



Select Committee on Communications

Corrected oral evidence: Public service broadcasting in the age of video on demand

Tuesday 19 March 2019

3.30 pm

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Members present: Lord Gilbert of Panteg (The Chairman); Baroness Bonham-Carter of Yarnbury; The Lord Bishop of Chelmsford; Baroness Chisholm of Owlpen; Lord Goodlad; Lord Gordon of Strathblane; Baroness Howe of Idlicote; Baroness McIntosh of Hudnall; Baroness Quin.

Evidence Session No. 1

Heard in Public

Questions 1 - 13

Witness

[I](#): Claire Enders, Founder, Enders Analysis.

USE OF THE TRANSCRIPT

This is a corrected transcript of evidence taken in public and webcast on www.parliamentlive.tv.

Examination of witness

Claire Enders.

Q1 The Chairman: Welcome, Claire Enders, to this meeting of the House of Lords Communications Committee. You are our first witness in our inquiry into the future of public service broadcasting. You have given evidence to the Committee on a number of occasions in the past, together with colleagues from your firm, and we are very grateful to you for taking the time to be with us. The question that we have broadly asked is: in a fragmented media world, is the PSB remit in danger? If so, does that matter, and if it does, what should we do about it?

We very much look forward to hearing your evidence on a range of questions that members of the Committee would like to ask you. Could you start by briefly introducing yourself as the principal of Enders Research and tell us a bit about your background and the firm?

Perhaps you could then answer the first question, which is one of principle. What is the value of public service broadcasting? To what extent is it still important and to what extent does it matter to audiences? Before we start, I should say that today's session will be broadcast live online and a transcript will be taken.

Claire Enders: Thank you very much. I am 61 years old and I have one nationality, which is that of a British citizen. I have lived in this country since I was 23, when I started at the London Business School. I have been working in the media, in telecoms and in technology ever since. I started my company after a successful career as a strategy principal in a number of large British companies, including EMI and within the ITV system. I also worked in satellite television, cable television and the music industry, so I have had an extraordinary exposure over my life to the unbelievable cultural products of the UK.

Over my long life as a professional, I have been able to seed and assist while always, I think, amplifying the qualities of cultural discourse and democracy that are reflected through all the media products which, as we all have to understand, dominate the world. We may not dominate the world through technology, although in some sectors we do quite well, but we have always dominated the world of thought and we will never stop doing that.

My own professional background is very varied. My educational background is that I went to Yale in 1976 and graduated in 1979, then to the London Business School in 1982, graduating in 1984. I have therefore been working a very long time. I have been involved with the defence of our cultural system from what I would call non-British forces since 1985, because my professor at the London Business School—he is still there—was Professor Patrick Barwise. He was deeply involved with the Peacock committee on the funding of the BBC in 1986, so I would say that I have a continuous feeling for and involvement with all these issues.

In regard to your core question, which is extraordinarily important, my view has been and continues to be that public service broadcasting is

even more important today than ever and that its unique qualities, which have been designed by this country, are just as important as they have always been. In fact, they are even more important, because almost no regulation is applied to what I generally call the tsunami from the phenomenology of American tech forces.

In my evidence, I have provided a statement. I am going to briefly encapsulate the first paragraphs of it, if I may. I wrote: "Our public service broadcasting system is incomparable to any other form of commercial video or broadcasting activity or exploitation. Its national and regional remits and purposes, detailed legal and regulatory frameworks, financing, including arrangements with suppliers, and values arise out of our unique democracy and directly from our parliamentary system". I said that since 1996, regulation has also been applied throughout the commercial multichannel system, and that here: "A complex legal history and voluntary regulation also governs the affairs of most print titles and their online activities".

However, "The opposite situation pertains to all pure online media, whether subscription VOD or advertising supported, or mixed revenue ecology. All global online models of scale have been launched by USA companies backed by the seemingly infinite amount of financing available to those companies. Five especially dominate in the UK in a collective digital embrace of most consumers in our country: Amazon (which includes Amazon Prime), Apple, which is about to launch its own SVOD service, Google (which includes YouTube), Facebook (including a massive video sharing platform) and Netflix (the object of a national fixation because of its racy material with no advertising). Each of these five organisations have, in British PSB terms, infinite resource, and each is heavily or entirely subsidising video activity. They are competing with each other for control of the global consumer future", and that is not the aim of any PSB.

The difference in market capitalisation versus ITV speaks for itself. Essentially, these companies are extraordinarily strong, gigantic, global models that evade all forms of regulation, taxation and so on. I then said: "In contrast, our parliamentary system has designed all of our regulated system very precisely to avoid harm to anyone and indeed to promote values such as diversity and fairness".

In the many years that I have been in this country, people like me who were born second-class citizens—as women—have done very well because these values are systematically promoted. I am afraid that the Committee will not find any values systematically promoted anywhere in YouTube or in the SVOD services, because that is not their purpose. Their purpose is to serve their subscribers, who are a global phenomenon, and ultimately their shareholders and banks. Netflix in particular has about \$10 billion of debt. As my statement said, "The PSBs must be inclusive and diverse, while Netflix just wants to have more subscribers and triumph over global competition. YouTube is an unregulated platform whose chief attractions for consumers are gaming, pornography, charming animal videos and sensational and promotional user-generated

material". Very little of this is could or would be material found in public service broadcasting.

The five key PSB characteristics remain active today despite the tsunami of material over the last 20 years and despite the financing challenges that the PSBs all face. The characteristics are that it is: high quality and made to standards; original—we have an infinite well of stories from original books, and of original actors in this country; innovative; challenging; and universally available for free, which none of the SVODs are. In a sense, for many people in this country who do not have broadband—it is a small subset—radio and television supplied by the PSBs is the main option.

To my mind, there are a very large number of evidence points for the Committee to look at. The Ofcom *Media Nations 2018* report showed that there is a consistent level of understanding about what PSB has given us. The BBC consultation in 2016 showed an overwhelming desire for the same BBC that we have today but which we will not have if the BBC must pay the licences of the over-75s.

The issue that has just been confronted by Channel 4, which I touch on in my evidence, is perhaps a less strong commitment to the nations and regions than there should be. This too can be improved. The Government and Channel 4 have come to an arrangement for a substantial expansion in the investment in non-London programming, and in addition it is moving staff to different parts of the country and hiring new people.

It is news provision in which the core of our democracy is so exposed. What we have seen, and I say this as a very kind political observer, is phases where politicians felt that they could bypass curated services such as newspapers, online titles, magazines and so on and somehow address the public directly through Facebook. Unfortunately we have found that the era of user-generated material is also the era of user-generated racism, hatred, abuse and trolling; all those phenomena will be found in one shape or form online. Newspapers here are very vigilant regarding online comments, for instance, and they are required to be because they are publishers of that material. This is a very sensible country.

