



Select Committee on Communications

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

Tuesday 30 April 2019

4.35 pm

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Members present: Lord Gilbert of Panteg (Chairman); Lord Allen of Kensington; Lord Bethell; Baroness Bonham-Carter of Yarnbury; Baroness Chisholm of Owlpen; Viscount Colville of Culross; Lord Goodlad; Lord Gordon of Strathblane; Baroness McIntosh of Hudnall.

Evidence Session No. 6

Heard in Public

Questions 53 - 58

Witnesses

I: Colin Browne, Chairman, Voice of the Listener & Viewer; Professor Des Freedman, Co-ordinating Committee member, Media Reform Coalition; Dr Tom Mills, Lecturer in Sociology and Policy, Aston University.

USE OF THE TRANSCRIPT

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

Examination of witnesses

Colin Browne, Professor Des Freedman and Dr Tom Mills.

Q53 The Chairman: Welcome to the second evidence session today in our inquiry into the future of public service broadcasting. We have three witnesses. Today's session will be broadcast online and a transcript will be taken.

Will the witnesses briefly introduce themselves and tell us a little of their background, and then define for us what they think PSB is and what it means in the current environment? To what extent does the availability of video on demand, such as Netflix and Amazon Prime, undermine the relevance of public service broadcasting?

Colin Browne: Thank you for inviting me to address this extremely timely inquiry. I am the chairman of Voice of the Listener & Viewer, the VLV, which is, we think, the only consumer-based organisation wholly focused on quality in broadcasting. We speak on behalf of consumers, the ordinary licence fee payers in the case of the BBC, and those who access our services. We have been in existence for about 30 years, founded by my predecessor, Jocelyn Hay, who may be known to some of you. I have been chairman for about nine or 10 years, and my background is in communications, with a short spell in the BBC and a longer spell at BT. Generally, I have worked in the industry for a considerable time.

We come at this from an audience point of view. We speak for listeners and viewers, and we stress the importance of the citizen as well as the consumer. That is particularly relevant in the context of public service broadcasting. The consumer interest is about individual needs; it tends to be more short-term driven and driven by economic and competition policy. The citizen interest is driven by the needs of the community and society; it is about public rather than private benefits. It is about democracy, culture, identity, learning, and participation and engagement. It has a longer-term focus than the consumer interest.

Both are important, but we think that in debate today the citizen interest is often not given the attention it deserves. It is the consumer interest, driven by the market, that gets most of the focus. We believe that the public service broadcasters have particular importance in the context of the citizen interest. As long as the PSB system delivers the ambitions set out in the Communications Act 2003 and the BBC charter, the concept of public service broadcasting is as relevant and important today as it has always been. Unlike the commercial broadcasters, as in the commercial and streaming services, the PSB system is free-to-air. It does not cost extra beyond the cost of a TV licence, and everyone has access to it. Its universality is key.

The SVODs are not universal; their services are delivered via broadband. Broadband is not even universal in the UK, and certain audiences are unable to access the content. The SVODs do not provide news or current affairs, or a range of content for different tastes. The motivation is, quite

reasonably, purely commercial for the consumer, with no regard to the citizen interests I referred to earlier. They do not encourage citizen interest in issues that are important for democratic engagement in the UK. They are not required to support the UK creative community, and they do not provide content that engages communities at regional level in the UK.

That is not to say that we do not welcome the streaming services and SVODs; we welcome Netflix, which provides an extension of choice, and obviously, as consumers, we welcome extension of choice, but there has to be a more level playing field. It has to be done in a way that does not destroy public service broadcasters, or make it much more difficult for them to provide the range, quality and content of services we have become used to over so many years. In the previous session, you heard about some of the difficulties that they can cause.

In summary, that is our position. We like the extension of choice and we like having the SVODs, but it is absolutely crucial that public service broadcasters continue to have a key role, provided that they meet the expectations and priorities that are set for them and provided, of course, particularly in the context of the BBC, that they have adequate funding to do so, which is an issue to which we may wish to return.

Professor Des Freedman: Thank you for the invitation to come here. I research media and communications policy mostly, at Goldsmiths, University of London. I was one of the founding members of the Media Reform Coalition, established some eight years ago to campaign for increased accountability, plurality and diversity in the British media.

