

Digital, Culture, Media and Sport Committee

Oral evidence: The future of Public Service Broadcasting, HC 156

Tuesday 14 July 2020

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Members present: Julian Knight (Chair); Kevin Brennan; Alex Davies-Jones; Clive Efford; Damian Green; Damian Hinds; John Nicolson; Giles Watling.

Questions 106 - 217

Witnesses

[I:](#) Dame Carolyn McCall, Chief Executive, ITV, and Magnus Brooke, Director of Policy and Regulatory Affairs, ITV.

Examination of Witnesses

Witnesses: Dame Carolyn McCall, Chief Executive, ITV, and Magnus Brooke, Director of Policy and Regulatory Affairs, ITV.

Q106 **Chair:** This is the Digital, Culture, Media and Sport Select Committee and this is a hearing into the future of public service broadcasting and also we will be looking at the issue of Covid-19 and how that has affected our witnesses' company today and public service broadcasting more generally. Before we begin, I am going to ask any of the members to indicate whether or not they have any interests in relation to this session.

Giles Watling: Yes, I do, Chair. I am an occasional recipient of royalties from ITV.

Chair: Thank you. Our witnesses today are Dame Carolyn McCall, the Chief Executive of ITV, and Magnus Brooke, the Director of Policy and Regulatory Affairs, ITV. Thank you for joining us today.

Dame Carolyn, would you outline for the Committee the implications that Covid has had on your business and your public service broadcasting remit more broadly?

Dame Carolyn McCall: Sure. Thank you very much for inviting us to do this. This is an incredibly important Committee because the future of public service broadcasting is facing many challenges, and Covid has come on top of quite a lot of seismic shifts in our industry.

The way it has affected ITV, because we are a completely free range of channels, is that advertising halved overnight and all our production worldwide stopped, and those are our two major streams of income. We had to take very swift, rapid action as a result of Covid. We had three key priorities. The first one was obviously our own people. We had to make sure that they were going to be able to work from home immediately in lockdown safely. We had a lot of communication with them, a lot about physical and mental wellbeing and ensuring they had the right equipment.

The second priority was our viewers. You will all know, I hope, that we continued to produce 10 hours a day, right from the first day of lockdown, of news, regional news and daytime programming; 25 million people were watching ITV, so we were reaching the vast majority of people with TVs. That was a fantastic effort, supported by Government, of course, but a brilliant effort from our people to inform but also to entertain and to lift the spirits of people who were feeling very anxious and very nervous. We had people like Dr Hilary and Martin Lewis all working.

The third thing was to preserve cash. We had to focus on our business. It was a very, very serious threat to us because of such reduced income, so



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we took a whole load of measures that are about preserving cash, including salary reductions and suspension of all bonus schemes.

Q107 **Chair:** Did that apply to senior management as well?

Dame Carolyn McCall: The salary reduction only applies to senior management, and the bonus applies to the whole organisation.

We also extended the terms of our loan facility, our bilateral facility. We did furlough particularly our production staff. We obviously reduced overheads and our capex, all the things you would expect, but we went a bit further because we know that preserving cash is the single most important thing we can do in a crisis like this.

Q108 **Chair:** Dame Carolyn, to go back a step there, you said about senior management. Does that continue beyond 30 June?

Dame Carolyn McCall: Yes, indeed.

Q109 **Chair:** You said that was the original date and you continued that forward. Bonuses and salaries have been reduced for senior management beyond 30 June, is that right?

Dame Carolyn McCall: The bonuses will remain for the remainder of the year. There will be no bonus scheme for this year. The salary reduction for management is at least until the end of October. We will review it then.

Q110 **Chair:** What is the percentage of your staff still furloughed?

Dame Carolyn McCall: At the moment it is reducing all the time. At the moment we have about 1,000 people—it is coming down all the time—about 500 freelancers and about 1,000 on staff. Because we are bringing productions back—we have about 38 productions back now, which we did not have even one week ago—that figure will continue to reduce. We intend to bring as many people back from furlough as we possibly can because we want to do as much production as we possibly can.

Q111 **Chair:** When you say you intend to bring as many people back from furlough as possible, that means that some may not be brought back from furlough, so you are anticipating a reduction in headcount, is that right?

Dame Carolyn McCall: No, the reason I said that, Chair, is because we are not producing drama at the moment. The reason we cannot produce drama is we have not quite found a way yet. We announced something yesterday about working with Government, because the distancing rules are very difficult on dramas, so people who are working on dramas from our drama companies are people who will probably come off furlough last.

Q112 **Chair:** But you are not saying there will not be a reduction in staff. In terms of TV production, you mentioned social distancing and how it makes it more difficult. Isn't the issue also about insurance and



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reinsurance and the fact that it is difficult to ask any organisation to pump a load of money into a TV production when it may find that that TV production is halted due to a lockdown position? If that is the case, what have you been doing and what have you been talk to DCMS about?

Dame Carolyn McCall: We have been talking actively and proactively, as you would imagine, to DCMS. We talk to it most weeks and we have been talking to it about insurance for a number of weeks. It is interruption insurance that is a particular issue. Magnus has been working on this in great detail. Magnus, would you like to come in?

Magnus Brooke: Yes, we have been talking to Treasury and DCMS very actively about the insurance position, particularly to get a short-term solution. There will probably be a long-term solution to insurance and interruption insurance but we need a short-term solution straightaway. I think we are getting there and are pretty close. You would need to talk to Government about it specifically but we have been working very closely with Pact and with Government to try to find a short-term solution to enable us to get drama in particular back into production.

Q113 **Chair:** What is the big hold-up? Is it state aid rules?

Magnus Brooke: There is a state aid dimension to it. I am not sure that is the only hold-up. There is a dialogue between Government and the insurance market to make sure [*Inaudible*] and a degree of negotiation and discussion there. It is not straightforward; there is a lot of stuff to get through. I am not complaining but there is a bit more work to do.

Q114 **Chair:** Dame Carolyn, in terms of the effects on the business also is it what people see? We had evidence from the BBC not too long ago when it stated that we could expect to see what it termed old classics, which is repeats, of course, in actual English. Is that what we are going to see from ITV? Does the fact that we do not have all these productions up and running due to insurance issues and due to social distancing mean that we are going to see a lot more repeats over the next six, 12, 18 months? Is it inevitable?

Dame Carolyn McCall: I think it is inevitable that there will be some repeats this summer in particular. The summer schedule is probably the most challenged. The reason for that is the Euros were supposed to be on, "Love Island" was supposed to be on, a whole range of very big, big programmes were supposed to be on, particularly the Euros and "Love Island". So there is no question of that over the summer but we will try to do that cleverly. We will not just do old classics. We will re-curate, we will do the best of, we will make it interesting for the viewers. It is not in our interest in any way not to want viewers to view, so we will make it as good as we possibly can.

The autumn is not bad. We have a strong schedule for the autumn. We have saved some dramas from Q1, that we have moved into the autumn. We have "Des", which is with David Tennant. We have "Singapore Grip", which is from Mammoth, so we have some good dramas there and we



have all our big entertainment shows coming back. Even without live audiences we are finding a way of getting "The Voice" semi-finals and final in, "BGT", six finals in. "The Masked Singer" will come back, so we have a good schedule for the autumn. It is just the couple of months in the summer we will be curating a lot of things and mixing things and doing quite a lot of things to keep people engaged.

Q115 Giles Watling: Good morning, Dame Carolyn; good to see you and thank you for coming. I have to say on a personal level I have no objection to seeing some of the great repeats of the past. I declare a personal interest in that.

In 2019 the ITV family had 23.2% of the share of viewing. Do we have any idea how that is going now? Obviously the share would not necessarily change that much. Has there been any difference?

Dame Carolyn McCall: 2019 was one of our highest shares ever, so we have been performing very well in 2018 and 2019 in terms of share. The thing we are watching as closely as share is the volume of audiences, because that is also critical. Although the advertising market is structured around share, we look at both metrics. We look at both the volume of people coming in as well as the share of viewers.

Q116 Giles Watling: How is the advertising market doing? Are you seeing a falloff in application?

Dame Carolyn McCall: There was a huge falloff, as I said, at the start, as you would expect. I have to say the commercial team has been incredibly proactive. We furloughed five people in a team of 240 from commercial. The reason for that is there was a lot of conversations with advertisers, agencies and clients about what they could do to support Britain, to support audiences, to talk about what they were doing to help through Covid. We did a lot of very good creative work to keep as much money in as we could but we did a lot of the creative work for them, for instance, when they could not get studio facilities. There was a lot of innovation about how we dealt with the Covid crisis. I think it would have been an awful lot more than the minus 42% or minus 43% declines that you heard for April and May and June.

I am encouraged now. Those conversations are becoming much more real and tangible for the autumn and there are definitely signs of some good campaigns coming through so I think the advertising market has definitely improved. It is nowhere near where it was, nowhere near. It will take some time to recover and it will only recover when there is consumer confidence and business confidence. Those two things are vital for the advertising market.

Q117 Giles Watling: In terms of creative thinking and finding a way through this terrible situation, are there lessons to be learned that you would carry on in the future once this Covid crisis is behind us?



Dame Carolyn McCall: Yes, that applies more broadly than advertising. In advertising, yes, a lot of people now know what production capability we have that we could use on behalf of clients, for instance, especially if they are smaller and they want to come on TV, so there is that. We have always tried to be innovative in advertising. The broader things are a lot of people will not want to commute on a daily basis on very long journeys. Working from home. People do want to go back to work but I think they will want a mix, so technology is coming to the fore in terms of how you work from home. All of those things are going to change significantly how we will re-enter fully the workplace safely.

Q118 **Giles Watling:** Some of those practices will stay. You wrote to us a while back about cutting the programming budget by at least £100 million. How are you doing with that.

Dame Carolyn McCall: Bear in mind the vast majority of that is because we could not produce the shows. When you are dealing with the Euros, for instance, we deferred the payment of that so we did not have to pay the full amount of money. We have had to pay something but we have not had to pay the full amount because it has not aired. So the vast majority of that £100 million is not taking away the programme budget. Next year, if our plan materialises, we will probably be spending more money on programming because of some of the backlog.