In terms of news, events and things that will always remain important, we know that all the VOD viewing, including YouTube, comes to about 20% of the total viewing. That seems very small, but it is more than Channel 4, so that gives you an order of magnitude that is very substantial.

However, I would like to point out to you how well the public service broadcasting is doing in the face of that tsunami. It is visible in the bar chart that I have supplied—it is very visual—showing the amount of material that is available from Amazon, Netflix, Now TV, All4, iPlayer and ITV Hub. We are looking at tens of thousands of hours available 24 hours a day, with no ratings and no watershed and available to anyone who can bypass their parents. That is extremely easy to do in this country.

In that 20% of total viewership related to these specific online phenomena of SVODs and YouTube—not other things—YouTube

dominates and has 40% of that chunk, despite the fact that its age restriction is apparently supposed to be 13. Anyone who read the recent Ofcom report on children's viewing will have been absolutely horrified that 30% of the viewing of four to 10 year-olds is of material that they should not be watching at all.

The Chairman: Thank you very much for that comprehensive introduction. Are you happy for the evidence that you are referring to today to be treated as formal written evidence and published alongside the transcript of this session?

Claire Enders: Absolutely happy. Delighted.

The Chairman: That way, anyone reading it can see the material that you are referring to. We will pick up on quite a few of the issues that you have initially raised.

Q2 Lord Gordon of Strathblane: What is measurable and what is not? I understand that Netflix does not release viewing figures.

Claire Enders: You are absolutely right. It is part of Netflix's complex supply relationship with its own suppliers that it does not even tell them how they are doing. That actually gives it all the power in the relationship. It is also very focused on its subscriber numbers; it has never wanted anyone to know what is going on. We have provided evidence that is considered industry standard so that the Committee can see, in the first answer that I provided evidence on, how we have gone about these calculations.

The calculations form the basis of our forecast, obviously. We work as part of a group of experts to arrive at the right kind of number, but you are right that there is no measurement. Netflix has no obligation here at all, including no obligation to pay tax. So we do not have any feedback loop; the company avoids having any. If you want to have my really good idea about why that is, it is because if you spent \$13 billion a year on content, you would probably have to have more to show for it than Netflix does. You would have to have home runs. You would have to have "Bodyguard" every week for that amount of money. Just think of it: \$13 billion is more than anyone spends altogether in this country, if you exclude sport. That is an awful lot of money. I think a lot of what Netflix spends is not worth anything; it does not get seen, and it gets written off over 10 years. It is a very attractive financial model.

Lord Gordon of Strathblane: Surely it must be convincing somebody that it has an audience.

Claire Enders: Perhaps its banks. But it does not have to have an audience; it has to have subscribers and it has a lot of those, an awful lot of them in the UK. It is by far the market winner. It started seven years and two months ago and last year reached 10.3 million subs. There is no doubt about that. The Amazon figures and the Now figures are similar, although the Now figures are a little underbaked; it claims 2 million. But we can work it all out.

Lord Gordon of Strathblane: There must be an assumption that if

someone subscribes, they also view; otherwise they are just throwing money away, are they not?

Claire Enders: Some people are very heavy users. For a family account, which Netflix offers here, you will have mainly the 16 to 34s or the eight to 12s viewing for several hours a day, and then the parents do not view at all except maybe one or two programmes. You can have a huge mix of activity. It is a very good-value subscription.

The US subscription is a higher price today than the subscription in the UK, because the company wants to crush the entire opposition by subsidising every single view. That is what Uber is doing: 50% of every ride is subsidised by the American capital markets. Here you have the same thing, only it is half an hour of every hour that is subsidised fully by the American capital markets. It is a steal. That is why it is doing extraordinarily well. This is a different approach and we have never seen it before.

Lord Gordon of Strathblane: You have given us evidence to suggest that this does not simply add to the television audience; it displaces the existing linear audience.

Claire Enders: Absolutely. But everything operates in an extraordinary dynamic of change, and has done in this country since the introduction of Channel 4. It is completely normal that a new wave, especially the wave of material that I will have referred to, displaces viewing; it would be amazing if it did not.

What is surprising to me as an analyst is how it is that the PSB system is doing so well, given this wave of completely unregulated material containing violence, sex and so on, with no watershed. Really, the way to see it is that they cannot waste a penny because of the financing system that is set up here.

Lord Gordon of Strathblane: To deal with one problem—the effect financially on the BBC and ITV—while at first sight ITV might be under greater threat because it is losing an audience that advertisers wish to advertise to, in many ways I feel that the threat to the BBC and the licence fee is considerable. It is different justifying the licence fee when you are dealing with broadcasting from when you are dealing with subscriber video on demand.

Claire Enders: The range of options that people want in this country is so vast that you are not going to see people dropping something. First, the BBC offers a whole range of programming. Secondly, if it has the right drama, such as “Bodyguard”, it hits a home run. It has the capacity to have a home run in a way that Netflix never can. We have seen no real shift in support for the PSB system and PSB goals since the arrival of Netflix in 2012. People really see it for what it is, and that does not mean they are going to stop wanting to have the richness of their culture of news and so on. Very small numbers of people spend all their time watching Netflix.

Q3 **Baroness Bonham-Carter of Yarnbury:** I was at the BBC this morning

being shown something. I love your optimism and I share it, but what about younger viewers? It is not quite as strong when it comes to them, is it?

Claire Enders: What I have been trying to explain is that these phenomena have come about because of an absence of regulation. I am just pointing out again that 30% of five-to-10 year-olds' viewing is of YouTube, which has an age restriction of 13 which it is obviously not applying.

The Chairman: I apologise. I should have said that we might have a Division, and indeed we do. We will suspend the meeting and will be back about 10 minutes, when we will pick up where we left off.

The Committee suspended for a Division in the House.

The Chairman: I am sorry for the interruption. I fear we may be interrupted once more during this session, but we will push on. We will come back in a moment to Baroness Bonham-Carter's question about younger audiences. In the meantime, Baroness McIntosh has a separate question.

Q4 **Baroness McIntosh of Hudnall:** This question struck me as you were speaking earlier.

You made an observation about public service broadcasters—talking specifically about drama, as it happens—and mentioned "Bodyguard", which you referred to as a home run for its makers; interestingly, it was made by ITV for the BBC, I think.

However, you then said, if I got you right, that Netflix, which I suppose you use generically to apply to any similar organisation, has no capacity to hit a home run. I thought that was interesting. Why do you think that the ability to make a piece of drama, or whatever, with that impact is not open to them?

Claire Enders: I was merely pointing out that the kind of success the BBC had with "Bodyguard" culminated in 7 million to 8 million viewers, and I referred very specifically to Netflix because Netflix is Netflix, Amazon Prime is Amazon Prime, Facebook is Facebook and YouTube is YouTube.