Most recently, around these parts, I was the project lead for the inquiry into the future of public service television chaired by Lord Puttnam, with whom a lot of you are probably very familiar. We held all sorts of hearings, including one on the future for Channel 4, I think in this very room, and with a whole array of participants in debates that you are touching on. We held events up and down the country, for reasons that I hope by the end of our testimony will be obvious, to hear the voices of all the nations and different demographic groups of the United Kingdom, to try to address what were then, and remain, some of the deficits. We may be paying the price for some of those deficits as they are expressed in broadcasting.

I am surprised that you want to hear yet another definition; you are probably drowning in definitions of public service broadcasting and are just being polite, to warm us up. I see public service broadcasting, to put it very crudely, as an intervention in British society. It is a deliberate, purposeful attempt to co-ordinate a particular vision of broadcasting, which Colin has already addressed: broadcasting free at the point of consumption. It should be universal, have aspirations to quality and seek not to target itself at any one group. By definition, whatever ethnicity or demographic you come from, it seeks to provide content. As such, it is not just a response to market failure but a very different vision of broadcasting, or media content more generally, as we should probably talk about it now.

On the first question about the relevance of PSB in an age of SVODs, I respectfully turn the question around, partly because Colin has already answered it. None of the aspirations of public service broadcasting have been undermined by the arrival of SVODs. I want not just to stress the continuing relevance but to encourage us to think about what the problems may be. It is not about the relevance of public service broadcasting; it is about the impact of largely unregulated, new and emerging services on British media.

Often, for many years now, public policy has been obsessed with the impact of public service broadcasting broadly, but mostly particularly the BBC, on the wider media market. That is what the charter review was obsessed with to a certain extent. What we have not done is look at the impact of the arrival of new, unregulated players on the capacity of existing public service broadcasters to play the kind of role that the vast majority of British people still want them to play. I hope the Committee will look at that now.

Dr Tom Mills: I am a sociologist at Aston University. I work with the Media Reform Coalition and I wrote a book in 2016 called *The BBC: Myth of a Public Service*, which was an account of the culture and structure of the BBC and some of its historical and contemporary failures to live up to its promise of delivering impartial public service broadcasting. Much of the focus was on news and current affairs, although a lot of it is relevant to broader cultural questions, particularly on the marketisation of the BBC.

One of the problems we face with the arrival of these new digital rivals is the capacity of the BBC to offer a genuine public digital alternative, in its current capacity. The other element that needs considering is the failure of existing institutions—especially the BBC itself—to deliver a broad service to the whole of the population, as is its remit. It is probably fairly familiar to you that the demographics that are not satisfied with the BBC are younger people and ethnic minorities.

At the Media Reform Coalition, we have started to think about how to address these two kinds of questions together. The first is the question of political economy, the challenge that digital media faces and how reform of the BBC might meet that. The second is more of a social question. How will the BBC and other public service broadcasting institutions together be able to deliver a genuine alternative to those companies?

On the specific question of whether public service broadcasting is relevant, I would say that no, it is not, because it is fairly clear that broadcasting will be displaced by digital technology, but, as has been underscored by the other two witnesses, the social requirement and the political imperative for public service media, and the intervention that Des spoke about, is still needed.

The question then simply becomes how we envisage a new set of institutions, rules and regulatory requirements that can deliver that promise in this new context. To some extent, the crisis we face presents some interesting opportunities for us to rethink from the ground up what

an organisation such as the BBC should be doing, and that is what we have been trying to think through at the Media Reform Coalition. I hope we can get into that a bit more.

The Chairman: Let us unpack some of those issues.

Q54 **Baroness Bonham-Carter of Yarnbury:** There seems to have been a general welcome, with caveats, to SVODs. Picking up on what you said, and slightly to turn the question around, as Professor Freedman suggested, how have the PSBs responded to the existence of the new, unregulated players in the market? How successful so far has that been?

Colin Browne: As ever, it depends partly on how you define success. We heard earlier about the difficulties coming down the line for drama. If you look at the programming output from the public service broadcasters at the moment, the quality of drama in the last 18 months or two years has been pretty outstanding. They have been trying hard to compete on quality and to understand the influences that are changing viewing patterns, and the move away from broadcasting into streaming services. They have been trying to develop plans to meet that, partly to address younger audiences, where there is clearly a big change in viewing habits. They probably began doing that a bit too late, and I would mention in parenthesis the proposal seven or eight years ago for Project Kangaroo.

