them. In the report we did on grassroots music venues, one of our recommendations was a levy on some of the big arenas and stadiums that goes back into the grassroots music venues, which are, as you know, effectively the R&D of the live music industry. You said, in answer to Alex, that you would support an industry-led solution, but the fact is that the industry varies wildly on whether they think this is the right solution



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to the problem. The National Arenas Association may have a very different view from the Music Venue Trust, for example, on what the answer is. If there is a split on this, which side would you come down on?

Lucy Frazer: I am dealing at the moment with a lot of industries that have different views. In football, for instance, the Premier League has to come to an arrangement and work very closely with the EFL. I do think that it is for industry as a whole—I know that in industries there are different views, but I do think it is for industry to try to come up with a solution. I recognise this is a slightly different answer, Caroline, but one of the reasons why the creative industries have been so successful in recent Budgets is that I was able to lobby with one voice. Everybody came to me and said, “This is what we want, and this is the priority order in which we want it.” Therefore it was easy for me, as Secretary of State, to know what to pitch for; and I am trying to work with the sectors to identify—that is what the creative industries sector vision was all about as well. It was industry led. I would encourage them—I know you are saying it is difficult—to try to come to a solution themselves.

Q77 **Chair:** Would you ever use the incentive of a Government-mandated levy to encourage people to get to the point where the industry comes together with a single solution?

Lucy Frazer: We always keep everything under review, but I would encourage everybody to resolve this issue, in the interests of the industry as a whole.

Q78 **Chair:** What do you think of the idea of a fan-led review of grassroots music venues?

Lucy Frazer: I know that you have suggested that, and we will look at all the suggestions that you have made.

Chair: But are you tempted by that idea?

Lucy Frazer: Well, let’s look at all those recommendations.

Chair: You can’t give us a more definitive answer?

Lucy Frazer: Not today.

Q79 **Chair:** That’s a bit disappointing. Can I also push you a little bit on gambling? The horseracing levy review was due to take place by April of this year. When will the Department publish the outcomes?

Lucy Frazer: Very soon. I have been working very closely with both industries and I am confident that we will be able to update the House very shortly.

Q80 **Chair:** You will know that the so-called frictionless checks are already having quite a detrimental impact on the horseracing industry, which is vital for quite a few parts of our country. Where do you see this impacting the viability of the horseracing and breeding industry across the UK?

Lucy Frazer: On the affordability checks?

Chair: Well, the whole—

Lucy Frazer: We have taken a number of measures to make sure that the affordability checks do what they are meant to do—protect those people who might suffer harm, but at the same time not impede people's ability to place bets or their desire to place bets when they are just going about doing something which they enjoy. One of the things that we announced about a week ago was the interim measures, which we had encouraged industry to come up with. If you went to one betting company you were asked for things that were different if you went to another, and we were told that it was taking people to the black market because they did not want to produce documents. What the industry has come up with, encouraged by us, is a higher threshold when they ask for material, and that they will ask for consistent material across the board. I am really pleased that this step has happened and that it has been welcomed by everyone.

The second stage is that when the affordability checks come in, there is a nervousness—I hear it all the time—that people are going to be asked for a whole load of documents, and that it will put punters off. That is why what Alex asked me was so important: that these checks are frictionless, that they happen behind the scenes and that no one knows that they are taking place unless they are in that very small category of people where there is the potential for risk. That is what we want to achieve. We want to achieve those checks happening, but happening behind the scenes. We are very confident that they will.

Chair: So I will no longer be asked for my inside leg measurement in order to open an online betting account.

Lucy Frazer: I hope you never are, Caroline.

- Q81 **Jane Stevenson:** I would like to move on to tax-free shopping. The Committee has taken a lot of evidence about the potential benefits of the reintroduction of tax-free shopping. In its policy costings, the OBR has only looked at the behaviour of non-EU visitors when it is making its reports. Should it revisit that, so that we get accurate data about the potential of EU and non-EU visitors?

Lucy Frazer: Tell me again the specific question?