As you know, Lord Gordon asked how we know what the viewership is. I explained that Netflix has never released any data, so we do not know how many millions of viewers it has, but the ways we have of calculating that very strongly indicate that the amount of viewing is very small by comparison with 7 million people simultaneously watching a British event. It is a completely different phenomenon.

Will Netflix ever make a drama that has 7 million simultaneous viewers in the UK, yes or no? The answer is no, it never will. That is because we have lived through modern times and a cascade of effects. The public service broadcasting system has always dominated the high viewership of universally free events. Universally free and access mean that everyone

can watch; everyone is enabled to watch, simply. That means that everyone can have access to it.

Every other phenomenon is a subscription phenomenon, or you have to be online to get it, or something like that. There are many cascades, and if you look down them you will see all the Sky channels, Discovery and so on down there—there are 500 channels available in the UK. We have had wave after wave of choice, and all those phenomena result in very small amounts of viewing, even of very expensive programmes such as the Premier League. All sports viewing in this country, despite the huge amounts of money involved in the Premier League—£3.3 billion on sports channels last year—amounts to less than 9% of total viewing, for something that is mind-bogglingly expensive per minute.

What matters for a subscription service is completely different from what matters to a service that must reach or try to reach 100% of the population.

Baroness McIntosh of Hudnall: I get that, but what I was feeling for was the impact on perception of the success of Netflix vis-à-vis what the BBC or ITV can produce, because although I understand entirely what you are saying about the actual numbers, the level of exposure and interest in “The Crown”, which is the obvious example but there are many others, is not discernibly different from the impact of, say, “Bodyguard”. People talk about it, people write about it, people give it that kind of exposure. Is that—there is a question in this—part of the pressure on the public service broadcasters, because the visibility and the profile are in themselves a challenge?

Claire Enders: Absolutely right. One reason for that is that Netflix is a much more substantial advertiser here than any of the companies you are thinking about—ITV, Channel 4, the BBC. If you advertise a lot in this country you will find that people in the press constantly talk about you. For 20 years, HBO was a net plus ultra, and everything it did was absolutely marvellous.

“Bodyguard” is not a comparison, because Netflix owns the rights to it in America anyway, as it happens, and it has been a great success. Netflix has actually talked about it, which shows that it is one of its top home runs—and it was first a home run here. I am just trying to get across to you that, until we have data and measurement and it is all aligned, we do not know what is going on.

This country loves novelty, and I am very glad that people talk about all kinds of amazing television programmes, but if you are thinking about Netflix and where it is in people’s minds or in the mind of the 25 year-old who is watching it for two hours a day, it is “Breaking Bad” that they are watching rather than “The Crown”. I am glad that “The Crown” pleases you—it pleased me, too—but I was unable to watch more than an hour of “Breaking Bad” because I cannot take a body count and explosions of 20 or 30 per hour.

There are many, many things. I showed you the stack. In that stack of 20,000 hours available, there is a lot of really tremendous stuff; I urge

the Committee to look at the Vietnam documentaries in particular. But there is also an enormous amount of other stuff and, as you know, you will not stop an 18, 19 or 25 year-old male from pursuing a number of very special interests.

The Chairman: Thank you for that. We now go back to Baroness Bonham-Carter. When we were interrupted earlier, you were answering her question about younger audiences.

Baroness Bonham-Carter of Yarnbury: It was not my main question, and I think you have sort of answered it.

Claire Enders: I just want to address that, because actually I think that children's viewing and that of the under-24s is the most significant issue of today. Some 50% of that viewing has gone in the last decade due to a whole variety of phenomena, such as gaming and all kinds of interesting things—

Baroness Bonham-Carter of Yarnbury: We have a contestable funding question later.

Claire Enders: I just wanted to point out that the broadcasters are not falling down on the job. Certain kinds of programmes, such as—dare I say it?—"Love Island", will get a very large number of young people. They are highly selective, as are we all. Is it unsurprising that they will prefer unregulated programming? If you were their age, would you really prefer regulated programming to unregulated programming every day of the week? No. That is just not right. It is like rock and roll, and their attitude is understandable. To my mind, the much more important question is whether there will be a transition in these people's lives—

Baroness Bonham-Carter of Yarnbury: As they get older.

Claire Enders: And the fact is that we know that. In this country we have had YouTube since 2005, and we know that over 15 years most people grow out of watching two hours' worth of YouTube a day. Obviously in their YouTube space they change all the way through. You will be amazed to learn that when most people start a job they adopt something that is a company culture thing—"The Quarry", or something—and they will start watching that. Whether they watch more public service broadcasting as a result or are more in tune with the news, I can only hope.

The fact is that we are a country of 67 million people, and, as someone who is 61, 50% of the population is on my side of the fence—over 40. In fact, the figure is 50%-plus. So, yes, I am very concerned about the young, but I am absolutely sure that the PSBs are killing themselves to get that audience. Let us not forget that Ofcom holds them to account, and their feet to the fire, to do so. They are trying their damndest, but it is extraordinary difficult for regulated programming to compete with unregulated programming. I feel that this is very important to get across to you.

The Chairman: Can we pause there and move on? I think we are going to come back to some of those issues in a moment.

Q5 **Baroness Bonham-Carter of Yarnbury:** What you have just said moves seamlessly into my main question, which is about prominence. As you know, PSBs are very concerned about prominence, as viewing moves away from conventional regulated linear TV and people get their content through a variety of devices, that this is pushing the traditional TV guide into the background, and that these devices provide recommendations and search preferences that do not actually direct people towards the PSBs.

Should prominence regulation be updated? I think you said in your written evidence that this is difficult, but should it be done?

Claire Enders: Yes. I completely believe that if Parliament has decided that these are public goods, then public goods need to be reasonably prominent for people to understand where they are. What we have seen, in the extraordinary history of the changes from the space of only four names on the dial to 500 channels, is that prominence means everything. As I say in my evidence, "In this TV landscape, out of sight literally means out of mind". To my mind, particularly because the television business is a global one, the global titans that I referred to—the five companies—have arrangements with the TV manufacturers. They pay very large sums of money, as many people do to Sony for prominence on Playstation.

Prominence is paid for by these companies, but our PSB system can never afford to pay. We need to make sure that in a world where we have 100% smart TV penetration—we are not far off from that; probably 10 years—everyone knows where they can find the British choices that we know they want because they have said they want them. If those choices are not visibly there, that will be harder for people to deal with. Dare I say it, but that is particularly true of older people, who do not flip around looking for stuff the way that young people do?

A great public service is to make visible in the 50 apps that confront people, straight down the middle, the brands that they know. That is the only way to help what in reality are pitifully small companies to hold on to their position in the UK against forces which the Houses of Parliament are unable to regulate and always will be.