Baroness Bonham-Carter of Yarnbury: It was in 2009.

Colin Browne: It was turned down, which was extremely unfortunate, because it would have allowed them to establish a fairly strong position in this marketplace, instead of being caught out a bit by the speed with which the streaming services have developed.

There is a mixed picture in the way they have responded. The quality of output remains very good, but you can see some of the economic and financial problems that they are beginning to face.

Baroness Bonham-Carter of Yarnbury: What are your views about BritBox?

Colin Browne: We broadly welcome BritBox. We think it is important from the BBC's point of view that any BBC material on BritBox that is funded by the licence fee is seen free-to-air on the mainstream services first. Subject to that caveat, we welcome BritBox.

Baroness Bonham-Carter of Yarnbury: Professor Freedman?

Professor Des Freedman: Because there are two of us and one of Colin, we were going to try to take one question at a time, just so that you can get out of here on time. Tom is going to answer this one, if that is all right.

Dr Tom Mills: The initial response is relatively positive. The development of the iPlayer was one of the more positive things that came out of the BBC in that period. The problem is that it has fallen behind. Part of it is the legacy of what happened at the BBC with the intellectual property regime, which is undermining those efforts. Because

of the way the BBC was integrated into the market from the 1980s, and particularly the 1990s, it does not own that kind of content now.

An important point that we wanted to stress is that we should see the BBC not as a subscription service but as public infrastructure providing a public resource. The culture that it produces is a public resource, and there is a key difference from what the commercial activities are doing. On the specific question of BritBox, it seems to me a misguided development, because it is trying to take content produced in the public service system and commercialise it competitively. You get all these mixed approaches from the BBC.

Baroness Bonham-Carter of Yarnbury: There have always been DVDs and boxsets coming out of the BBC.

Dr Tom Mills: But the distribution is a bit different. With digital, there is not really a marginal cost.

Baroness Bonham-Carter of Yarnbury: But that is the reason it is changing, is it not?

Dr Tom Mills: Yes. Intellectual property problems aside, there would be technical capacity for the BBC to use its archives as a public resource abroad, and a monetised one. If that is what the BBC is interested in doing, I presume that is what it will do. We think the main problem is the question of what the BBC should be doing. The issue of universality that was mentioned at the beginning is key. What we do not want the BBC to do is just to become a publicly funded subscription service. That is an important difference that sometimes gets overlooked.

Baroness Bonham-Carter of Yarnbury: I want to pick up on what the Chairman said at the end of the last session. Because of our previous witnesses, we were understandably talking about drama. To go back to how the PSBs have responded to the changing market in other areas, Colin, do you have views on news and current affairs and so on?

Colin Browne: From the point of view of the public service broadcasters, particularly the BBC, the provision of news and current affairs is key. For budgetary reasons, some of that has come under a bit of pressure, but on the whole, although we may quarrel with particular issues, programmes and aspects of coverage, we think that they have continued to do a reasonably good job. That is a very important reason why we still need the PSBs, and not just the SVODs.

The PSBs have not been as good as they should have been in addressing the children's and younger people's markets. In the children's market, the BBC has done reasonably well. The other PSBs have done less well and, indeed, have not met their regulatory commitments. That has probably been a mistake, and it certainly needs to be rectified. The other issue is linked to the broader definition of younger programming, to which some reference was made in the earlier session. We took the view that the decision to remove BBC Three as a broadcast channel and put it solely online, while in a sense going with the mood of the times, was nevertheless a mistake. It broke one of the potential links between the

younger audience and the traditional broadcast market and the BBC brand. We think it was an error.

Q55 Baroness McIntosh of Hudnall: To pick up on precisely that point, the question of what the younger end of the market is doing preoccupies all providers of content, including PSBs. In parenthesis, as long as I have been aware, before there were digital alternatives, broadcasters have always been obsessed with whether they could attract a young market, so nothing has really changed in the constant focus on how we get at the next generation.