- Q82 **Jane Stevenson:** The OBR is only looking at the behaviour of non-EU visitors when it is doing costings, and it has never considered the potential of EU visitors. We believe that would have a massive effect on tourism, especially around local airports in the north-east, the midlands or the south-west, where there is the potential of weekend trips for people to come and add to our tourist economy. Should the OBR look at that as a whole?

Lucy Frazer: I have had a number of meetings with a lot of people in my sectors who feel this is a very important issue. What I have encouraged



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them to do—as you highlight, Jane—is built an evidence base about the impact of that on a whole variety of sectors. The Treasury has said that it is very happy to look at the evidence. I think there are a number of impacts, some that are difficult to measure, some that are immeasurable and some that are easier to measure, that have an impact on different parts of the economy. So yes, I think the evidence base should be as broad as possible, but I should also emphasise that I am not the Chancellor and ultimately the decision sits with the Chancellor.

- Q83 Jane Stevenson:** The Department also confirmed that VisitBritain will publish research about attitudes to tax-free shopping, but we do not know when. Can you tell us that this morning?

Lucy Frazer: My understanding is that they are quality assuring the report and will publish it after that.

- Q84 Jane Stevenson:** Will you push for European, EU and non-EU visitors—will you push for that work to happen?

Lucy Frazer: I am constantly raising with my sectors and across the board the need for thorough evidence—whatever evidence they think is appropriate to put before the Treasury. It is then up to the Treasury to decide what evidence they take into account. I have repeatedly encouraged sectors to put forward evidence, because at the end of the day this is, for the Chancellor, an evidence-based decision on the money.

- Q85 Jane Stevenson:** Our Committee is concerned that we are losing so much tourism to Paris now that Eurostar visits are so quick. The Committee does consider this an urgent matter.

I am going to do a smorgasbord of questions to mop up. We have had thefts from the Ely Museum and the British Museum. What are the Government doing to support security measures at museums so that we are really protecting these important cultural establishments?

Lucy Frazer: We have worked very closely with the British Museum in relation to the thefts. There has been a review and my Department has been involved in that—Susannah has been personally involved—to ensure that we learn lessons for the future that we can share with other organisations. Obviously, I need to disclose that Ely is in my constituency, and I know the police are investigating that theft.

- Q86 Jane Stevenson:** Thank you. Turning to my traditional Elgin marbles question, it is an issue that really divides opinion. Many people think it is a slippery slope to start returning artefacts. What are your views?

Lucy Frazer: My views are there are only certain circumstances in which you can transfer objects. The British Museum trustees are responsible for the objects. They were legally acquired and we have no intention of changing the law in relation to those issues.

- Q87 Jane Stevenson:** Would you support a loan to Greece?

Lucy Frazer: I think it is very important that the Greek Government recognise that those objects are owned and have been legitimately



acquired. Objects are loaned from time to time, but it is fundamental that our ownership is recognised.

- Q88 Jane Stevenson:** Thank you. I am going to go sideways again. In December, the Arts Council had a meeting with the Department about the reputational risk relating to the Israel-Gaza conflict. We have seen Arts Council guidance about political statements perhaps affecting funding for people and then a reversal, and it all turned into a massive hullabaloo—I do not know what word I want to put in there. What are your thoughts about that politicisation of the Arts Council? Equity have come very strongly against this.

Lucy Frazer: We haven't politicised anything. My officials have not required the Arts Council to do anything in particular. They obviously have a large number of meetings with the Arts Council where they discuss issues, including risk. But the Arts Council is an arm's length body and its decisions are a matter for it.

Jane Stevenson: On arm's length bodies, are you a fan of them? Do you think it is just a way to avoid a bit of Government responsibility and wash our hands of oversight of things? Are you happy with the work the Arts Council is doing?

Lucy Frazer: We are doing a review into the Arts Council at the moment; a review of its structures and a number of other matters, including excellence in art. I would be very happy to update you on our particular views in due course. In relation to your broader question about arm's length bodies, Government cannot do everything so it is important to delegate some matters to other bodies. It is important we do not have too many of them and we need to constantly keep that under review. It is important, of course, that they fulfil the responsibilities and duties that we intended to give them when we set them up.