Q119 **Giles Watling:** Content will not suffer in the long term?

Dame Carolyn McCall: Content will not suffer. We have always said that content will be the last thing that suffers, because content is where we optimise everything we do on content on so many different platforms, whether we use it on BritBox, whether we sell it again—

Giles Watling: Thank you, Dame Carolyn, thank you, Chair.

Q120 **John Nicolson:** Thank you for joining us, Dame Carolyn. I should say I am the former ITV news presenter but I began my career as a BBC youth presenter, one of Janet Street-Porter's "DEF II" presenters, and I remain very interested in kids' broadcasting. Has ITV fulfilled the commitments it made in response to Ofcom's report in 2008 about children's content? The report identified, did it not, a number of areas of concern about the level of programming on ITV, and you made a number of commitments? Have you honoured those commitments?

Dame Carolyn McCall: Yes, we will always endeavour to honour commitments that we take on when it comes to anything, but particularly with the regulator. Magnus has spent quite a lot of time working with Ofcom on the whole area of children's TV.

Q121 **John Nicolson:** Can I point out specifically you promised you would increase the budget to a children's channel by 10% and develop new online news and current affairs offerings for 12 to 15 year-olds, which I think is especially important? Have you achieved those targets?



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Magnus Brooke: Yes, we have. We did increase the budget in 2019 and we also launched something called “The Rundown”, which is a news service for 12 to 17-year-olds, which runs on Instagram, Snapchat and Facebook, which has been phenomenally successful. We had 17 million views or something in April. It has been terrifically successful, because we did a huge amount of research trying to work out how younger audiences wanted to consume news and in particular how we could bring the values of ITV news into that area and appeal to young people. I think it has been a great success.

What we also do on “The Rundown” is enable people to go in to get more detail on the stories. If they are interested in a story they can click through the ITV news website. So, yes, we have delivered the things we said we would deliver.

Q122 **John Nicolson:** I remember we got cameramen to take their cameras off tripods and walk backwards and that was considered to be absolutely shocking and innovative and now you can scarcely find a cameraman who walks forward in the course of their day-to-day work, so it was enormously influential.

What impact has Covid had on your ability to continue to invest in high-quality original content for children and in particular educational content? Have you increased that during this period of school closures?

Dame Carolyn McCall: If I start on that and then we will move to Magnus. It is very, very difficult for us to do education content because we have no education archive. We have nothing to draw on. We do not have the material and it is something very much at the core of the BBC’s remit to do education materials for young viewers.

Q123 **John Nicolson:** What do you mean when you say you have no educational archive?

Dame Carolyn McCall: We do not have any materials that we can draw on that are ours, that we own, that we have the IP that we can just package up or that we can then do some new content to build on it. We would have to start everything that we did from scratch.

Magnus Brooke: If I can help here, we have been talking to DCMS and the Department for Education about this issue during Covid and we did go back into the archive and have a good look at whether we had material that would be useful that we could put up on the ITV Hub. The truth is we had some content from the 1980s and the 1990s and we looked at it and did not think that it was going to work with the modern curriculum, even if we could clear the rights. We did not think we had the expertise internally with the curriculum and in packaging that in a way that made sense with the national curriculum such that it would provide any real value to audiences. We did do a piece of work very seriously looking at that.



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We did also look at some current affairs content as well as to whether we could package that up. The reality is it was made mostly for adults and it was not clear to us that there was going to be significant value, to an education audience at least, from that content. So we have gone through the process of thinking about that very carefully.

Q124 **John Nicolson:** You had content, it was just that the content was archaic?

Dame Carolyn McCall: Can I be clear? We did not have contemporary content. We did not have anything from the last—

Q125 **John Nicolson:** Yes, you are both saying the same thing. There was content but it was old content and was not contemporary content. Do you think that is perhaps a shortcoming or a shortfall in your remit? Is that something you would like to do more of? You say that it is part of the BBC's remit, which of course it is. Would you like that to be part of your remit? Why should it just be the BBC's remit? I imagine lots of people watching this session are thinking, "Why shouldn't ITV be doing this as well? Why shouldn't we have a choice?"

Magnus Brooke: The point about the PSB system in some ways is that each PSB plays to its strengths. We make a significant contribution to PSB in news, in production out of London, in current affairs, in the indie quota. The BBC and Channel 4 also have an education remit. It is about the system as a whole with each PSB playing to its strengths and delivering what it can, consistent with the economics of the licence.

Q126 **John Nicolson:** I am guessing it is also—are kids' programmes profitable? I know there are lots of small indie companies producing kids' programmes that are enormously profitable but it is quite often for the very young kids. Cartoons, for example, are very profitable and I imagine that news content, which by its very nature is ephemeral, is probably not profitable but possibly quite expensive to produce?

Magnus Brooke: It is a very challenging market and it is a reason why the Government intervened a few years ago to create the contestable fund for children's content, because the economics of children's television are very difficult, particularly advertising-funded children's television. There are a lot of advertising restrictions around children.

Dame Carolyn McCall: There are. Also remember that most children are on YouTube often, all the time. It is not just very expensive to produce when you produce it, but a lot of very young children are going to YouTube, because it is a very, very young audience on YouTube. It is very competitive.

Q127 **John Nicolson:** I guess that is a worry for all broadcasters, looking to the future, because these children are your future viewers. All of us started watching BBC, and in my case STV, as a kid and then continued to watch. I started with "Magpie" and "Blue Peter" and "Newsround" and so on and so forth and then grew with the BBC and STV, especially as



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somebody who liked news.

Yesterday I posted on Twitter, "The bosses of ITV are coming in. What would you like me to ask them?" I got various suggestions, some serious, some less so, but I thought this one was very interesting from somebody called Henry Warren. He says this, "Could you please ask them why they are not turning on the subtitles by default on children's TV? It has been shown to double literacy." YouTube, which you mentioned, Dame Carolyn, already does it. YouTube Kids does it and the BBC is also now embracing this. Why are you not doing this by default?

Magnus Brooke: 90% of the content of CITV online is subtitled. Clearly you can turn on those subtitles if you want to. There are some quite formidable technical obstacles to automatically turning on the subtitles in ITV Hub. What we have done is prioritise access services for disabled people and the engineering work we need to do to make our services as accessible as possible, rather than devoting that work to the turn on of subtitles initially.

What we have said is that we are very happy to sit down to understand more about the research behind the Turn on the Subtitles campaign. I know that the BBC raised some questions about the underlying research and we would also like to understand more about the research underlying the campaign. It is not a blanket "No" but there are some serious difficulties that we need to overcome and things we need to understand more about in order to get to that position. As I say, parents are perfectly able to switch on the subtitles permanently on CITV if they want to.

Q128 **John Nicolson:** If it does, as Mr Warren says, double literacy, that is a hugely important factor for any public service broadcaster to be able to help deliver that aim. Have you any idea why YouTube Kids are able to do this and the BBC can do it but you are finding difficulty doing it? Why should that be?

Magnus Brooke: I could not comment on YouTube or the BBC. I can only comment ITV Hub and I do know—

Q129 **John Nicolson:** It is worth asking them, if they have pulled it off.

Magnus Brooke: I am very happy to ask them that question. We are on 35 different platforms with on-demand content and I do know the effort that goes into ensuring that we have access services on the majority of those platforms. It is a big engineering challenge partly because we are dealing with differing technical standards on every single one of those platforms. It is a very different proposition to television, where you have a single technical standard or a handful of technical standards. Here every platform is different and we have a team in ITV that spends its time to go on each of those individual platforms and that is a significant challenge.

John Nicolson: I will maybe pass Mr Warren's details on to you, because he has a blue tick and he is involved in education, technology and



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enterprise in London and Cape Town and seems to be actively involved in this particular campaign, which sounds very worthwhile. For the moment, thank you very much.

- Q130 **Damian Hinds:** This follows exactly on John's point about TOTS, the Turn on the Subtitles campaign. In North America it is possible to track a thing called the Sesame Street effect because some places in the United States and Canada got Sesame Street before others did. There is an opportunity here to run a trial in one place that you and the BBC could do to turn on the subtitles for a period of time, for a year or two years, and see if there is a discernible effect three years later in school readiness. Is that something you could look at?

Dame Carolyn McCall: I would not want to commit to that here because I do not know what that would entail and I would not want to mislead you and commit to something. We will take that away and we will look at it and come back to you.

- Q131 **Chair:** Thank you. On that point will you write to the Committee as quickly as possible on that issue?

I know we cannot talk about the specifics of cases related to reality TV, in essence "The Jeremy Kyle Show" show and also to do with "Love Island". However, there are some general points I want to pick up with you Dame Carolyn, as you are relatively new in the job. ITV studios produced some 3,320 episodes of "The Jeremy Kyle Show" over nearly 15 years. It has been described by many, and I think quite rightly, as a human freak show, human bear-baiting, if you like. Are you proud of the fact that the company that you now head up ran that programme for so long? Should it have ended much sooner and will we ever see Mr Kyle and his like on our screens again?

Dame Carolyn McCall: There are a number of questions in that. The first thing I would say is that "The Jeremy Kyle Show" was produced according to the standards set, the Broadcasting Code, Ofcom regulations. It was a highly regulated show. It was a conflict resolution show. It was not to everyone's taste; it polarised opinions. It may surprise you to know that I got hundreds of e-mails complaining about stopping the show when we stopped it, because they felt it was their one outlet of being able to listen to and understand problems that were in their own lives and it helped a lot of people resolve conflict. You may not empathise with that in any way but that is what—

- Q132 **Chair:** I am sorry, Dame Carolyn, forgive me for this. I do not know whether or not you looked at the sessions that we ran on this and you saw the behind-the-screens footage.

Dame Carolyn McCall: I did.

Chair: Frankly, they were outrageous. They were absolutely outrageous. These were people who were taken off screen, they were presented with an individual who was supposed to be a psychiatric counsellor and then they were filmed during these processes. They were baited over a long



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period of time. I have to say my jaw is dropping at the lack of contrition here from ITV and from yourself as the Chief Executive.

Dame Carolyn McCall: When a show has been on air for 15 years and there are over a million people watching it every single day—I am not not contrite about what has happened to Steve Dymond—

Q133 **Chair:** The Roman Colosseum held 55,000. It does not mean that because it was popular that it was right.