Leaving that to one side, do you have a view about what is driving the younger generation away from traditional broadcast outlets and more towards digital? I am talking more about the 16 to 35s than about children. You do not have to be tremendously clever to think what the answer might be, but what are your views about it? Furthermore, what in that very disparate digital market can public service broadcasters do to try to increase their share of that apparently extremely valuable market, or perhaps not so much market as attention?

Dr Tom Mills: I am outside the young person category. As you say, it has always been a preoccupation of broadcasters. As I understand it, there is evidence to suggest that people are not coming back to the public service broadcasters as they get older. First of all, there is the question—

Baroness McIntosh of Hudnall: Can I stop you there? Yes, that is the evidence that appears to be emerging, but we have not had digital services for long, so how strong can the evidence really be? I do not expect you necessarily to know the answer, but do we have enough evidence to say that that is the case?

Dr Tom Mills: I do not know the answer to that. There are two separate issues, and we cannot untangle them that effectively. One is the actual technology that people are using to access these services. It is very clear from the data that young people interact with those organisations differently and in a different place, so people who interact in digital will be less likely to look at the BBC than those who are watching television. First, there is the question of how public service broadcasters are intervening in that space. Then there is the perennial question of whether broadcasters, particularly the BBC, are failing to engage culturally with those demographics. That issue probably needs to be addressed as well.

We have argued that the BBC has become a very unaccountable institution and does not represent certain demographics. That includes young people, but also ethnic minorities. It is a very strongly London-centric organisation, and it has always tended to cater more to middle-class tastes. Those are general problems with the BBC, which are now tied up with the digital and infrastructure issues.

We argue that the BBC will need to come up with a cultural answer: how to connect. I do not feel that I have any expertise to advise the BBC how to connect with young people. It will also need to think about how it can

have the organisational capacity to intervene in that space, and what kind of regulatory reforms will need to be put in place to allow it to do that.

Will the BBC be able to meet that challenge, with the regulatory and funding issues, as well as the cultural issue about who runs the BBC and how responsive it is to its audiences? That needs to be overhauled. What is essentially a statist organisation has increasingly become more commercialised. In either iteration, it is not responsive to the public it needs to serve, particularly not to those demographics. We would like to see a more responsive, accountable and devolved BBC, not just in its organisational structure but for the people who work there, and for it to be responsive culturally.

Baroness McIntosh of Hudnall: The BBC is not the only public service broadcaster.

Dr Tom Mills: Sure. Channel 4 has explicit remits to represent cultural diversity and alternative points of view, and it is arguable that it has done some of that a bit more effectively.

Professor Des Freedman: Going back on my promise not to answer every question, I do not think that the evidence about generational shifts back is there at all yet. There are expectations that once people stop clubbing they will sit on a sofa. I am pretty confident of that, but we do not have evidence about what screen they will access from the sofa.

There is a bit of a vacuum of data on much younger children. In the Puttnam Inquiry we were trying to get it, but getting inside the head of a five year-old is quite complex, although Tom would know better than me. Even then, the data is not definite enough to suggest that the youngest children are absolutely turning away from the legacy providers.

One of the best ways of looking at it is through YouTube, which has at least been around longer than some of the other SVODs. I would not say that in roughly 15 years YouTube has completely demolished consumption habits. It has intensified some of the split, so there is significant viewing among younger audiences, but in those 15 years the pattern is emerging as we would expect, with consumption of YouTube going down. That is not full scientific evidence, but at least it is something to point to.

Colin Browne: You are right that we should not talk about the BBC all the time. One aspect that was raised was the accountability issue. We broadly welcome the new structure of the BBC and the creation of the unitary Board, which gives greater clarity to the management and executive of the BBC. What we have lost in the old BBC trust is an organisation that consulted extremely well and engaged with stakeholders. In its new form, the BBC has significantly reduced the amount of overt consultation and stakeholder engagement, which is a deficit that needs to be addressed.

Baroness McIntosh of Hudnall: I am sorry to keep saying this, but people go on endlessly about the young demographic in relation to every kind of service. Do you think that they are stakeholders in the way you

mean? Are they being engaged, and, if so, how?