- Q89 Jane Stevenson:** Thank you. That oversight is, I am sure, a frustration when things are not quite going to plan.

We have some football questions coming up, but as a lifelong Wolverhampton Wanderers fan, I want to briefly ask about VAR. The Wolves manager has called in a vote on VAR. I put something on Facebook last week about Wolves wanting a Premier League vote about abolishing VAR. Every single fan who responded to that is against VAR. It is not in the spirit of the game. It is holding up. Obviously, Wolves has suffered more than any other team at the hands of VAR decisions, and, as its manager said, when no one in the stadium questions the validity of a goal, someone in a remote location is having that goal disallowed. Where do you stand on that?

Lucy Frazer: Where do I stand on VAR?

Jane Stevenson: Yes.

Lucy Frazer: I have stressed a few times during the course of this Committee that it is not Government's job to solve every problem. Unfortunately, Jane, I think VAR is a matter for football.

Jane Stevenson: The spirit of technology—

Lucy Frazer: I know a lot of people are frustrated by VAR, including my son when he is watching a large number of matches, but it is not my job as the Secretary of State to comment on the game. That is a matter for football.

Jane Stevenson: Even when there is big money at stake, promotions, relegations and the principle of fairness and fan enjoyment. You are not tempted—

Lucy Frazer: We are bringing in a football regulator, but the regulator is looking at financial sustainability of football. I think we need to leave the game to football.

Jane Stevenson: Thank you.

Chair: We might stay with football. Clive?

Q90 **Clive Efford:** Yes. Welcome, Secretary of State. If you take the approach that VAR is a matter for the game itself, the Football Governance Bill, when it comes to the ownership of clubs, says that the regulator has to take account of foreign and trade policy. Does that represent an interference in the game by the Government?

Lucy Frazer: The point of that is to ensure that the regulator is not on its own determining the foreign policy of the Government. It is the responsibility of Government to set our UK foreign policy, and that is why it is important that that clause is included.

Q91 **Clive Efford:** Do you accept that the Saudi Public Investment Fund is a sovereign fund?

Lucy Frazer: Do you want to ask your whole question? Then I'll answer.

Clive Efford: Well, that is the question. Do you accept that that is a sovereign fund that is directly controlled by the Saudi Government?

Lucy Frazer: It is a sovereign wealth fund in Saudi Arabia, yes.

Q92 **Clive Efford:** So if a football competition, in this case the Premier League, has a rule that says sovereign powers should not own football clubs, should it not be able to enforce that rule?

Lucy Frazer: But there isn't such a rule. The regulator is not setting out who should own football clubs; it is setting out that whoever owns them, certain tests need to be passed. They need to pass the owners and directors tests, whoever they are. Whether they are foreign, whether they are British or whether they have a link to any particular entity, they have to pass the underlying test, but we are not saying that clubs cannot be owned by foreigners, or indeed by a sovereign wealth fund.



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Clive Efford: So foreign Governments can, directly or indirectly, take ownership.

Lucy Frazer: We are not setting any rules on who can or cannot own. All we are saying is that those entities, whoever they are, will need to absolutely pass the owners and directors test, so that they are fit and proper people. Those are the tests that apply whoever is the purchaser.

Q93 **Clive Efford:** So we will continue to see Foreign Office officials, for instance, interfering in the process of making a decision about whether it is suitable for a club to be taken over, as we saw with Newcastle.

Lucy Frazer: I do not think you will see Foreign Office officials interfering. What we have said is that the regulator has to have regard to the foreign policy, because that is a matter for the UK Government.

Clive Efford: Okay, but should civil servants be involving themselves in that process?

Lucy Frazer: I don't think you will find that civil servants are involving themselves in particular decisions. What we are saying is that the regulator should not be determining the foreign policy of the Government.

Q94 **Clive Efford:** If I were to ask you a question about replays, I am sure you would say that that is a matter for the competition.

Lucy Frazer: I'm afraid that I am going to give you the same answer, Clive, yes.

Clive Efford: Same as VAR.

Lucy Frazer: So spend your time on matters that I have direct responsibility for.