Baroness Bonham-Carter of Yarnbury: Do you think that catch-up services, particularly commercial PSB catch-up services, should also have prominence?

Claire Enders: That is a more complex question, because those catch-up services, certainly in the case of Channel 4, contain extraneous material that is non-PSB. I am sure that a good compromise is possible on this: all the main channels continue to have prominence, and all other prominence is the subject of commercial negotiations.

We have seen a great willingness, certainly between Sky and the public service broadcasters and between Virgin Media and the public service broadcasters, to find very attractive commercial arrangements. It may not sound like an awful lot, but there is an extra £100 million extra going

into PSB because of those commercial arrangements, which are very important for the future.

I think there are the makings of a settlement, but the television manufacturers are the ones who are addressing the prominence question. They know that those have to be loaded, they will indeed be loaded, and they will not go asking the BBC for another cheque. I think that is good for us. Why should LG or Samsung get any licence fee payers' money?

Baroness Bonham-Carter of Yarnbury: Coming swiftly along the road is the problem of voice, is there not? You say "news" and Google directs you to YouTube.

Claire Enders: Let us be realistic: that issue is much less significant. What we are dealing with now is the transformation of the TV set landscape into a connected-TV landscape, and perhaps we can address the issue of voice activation down the road some other time.

The issue of prominence today on the TV set, when the connected TVs are the only ones that are selling in this country, is urgent. The platforms are a slightly separate issue. Yes, prominence is extraordinarily important on those platforms. It is important on Sky Q. Has the BBC done enough to have a strong relationship with Sky? We are starting to see some signs. But it cannot have it all its way either; the PSBs cannot demand without giving a little.

Q6 **Baroness Chisholm of Owlpen:** I have two questions for you. Which are the biggest commissioners of UK content? What effect has international investment had on the UK creative industries?

Thinking ahead, how will the rising cost of production affect PSBs in future? Will they be able to keep up? Will they be able to keep producing high-end drama rather than, as we are seeing more and more on PSBs, game shows and reality TV, which I think turn off many of our age group, let alone the young?

Claire Enders: I have provided in my evidence some detail in our estimates of expenditure on first-run UK origination. Obviously the BBC dominates, at over £1 billion of origination, and the ITV main service originates around £728 million of material. We have also pointed out that Sky and BT spend £3.3 billion a year on sports channels originating that material. The overall picture is around £10 billion to £11 billion of total expenditure across the board, because the multichannel services also commission a number of things.

The effect of international investment on UK creative industries has been mixed. There was a five-year boom for the BBC and ITV in co-productions and financing, and many production companies have benefited greatly from very substantial commissions. However, the totally positive view of Netflix has been transformed by the evolution of Netflix's own activities in the UK. When it arrived here, it wrote the biggest cheques that anyone had ever seen.

There is world-beating analysis from the BBC of what it spends £100 million on and what Netflix spends £100 million on, which is one 10-hour

series of "The Crown". That is a wonderful way to understand why we are very good at being careful in our broadcasting system; there is no money washing around for that sort of thing. It has been mixed, because as I have pointed out there has been massive inflation in budgets. In the 1980s and 1990s, people in the UK frequently watched drama that did not pass £500,000 an hour for very high-end stuff—stuff that would be sold around the world—but now there is a minimum of several million pounds an episode for "The Night Manager", "Bodyguard" and so on.

There is also a huge demand for the top actors, who are contested over. As someone who came to this country as an immigrant, the wellspring of British creativity is infinite—and it is for the broadcasters to go down a level from those stars and make new stars, and to create new stories and series. They are trying to do that and it is what they have to do. We cannot do anything about the advertising market or about the BBC's licence fee settlement. Those companies have to manfully do their best, and for the last decade, as you suggested, they have made fewer and fewer of these high-end dramas but have maxed out on trying to get the maximum audience, develop franchises and sell those programmes abroad.

The real impact has been that the international rights sales, which used to be the profit in the production, are now an integral part of the financing situation. One has to say that at their introduction long ago the terms of trade allowed for a more equal supplier relationship than is visible now. You also have to remember that Netflix does not keep its suppliers if it runs out of puff with them. The BBC was a substantial supplier and is no longer one, which is one reason why it had to start BritBox. There is a lot of churn in that.

Overall, it is extraordinarily positive for Netflix to give a window to the entire world for brilliant British programming. We all get more of that brilliant British programming than ever before. What it is important to understand is that, for some people, subscribing to Netflix is a substantial extra payment. I have just been involved in providing evidence on the matter of the licence fee issue. I pointed out that for 20% of over-75s, paying even 50% of a licence fee would be an extra burden. We know that from our work with Age UK. Getting the BBC for free, as it is, is probably as much as some people actually can or will spend, and that is enough.

Baroness Chisholm of Owlpen: Leading on from that, you said something interesting earlier. Is not one of the problems that the PSBs are originating programmes not so much for the English audience, which would keep to the right feeling of what PSBs were trying to produce in this country, but making programmes that they know will sell abroad? Quite often now you might watch a drama and think, "That's been made basically for the Norwegian audience", or "That's been made for the American audience", rather than for the English audience. Is it true that that again takes away the point of the PSBs?

Claire Enders: I am a Scottish voter, so I hope it is not all made for England here.

Baroness Chisholm of Owlpen: I meant the UK, sorry. I should have said the UK throughout.

Claire Enders: I think that is an inevitable by-product of the fact that the bar is raised very high. Certain kinds of drama—let us face it, “Sherlock” is so British, but there is also “Bodyguard”, “The Night Manager” and all those things—are very redolent. They do not look at all like “Breaking Bad”, I swear, but are very high end. The only way for the PSBs to sustain their high-end drama activity is unfortunately to make for what I would call the cinema screen—the really high-end stuff. That has not stopped many companies having outstanding success with much lower-cost material. “Coronation Street” is very successful and does not cost very much.

I understand the issue with game shows and so on, but they are actually useful—first, to get younger people interested and, secondly, as live events. They draw the audience back to live television and it is part of the mix. Let us face it: every minute of what is on television is accounted for by Ofcom and measured for its educational or entertainment value. I understand what you are saying, but, to me, these are the compromises that many businesses simply have to make. It is a shame. Ofcom has said it time and again: why are the companies making fewer and fewer very high-quality dramas? But Ofcom understands exactly what is happening on the income side.

The Chairman: Can I briefly unpack the issue of the increasing cost of high-end drama production? Is most of that increase down to the increasing cost of the stars, or have production costs increased dramatically across the board since these other players have been in the field?