Colin Browne: They are one group of stakeholders, but I was actually talking more broadly in that context. On that group, I agree with what you were saying earlier. Broadcasters have always fretted that they are not serving that audience well enough. The fact is that, despite the iPlayer, they were arguably slower to move to some of the new forms of distribution that the younger generation rapidly adopted, and YouTube is a prime example. Young people may be engaging with PSB content on YouTube without actually knowing it, so they are not developing—in marketing speak—brand recognition, or loyalty to public service broadcasters. That is significantly different from what was the case in the past, and that is why it might be different this time.

Q56 Lord Gordon of Strathblane: A lot has been made of the high cost of a lot of SVOD high-end drama productions, but should public service broadcasters really be competing in that market? Should they not rather aim at the UK-specific market, which is largely underserved by the SVODs?

Professor Des Freedman: There is a very short answer to that, which is that no, they should not, because I do not see that they have a business model that would allow them to do so.

The second part of your question is the crucial one: how do they best leverage the skills they have and the desire for content that is relevant at national level and in many other different ways? It is a question of making sure that they have the resources as well as a regulatory structure that will demand that they meet those responsibilities, without seeking to engage in a competition that they will simply not be able to meet. Thinking about it in terms of sports rights, it seems to me an open and shut case. Should they compete with Sky over football? They simply do not have the money. They could go to the bank to do it.

Lord Gordon of Strathblane: There is a bigger audience for football on “Match of the Day” than on Sky.

Professor Des Freedman: There is, but we are talking about a single programme or sometimes two programmes. The loyalty that still exists is significant, but can the PSBs compete over sports rights? No, they cannot. That does not mean that they should not try to use the appetite for football in a particular format, in the same way as for drama as well. They have to realise about SVODs that the question of co-productions is very important. I only caught the end of the previous session, so I am sorry, but, as we heard, there has been a disaster, which is not a surprise to me at all. Of course, the SVODs, people such as Netflix, partly because of the regulatory climate inside Europe, will start to produce more local content, as they call it.

I have taught with and seen some of that local content, particularly one of the relatively new dramas, “Sex Education”, which has done extremely well, although a staggering number of my students have not even seen it. It is not about a Britain that we know; it is American popular culture transplanted to Wales, although it has been a while since I have seen it.

The SVODs are transplanting themselves with local content. PSBs have to think of the most appropriate ways to genuinely use the resources they have, which are obviously declining as a total proportion.

Lord Gordon of Strathblane: Would it make sense to regulate the SVODs so that they were compelled to use independent producers, in much the same way as the PSB sector is required to do—in other words, to make the playing field more level?

Colin Browne: Broadly, I think the playing field should be more level. This is not my area of expertise, but I think it would be quite complicated to do that. How would you actually make the SVODs do it? We broadly support Peter Kosminsky's suggestion of a levy, but we would prefer to have it put into funding that could be additional to the funding of the PSBs, rather than directing it in the way you were suggesting.

Lord Gordon of Strathblane: But it is not curing the problem. It is rather like giving a subsidy to Scottish football to match the salaries paid by the Premier League down south. It does not make sense; it does not cure the problem, train the crews that we need or anything like that.

Colin Browne: To have a separate training fund, funded by the SVODs, is going to be terribly complicated. It is a great idea, but I have some doubts as to how one could make it work in practice. It is not my area of expertise.

Lord Gordon of Strathblane: Professor Freedman, Kevin Lygo, ITV's director of television, said that there are huge disadvantages with co-productions. You get people with different agendas, and sometimes the programme falls between the cracks.

Professor Des Freedman: Is your question about whether that is a model of the past that we should not seek to resuscitate?

Lord Gordon of Strathblane: I am asking whether it is a model that we should be trying to resuscitate, or whether it has some disadvantages.

Professor Des Freedman: That comes back to one of Tom's first points, on the question of rights. This is critical for the future. For me, it is an irony that, although I agree with Colin that it was a shame that BBC Three went online, it was, curiously, a training ground for the future of rights. At least it gave the BBC rights in a digital era. Heartbroken is probably too strong a word, but it was a shame for universality to see BBC Three go online. However, I thought it was very useful, and an opportunity to make sure that there was a new approach to IP.

With co-productions, when you have such an unequal playing field financially, it is obviously much more complicated with questions of talent or broader cultural questions, as well as the use of studios, which are full in this country. I do not see that co-productions can have a meaningful future, given the massively unequal pockets of the FANGs on one side and public service broadcasters on the other.