Dame Carolyn McCall: No, but it has been regulated for 15 years.

Q134 **Chair:** Not well enough. This Committee pointed out that it has not done so. I am sorry but I am astounded that you do not accept the premise that this programme itself, although it ran for 15 years and seemingly was highly popular, at the same time it involved the psychological—not torture but I would say the psychological exposure of very vulnerable people to effectively people who were out there in the public domain who should not have been in the public domain. I am surprised that you cannot see that perhaps that was the wrong step and that maybe ITV should have ended it earlier and perhaps we should not see its like on TV again.

Dame Carolyn McCall: I cannot talk for my predecessor, I can simply say that we stopped “The Jeremy Kyle Show” but not because it had done anything out of regulation. It had followed processes and procedures. It had done all the things that were guidelines for a show like that. You did not like the show and I completely understand that. It did polarise opinion and I absolutely accept that. What I am trying to say is rationally and from a factual point of view—

Q135 **Chair:** It is nothing to do with whether I like a show or not. To be honest, I have no interest in that respect. It is about whether or not something, as a responsible public service broadcaster, you should have been airing that 15 years, 3,320 episodes.

Dame Carolyn McCall: What I would say is it had run for 15 years and it had not been criticised in the way you have just criticised it over that 15 years. I think a lot has changed. If you look at the show today you look at it and you wonder how it could have been on for so long. I agree with you, but a lot has changed in that intervening period.

I am trying to answer your question, which is am I proud of the show. What I am saying is I am proud of a range of things that ITV does. I am proud of ITV. That particular show did polarise opinion. Everyone on that show knew what the show was. It was informed consent, it was adults. They went through a screening and vetting process. They went through quite a lot of hoops before they went on that show, but it was conflict resolution. It was not always comfortable, in fact very uncomfortable to view, yet people viewed it. We have said that we will not be doing a show like “The Jeremy Kyle Show” again. We have been very clear about that, I have been very clear about that.



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Q136 Alex Davies-Jones: Following on from what you were saying, ITV has over the past few years had quite a number of high-profile cases that have attracted some negative press attention. As a public service broadcaster you have responsibility to your employees and to the public and to contestants. Clearly there is work to be done on protecting both presenters and participants in television shows against negative mental health. What steps are you taking to support your employees as well as participants?

Dame Carolyn McCall: We take our duty of care incredibly seriously, as I hope you will know. We have completely reviewed all of our duty of care processes over the last two and half years, since I have been there. In fact, six months in we did a complete review of "Love Island". We used Dr Paul Litchfield, who is an ex-CMO. As a result of his review, we put much more focus on pre-screening of participants. We put more focus on giving them training on social media, on the risks, on the upside as well as the downside of being famous for however long. We do quite a lot of work for them and also on financial management and getting a pay cheque. We put far more focus on that than we did.

We also put a huge amount more focus on aftercare. In actual fact there is aftercare not just available optionally but we ask all participants in the show to have a session with a counsellor for quite some weeks after the show, much longer than we have done before. In the past it was optional and people could say, "No, I don't need it". We now say, "You are coming out of a reality TV show where you have all been locked down for anything between one and six weeks. It is important that you readjust to normal life". We not just encourage, we say, "We want you to do this". So, much more on aftercare, and we do this continuously.

It is not something that is static that we have improved and we present and we say we are fine. We do not do that, we are constantly reviewing it. We have just employed a consultant psychologist, a clinical psychologist, in fact, to advise us. He does two days a week with us across all our reality shows worldwide. That is a very important step, because we were using various practitioners, medical practitioners, but this is someone who will absolutely be embedded in what we are doing, will understand what we are doing and will be able to add a great deal. I met with him yesterday and it was extremely instructive and good.

So we have done a huge amount to modernise duty of care. We are working with Pact and we are working with other broadcasters as well and we are sharing best practice, because we are not the only broadcaster that does reality TV. This is worldwide. We are learning from America and Australia as well.

Q137 Chair: You may not be the only broadcaster that does reality TV. However, you are the broadcaster that generates most revenue from reality TV. Is that not the truth of the matter here, that this is the goose that lays the golden egg? You do not want anything that would end up with that format not being able to be carried forward in an entertaining



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way, or seemingly entertaining way. Therefore, you are willing to stick to the rules rather than think beyond them.

Dame Carolyn McCall: I have just demonstrated, Chair, if you do not mind me saying, that we have gone way beyond the rules. We are going way beyond the Ofcom code or the Broadcasting Code or anything like that. Way beyond that.

Q138 **Chair:** If you will forgive me, your previous defence was that you stated that the “The Jeremy Kyle Show” had stuck to the rules and therefore it was fine. The truth of the matter is that that was not good enough and was not fine and our Committee showed that.

Dame Carolyn McCall: Dr Paul Litchfield was about to review “The Jeremy Kyle Show” as we stopped. He has done so and we have learnt some lessons from that, as you would expect us to. I am talking about generally now the duty of care code that we have at ITV is way beyond anything that Ofcom requires of us.

Q139 **Chair:** It only took you 3,230 episodes in order to review it and find that there was an issue with it.

Dame Carolyn McCall: If you do not mind me saying, Chair, I was not there for 3,200 episodes. As soon as I arrived at ITV I have tried to take action on duty of care to try to modernise it. It is very important that the Committee understands that in the last three to four years the explosion of social media has made things very, very different for any participant on any show. We have had to take account of that in a very different way to shows that would have been on three years ago. Series 1 of “Love Island” was very different than it is today.

Q140 **Giles Watling:** Going back on the cuts that you have made and have been making, the BBC recently announced that it was making significant cuts to its regional news programmes. Can you guarantee that ITV will not go down that route?

Dame Carolyn McCall: If we are able to reform the 2003 Broadcasting Act so that we are able to get the various areas that we have outlined to you already as a Committee and we have been very public about and I think other PSBs have to, this whole area of prominence, inclusion, fair value, modernising the compact so that the benefits of being a PSB equal the responsibilities of being a PSB, then I think there will be no reason for us to look at the regional news budget.

As you know, Giles, news is very, very expensive. It does not have return. You do it because you are an impartial, accurate public service broadcaster. Regional news is particularly important but we are very, very proud of it. In fact, all the research that comes back says that ITV is trusted more for its nations and regions news than any other broadcaster, whether that is Reuters, on the key metrics from Ofcom and so on. So we are very proud of our regional news and our heritage there and we intend to continue to do that.



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Q141 **Giles Watling:** I would say that your regional news also is something that is a form of income because, as you said earlier, the viewership has increased dramatically across all news. Is that the case with regional news as well?

Dame Carolyn McCall: I am afraid it is not. Regional news is very heavily loss-making because we do not take any advertising within news.

Q142 **Giles Watling:** Why do you not do that?

Magnus Brooke: We do not do that because we do not have enough minutes, bluntly. It is more profit maximising to put our minutes elsewhere in peak time rather than into regional news, because we are constrained by the number of peak minutes we have to 40 peak minutes, so we do not have enough minutes to put into regional news.

Q143 **Giles Watling:** What can you do to improve the regional, local provision in news and beyond? Can you do anything to improve that?

Dame Carolyn McCall: Could you clarify that, please, Giles? Do you mean more content?

Giles Watling: Yes, to reach out to local communities, to be more regional-specific, if you like.

Dame Carolyn McCall: I think we are highly regional specific. If you think of all the broadcasters, we are probably the most regional specific. What we hear from all of those communities is that we are hugely accessible, that we go into the communities, that we interview them, that we get them on the shows. Anything that is going on in those communities, we are right in the centre of that. We hear that all the time. We put a lot of resources into regional news. As I said, we are not just proud of it, we focus on it.

Q144 **Giles Watling:** You have neatly explained why it was so expensive to produce.

I would like to move on to the question of impartiality. As you know, the BBC has had much criticism over the last few years, particularly over Brexit and so on, about its impartiality. What does the concept of impartiality look like for a PSB in 2020 and how does it differ from 20 years ago?

Dame Carolyn McCall: In a world full of noise and opinion and everybody having an opinion and being able to tell everybody else what their opinion is and it being a nanosecond before everybody knows, you are right that is a critical question for news organisations. We are very, very careful in terms of accuracy and impartiality and I do think they go hand in hand.

Just take the news. In the news division Michael Jerney, our Director of News, says it is pretty straightforward. You report the news. If you have opinion, you make sure that you have a range of opinion. You have a counterweight. If you have a Conservative MP you also have a Labour



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MP, a Lib Dem MP, impartiality means you are representing as many views as you possibly can without making the programme very boring. That is what you would do in news and you would always ensure that if you made a mistake you would apologise quickly and put that right. That impartiality sits right at the centre of what you are doing and that is the filter you use.

Q145 Giles Watling: What structures do you have in place to monitor this? Do you have a committee, a board, that monitors impartiality specifically?

Dame Carolyn McCall: Magnus sits on the ITN Board. As you know, we have ITV, Genus and we have ITN for a lot of our news. Magnus is a director of ITN so I am going to ask him to talk about some process there.

Magnus Brooke: Ultimately it is the responsibility of the programme editor to ensure that the programme they make is impartial and that they log who they are getting on the programme and that they have, as Carolyn says, counterbalancing opinions. I do not know the detail of exactly how they log that and how they make sure that there is that accountability, but it is their responsibility. Ultimately, Ofcom sits in judgment on these programmes.

As Carolyn says, it is a bit more complicated now than just a party political thing. Clearly in Brexit there were a whole variety of different opinions, and the need for balance and impartiality there required a different set of judgments than just having a mechanical party-based impartiality system. It is a more complicated thing to achieve but ultimately it is the programme editor and then ultimately the broadcaster that has to ensure that those programmes as a whole are impartial. Ofcom clearly looks very carefully at that, particularly at times of elections or referenda.

Q146 Giles Watling: Is it fair to say that you are putting an enormous amount of responsibility on the shoulders of the editors? Because you have massive influence and it is a while before Ofcom can engage. As Dame Carolyn said, these things are pretty instant and they go out on social media straightaway. By the time Ofcom or even a senior management board gets involved, the damage is done, if you like. What structures do you have?