Claire Enders: The main increase—the main difference—is actually in location shoots. I do not know whether you have had the chance to see “Save Me” on Sky, which was excellent. It was all shot in north London. “Humans” on Channel 4, which had an audience of 5 million, was also shot in north London. As you may recall, “The Night Manager” had a lot of exotic locations. I talk to a lot of producers who talk lovingly of the immense amount of waste involved in shooting a scene in the Congo, or going all the way to South America to have one little shot in which there is a crowd. Location shoots are massive.

The availability of stars is an issue, rather than their cost. All these great British stars are completely swallowed up by the huge numbers of film and TV projects. Our stars have never been working harder, which is why I keep telling the PSBs to get a new generation going. There must be loads of them.

The Chairman: On these very high-end productions, particularly the BBC productions which it then shares with Netflix or others for worldwide rights, has the BBC struck sensible commercial deals? Could it have made more out of its content with different commercial deals from those it has entered into?

Claire Enders: No. I am afraid that the BBC got the red-carpet treatment from Netflix, but Netflix instantly understood, as it has understood everywhere in Europe, who it should team up with. For ITV, "Bodyguard" is obviously a good example. The BBC made "Troy".

Baroness McIntosh of Hudnall: That was terrible, by the way

Claire Enders: Okay, I agree with you completely about the loincloths, but I thought its Achilles was pretty good. He stood out for me.

The Chairman: But could the BBC have made more from these productions than it has done? Is that fair?

Claire Enders: My sense of things from the BBC is that the high point of its relationship with Netflix is in the past. It had five very good years of licensing its material, including in the US, but that gets used up. Some material is eternal, but I am afraid that the problem with SVOD is that it cycles through programming. As I pointed out to Lord Gordon, an awful lot of stuff seems to have no commercial activity surrounding it at all.

Similarly, once you have used up the appetite for BBC material among American Netflix subscribers, you do not need to have that again and again. They figure it out pretty quickly. Netflix is well known for getting rid of suppliers in a snap of the fingers—like that. I am afraid that the BBC has now found itself on that exit ramp. The BBC has done brilliantly out of the deals it has been doing for a long time. It has high standards, as you say, but it also has good commercial people who have been around for a long time.

Q7 **Baroness Quin:** I want to raise the issue of the European dimension. In your written evidence on the previous question, you talked about prominence regulation being a Europe-wide issue and said that regulation should possibly be driven through the European Union. I suppose by "the European dimension" I mean partly the European Union, partly the Council of Europe, where it has a role, and partly the European Broadcasting Union and so on.

I am trying to work out what the challenges are for our public service broadcasting resulting from the changes that may take place because of Brexit, and whether those changes would have any implication for the number of programmes of UK origin that are currently shown, particularly in European Union countries, of which there are a lot. Certainly when I travel abroad it seems that there are a lot of British PSB programmes on the television in lots of European Union countries. I am just trying to see what the European dimension of the challenges that public service broadcasting faces in this country actually is.

Claire Enders: In my written evidence, I have provided a brief view of my own, which is that, to my mind, if you are negotiating with LG or Samsung, if the European Union says, "We offer you access to all these markets, but every market has a PSB slot", that is for sure going to be a stronger argument than a UK PSB on its own, which is how it works today. To continue to get prominence in an age of 100% smart TVs, you have to have the manufacturers with you. If the European Union

mandated PSB prominence, to my mind that would solve all the problems here because it has a bigger voice than we do.

In relation to the demand for British programming elsewhere in the world, I can promise you that British programming is desired. It is not filling a quota; it is top-end, globally relevant and always market-leading. There is a great deal of change in demand in one country or another and then there are fashions and so on, but there is a lot of solid desire for British drama in particular. That is because, as you might have noticed, it is not as pacey and certainly not as sexy or violent as American stuff, but it actually has quite a fast pace compared to, say, German or Italian dramas. Regardless of what happens with Brexit, our programming will always sell around the world and will be a triumph.

I am sure that is going to be a bit tricky if we have a hard Brexit and a large number of issues remain outstanding, including the administrative processes around GDPR; my understanding is that the DCMS is very concerned with that. A very large number of issues would arise in the event of no deal.

The most significant issue is not what our programming would be doing abroad but the fact that the US has demanded that there be no more quotas on US material here. So we would have no more quotas, and in its draft agreement the USTR is demanding no quotas on US material—none. Think about that.

Baroness Quin: Do you have any ideas about how we should try to move forward, presuming that we get a deal rather than no deal, in terms of trying to stay closely involved in the media programmes of the EU?

Claire Enders: I work very closely with the DCMS on a whole range of issues; we are always, I hope, the experts that people rely on for data. I think there is a great understanding of the cultural industries. “Creative Britain” is a trope that has arisen over the last 15 years—and I must say that I had quite a hand in creating that—because it is a tributary of so many things that also work their way into visual culture and so on.

In the end, what is going to matter is how you, Parliament, see the future of public service broadcasting here. As I point out in my evidence, it is important to understand the role of regulation. That role influences every minute of public service broadcasting, how it employs people and so on. So it is really a question for you as to what kind of future you see for our culture.

Q8 The Lord Bishop of Chelmsford: Just to take the conversation in a slightly different direction, what more do you think can be done to encourage SVODs to produce content in the UK, especially content that would reflect and appeal to UK audiences?

At the same time, do you think the revised European audiovisual media services directive can have any positive impact in that regard? That is if you think any of this is desirable, of course.

Claire Enders: The US SVODs are producing a lot of material in the UK—for example, Netflix is producing a series in Wales—but that is not really the issue that we are discussing. The sense is that public service broadcasting is a system that is completely oriented around the needs of UK audiences, in every respect. In fact, every one of these public service broadcasters wants to stay in business. You will have noticed that Ofcom reports on these companies tend to concentrate on home runs: Channel 4 has had so many Oscars, or whatever. These companies overdo it on the public service broadcasting front, because that is the system that we have. Also, there are only four companies, so you can keep your eye on them very steadily.

The SVOD services are looking for material that is going to appeal to subscribers globally and people who want to pay for television. As I pointed out, if you really want to think about the classic product, it is “The Crown” but also “Game of Thrones”. That is the axis for which these companies want to develop projects, and it is a completely different ethos. I think this is extraordinarily unlikely, but Netflix could be gone tomorrow from the UK—after all, it was not here until six or seven years ago—and that would be that, whereas to my mind the PSB system here would not wish to have radically different remits from what it has.

On the AVMS directive that 30% of content must be European and SVOD services, that will be achieved anyway, because these companies want to have very large numbers of subscribers in each country. Netflix wants large numbers in Spain, so “La Casa de Papel” is one of its main products. From what we understand, Netflix is developing around 40 projects here, with 27 in active production. The UK is the most important country for Netflix, not just as a source of material. It is also producing large amounts of material elsewhere—for instance, in Italy, where “Suburra” was produced. It has its little brands everywhere.