Lord Gordon of Strathblane: I have a specific point for Dr Mills. I think you said that broadcasting was being replaced by digital technology, but digital broadcasting also exists. Are you saying that broadcasting itself is

being replaced by video on demand?

Dr Tom Mills: I am saying that television in its original medium is being displaced.

Lord Gordon of Strathblane: Was radio displaced by the invention of the transistor radio?

Dr Tom Mills: I am not saying that the substantive content necessarily has to change. It is clear that there has already been a shift away from the original method of transmitting; that is obviously the case. There are different capacities. The difference with digital is that you can access the content in retrospect, which is a good thing.

I am not saying that there will not be live broadcasting, in the sense of linear programming, or whatever you want to call it. There is obviously an important place for that in a lot of public service requirements, such as news, sporting events and so forth. Radio could survive in that sort of form, of course. I did not mean to imply that the substantive medium has to disappear in that sense, but, clearly, everything is moving over to digital. The question then becomes what opportunities that opens up for people using and sharing information, and all the things that the Committee will be familiar with.

Professor Des Freedman: That was a question that occupied the Puttnam inquiry. We had an advisory committee, and the very first one was completely split on the massively important question of whether we called it 'television', 'broadcasting' or 'content'. We never particularly managed to resolve that. It was felt that talking about digital content is an opportunity to think about reinvention, and how public service principles can be reinvented, whereas thinking about broadcasting seemed to narrow people's horizons to a particular conception. That is what I understood Tom to be saying.

Dr Tom Mills: Yes, that is correct. The content can stay the same; the substantive content can be delivered through different media. That is not the issue. What I am saying is that there are some threats in the way it opens up competition, and there are enormous opportunities, if we are able to get it right, for embedding public principles in the new technology. I did not mean to imply that there was a substantive change in the content.

Baroness Chisholm of Owlpen: You mentioned "Sex Education", which seemed to me an example where co-production was a complete disaster for PSBs. Nothing about that programme could be described as English in any way. It took away completely from the principles of what PSBs are meant for. That proves that the content is completely changed by co-production. I do not know whether you have watched the programme, but I watched it. I had to turn it off because I thought it was so bad, and you are looking at somebody who can watch virtually anything on television. That shows that co-production is taking away from what PSBs were originally meant to be there for. Discuss.

Professor Des Freedman: I agree, and that is why I used it as teaching material: to say that it was the evacuation of Wales from the

Welsh countryside. Another irony is that it used a university campus that is no longer in existence. It was the evacuation of a particular form of identity, but I would not see that as meaningful co-production. It was Netflix making a strategic decision to talk about local content in the context of a classic American high school drama.

The Chairman: The “Sex Education” example has been cited three or four times. Would you say that it was generally true of UK-made content for Netflix and Amazon Prime?

Professor Des Freedman: I have not seen academic research that looks at that, and it is probably too soon to do it. I am not sure that there is a uniform picture, but it is a very illustrative example, because it was presented to us as a new form of local content that could genuinely be meaningful. That is how I heard it from the producers themselves, so I think it is particularly important, and it sounds as if others have been echoing that.

Of course, it is a line that we are likely to hear more of across Europe. If the 30% regulations¹ are somehow meaningfully to take effect, that would be one of the means. As long as you have a picture of the Welsh countryside, are you meeting your obligations? We need to examine it in much more detail, but I agree with you.

Baroness McIntosh of Hudnall: I do not think that particular production could legitimately be called a co-production, because it was made by Netflix. Would you agree that what you have just said is the important thing? It was made by Netflix, using an entirely or largely UK workforce.

In fact, the person who wrote it grew up in Australia, but she is of UK stock; all the performers were UK performers and the locations were UK locations, but you could not have told the difference between that and any other American high school drama you care to mention. The act of cultural appropriation that represented is what is threatening about it, rather than its being a co-production with a PSB. Correct?

Professor Des Freedman: Absolutely, I did not introduce it as a co-production.

Baroness Chisholm of Owlpen: I was suggesting that the danger is that those are the kinds of productions that Netflix will want to do, when it does a co-production with a PSB because—

Professor Des Freedman: Which they no longer want to do—exactly.