Dame Carolyn McCall: There are three editorial meetings a day. They meet in the morning, they meet in the afternoon, they meet in the evening. If there was anything contentious they would meet more frequently. The programme editor is not on their own. They would always be able to talk to the person above them, the Director of News if it was very, very tricky. They are surrounded by a support network. It is not as if they were on their own in the field. The meetings are very, very important because at the editorial meetings they will have a discussion of the issues of the day and they will discuss how they are going to cover it in very—



Q147 **Giles Watling:** Would you say that your organisation is fleet of foot as regards impartiality?

Dame Carolyn McCall: I think so. I genuinely did not get any complaints through the election and through Brexit from Government. I personally did not get any complaints and I did not get complaints about our election coverage or Brexit coverage from viewers, and I would tell you if I did. I will get the odd something about a presenter but not our coverage as a whole.

Giles Watling: That sets you apart from the BBC. Thank you very much.

Q148 **Clive Efford:** I want to ask some questions about viewing figures but before I do, can I go back on the issue about "The Jeremy Kyle Show"? You say you carried out a review yourselves and came to the conclusion that the show should end. What did you find that was wrong? Do you have any duty of care to those people who went through life-changing experiences as a result of how they were treated on "The Jeremy Kyle Show"?

Dame Carolyn McCall: As I said, we did follow all the processes that were set. One of the things the review was looking at is what exactly happened. We did that as an investigation and the outcome was we did follow all the processes that were set. One of the learnings would be to my point about how everything has changed as a result of social media. The speed at which things will be just put on YouTube or Twitter or whatever can affect people much more today than it ever did in the past. That was one of our biggest learnings and is something we have used now across all of our duty of care, taking into account that speed of information, which is personal. It is not to do with the process of producing a show, it is to do with the aftereffect for an individual, for a family or whatever it might be. That was one of the things that came through. As I said, the processes that we were supposed to follow were followed by the production team. That was one of the reasons for the review.

Q149 **Clive Efford:** That may be right in the terms of your review, but the use of the lie-detector test and it being presented as being infallible on issues that are absolutely life changing for people who come on the show is reprehensible, is it not? Do those people not deserve some sort of reparation?

Dame Carolyn McCall: I have a lot of sympathy for people who went on willingly to do a lie-detector test. They are legal. They were not illegal. It was very clear at the start of this programme that they could be inaccurate. It never claimed that there was 100% accuracy. It said on every show that lie-detector tests could be inaccurate. These people were also briefed about that. Every participant was briefed before they went on the show about lie-detector tests but I am afraid a lot of people went on the show to do it.



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As you know, I have also said that we will not be using lie-detector tests in the future on any shows. We have already closed that down because we feel that even if you say this repeatedly before, because people so believe in the test, it is open to misinterpretation. That is why we have said we are not using lie-detector tests any more.

Q150 **Clive Efford:** So it was the contestant's fault that they believed that the lie-detector test was—

Dame Carolyn McCall: I have not talked about fault or blame. I have not mentioned the word "blame" or "fault". I am simply saying that if you tell participants that this is not accurate, that there is a risk that it will not be accurate but they still want to do the test, as they did, there is nothing we can do about that. I have also just said that I have been very clear that we will not be using lie-detector tests in any of our shows again.

Q151 **Clive Efford:** I am sure we will all be very relieved at that. Can I move on to your viewing figures during the Covid crisis? You have increased your viewing figures quite substantially, including among 16 to 34 year-olds. How are you going to sustain these viewing figures going forward? Do you have a plan to try to hold on to some of these people?

Dame Carolyn McCall: We do have a plan, as you would expect. It has been brilliant and reinforces why what we do as a public service broadcaster is so important. There was a 20% increase of 16 to 34s and many of them were coming in for news because the misinformation out there was so great that they were coming to trusted sources. As I said, ITV is a very trusted source. We do have a plan to retain them. One of those plans involves Hub. Many more young people use ITV Hub, which is both on-demand and live. At the moment 80% of 16 to 34s in the whole country are registered on Hub. That is an amazing figure. It means that we can contact them because they want to be contacted. We can continue to market to them.

The way that we communicate with this audience is very, very different to the way we would normally communicate with our viewers. With over 35 year-olds, if you are watching TV you can do lots of things on screen. With 16 to 34s you have to use a range of different devices of communication. That is very much part of our plan. We are shifting some of our focus not just on social media but on what we do online as well. So, yes, we have a plan to try to retain the increase in audiences.

Q152 **Clive Efford:** The figures show that the average time that they spent was two and a half hours. Is that due to the fact that it was mainly news content that they were dipping in for or was there something else that they were tuning in to?

Dame Carolyn McCall: We got very large audiences for all our entertainment shows. "Saturday Night Live" was something like [Inaudible] million and about a third of them were 16 to 34s, so very, very high. "Britain's Got Talent" was very high for 16 to 34s. So, no, it



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was not just news. I was giving news as an example because there is this thing that young people, particularly 16 to 25s, are not bothered about news and they get it all through social feeds. I am saying there is a way of encouraging them in. That is why "The Rundown" is so important.

Also what we are doing is we are doing short-form content on the Hub because they are very used to watching short-form content and we think that will engage more 16 to 34s in ITV Hub than they have been before.

Q153 Clive Efford: What was it specifically about ITV that attracted so many young people compared with other channels during that time?

Dame Carolyn McCall: To be fair, I think all of the channels have done well with 16 to 34s through Covid. It shows the strength of public service broadcasters. I do not think it is just ITV. The BBC's news service did exponentially well because of the Government briefings on there. I think it is about our content, it is about the positioning of our content and it is about how we engage with them. We are learning all the time. They are a much, much more difficult audience to attract and retain and we have to do this on a multifaceted level to keep them within ITV Hub and ITV, just as every broadcaster has to do. We are learning all the time; we are constantly evolving that.

Q154 Clive Efford: It must be a massive challenge with the global reach of things like Netflix, Amazon, Disney, Apple, all of these organisations that have massive reach beyond the UK. Are you not always going to be playing catch-up with them? It is a massive challenge to hang on to viewers in the face of that sort of competition.

Dame Carolyn McCall: It is huge competition and it is not a level playing field and I hope we will come on to that in a bit. It is not a level playing field and that makes it even harder to compete. What I would say is if you were on Netflix or Amazon or Apple over this period of time and that was what you were watching—and a lot of 16 to 34s maybe only watch that—you would not know what was going on anywhere else. You would not have sensed that something very serious was in society and needed to be reflected. That is why public service broadcasting is so important to that audience and has to be seen by that audience. That is why prominence is so important. They will come in to "Harry's Heroes", for instance, which has fantastic messaging about mental health, obesity, all sorts of things, physical wellbeing, but unless they come across it through prominence they are not going to know it is there. So it is very competitive but we need a level playing field to ensure that our content is being able to be seen by 16 to 34s so that they can be drawn into it, whichever platform they are on.

Q155 Clive Efford: Did the Covid crisis drive anyone towards BritBox?

Dame Carolyn McCall: Yes, BritBox did do very well during Covid. It certainly exceeded its plan over Covid because people had more time to spend so they were able to discover more. They were able to go into BritBox. It is good value at £5.99. It has the whole of PSB content. It is



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the range of Channel 4, Channel 5, BBC and ITV. Because they had the time to discover what was on there, they did convert very well from the free trial to conversion into paying.

Q156 Clive Efford: Has it met your expectations in terms of what your predications were for BritBox?

Dame Carolyn McCall: So far. It is very early days. It is only six months old; it is very, very early days. So far it has met the plan.

Q157 Clive Efford: Can I ask one question on diversity? I know others are going to come in on this but it is one issue. Are there roles in casting in shows and performances and TV programmes that black actors cannot be cast for?

Dame Carolyn McCall: No, not at all.

Q158 Clive Efford: We could have a black actor playing Horatio Nelson? We have seen reports and comments during Black Lives Matter from actors saying they often get the reaction that there is a limit in terms of the roles that they could be considered for. Do you think that is something we should just put behind us now?

Dame Carolyn McCall: There is a difference between can it happen and does it happen. We have to work much, much harder for it to happen. You have had black actors doing Hamlet. There is no reason you cannot do that on TV too. It is possible. There is nothing to stop it happening but we have to work much harder at making it happen.

Q159 Clive Efford: Do you feel that ITV has the right processes in place, the right procedures, to drive that forward?

Dame Carolyn McCall: I feel that we have made good progress on diversity. We have just announced a couple of weeks ago that we are accelerating diversity in two particular areas—disability and black and ethnic minority representation. We have done well on LGBT and gender. If you look at the overall stats you would say they are okay but if you look behind those stats you would see that there is not enough representation at every single level of ITV, and that is what we need to focus on. It needs to be at senior leadership team as well as board level as well as all the way down. There is some of that, there is not enough of that and that is why we have announced a plan. We have a whole range of initiatives and we will report on that annually. We will report on it internally to our people and externally, publicly, in our social purpose report.

Q160 John Nicolson: I would like to pursue the issue of diversity as well, Dame Carolyn, but I cannot let your extraordinary exchange with the Chair from earlier on pass unnoticed. Can I quote you something that you said about “The Jeremy Kyle Show” to him? You said it was a “conflict resolution show”. You said that apparently without irony.



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Dame Carolyn McCall: Because that is what it was called. That is how it was labelled.

Q161 **John Nicolson:** Just because some people say something idiotic does not mean that you have to parrot it. It was not a conflict resolution show. The issue surely was not that you satisfied some inadequate guidelines. The issue was that it was cruel. It was monstrously cruel. I am mystified why you should be offering up any defence for it, not least since you have said several times that you were not there throughout the programme's broadcast history. I do not know why you are not disassociating yourself from it more.

Dame Carolyn McCall: If you do not mind me saying, I think it is very, very unfair that you are attacking us for this when we have—

Q162 **John Nicolson:** Really?