Make no mistake, though; what Netflix is primarily offering to foreign audiences is American-licensed material. As I pointed out in the slide I showed to you, given the amount of material that Netflix has, which is around 20,000 hours of material available 24 hours a day, with the best will in the world, even 27 series of five to eight hours each are a drop in the bucket. Netflix markets these phenomena a lot, but they are a very small amount, and Netflix is producing all over the world in its special way.

So I do not think any of the SVOD services will have trouble meeting the quota arrangements. Much of the material may indeed be vanity material that never gets a real audience, but some of it will.

The Lord Bishop of Chelmsford: Just to take that bit of the conversation in a slightly different direction, we are all aware of the difficulties that this country has had with regulation and tax on these companies. Are there any lessons that we could learn from what has happened from the regulations that other countries, particularly in Europe, have brought in?

Claire Enders: We are the leading country in the adoption of every single thing that you can think of, from smart TVs to smartphones to

Netflix to Amazon Prime. We are the most innovative and forward-thinking nation and have been for 40 years. That is why I slightly wonder about the PSB question, because we have been carrying our PSB ethos along the way in this modern journey towards millions and millions of choices.

The answer is no. What has happened here is a complete absence of regulation. Sky launched in 1989 and was regulated by 1996, and at that time it had only 2% adult market share. We are way beyond that with YouTube at, say, 10% and Netflix at, say, 6%. Issues have been confronted and dealt with before. It is very important for us, whether as part of a softer exit from Europe or alone in the world, to have our own ideas about our future.

Really, we are looking at 100 years of development in thinking about how to dovetail broadcasting with the educational sector. We have a whole educational sector, yet people aged eight go to one place, have a whole set of values explained to them, and go home and watch pornography. That is what is happening.

The issue to point out to you is that there have been real, successful efforts in a crisis. Instagram stopped putting on material supporting suicide or serious self-harm. I have worked with the NSPCC on online child protection for 20 years, and I am very familiar with things that would make the hairs on your neck stand up. There is a fundamental issue regarding YouTube and the absence of respect for the age restriction. That is a parental issue, and we know of other parental issues, such as obesity; parents buy food for their children, give them a Deliveroo account and that sort of thing.

When there is a scandal, when there is an issue that is really important, something gets done about it. Underage gambling has not been solved, but it has been substantially reduced by the requirement to produce a birth certificate that shows that you are 18. That has cut a lot of kids out of illegal online gambling.

Similarly, on 1 April, a measure is coming in whereby age restrictions have to be supported by a birth certificate on hardcore pornography sites, but that does not cover YouTube. Less than 30% of YouTube's 25,000 hours of new material every day accounts for pornography, and you can just imagine what less than a third of 25,000 hours a day actually is; it is thousands upon thousands of hours.

The Lord Bishop of Chelmsford: Thank you, but tell us what you think the regulation should look like, then.

Claire Enders: My first port of call would be to have a massive public awareness campaign on parental controls and for it to be for YouTube, Sky, all the broadcasters and all the multichannels to agree to put public-interest announcements all the way through their channels, so that the parents of this country understand parental controls.

The Chairman: You mean consistent messaging about parental controls.

Claire Enders: Consistent messaging designed by Ofcom, so that everybody has the same message about what parental controls mean. Since there are only two phenomena that really need them—YouTube and Netflix—the kids are going around their parents systematically. It is the equivalent of letting the children into the supermarket overnight when nobody is watching.

The Chairman: Please be specific. You are saying that there should be a requirement on YouTube and Netflix to have parental controls and age access controls.

Claire Enders: They have those, but they are not enforced. The parents do not enforce them. I am saying that the issue is parental awareness of parental controls and how to activate them and stay ahead of their very wily children, who are very adept at getting around parental controls and who trade information through the playground about how to do it. It is inevitable that, if you put an age restriction on something, there will be many children who want to get around it. So that is the number one thing that you do right away.

After that, you have to work with YouTube and Netflix directly. Netflix has announced that it is doing a voluntary scheme on ratings. That is a first, because parents were hoping that some information would come up to figure out whether the material is appropriate. However, Netflix is marking its own homework. Sky has signed an arrangement with an organisation in America called Common Sense Media for ratings. Netflix should have the same arrangement that Sky has reached.

Further down the track, I am afraid that you will need to require YouTube to take down material. The only solution to YouTube lies in its owner's hands, and that owner is Google. That company can design AI systems that systematically take down pornography—and other harms; pornography is not the only one.

Q9 **Baroness McIntosh of Hudnall:** We are talking a lot about the harms that are carried along with the influx of SVODs, in particular Netflix and YouTube as you have said. Could you say a bit about the ways in which we might harness their power and reach to support public service broadcasting a bit?

I wanted to ask you, first, about the model of contestable funding that has been established for children's programming recently, which I suppose has yet to be fully tested. Does it have any value as a template for future funding of public service content, other than in children's programmes?

Secondly, is there the potential for the SVODs to fulfil a public service function themselves? Are they for ever to be on the wrong side of the argument, or can they be encouraged to participate?

Claire Enders: Those are both excellent questions. There have been a number of interventions by the DCMS. There was one on local television, which has been a disaster, as I predicted; may I just point that out?

There has also been a much more successful intervention: the BBC scheme that supports local journalists working in the local press. The word back from the local papers is that this is an excellent addition. Without that resource they would not be doing the work they are doing. So interventions exist; they are not artificial. This was an essential intervention. I worried that the number seemed very small; you have talked about "The Crown", which cost £100 million an episode, and by the time it gets to 10 episodes you can just imagine that it will have cost £1 billion. In fact, that is a very similar number to what Amazon—

Baroness McIntosh of Hudnall: I think you mean per season, by the way.

Claire Enders: Yes, but they are going to go to seven or eight seasons.

Baroness McIntosh of Hudnall: Sure. I just think that we need to hang on to the difference between an episode and a season, because £10 million per episode is already horrendous.

Claire Enders: Yes, but what I am saying is that Netflix will end up spending £1 billion on "The Crown", which is the same amount that Amazon Prime is spending on "The Lord of the Rings". These are very, very big numbers, so by comparison £57 million is a very small amount—a drop in the ocean.

It does not have to be the same thing. Remember, as I pointed out, that there are many programmes with very strong audiences in the regions, in different kinds of phenomena. Channel 4, for instance, has a number of requirements to reach certain kinds of audiences, and those audiences are small. You do not have to make the most expensive stuff all the time, you just have to make things that are very clever and innovative.

That is what public service broadcasting said it was going to be. Is it possible for Netflix to care that much about the UK? Its stakeholders are all in the US, and it has \$10 billion of debt. It is clearly trying to wipe out Sky and Amazon Prime, and it will try to wipe out Apple's or Disney's new service. All these companies work on the same template: there is room for only one dominant player globally. You see this with Google dominating search, Facebook with digital advertising, Apple with Apple Music, Spotify with Spotify, Apple with smartphones, and Netflix with the global scale and the speed ahead of all the competition.