The Chairman: Unless someone wants to disagree, shall we move on to Lord Bethell?

Q57 **Lord Bethell:** Are obligations under public service broadcasting, such as

¹ Note by witness: Directive (EU) 2018/1808 of the European Parliament and of the Council of 14 November 2018 amending Directive 2010/13/EU on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the provision of audiovisual media services (Audiovisual Media Services Directive) in view of changing market realities.

those in respect of programming and commissioning, still appropriate? In what ways might they be amended? Can you put your finger on the danger that we are talking about? Is it cultural appropriation? Is it damage to a very important creative industry? Is it jobs and skills? What do you think it is?

Colin Browne: There is an underlying issue, which we may have skirted over a bit, which is the basic funding of the PSBs, in particular, Channel 4 and the BBC. Whatever one's view of co-production, it is a means of allowing people such as the BBC and Channel 4 to get extra funds. We calculate that, since 2010, because of unfortunate licence fee settlements, the BBC's real income has reduced by about 37% over that period. Inevitably, there are going to be real strains on the system.

On the broader issue of regulation, it is entirely appropriate that PSBs continue to be regulated and that, in some respects, those regulations might be tightened, particularly children's content, which I mentioned earlier. What is missing is any contribution from deregulated companies such as the SVODs. There needs to be a more level playing field, but you do not make it more level by reducing the regulations on public service broadcasters. There may be some unnecessary things. Certainly, as I said earlier, not being allowed to do Kangaroo was a mistake. There is a consultation on extending the window for the BBC iPlayer, which is something that the BBC should be allowed to do. Broadly, we support what is being done on prominence as well. There are things that can be changed.

The big issue is the level playing field. At the moment, the public service broadcasters are regulated and there is no regulation at all for the SVODs. You do not address that by taking regulation away from the public service broadcasters, as long as that regulation is focused on what is in the interests of, in our case, listeners, viewers and citizens. Let us not forget radio in all this, as it is extremely important to our organisation as well; I would not want it to go unnoticed by the Committee.

The Chairman: Can we take that one step further? You are arguing that PSBs should not be deregulated, or that regulation should not be loosened, unless there are particular examples of outdated regulation. Do you argue that SVODs and others should be regulated? If so, how?

Colin Browne: Something should be found that compensates for regulation. The levy is one way for them to contribute to the infrastructure and the broader basis of UK programme-making and UK television. There may be certain other regulations to which they should also be subject. We are not looking for an overregulated industry; we understand the difference with the SVODs, but at the moment they are making life much more difficult for the public service broadcasters without giving something back in return. They should give something back in return.

Professor Des Freedman: To go back to something I said at the beginning, the BBC has long been micromanaged in terms of its impact on the wider media market. That is not to say that it should be

underregulated, of course. Some of the regulatory obligations, particularly around the iPlayer, should be re-examined, and the BBC's recommendations seem pretty sensible on that. Other obligations might at least be interrogated, not least because the director-general has only recently talked about declining perceptions of impartiality in relation to the BBC. I would not want to see those obligations to be impartial rescinded and to have the Foxification of the British broadcasting environment. I want an intelligent conversation about whether its understanding of impartiality is working. Many people—certainly those of us at the Media Reform Coalition mobilising academic evidence—would say that there is a problem.

All our attention has been on the BBC element, and some of that is correct, but on the other side we are dealing with a changing and evolving media environment and ecology. You cannot completely insulate different sides from this, yet it seems that the people with the deepest pockets are being almost wilfully left alone, because it would be too difficult to manage them.

I do not know what the conversation will be and whether they should have the same obligations for impartiality, but they should certainly make a contribution, which a levy would be. That has operated in many European countries for many years and if intelligently used could be part of a means of addressing some kinds of shortfalls. It could be a means of using digital platforms to introduce new voices, as we have been arguing for a while. It needs to be an important part of the conversation, and it has not been acknowledged sufficiently up to this point.

Q58 Lord Allen of Kensington: I am required to declare my interests. I have a declarable shareholding in ITV and I am chairman of Moelis & Company, an advisory bank that advises media companies.

The two key PSB privileges in the past have been prominence and listed events. As we move from linear television, do those issues need to be addressed or changed? If they do, how would we do it?