Dame Carolyn McCall: I will tell you why, because it was a conflict resolution show. I am not parroting anything. That is what it was designed to be. Actually, something like 70% of people who went on that show had their conflicts resolved. That is what it was; that is what it was called. In everything you will have read about it, it will have said this is what it does. That was its reason for existing. I know you do not like—

Q163 **John Nicolson:** That is not the issue. It does not matter whether I like it or not. You said that to the Chair as well, that he did not like it. Of course I did not like it. I do not think anybody with a shred of decency would have watched it and liked it. It was a bear pit. It was immensely cruel. Could you have imagined directing children in your orbit towards it and saying, "Sit down, kids, have a look at this, this is the way adults conduct themselves"? Given it was scheduled during the day, children could easily have watched it. Would you ever have directed children, for instance?

Dame Carolyn McCall: I would have hoped children would have been in school. Of course we did not market the show to children.

Q164 **John Nicolson:** I am not asking that. I am asking would you personally ever have directed children towards it?

Dame Carolyn McCall: No, I would not have.

Q165 **John Nicolson:** No, obviously, and the reason you would not was because you would not have said, "Sit down, kids, watch this. This is conflict resolution. This is how conflicts are resolved." You would not have said that to them because you would not have believed that. I assume, I hope, you would not have believed that that is how adults resolve conflicts, and that is why you would not have shown it to children.

Dame Carolyn McCall: I think we are going down a path—I just don't know what you are expecting me to say because I feel that we have answered questions about "The Jeremy Kyle Show", I have been very open with you, I have been very direct with you. "The Jeremy Kyle Show" is not going to be produced again. We are not doing a show like that



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again. We are not using lie detectors in any of our shows again. We have learnt quite a lot from the review we did of "The Jeremy Kyle Show". I don't really know what else you want me to say about that. I think I have said everything—

Q166 **John Nicolson:** I don't, obviously, want to put words in your mouth. I just find the way that you are constructing your answers to this strange, because if I were in your position, and obviously I am not, but if I were in your position, I would say, "Looking back, I am embarrassed that it was on our schedule because it was a horrible show, it was cruel. Some people have described it as poverty porn. It was deeply disturbing and I am very, very sorry it was on our channel." You are not saying that. You are saying things like "It was a conflict resolution show," which I am disturbed that you would think. Do you know what I think? I think your answers sound as if they have been constructed by a lawyer—

Dame Carolyn McCall: They haven't.

John Nicolson: —and there are ongoing legal consequences for this. Your answers do not sound spontaneous or natural under the circumstances for a programme that we have all seen, that most decent people were horrified by, and that had a tragic ending.

Dame Carolyn McCall: I am sorry you feel like that. Lawyers have not constructed any part of my answers today. I have tried to answer your questions as openly as I am able to do. I have been as open—I am always open. I have answered your questions directly and I am sorry you are not satisfied with it.

Q167 **John Nicolson:** Well, let's leave viewers to decide what they think about those answers and move on to diversity.

Why is that Ofcom found that ITV has the lowest proportion of black and minority ethnic staff of any of the four UK-based broadcasters? You said, in an answer to my colleague, "We have made good progress on diversity" and yet you are the worst of any of the UK-based broadcasters.

Dame Carolyn McCall: Our current black, Asian, and minority ethnic representation is about 12.5%. We have increased that from 11.9% two years ago. We have 22% representation on screen, when you are looking at staff it is 12.5% and if you look at the ONS data, it is in line with ONS data. As I said, I think to Clive, if you look behind the data, we at ITV have said that we need to accelerate what we are doing. We are focused on both disability and representation from black, Asian and minority ethnic groups. That is why we have announced a diversity acceleration plan, because we were not making enough progress, not because we have not been trying but because we have not had the broadest pool and we needed to do more of that. We need to do more bursaries and internships. We are doubling our apprenticeships so that we can attract people, more people, from black, Asian and minority ethnic backgrounds. I have also created a group diversity director who will sit on the management board. I think ITV is the first company that has done that.



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The reason we have done it is so that we have diversity at the decision making table so we can be challenged, we can work together, it is part of the strategy of what we are doing, and I do think that will accelerate how we do this at every single level and across ITV.

Q168 John Nicolson: Your 2019 target was 15%, I believe, and as you have just acknowledged, you missed that target. Why specifically do you think you did miss the target? I have listened carefully to the measures you say you put in place in order to try to accelerate, but looking back, what is it specifically about ITV that has caused it to miss the target and to be the worst of the four UK-based broadcasters? What is your analysis?

Dame Carolyn McCall: Can I come in there? Magnus, correct me if I am wrong, but I think our target was for 2021 and we have not missed a target.

Magnus Brooke: No, we haven't missed a target yet. I think it was 2021-22, the target.

Dame Carolyn McCall: So we have not missed a target. We only disclosed our targets in 2019, even though we did not need to. We disclosed for the first time that we have targets, what they were and what we were striving to get to. Our target is 15% for 2021. We are at 12.5% today. Our acceleration plan, I hope, will exceed 15% but the target is 15% for 2021.

Q169 John Nicolson: Okay. I am looking at a briefing that says something different, but it is your company, so of course I accept what you say about your own target. Nonetheless, looking back, what do you think it was about ITV's structure that has caused it in the past to do worse than the other UK broadcasters? What are the lessons to learn?

Dame Carolyn McCall: The lesson to learn is that we have to focus at every single level. Focusing on the entry level is not enough because then you do not get as quickly, rapid progression through the organisation. That is an important lesson. We have said we are creating 20 management roles in middle management. We will take positive action on that and that will be about black, Asian, and minority ethnic background representation. We are creating roles now, for the first time ever, and we are using positive action in a way that we have not done before. The BBC has done that. It is very much part of their remit to do that. The BBC has been using positive action, I think for quite a long time, and I think that is also a learning and we will do that.

Q170 Alex Davies-Jones: Dame Carolyn, you have already mentioned some of the efforts you are making to promote BAME people both on screen and off screen. You mentioned that you have your diversity acceleration plan in place, and some of the other initiatives. But why do you think ITV has the lowest proportion of BAME staff compared to other broadcasters? Why is it an ITV issue?



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Dame Carolyn McCall: Could someone repeat the question because I did not hear any of it, I am afraid?

Alex Davies-Jones: Apologies. I said that you have mentioned some of the things you are doing to accelerate BAME representation both on screen and off screen. You mentioned your diversity acceleration plan. But why do you think ITV has the lowest proportion of BAME staff compared to other broadcasters? Why is it an ITV issue?

Dame Carolyn McCall: I don't think this is an ITV issue. I think if you talked to all the broadcasters they would say that it is an issue for the TV industry, for the film industry. It is an issue right across the board. I don't think this is an ITV issue and we are working with all the broadcasters to do things better, to learn, to implement things that work. I think Lenny Henry said that you can have 100 initiatives, that is not what it is about, that it is about three or four things you do that really make a difference and push this forward. We are all learning that the fewer things you do that you commit to and resource well, you will shift the dial much more quickly and much more effectively because it is not just about recruiting people from diverse backgrounds, it is about retaining them and having a culture that they feel is completely inclusive, where they can be themselves. I think we are all learning about that. We are doing pulse surveys where we monitor inclusivity. We get feedback all the time. Our Embrace network, which is a very strong network at ITV now that represents black, Asian and minority ethnic groups, is doing so much more work. It is getting external speakers in, doing surveys itself, and feeds the information back to us. There is a range of different things that we are doing that we have been doing over time but have not had as much traction as they are having now.

Q171 **Alex Davies-Jones:** Why do you think that has been? Why has the progress on this been so slow?

Dame Carolyn McCall: If you look at it representatively, the issue may be London because in London the ONS data will be much higher for representation from black, Asian and minority ethnics. If you look at it nationally, we are in line with the population of that community. We are running almost level pegging. I think it is 12% nationally and we are 12.5%, so we are level pegging nationally. What we have to do now is go much deeper into which regions have much more representation from black, Asian and minority ethnic groups and which regions we need to focus on as a result of that, and I think London will be one.

Q172 **Alex Davies-Jones:** That brings me to my next point. Your submission to our public service broadcasting inquiry mentions your commitment to talent development outside of the south-east and moving away from London. What percentage of your leadership and your commissioning roles are currently based outside of London?

Dame Carolyn McCall: Quite a lot, I would say. All of "Emmerdale" and "Coronation Street", as you know, are produced out of Leeds and



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Manchester. "The Voice" is out of Manchester. I would say it is quite significant. There is the regional news. I am going to be estimating this and, Magnus, you might have a precise figure, but I would say at least one third of our leadership, and maybe even 40%, is out of London. Nearly half our people are out of London and that would just reflect that.

Q173 Alex Davies-Jones: Obviously this may be impacted by coronavirus, but how many projects are you commissioning, and are commissioned, from regionally based independent production companies? I can think of some fantastic ones that we have in Wales but it would be good to know.

Dame Carolyn McCall: We commission quite a lot in Wales. We have a big set up in Wales, as you know. We commission at least 30% from independent production companies and we announced a development fund of £500,000 in Covid in order to energise, if you like, or give back into the sector. We have accepted 14 pitches, have selected 14, which will, I hope, materialise into productions.

Q174 Alex Davies-Jones: Good. I look forward to watching them.

Also in your submission, you mentioned that you are fostering creativity and diversity both on and off screen. We have discussed what you are doing to promote BAME—black, Asian, minority ethnic—people, both on screen and off screen. In terms of commissioning roles for working class females, disabled, what percentage of people in your leadership teams and your commissioning teams are represented in all roles of diversity?

Dame Carolyn McCall: Actually very high. In our senior management team, nearly 50% are female. Disability, as I have said to you, is running at around 7% at the moment of our people and that has gone up from 3.5%.

There is one important thing to mention about disability, which is that people do have to identify as disabled and they have to say that in forms coming back to us. That is the way we can measure and monitor it. There is always that caveat on all measuring and monitoring. You need people to reply and to identify as, for instance, disabled.

But we are strong on that and I do not think there is an issue there.

Q175 Alex Davies-Jones: Can I ask about your gender and race pay gaps across the ITV portfolio, what the latest is there?

Dame Carolyn McCall: We have brought down both of them. Magnus, do you have those figures to hand? I think on gender we have come down to—

Magnus Brooke: I think 9% or 10% on the gender pay gap. I am afraid I do not know the pay gap on diversity.