Q95 **Clive Efford:** None the less, how much do you think the fans should be involved in making decisions about these issues? My colleague Jane Stevenson has said that a lot of fans who contacted her are very much against VAR. The fan-led review led to the Football Governance Bill. How much influence should fans have on decisions like this?

Lucy Frazer: One of the things that we are doing in bringing in the regulator is making sure that fans have a say on the key issues that affect them in the context of financial regulation. We are giving them a say on things that we know affect them, like whether their stadium will move, which is obviously a commercial decision.

Clive, I am the Secretary of State, and I am not going to give you a view on this. That is not to say that I have not raised it with the FA. We have discussed replays on a number of occasions over the last few weeks, but this is a matter for the game. It is not for me.

Q96 **Clive Efford:** I think we would get better decisions on VAR with a group of fans in a pub than we would get from the current regime.

You mentioned moving stadiums. FIFA is now setting up a working party



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on whether competition matches can be played overseas, for instance, premier league Man City v Arsenal being played in New York, or something like that. How much influence do you think fans should have over that sort of moving of games before competitions can do that?

Lucy Frazer: One thing we have said clearly is that we do not want a position where we have a super league, and regulators will have a say in relation to that. We will not be seeing another super league. On these particular issues, I am sure fans would have a lot to say. It is something that I will think about a little bit more.

Q97 **Clive Efford:** Clause 48 deals with moving clubs around. Do you think that is tight enough to give the regulator and competitions clear oversight of whether it is suitable to move a match, as I have described? Or would you be willing to tighten up if it is a loophole?

Lucy Frazer: It is something I would like to think about a little further.

Clive Efford: Okay, that is fair enough.

Q98 **Chair:** Can I Hoover up a few more questions before we conclude? I want to stick with sport. I'm concerned that the UK has had to step in to host the Commonwealth games. What are your thoughts on that? Are you concerned about the long-term future of the games, and whether the UK is going to have to keep stepping in every four years?

Lucy Frazer: It is really unfortunate that we are in a position where Australia pulled out. I met with the Commonwealth games organisers a few months ago, to see where they were at, and to encourage them to try to find a solution, which they were doing. I know they are working closely, and one thing they are looking at is whether a different model would work. It is important that the games go ahead and that they are not always in the UK.

Q99 **Chair:** Yes. There is reportedly a shortfall of about £9 million in the budget for the Olympics in LA in 2028. Normally, as we head into an Olympic games, we already have the financial package sorted for the one after. We are 65 days away from the Paris Olympics. How close are we to having that?

Lucy Frazer: It is something that we are working on, and that I am very keen to secure.

Chair: Will it be sorted before our athletes head off to Paris?

Lucy Frazer: It is something that I am working on, so I very much hope so.

Chair: Do you appreciate that that level of uncertainty is very unnerving for those who need to concentrate on their performance?

Lucy Frazer: Absolutely. It is important that we get funding, and that is something my Department is working on.

Q100 **Chair:** Good. On the issue of trans women in women's sport, I know that



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you summoned the FA and the ECB recently to a roundtable on that matter, but we have not heard anything about the outcome. It has been quite secretive. Can you update us on that?

Lucy Frazer: It is not intended to be secretive at all. I pressed the organisations in the room that had not gone as far as some other organisations in relation to their rules on trans women taking part. I have, on at least two or maybe three occasions since that meeting, raised the issue again with the FA, because I think they need to look at this very closely. I know that the other sporting bodies are making some progress in this space.

I am regularly raising the issue with the FA. In fact, I saw Sue Campbell at an event yesterday or the day before and we discussed it again. I know they are looking closely at it. I don't think their position at the moment is correct, and I raise it with them at every opportunity. I have no further news for you at the moment.

Q101 **Chair:** Thank you. Can I take you back to football very quickly? As you know, Everton has been pretty much the pin-up team for every example of why we need a football regulator to come in and take a grip of the game. How concerned are you that the 777 takeover hasn't been axed at Everton?

Lucy Frazer: I am going to come back by saying that is a matter for Everton.

Q102 **Chair:** How concerned do you feel on behalf of Everton fans about the plight of their club this year?