Colin Browne: I think I have already mentioned that the VLV, in the context of the current consultation on prominence, believes that it is important that PSBs continue to have prominence in the new technologies. It may not be an easy thing to do, but we think it can be worked through without causing great detriment to the other players. That is something that needs to be picked up in the new world. I feel that sporting rights, apart from a few crown jewels, may be a lost game at the moment. I am not sure whether you can turn the clock back on that, but others might have a different view.

Professor Des Freedman: Such has been the deterioration in sporting rights in the listed events, but I would hate to think that you cannot turn the clock back on that.

Colin Browne: It would be nice if we could.

Professor Des Freedman: There needs to be some decisive and purposeful intervention that says that we are losing something very

significant, and we are not losing it simply because the market will only work in that way. There has been a lack of commitment to supporting PSBs, maybe acting collectively for once, to be part of what we have just heard is still extremely popular. Discovery was awarded the rights for the Olympics two years ago, and there was a deal whereby, as far as I know, the BBC will still have some say on what goes on.

For me, that is a very important public conversation in which the public are not involved. It is another example of public policy on matters where people are spending many hours a day consuming but not participating, and we need to find ways of making sure that it is part of a public policy with the public involved. I hope we can start to turn the clock back.

Colin Browne: I would love it if it could happen, but I have a degree of scepticism.

Lord Allen of Kensington: As regards potential benefit, there has been a lot of discussion about retransmission fees for PSBs. Is that something that should happen? If it should happen, how would it happen?

Professor Des Freedman: In the Puttnam inquiry report, with some trepidation, we made a recommendation on that, because we think that the value of public service content to platforms such as Sky is enormous. We were told in no uncertain terms by the directors of public policy at Sky that it was also of huge benefit to the BBC, but I do not see them as equivalent. There would be some technological issues around organising the pricing and so on, but with political will, should it be there, it would make it a more level playing field. I have never heard an argument that convinced me that the net benefit to the emerging platforms was greater than the other way around. I would like to see it as an issue that comes back.

That said, should there be those fees, there should be some obligations on how they are spent. That goes back to some of the issues that Tom raised. We are seeing some of this in areas that I know you are not discussing, in the Cairncross review on the future of national news. If there was a redirection of resources from some of the tech giants, they should not be handed over without obligations on the part of some of the existing providers. That is where the different public service content providers need to step up their game much more and address some of the stark discrepancies in audience appreciation.

Colin is absolutely right that less detailed work is being done. Very detailed purpose remit surveys were being done, but even now we see figures showing that if you are religious in this country you feel there is less for you, and if you are from Northern Ireland there is less for you. Significantly, one of the starkest differences is that people at the bottom of the economic pile have a significantly weaker attachment to the BBC. It is not necessarily that they watch less, but they do not feel that content is catered to them. If there was additional revenue for those kinds of gaps, which I see as a democratic deficit, I would want them to be addressed. That is a regulatory discussion.

Colin Browne: We would agree on both aspects of that.

The Chairman: You have touched on it, but I want to press Colin Browne on the issue of the level playing field. Your anxiety was that the playing field was not level. You did not argue that PSBs, and the BBC in particular, should be regulated down, although there may be some examples where that may be appropriate, but I was not clear whether you were arguing that the SVODs should be regulated up or that they should simply pay the levy by way of compensation for the lack of levelness of the playing field. Have you given thought to what regulation might look like, or is it best dealt with through a compensatory levy?

Colin Browne: You are absolutely right: I do not believe that public service broadcasters should be regulated down, except in the context of the examples we have talked about, the iPlayer and so on. Probably the best way of getting the contribution we need from the SVODs is through something like a levy. To give them specific genre targets, or something like that, could be quite difficult to regulate and implement. We are looking for a broader brush kind of approach. Prominence is one of them. As you know, at the moment, depending on who you buy a TV set from, you might not see the public service broadcasters but you will see Netflix. This is not about regulating Netflix; it is about giving public service broadcasters equal prominence. We probably have to address it that way.

The Chairman: I thank all three of our witnesses for their evidence. We have had two very interesting sessions today and have covered quite a lot of ground that the Committee had not previously covered. You have left us with plenty of issues to think about and very substantial evidence. Thank you very much for giving us your time and your evidence.