Dame Carolyn McCall: On black, Asian and minority—we will come back to you on that but I know that we have brought it down.



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Q176 **Alex Davies-Jones:** Okay. On those figures, how do they differ across your ITV studios compared to ITV Broadcasting and ITV Online?

Dame Carolyn McCall: We will come back to you on that, if you want that broken down, because I do not have it broken down in front of me. I just have it for ITV.

Alex Davies-Jones: Thank you.

Dame Carolyn McCall: In the e-mail or letter we are sending back we will include that data.

Chair: Yes, there are probably a few matters raised from this meeting that we will want to write to you about.

Q177 **Kevin Brennan:** Dame Carolyn, on the matter of the reality TV stuff, when you were describing the measures that you have put in place for "Love Island" it sounded to me almost like the provision you would make for someone who would be suffering from post-traumatic stress syndrome or disorder. Would you be happy if your own children were contestants on "Love Island"?

Dame Carolyn McCall: What we are trying to do is prevent people coming back out of a very compressed environment—lots of people love it, a lot of participants have spoken up and said they really, really enjoyed being in it, many of them have—we are trying to prevent them coming back into the world and not adapting back to it because their lives have changed a bit because of the experiences they have had.

Your question was about my own children. I would say if they were completely appraised of it, which we do with all our participants—we try to explain what it is going to be like and get other participants to talk to them about the good bits, the bad bits, things they found difficult—as long as they went in completely appraised, completely with their eyes open, I would not say no.

Q178 **Kevin Brennan:** Can I move on to some other issues? We have had a good knock around of that issue and I suspect the Committee might have different views about some of this. Can we talk a little bit about prominence, which I know you would want to talk about and so do I? The Committee does want to hear about this.

On my own connected television at home, there is a Netflix button, there is an Amazon Prime button, but there is not a public service broadcaster's button or an ITV button. Why is that?

Dame Carolyn McCall: Because Netflix and Amazon bought those buttons at an early stage of those manufacturers' lifecycles. They purchased those buttons. This does bring into a play a very important question about platforms, where if there is no guaranteed inclusion and prominence for public service broadcasters, prominence will also be bought on tile. The way viewers are viewing is very different to even just



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five years ago where people used the EPG and we had very clear linear principles for prominence on EPG.

Q179 **Kevin Brennan:** Sorry to interrupt you, Dame Carolyn, I am looking for short answers, but I do understand the point you are making.

Following the Ofcom review of this and the need for the Government to respond and act on that, do you think that the key thing for the future of public service broadcasting, or public service media, is to ensure that it is not locked away in a dark cupboard and that prominence, in return for meeting public service obligations, is absolutely key in the future and finding ways to make that happen is absolutely key to the future of public service broadcasting?

Dame Carolyn McCall: Yes, I do think it is absolutely vital. Otherwise, I think, we will be invisible, that will get worse over time and that will be a huge threat to us.

I think there are other things though. I think it is important that there is some framework for how we are on these platforms. At the moment, sometimes PSBs are not on those platforms because the commercial terms vary. It can be about 30% of advertising revenue taken away or 30% of subscription revenues taken away; there is a range of things. To give you an example—I hope you won't mind me doing this—ITV is not on the new 2020 LG TVs currently. The reason for that is they wanted to take us off the home page, as a PSB, so that the global SVODs could be on there and they wanted to strip us of the way they recommend content. They would not be doing content recommendations for ITV, which really dilutes prominence, but they would do that for the global SVODs. As a result of that, we are not going on LG TVs. That gives you an example of where there is no framework, no one is saying that we should be included and there are certain terms that we should be included on, and then we can go and negotiate other things.

Q180 **Kevin Brennan:** That is a key point that the Committee needs to understand in terms of us preparing our report on the future of PSBs. What is the remedy, looking into the future, and also invoking the smart speakers? We spoke to the BBC about this last month. The BBC said they had not been able to agree any commercial terms with the providers of those devices. What is the remedy for us, as policymakers, if we think public service broadcasting and public service media is valuable and valued into the future?

Dame Carolyn McCall: The remedy is to update, to legislate and update, the 2003 Broadcasting Act so that there is a guarantee of prominence that delivers linear principles online for PSBs and for our PSB VODs, a right of inclusion, which gives access to all platforms, and fair value for the content that we take the risk on making, so that there is a framework, as I have just described to you. We need an updated PSB contract that maintains the value of our licences so that the benefits of the licence are not pushed down compared to the proliferation of



platforms. It is about the level playing field between the US and major online platforms, whether that is content or advertising regulation; it is about the level playing field.

Q181 Kevin Brennan: In relation to advertising and advertising regulations, have you been heartened by the boycott of Facebook by major corporations recently in recognising that advertising on Facebook where content is not regulated and where some extremely concerning content appears next to advertising, that that boycott by companies potentially is good news for ITV and commercial public service broadcasters?

Dame Carolyn McCall: I do think it is important that any content that is damaging is taken offline, is regulated, and that is why we are calling for regulation on it because it needs to be regulated for it to happen. It cannot be self-regulated. But I do not think this is a permanent state of affairs. I do not think we will benefit particularly from it, nor will any other PSB, because Facebook is a massive advertising medium, as the CMA has just pointed out. Google and Facebook have 80% of the market. I do not think it is going to change anything for PSBs.

Q182 Kevin Brennan: Do you, though, genuinely believe that there is a future for commercially based public service broadcasters in this new world, given the pressures on advertising, given the competition that you have quite rightly outlined? It is your job as a chief executive to see round corners. What do you see around the corner?

Dame Carolyn McCall: I see that it is not going to be easy. That is why we are calling for the reform of the 2003 Broadcasting Act because we think that will be an enabler, that it will certainly help us. It will not solve every problem but it will certainly be the bedrock on which we can rebuild post Covid, because there are structural changes in viewing and we are fighting for every eyeball that we get but I do think there is a future. I think Covid has reinforced the value of public service broadcasting phenomenally. The young, the old—they felt informed, they could trust us, they felt we were companions to them and we were accessible. We are an incredibly vital connector. We give people unifying moments. Whether it is through sport or drama or soaps, people are unified, and we reflect society but we also shape society for good. I think people have recognised that the value of PSBs is significant, so yes, I do think there is a future for commercial PSBs.

Q183 Kevin Brennan: A slight gear change to finish on this section, Chair.

The Committee has taken quite an interest in whether or not the Six Nations Rugby will remain free to air. BBC and ITV have a joint bid in relation to that. Can you update the Committee on what is happening about the Six Nations contract?

Dame Carolyn McCall: As you know, Covid put pause to that. We were coming to some kinds of conclusions before we went into lockdown and I know the discussions are beginning again now, but I do not think there is anything conclusive that I can say about that.



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It is very important to BBC and ITV to have the rugby. It is hugely well viewed. It gets valuable audiences. The audiences are big. It is very important for us to have the rugby free to air.

Q184 Kevin Brennan: A quick final follow-up. Some of the non-PSB content providers have started making some of their content free to air. Do you see that as a challenge or do you welcome it?

Dame Carolyn McCall: It is not their model. They do that, I think, to balance the model, if that makes sense. I do not particularly see it as a challenge because I do not think it is going to be their main thing. Government have been asking, and many other MPs have been asking, for certain things to be put on free to air, from a sports point of view particularly, over Covid. I don't see that much on free to air from non-PSBs.

Q185 Damian Green: I want to pick up on some of the questions Kevin was asking. I am struck by a phrase in your written evidence where you say, "Some people think the notion of public service broadcasting is simply a cobweb of analogue idealism in a digital age". Pushing that even further, the notion of advertising-funded public service broadcasting in this age feels perhaps even more idealistic. Is there a sort of business model that works?

Dame Carolyn McCall: We are the business model that is demonstrating that it works. Despite the challenges, 2018 and 2019, our strategy is all about ensuring that ITV content is available to our viewers wherever, whenever they want to get it and being able to monetise that. We have to add that last bit because we are commercially funded. We fund ourselves. So it is very important, that last bit. We are doing everything we can to invest in Hub, Britbox as a streaming service with all the other PSBs, and Planet V, which is our addressable advertising platform, which will totally mean that we can do addressable advertising, personalised advertising, quite targeted advertising that you can do on ITV Hub, which you cannot do on linear. We are doing all of those things. We have invested in data analytics so that we can really help our clients and agencies understand the audiences and target them. Our strategy is all about modernising and investing in technology and in content. The Studios model for us also works. Studios is a very successful business. It makes content for ITV, of course, but it makes content for a huge number of other broadcasters worldwide and for SVODs too. We have three pillars. We have created a direct to consumer business, which is Britbox and other things that go in there. We have our Studios business and we have our broadcast business, which is advertising funded. We are trying very hard to diversify so that one thing is not too strong and over-risky for us.

Q186 Damian Green: Does that mean that the model is that the things that do not have public service obligations—obviously Studios does not have public service obligations—but some of the other content providers, Britbox and so on, are not under the same public service obligations are



they? Is that the model, that the non-public-service bits will subsidise the public service channel?

Dame Carolyn McCall: That is exactly how we see it. We see that everything we do is very important to enabling us to completely fulfil our public service remit, whether that is news, regional programming, all of those things, some of our factual entertainment, everything is about PSB. We do quite a range of things but we make money in Studios, and hopefully in Britbox over the next five years, to be able to keep ITV strong to do PSB.

Q187 **Damian Green:** But you are specifically asking for new legislation and I can see why you are doing that. Presumably that legislation would set out your public service obligations and the logic of your model ought to be that it could perhaps prevent you from doing other things that were non-public-service obligations but you would feel that you would not want to be part of the default pillars for a public service channel. Do you see what I mean there? Either bits involved with broadcasting, or indeed other diversification—have you thought through what you might not be allowed to do to subsidise the public service into the future and still have a credible economic business model?

Dame Carolyn McCall: I suppose the way we have looked at it is different. What we have said is that we have our public service remit and we have to fulfil that in every way. That sits in the Broadcast division largely but it is very hard to disentangle that from what we are doing in Hub because Hub is ITV online and we are putting a huge amount of investment in all our content being on Hub for as long as we can. Also, Britbox is a mixture of PSB content and other content. It is hard to disentangle it in the way you have just described, each of those pillars. The one thing that feeds all of it is our content, both PSB content and non-PSB content. Magnus, do you want to come in here?