That is what Netflix's game is. It does not care about the viewers in Wales or Scotland at all. It cares about subscribers, wherever it can get them. You are never going to get an American company to understand public service broadcasting. These companies can understand a regulatory framework, they can understand legal requirements, but as a whole they think they are doing us all such a favour that they never feel like paying tax. I have run a business for 22 years and I have always felt like paying tax.

Baroness McIntosh of Hudnall: I am trying to hang on to your extraordinarily well-informed argument and not miss the point. You say that they are not interested in viewers in Wales, and of course they are not; I get that. But is there a way in which, through the process of

regulating their access to a market they want when seen as a whole, we can somehow capture some of the resource that they have available for public service purposes that they would be willing to part with in order to get that access? In other words, can we use regulation as a way of boosting public service content?

The Chairman: Are you asking whether we can impose a public service obligation on them?

Baroness McIntosh of Hudnall: That is what I am thinking about, yes, but only as we speak.

Claire Enders: We already have a great public service broadcasting system. Then we have the multichannels that follow many of the same values, but a bit less so.

You would be taking on a massive task in scale if you think that Netflix or Amazon Prime should, or even could, be brought into that fold. You should tackle the issues of societal harms, which could be solved by Netflix having ratings that parents would understand on everything, and parental controls. If that were to happen, it would be full of the public service broadcasting ethos.

That is what our public service broadcasting system does. It has a watershed, so perhaps you guys could introduce a watershed on these services to work in the way that Sky has accepted watersheds, or the way that all the other companies—these American multichannel companies that are with us—have accepted all our regulation on advertising.

Is there advertising regulation online, anyone? It does not even exist. The ASA will tell you that it does, but look at what you can find on YouTube. We have that fundamental issue and I hope that you guys will lift the cudgel and try to regulate, at least in relation to age restrictions and the application of safety for children in this country.

Baroness McIntosh of Hudnall: I will enter a little commercial break here for the report that we have just published, which begins to map out the possibility of much stronger regulation. That would no doubt include some of what you talk about.

However, while all of what you say makes sense, this is about the impact on our existing public service broadcasters of having this parallel set of opportunities running alongside and drawing away, we fear, resource and viewers.

Claire Enders: But as we said in relation to the impact of the investment that is going on, that is plainly a good thing for producers all the way through the UK, wherever they are commissioned. They may be producing in Wales or Scotland. We have to remember that the Government introduced a very attractive tax incentive structure, so companies really like to produce in the UK already.

I do not think it is about any extra incentives, but it is absolutely true that every part of the production media will benefit from added

investment in the UK. It will always be true that whoever is involved in it, that direct investment in the UK is doing us good.

But those companies cannot be bound by a legal system that licenses public service broadcasters and gives them certain benefits while asking many things in return. I think it is too much to ask for. The system has developed over 100 years and in regard to the way that our country is. The rights of people who are LGBT are more protected on Channel 4, where they have to be shown in a certain way. Sky and all these companies respect Ofcom's views on the number and prominence of BAME voices and faces on screen. Netflix does not have to do that. Try to impose it on Netflix; you cannot even get it to adopt the same ratings system that everybody else has. No, it has to be voluntary and to be its own.

Baroness McIntosh of Hudnall: You make your point very forcefully. As you say it, it feels a bit like a counsel of despair, and I am trying to find which of the threads you offer us to pull out that might give us some optimism about how to regulate or manage this environment so that it was a bit more balanced.

Claire Enders: You will have the opportunity very soon, because the DCMS is looking at HFSS advertising, for instance, but it has also now included looking at online phenomena rather than just the PSB system. As I pointed out repeatedly to it, that would be incredible: the average age of the viewer in the PSB system might be between 40 and 60, so does it think that advertising to them is a problem for childhood obesity? I have said, "You don't seem to understand what YouTube is doing".

One very important thing to understand is what we have seen with Sky, which came to this country in 1989 and, as the Committee knows, had a very strong anti-PSB ethos. Now, Sky is actually the top company in adopting regulations that protect children and families, because it has 12.5 million subscribers in the UK, and the people who subscribe want their children to be protected in that way. Sky would not do these things if it was not logical from a business perspective; it wants to be very safe for families because that strongly differentiates it from being the Wild West. In fact, a lot of companies are becoming more convinced of the ethos of their values rather than less, while you do not have companies trying to make "Breaking Bad" and put it on at 6 pm.

The Chairman: That takes us into neatly into our next question.

Q10 **Lord Goodlad:** I want to ask about obligations, and I have three questions.

First, are the obligations on public service broadcasters such as in the content they show and the way in which they commission that content appropriate? If not, how do you think the obligations should be changed?

Secondly, are the obligations and restrictions on broadcasters, such as those on television advertising and the watershed time, appropriate?

Thirdly, could and should equivalent obligations be placed on video-on-demand services?

Claire Enders: That is a series of complex and interesting questions, which I will try to answer quickly. If I have forgotten one, it is simply because I do not have my pen with me right now.

Ofcom is going to conduct a review of public service broadcasting sometime in the next 18 months, and I am pretty sure that such a context is the right place to look at the existing regulatory system with regard to the actual delivery. As you know, it is extraordinarily detailed, whether about productions in regions or BAME visibility and so on.

As a human being who is a citizen of this country and greatly in favour of the public service broadcasting system we have, I have looked at all the evidence—principally provided by the BBC licence fee consultation in 2016—to understand how everybody else feels, and it seems to me that everyone in this country has a uniform view on the necessity of protecting children. The watershed is the most important symptom of that desire to protect children.

You will therefore never find me advocating anything but imposing watersheds on the SVOD services and trying to clean up YouTube. I am not going to say anything different; it is impossible for me to take a different view. I have had children. They have grown up and been protected, and miraculously they turned out fine. The issue with those sets of obligations is different from those that are really active at the minute, one of which was advocated in a speech yesterday by Sir David Clementi. If you were to tackle the problem of how to regulate, raised repeatedly in this august group, you must start by defining the market so that you can regulate.

The market definition contained in 2003 and 2010 includes only multichannel and the broadcasters; it does not include any online phenomenon. The BBC's focus is rightly on getting the legislation together to frame these services as part of the market that all consumers have in this country. We have all agreed that there is a small number of very significant services, which definitely are part of the market. There has been YouTube for the last 15 years, Netflix for seven years and Amazon Prime for five years. These are permanent phenomena. It is very important to understand that these phenomena are not passing and that they already have enormous significance in viewing terms, and in subscription and financial terms.

The Chairman: Thank you very much. Briefly, before we move on—

Claire Enders: I am so sorry, Lord Goodlad mentioned the advertising situation and I did not mention it. I think I mentioned in my evidence that equivalent advertising rules and restrictions should be placed on all video-on-demand and other online services.