Lucy Frazer: The reason we are bringing in the football regulator is that we know that fans care very deeply about their clubs. We are trying to ensure that clubs are financially sustainable and that they comply with various rules in the owners and directors tests so that we do not see the damaging effects that we have seen on clubs in the past.

Q103 **Chair:** Completely changing the theme: can I take you over to culture and heritage services? How worried are you about the current state of local government finances and how that impacts on the provision of culture and heritage services across local areas?

Lucy Frazer: We have had a cultural heritage pot of money in the levelling-up fund and that has been very well used. I had a meeting with Michael Gove. I am concerned across the board about the funding for local authorities. That is why I was very pleased when Michael Gove announced the extra £600 million, because some of our funding for many of the services we have talked about comes out of the local authority money. But we also have separate pots that support the arts, heritage and culture.

Q104 **Chair:** Are you aware of any heritage assets or museums and cultural organisations that have been recipients of recent rounds of cultural recovery funding that are now at risk of closure, or are having to sell off items or reduce their opening hours as a result of the financial pressures they face?



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Lucy Frazer: The Department liaises very closely with all the organisations that we fund. When issues are raised, the Arts Council in particular would work with those organisations.

Chair: Are you aware of any at the moment?

Lucy Frazer: I am sure, Caroline, that there are some.

Chair: Susannah, are you aware of any?

Susannah Storey: I do not have any specific names, but, as the Secretary of State says, we are very close across a whole range of these areas and, with local authorities having different pressures, we have been liaising with ACE across museums, libraries and heritage. Is there one that's on your mind?

Chair: No, it is just something that keeps coming up. We are going to do an inquiry as a Committee into heritage assets and also museums.

Susannah Storey: Great. We have found your work incredibly helpful across all the areas that you have covered, so thank you.

Q105 **Chair:** Thank you. From a purely parochial position, can I ask you about the seaside heritage fund that you have announced and what you think that could achieve for our local cultural heritage?

Lucy Frazer: I know that there is a lot of concern about these sites on the coasts. That is why we have announced a £13 million fund. The Treasury is working with officials at the moment on the criteria for that fund.

Chair: When do you think that will be brought forward?

Lucy Frazer: I hope it will be launched before the summer.

Susannah Storey: It is going through our gateways at the moment, internally, as the Secretary of State says.

Chair: Thank you. John, do you want to ask the last question?

Q106 **John Nicolson:** I would like to come in with a detailed correction for the Secretary of State, who said earlier that GB News had chosen to be regulated. I was certain that that was not the case at the time. I have checked with Ofcom, and GB News does not choose to be regulated; it is not like IPSO, where you can opt in or opt out. Broadcasters are regulated by Ofcom. They do not have a choice. GB News did not choose. I think it was a point that the permanent secretary was trying to make at the time. I just thought I would clarify that for our viewers.

Lucy Frazer: Can I just clarify with the permanent secretary?

Susannah Storey: I was trying to come in on the point about the meeting with the BBC that you referenced.

John Nicolson: But you, I am sure, will confirm that broadcasters do not choose to be regulated. They are regulated.



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Susannah Storey: GB News is regulated by Ofcom—

John Nicolson: It didn't choose it—exactly. That's my point. Thank you.

Q107 **Chair:** Before we conclude, is there anything else? Are there any questions that you wish we had asked you or any other points that you want to make?

Lucy Frazer: No, but John Nicolson asked me a question about a meeting that I had some time ago. I made all these points and I would just like to make them clear. I had a meeting with the board that I was invited to. They raised a large number of issues in relation to the financing of the BBC. There was an opportunity for them to raise any other issues at the end of the meeting. I raised what was a very important subject at the time, which had got a huge amount of coverage. A number of people, including MPs, had raised it with me and more broadly. That was the BBC's treatment of how they called Hamas. I raised that subject. I think it was appropriate for me to do so. They listened very carefully and the meeting came to an end. I just thought I would clarify that.

Chair: All right. Thank you for clarifying that. Is there anything you want to add, Susannah?

Susannah Storey: No. Thank you very much.

Chair: In which case I thank you both for your time today. It has been really good to be able to ask you a few questions.