Magnus Brooke: We see some of those other businesses as being separate from the stand-alone economics of the main channel. In other words, they do absolutely support the overall investment in content. We do also have to look at the economics of the main channel on its own merit, and particularly the sustainability of the cross-subsidy model within the channel. The popular content helps to pay for some of the more loss making PSB content, such as regional news, so there is an internal cross-subsidy model within the main channel as well.

Q188 **Damian Green:** Within all of that, and I take all of that, we have had a discussion about platforms and their increasingly hard-nosed aggression towards you. Another bit of your written evidence said, a phrase that leapt out at me was a quote from the Vice Media CEO who said, "Platforms are not just taking a larger slice of the pie but almost the whole pie". Would you see any future public service broadcasting, whatever we want to call it, content, legislation having to address that issue as well? Do you think that is an issue for regulators and Government?



Magnus Brooke: Yes, I think we do, and I don't think we are necessarily the only people saying that. It is interesting that the CMA, in particular, looking at platforms recently, has suggested potentially some legislation around a code of conduct governing platforms. Certainly the Australian Government, the Australian competition regulator, are looking at many of the same things and are starting to say that there needs to be a fairer balance here between platforms and people who provide content. As a lot of our television content ends up being distributed online more and more, many of the same players from those online markets—Amazon, Google, via android—will end up being distributors of television as well. That is one of worlds that we think you need to start thinking about legislating for, updating, as Carolyn says, many of the principles from the 2003 Communications Act, which established principles such as prominence. We are looking for an updating of an existing regime for a new world and a new set of global players where the risk is there is very significant extraction of value by those global players from national players, which undermines the economics of national content. That is the danger.

Q189 **Chair:** To follow up that point, when Melanie Dawes, the new chief executive of Ofcom, was in front of us—I think it was three weeks ago—she challenged public service broadcasters to be smarter and more proactive when it comes to seeing their content on social media platforms. Do you accept her premise or do you think that it is a more complex issue?

Dame Carolyn McCall: I understand why Melanie Dawes said that but it is a very complex issue. It is a very complex issue that we have touched on already. It is our strategy to put Hub, Hub+ and Britbox on as many platforms as we can and we have already done that. We are on 35 connected platforms. I think that is the vast majority of platforms in the UK. However, every single one of them has a different technical standard, as Magnus talked to already. For every single one of them, we have to do a separate piece of work. More importantly, every single one of them has different terms and they can keep us out of their platform if they want to. They can just put their terms very high and it becomes commercially unjustifiable for us to be on those platforms.

I have given you an example already, but there are many, many examples of where we might not be able to reach agreement. We can take four years sometimes to reach an agreement to get on a platform because there is just no return on investment on it.

We have to hand over all our proprietary data as soon as we go on a platform. That is then used by the platform. The app usage is used, the search, voice—everything is used. It is combined with other data and then what happens is that is then used to monetise that platform and we often do not have access to any of that. We do not get any return on it. So it is highly complex. It is not a straightforward matter of you have to be on every single platform and everything is all right. We are a top 20 channel on YouTube. We have 3.5 million followers on Facebook. We



have 2.8 million followers on Twitter. We are on all these platforms. But we have to make money. We are a commercially funded PSB, we have to make money. So we will often stay off a platform because we cannot afford to go on. It is very complex. Our intention is exactly what Dame Melanie Dawes says. We want to be on every platform but we want to do it in a framework of regulation where the same rules apply and prominence is guaranteed, inclusion is guaranteed and so on, all the things we have just covered.

Q190 Chair: How can it be made to work economically? I do have a lot of sympathy for what you are saying there. The music industry has complained for a long time that platforms have them over a barrel and I think you are in perhaps an even more pernicious position. How do you think it could be made to work? What sort of regulatory architecture should be put in place in order to ensure that PSBs are able to fund themselves while being present on as many platforms as possible?

Magnus Brooke: The key is for Parliament to set out what it is you want to see. What are the high-level principles around inclusion, fair value, and prominence, and what is the framework within which you want Ofcom to set detailed rules around those various issues? Then it is for Ofcom to work with the PSBs and with the platforms to establish in every particular case what is the most effective way of doing that.

One way you could do that is for Ofcom to draw up a code consistent with the legislation that Parliament passes and then say to the platforms, "How are you going to deliver the principles of this code? You have to negotiate with the PSBs a code of practice for approval by Ofcom that you will adhere to". So it is the platforms that design the way in which they are going to offer those things, the way they are going to offer prominence, the terms they are going to offer, in conjunction with the public service broadcasters, for approval by Ofcom because, as Carolyn says, every platform is different. It is quite difficult to have a one size fits all, detailed framework as you have at the moment because at the moment, the regime assumes everybody has essentially a linear channel display, the EPG, and it is very straightforward because it has been the same for 25 years, 20 years, or so, because the technology did not change very much. Technology is changing hugely fast so you need to find a more nimble way of legislating and regulating but it is perfectly possible to do that. What Ofcom, I think, needs is the direction from Parliament to say, "Here is what we want you to do, here is what we want you to achieve. Please find the most effective ways, platform by platform, to achieve that, without, of course, inhibiting innovation unduly but making sure that the public service broadcasting remains both prominent and viable in future".

Q191 Chair: Does Ofcom need the power, effectively, to impose these deals? As you said yourself, you have had one deal that has taken four years, and you have not come to an arrangement with LG. Does it need to be market interference in terms of Ofcom saying to platforms, "These are



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the parameters and you have to meet them. If you don't, you are going to face sanctions"?

Magnus Brooke: Ultimately it would because otherwise the regime would not work. What you would hope is for the platform to operate within a broad code, come up with its own proposals for approval by Ofcom, and therefore each platform would tailor the rules that it puts in place, consistent with the way its platform operates, for approval by Ofcom, and you would hope that Ofcom imposing something is a sufficient threat to get the platforms to deliver a sensible solution within the overall framework that is put in place.

Dame Carolyn McCall: Also within a timescale. The timescale is very important because this is urgent. Also a framework with principles. Things that are the principles of the framework—guaranteed inclusion, guaranteed prominence, fair and reasonable value—those are the kinds of things that should be embedded. Then how you get to those things, PSBs and platforms would have to decide with Ofcom supervising.

Q192 **Kevin Brennan:** Following on from that point, in your discussions with DCMS and with Government about this, how willing do they seem to be to follow your plea to legislate on this issue urgently?

Dame Carolyn McCall: DCMS certainly understands that it is urgent and agrees.

Q193 **Kevin Brennan:** Is DCMS drafting a Bill on this as we speak?

Dame Carolyn McCall: Ofcom, too. Yes, I think both would say this is urgent. The broadcasting Act was 2003. Facebook I think was called Facemash or something like that. Most of the platforms did not exist. The 2003 Broadcasting Act was about containing the dominance of the PSBs and allowing a load of competition.

Q194 **Kevin Brennan:** On that point, going forward, is there any indication from the Government, that you have seen, that they are going to do something about this urgently?

Dame Carolyn McCall: I suppose there have been lots of reviews. We have had the House of Lords review, we have had the Ofcom review.

Q195 **Kevin Brennan:** That is a diplomatic way of saying no, isn't it?

Dame Carolyn McCall: I don't know but I do feel time is running out. We have been talking about this now—I have been at ITV for two and a half years—talking about all of these issues, for two and half years and it is very urgent. I think all the PSBs think that.

Q196 **Kevin Brennan:** Do you agree that to get the platforms to do anything in this space needs a bit of stick, that they will not do anything unless they are absolutely clear that they will be regulated if they do not?

Dame Carolyn McCall: We have made it very clear that we do not see that any kind of self-regulation is going to be the answer. It needs



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legislation and a new broadcasting Act, an updated broadcasting Act, where there is imposition, things have to happen, for it to have the right outcome, otherwise I do not think anything will change.

Q197 Kevin Brennan: Can I ask one question about the relationship between public service broadcasting and the creative industries in our country? I read an article recently, an interview with Michaela Coel who is responsible for the big BBC hit series at the moment, "I May Destroy You". She was originally approached by Netflix to make that drama series but refused to go with them because they would not, under any circumstances, allow her to keep any of the intellectual property of that drama. What is your reaction to that? What would ITV's approach be to British creators faced with that kind of situation?

Dame Carolyn McCall: We are with Pact on this. That is one of the things we do as a public service broadcaster. The way we deal with independent producers is there are strict rules around IP.

Q198 Kevin Brennan: Is it your understanding that the policy of Netflix and platforms like that is not to allow the creators to retain any IP?

Magnus Brooke: That is the policy. They buy all rights, globally. As Carolyn says, as a public service broadcaster, we adhere to a code of practice for commissioning programmes from independent producers.

Q199 Kevin Brennan: What are the implications of that for the British creative industry sector?

Magnus Brooke: The clear implication is that we have to separate out the acquisition of the primary licence to broadcast the programme and the secondary rights to exploit outside of the primary window, so online, SVODs, globally, merchandising, and so on. We can negotiate to buy it but we cannot bundle the acquisition of it. Very often, producers do not sell it to us. We do not always buy, and cannot always buy, those secondary rights and the producer is free to go off and exploit them themselves. There is a very different commissioning approach from ITV as a PSB to Netflix, say, or Sky.

Q200 Damian Hinds: Magnus, you were talking earlier about your new teen programming, which is going to be distributed on, I think you mentioned, Instagram and Snapchat. Dame Carolyn, you mentioned the dominance of YouTube with young audiences. We keep seeing these bar graphs of how well BBC and ITV are doing but it is irrelevant to an important age group because YouTube is the dominant go-to place. Specifically for young people, who obviously will become not-so-young people over time, how important is it that young people should be visiting your channel or your owned portal, in your case ITV Hub, as opposed to seeing your content wherever it may be?