I would like to make an extra point, because when I was talking this through with my team this morning, they said: "Actually, the number of harms that are possible online is infinitely greater". So the advertising rules on online phenomena—I am talking about YouTube here in particular—should be more stringent than have ever been applied to UK broadcasters. That was their view. There was some good back-up there.

On the watershed issues, those should be universal across pay television, broadcasting and SVOD.

The Chairman: Thank you. That moves us on. Lord Gordon has the final question before we wrap up.

- Q11 **Lord Gordon of Strathblane:** I am an avid reader of Enders research. I was alarmed when whoever did the research on BritBox more or less said that it does not have a hope in hell of competing. Is that the considered view?

Claire Enders: Yes, it is my considered view. It has a particular hope, which is to break even and cause no shame to the BBC, ITV or any other shareholders. Again, ITV has a very limited financial envelope—it has debt, pension fund obligations and so on—while the BBC has a lot on its plate, and obviously the impending doom of the licence fee.

The only thing I can say about BritBox is that as long as it does not take these companies' attention away from public service broadcasting every day, it will be fine. As long as it is a home for the programmes that the BBC and ITV can no longer sell to Netflix or to Amazon Prime, it is a place where people will be able to get them and have access to them. It is not going to break the bank or harm these organisations. It is whistling while Rome burns, of course.

- Q12 **Lord Gordon of Strathblane:** Did the BBC make a mistake, for all that it was an attractive source of revenue, in increasing the credibility of Amazon Prime and Netflix by selling its programmes to them too early?

Claire Enders: Not at all. Remember that the licences that it has been signing are primarily for the US, not just for the UK. US licensing activity has accounted for 40% to 50% of the BBC's international income. It has been massively important. The BBC would not be as it is without SVOD in the US, much as it would not be what it is without all the other forms of exploitation that it has.

Lord Gordon of Strathblane: You mentioned these companies being distracted from public service broadcasting, but is there a danger that, as a source of income, BritBox, which is going to be funded by some form of subscription, might become the first outlet for some new programming rather than PSB broadcasting?

Claire Enders: That is an ambition but not the initial ambition, which is to get the service launched and put programmes on that those companies are no longer licensing elsewhere so that they are available. My caution on BritBox is understandable; the BBC Store shut down after 18 months. No one seemed to want downloads of the BBC material. So being cautious about this is good.

The shelf space provided to ITV and the BBC by their very mainstream services here will always be the most desirable for actors and so on, because getting 5 million or 10 million viewers is a very attractive proposition for much of the acting talent. I think that public service broadcasters will also be expected to deliver maximum audiences. They

will always try to do that, and they will always pay careful attention to how they manage it.

Lord Gordon of Strathblane: But surely, in order to increase the credibility of BritBox, there must be a tendency to make it an exclusive outlet for a new programme. The BBC has done that to some extent with iPlayer.

Claire Enders: It has done that only a couple of times, and really only—with regard to Baroness Bonham-Carter's question—in relation to getting young viewers quickly. Having the box set of "Killing Eve" on iPlayer means that you will get people who watch the whole thing. I did—I am 61 and behaving like a teenager—and it was marvellous. They have done that repeatedly, but it was really to get an incremental audience. They are very good at understanding the kinds of audiences that they want to have. I only wish that BritBox could ever be successful enough to commission "Killing Eve", but I think that is some way down the road.

What is important is that the PSBs will always put their finest and best material on their completely conventional and normal shelf, because that, and not Netflix, Amazon Prime or their own SVOD, is the best way to get 5 million-plus viewers. I will just put out the data here: Netflix invested \$13 billion in content last year, while our friends at ITV are investing £25 million this year and £40 million next year on BritBox. This is a bit like the question on contestable funding: those sums do not amount to a hill of beans.

Baroness Bonham-Carter of Yarnbury: I have a tiny supplementary question, which I hope was not covered when I was out of the room. My ears pricked up when you said that actors want 5 million viewers. David Attenborough and Peter Morgan also want £5 million a programme. I wondered what your feeling was about the balance there.

Claire Enders: As I have said, British actors and presenters have never worked harder in their lives. I can say that for my friend Sir David Attenborough, who is well over 90. Nothing but good comes from more David Attenborough, wherever he shows up. We are really not seeing any presenter or actor ever completely sacrificing visibility on British TV sets, and it would be unwise to do that.

Baroness Bonham-Carter of Yarnbury: So you think it is a balance.

Claire Enders: They all know what they are doing. How do you get signed to make Hollywood blockbusters? Probably by being the lead in "Bodyguard"; you are probably going to get a step up. As soon as that had happened, Richard Madden was suddenly tipped as the next James Bond. Unless you get millions and millions of viewers, you are not going to be in the running for the big movies. Actors do not just go to Netflix, they go to Hollywood, and that is where the big money is—much bigger money than Netflix.

Q13 **Baroness Howe of Idlicote:** First, a million thanks; I have been sitting here listening to what has been said and to your answers. What is clearly important in everything that you are doing is public service broadcasting.

There it sits, at the top of everything.

However, one thing that further worries me is whether the rest of the country—the rest of us involved—are doing enough to ensure that we fully alert everyone to play their full part in protecting children, because that is of such crucial importance. I wondered what you thought about that. Are schools, for example, playing a big enough role here?

From my viewpoint, everyone should be involved in the whole process of protecting children and doing their best to ensure that they realise that what we are trying to protect children from goes right across online, offline and every form of broadcasting, to say nothing of the gossip that goes on between children, between schools and indeed between almost everyone about what is going on. Are there other areas that you think we could pay more attention to, such as schools playing a bigger role?

The Chairman: Briefly, please.

Claire Enders: That is a wonderful question. It goes with the public campaign that I was talking about. There is an enormous amount of activity by the NSPCC and a number of other organisations to try to educate children in schools about digital harms, being good digital citizens and understanding the consequences of their actions. The NSPCC activity is oriented in particular towards issues such as sexting but also pornography viewing, trolling and so on—activity with very damaging aspects.

I am very hopeful about it. I have seen a real effort afoot by the NSPCC and a number of other organisations. I would love to see more parents involved and for them to have a greater wind in their sails. We have had several years of Ministers—Matt Hancock in particular—referring to those harms, and the Government have suddenly woken up to them in the last two years. It is time to do something about them.

The Chairman: I think we have drawn to a close; we have gone over time because we were interrupted earlier. Claire, thank you for your comprehensive evidence and your enthusiasm for the PSBs and the cultural value that they bring. This has been a very useful opening session for us. It has given us a good indication of where the evidence lies, and it may well be that the Committee will come back to you and your colleagues for further evidence as the inquiry progresses. Thank you again.