Dame Carolyn McCall: I would like to say that we would love them to watch the channel so when they are watching our big family shows like "Ant & Dec" and "BGT" and "The Masked Singer"—all of those things—a



lot of young people are watching those on TV live and that is where being live on TV is a differentiator for us with that audience—with all audiences but particularly with that audience, because they have to come in, and that is why we strip shows. I would love to say that that is the only thing we would like them to do but of course that is not reality. They are going to go to lots of other places for their entertainment and for their news. That is why we have to be very creative and proactive about being on all sorts of different channels, and that is what we do. We will do quite a lot of edited highlights, we will do live moments, but we will do that off the live show so that we do not dilute the live audience. The answer is both. We have to try to attract that audience all the time into our big entertainment shows in particular. “The Rundown” is a good example. We have only done that through social media. That is to get to a particularly difficult audience. It is done by very young presenters. They are all at the moment from black, Asian and minority ethnic groups. All three presenters are very young and from very diverse backgrounds in different ways. It is doing things like that and trialling that and making sure that we get feedback on that. We have to do that constantly because they will not just come to TV. We have to find them and we have to be everywhere.

Q201 Damian Hinds: Coming back to Kevin’s question about intellectual property, do you not need to own the IP to programmes in this new world?

Dame Carolyn McCall: We do own the IP of our programmes. Whenever we make a programme, we own the IP to it. So we do. IP is extremely important, one for our archives—we need it for Britbox as much as anything else, the secondary rights—but it is very important because we can then re-use that content in whatever way we want, whenever we want.

Q202 Damian Hinds: On ITV Hub, you mentioned that you had 80%, I think, of young people registered. How have you achieved that? What are the incentives? Is it to do with exclusive content, getting content first? How much of it specifically is to do with “Love Island”?

Dame Carolyn McCall: We have done various campaigns to try to get them to register, all adults to register, but we have done specific campaigns for 16 to 34-year-olds. It is “Love Island” but it is also “Coronation Street”. Believe it or not, 2.8 million 16 to 34-year-olds watch “Coronation Street”.

Q203 Damian Hinds: In that age group?

Dame Carolyn McCall: Yes, 2.8 million 16 to 34-year-olds watch “Coronation Street”. I know that is a surprise but that is a fact. Magnus, have I got that figure right? I hope I have.

Magnus Brooke: I would need to check, but it sounds right.

Dame Carolyn McCall: I am pretty sure it is.



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It is also sport. When we have the Euros and when we have the World Cup, when we have the big sporting events, the rugby, we get a lot of 16 to 34-year-olds on Hub coming in for that. They register for it, then they watch it, and then the challenge is to keep them coming back to Hub, to remind them there is other stuff there for them.

Q204 Damian Hinds: Do you restrict it to being available through other distribution channels? I am interested in what the incentive is.

Dame Carolyn McCall: Hub is everywhere. We put Hub on 34 platforms, effectively.

Q205 Damian Hinds: So what does it mean in practice, if you say you are on 34 platforms? ITV Hub is something you can go to. You can also find ITV content on a range of third party, and owned by third parties, platforms. Are you calling all of that content on third party platforms ITV Hub?

Dame Carolyn McCall: No. ITV Hub goes on all the online platforms. On Amazon, we have Hub; there is an ITV app on all these platforms. On Virgin and Sky, we have our channels on there and we will have Hub on there as well. Some people prefer to view online and of course with the transition over time to IPTV, ITV Hub becomes even more important, the usability of it, the downloadability of it, all those things become incredibly important because more and more people are going to go to Hub.

Q206 Damian Hinds: You mentioned news bites and so on being on Hub. How much viewership of those do you get among young people?

Dame Carolyn McCall: We are producing short-form content currently. It is part of our plan to get more 16 to 34s into Hub. We are producing that now, slightly delayed because of Covid, but we should have that by the autumn, end of the year. We will, exactly as you say, get feedback on that, we will research it, and we will see what is working and what is not working.

Q207 Damian Hinds: I was hoping you could also help us to understand a bit more your new advertising system, exactly how it works. You don't have Google Search to work off; you don't have behavioural tracking around the internet to work off. So what is the value of your targeted advertising? Is it just on demographics and ITV programme viewership?

Dame Carolyn McCall: We know which programmes are being watched. We have demographic details. But what we also have is the ability to ask. We have the registered e-mails of all of those so we can go back to them and get quite a lot more first-party data, obviously if they want to give it. It is first-party data. It is absolutely clean data, which is highly valued data. What the ad agency or client will do—and this is all within the DPB, so this is all data-protection secure, the client will want to merge some of that first-party data with their own data so that they can do some much more targeted advertising. For example—

Q208 Damian Hinds: This is based on e-mail addresses as the index term?



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Dame Carolyn McCall: Yes, mainly. It is the internet protocol address, the IP address, more than anything else, yes. Let's say, for instance—

Q209 **Damian Hinds:** Okay. The IP address—because that would be the IP address of their telly, presumably—so that would not tell them about other parts of their search activity, which would be very valuable to advertisers.

Dame Carolyn McCall: That would be registered with us, with their e-mail address.

Q210 **Damian Hinds:** Okay. Obviously you do not know exactly what advertisers will do but you would expect them to merge your viewership data with Acorn or Mosaic data, that kind of thing, and presumably also stuff from Facebook and what have you.

Dame Carolyn McCall: Not necessarily Facebook but they would have their own data. If you are a car company, you will know how many people would have bought a new car over the last three years, or two years, and you may not want to target them, so you can de-duplicate. Or you might be Pampers, and you only want to reach mothers in daytime who have babies under two, and you can target them. So it is about matching data.

Q211 **Damian Hinds:** If you get lots of people to sign up to Hub and effectively be using this, consuming this advertising, isn't the logic of this that you are going to end up doing a deal with either Alphabet or with Facebook? The combination of the data is worth a lot more, isn't it?

Dame Carolyn McCall: I am not sure that is necessarily where you would get to on that. You are right, though, that we would do data partnerships with others, not necessarily Facebook and Google, but we would do data partnerships with other large organisations where the meeting of those adds a lot of value to clients and advertisers. That is possible, I think.

Q212 **Damian Hinds:** You see this as pretty fundamental. Obviously ITV is ad-driven, ad-funded and fundamental to the UK advertising industry as a whole. Do you see this as essentially the future of UK advertising?

Dame Carolyn McCall: I think it is part of the future. If we can do this well, we have the best of both offers for advertisers because we have mass simultaneous reach, we are still getting four or five-plus million audiences, which advertisers value. Not all advertisers want to personalise and target. Sometimes they want to do a broadcast message. That is why they do the end posters—being able to offer them that, and those big, big audiences, are very important—but also being able to say on VOD you are able to target in a much more kind of meaningful way, you give them the best of both. That is probably the future.

Q213 **Damian Hinds:** How does the regulatory environment affect the amount of advertising that you can serve up through those channels as opposed



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to on the linear TV channel?

Dame Carolyn McCall: Our VOD inventory is not regulated.

Q214 **Damian Hinds:** So there is effectively no limit, other than consumer tolerance?

Dame Carolyn McCall: We do limit it. We take less minutage on VOD than we do on linear and that is because we want it to be very viewable and we want to attract viewers back and back and back. There is an obvious thing that if you put too many minutes in, people will just watch it on demand and we want our viewers to watch live as much as possible.

Q215 **Damian Hinds:** About Britbox, how do you see Britbox fitting in with Hub and indeed what may you infer about the other broadcasters' view about how it fits in with their offerings? Isn't there a danger it is neither one thing nor another? It is neither something you own exclusively—I know you own the majority of Britbox—and is also not totally a third party.

Dame Carolyn McCall: The unique positioning for Britbox is it is all of British content in one place at the same time.

Q216 **Damian Hinds:** So is YouTube, though, effectively.

Dame Carolyn McCall: It is British content, all British content, from the past, from the recent past, and from now, and most of us now have a window of anything between three months and a year. As soon as it comes off the BBC, ITV, Channel 4 and Channel 5, the second window is Britbox. It has everything in one place and some of it is exclusively in one place for a period of time. It is the A to Z of British talent because all of that programming is British originated programming, and it is the A to Z of British content. You do not have to wonder, "Is it on Prime?" If I have "Cold Feet" on ITV and then it goes off and then some of it is on Prime and some of it is on Netflix—you don't have to worry about that. You know it is going to be on Britbox, for instance, or "Downton Abbey" or "Doctor Who" or whatever it might be.

Q217 **Damian Hinds:** Finally, can I ask you about ITN? It strikes me that ITN is a great brand asset for someone—it is not entirely clear for whom; obviously they are contracted to you and to Channels 4 and 4—it has a great name, it does what it says on the tin, and in a world of misinformation and disinformation, it would be a great rival to the BBC and others, both for this country and also internationally. Why have you not done more with ITN and what could be done with it?

Dame Carolyn McCall: I will ask Magnus to come in here, but what I would say about ITN—I think you are right; I think it is a great brand and it does a great job. It has branched out into other things, so it does do production and ITV sometimes uses it for commercial productions. It does have its own production wing as well. It does education. It does fact content. It does a range of things. We own part of it. We are a shareholder, as are DMGT and Informer. It is owned by media companies, which I think is a good thing. It is really good but I think its



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core purpose is to produce news for the broadcasters that sign up to it and that is a big job so it has to focus on that first and foremost before it diversifies any further. Magnus, do you want to come in?

Magnus Brooke: We spend a lot of time on the ITN Board building the business and diversifying what we are doing, as Carolyn said, particularly into programme production but also into making adverts for people. We have been pretty successful at that diversification over the last five to 10 years or so. It is a very competitive market, though. You are competing against global TV producers and indeed competing against ITV itself as a producer. Those are competitive markets to be in.

The core business of news is a business where there is not that much demand for TV news outside of public service broadcasting. It is not clear who the clients would be for an additional news service. We have spent a lot of time trying to think about who they might be but the truth of it is that money is coming out of the news market at the moment—you only need to look at the newspapers—rather than going into it. So it is a challenged market but we are looking at diversifying into other areas, current affairs, and the fast turnaround programmes, where we have had quite a bit of success. It is not quite as easy as it sounds. The brand is terrific but some of the markets that it operates in are not easy markets to be in.

Chair: That concludes our session. Thank you, today, to you, Dame Carolyn McCall and Magnus Brooke.