



Select Committee on Communications

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

Tuesday 7 May 2019

4.30 pm

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Members present: Lord Gilbert of Panteg (The Chairman); Baroness Benjamin; Lord Bethell; Baroness Bonham-Carter of Yarnbury; The Lord Bishop of Chelmsford; Baroness Chisholm of Owlpen; Lord Gordon of Strathblane; Baroness Kidron.

Evidence Session No. 8

Heard in Public

Questions 71 - 83

Witnesses

I: Philippa Childs, Head, BECTU; Faisal Qureshi, Chair of the Black Members Committee, BECTU; Andrew Chowns, Chief Executive Officer, Directors UK.

USE OF THE TRANSCRIPT

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

Examination of witnesses

Philippa Childs, Faisal Qureshi and Andrew Chowns.

Q71 **The Chairman:** Welcome to our witnesses for today's second evidence session in our inquiry on the future of PSB, Faisal Qureshi, Philippa Childs and Andrew Chowns, whom I will ask to introduce themselves in a moment. The session is being transmitted online and a transcript will be taken.

Thank you for coming to give us evidence. We are well into the inquiry and have had much interesting evidence, and we look forward to hearing yours. Please briefly introduce yourselves—you are from Directors UK and BECTU—and in so doing give us a quick overview of changes taking place in the UK production sector and say how well you think the public service broadcasters have responded to the challenges.

Andrew Chowns: Good afternoon, everybody. Thank you very much for this opportunity. I am the chief executive of Directors UK. It is two organisations in one. We are a collective management organisation, or a collecting society as used to call them, and we collect and distribute royalties to film and television directors. We are also the professional guild of film and TV directors. In that capacity, we carry out pay negotiations and political campaigning, and we provide advice services and support for members, an events programme and all the usual things that you would expect a membership organisation to do.

Apart from in the high-end TV sector, production spend has been largely static for quite a while in British television. We have quite a challenge ahead of us to achieve a truly diverse and representative workforce. We have a challenge in investing sufficiently in talent to meet the demand. I am optimistic about the amount of work that will be available to us, but I am very concerned about our capacity to meet it. If your Committee is able to shed light on that, it would be doing a great public service.

Philippa Childs: I am the head of BECTU, which is the entertainment and media trade union. We represent members who work behind the cameras—behind the scenes, obviously.

I agree with much of what Andrew has said. There is a huge challenge in so far as the PSBs are concerned. It is almost inevitable that rising to that challenge is difficult, complicated and, in some ways, slow. Likewise, we would like there to be more investment in skills and training. In particular, we are concerned to make sure that what we see on our screens is diverse in all respects—not just what we see on our screens but the people working behind them—so that we have a properly diverse workforce in TV.

Faisal Qureshi: I am chair of BECTU's black members' sub-committee. We are basically a group of workers who are very concerned about the issues that face black workers in today's creative industries. We are focused primarily on changing policies so that black workers get a fairer deal in the workplace and that there is change in diversity both in front

of and behind the camera to reflect British society much more accurately.

- Q72 **The Chairman:** What is your assessment of how the PSBs are responding the challenges, in this regard and in others, from the fragmenting media landscape?

Faisal Qureshi: They are getting there, but they need to do better. One area they need to focus on is giving more transparency on the issue. We still are being denied data on how many black workers work at programme level on today's TV shows. PSBs could help us to get an idea of how big the problem is by releasing that data, so that we can find out where the problems are and, more importantly, how we can go about solving them.

The Chairman: We will come back to some of the issues of diversity that you raise, but another area of diversity is regional coverage.

- Q73 **The Lord Bishop of Chelmsford:** Just to be clear, we will want to ask questions about other diversity issues, but we also want to ask the regional question, although I suppose that also raises an interesting philosophical question about how people identify themselves. We did an inquiry a couple of years ago on the renewal of the BBC charter. One question we asked ourselves was: how helpful is it to think of ourselves in terms of our regional identity? Many people still think of themselves that way. Do you think that the PSBs are doing enough to appeal to and represent the regions and nations of the UK, not just in how they are presented on the screen but in supporting local production?

Philippa Childs: There could be more regional production. Our members feel that production is very London-focused and that more work could be done in the regions.

Andrew Chowns: There are two areas there. One is the subject matter of the content; the other is the resources that go into it. As far as the resources go, one problem is that it has been quite easy for production companies and broadcasters to weave their way through the quota obligations without necessarily building a sustainable base of talent and resource throughout the UK. In the profession of directors, we have seen the phenomenon of people being parachuted in to make a production in Scotland or Wales, and as soon as it is finished they leave. All they leave behind is a brass plate on their door and a load of unopened mail. It is not that the talent is not there; it needs greater commitment.

I applaud Channel 4's decision to site its operation in Leeds. We argued in the work leading up to its decision that basing a commissioning infrastructure in lots of parts of the UK—not just in one but throughout—was essential. It is only when the people making commissioning decisions live in a part of the country and understand the stories going on there and the issues that they can replay those stories and ideas back to the audience and properly represent them. If they are based there, the talent and resources will coalesce around them.

The Lord Bishop of Chelmsford: The quotas for Wales, Scotland and

Northern Ireland are, so far as I understand, incredibly small. I think they will increase next year. Would it help just to raise the quotas that are required, or would other kind of change make a difference?

Andrew Chowns: To be honest, a certain amount of gaming the system goes on. Once you know what a quota is, you work out ways to meet it while keeping your costs as low as possible. If you were designing a system that you were sure was going to produce a commitment to the nations and regions and leave a lasting legacy, you would pay a bit more attention to it and do it slightly differently.

Faisal Qureshi: More regional commissioning powers need to be given. It is all well and good to have Channel 4 opening an office in Leeds or the BBC being located in MediaCity, but if the commissioning power is still centralised in London, how will we hear all those other voices? I hear that quite a bit from producer colleagues. Yes, they are located there, but the decisions are still being made in London.

Q74 **The Lord Bishop of Chelmsford:** This will act as a segue to the next question, but do any of you want to reflect on whether the slight anxiety about representing the regions is the most relevant way of thinking about how we best represent a complex, multi-ethnic, multi-religious—multi-this, that and the other—society? Are we perhaps coming at the question from the wrong angle? Do any of you want to dip your toe in that water?

Andrew Chowns: I would not throw that one out. It is a pretty good touchstone. Economics are also at play here; our industry is very concentrated in London and the south-east, to the point that it is quite hard to track down available resource. It is a legitimate economic objective to try to spread the work and resources out around the UK. That makes sense to me.

The Lord Bishop of Chelmsford: It is interesting that the Goldsmiths analysis, which I recently read, talks about how one gets one's identity in many more ways than just happening to come from Wolverhampton, for example. All sorts of groups feel that they are not being properly represented. Perhaps I will let Baroness Benjamin ask this question—I am doing your job for you, Chair.

The Chairman: I want to pick up on this issue of regionality before we move on to Baroness Benjamin, because the Lord Bishop has touched on something important. Are our cultural institutions doing more than paying lip service to regionality? You have welcomed the Channel 4 move to a major commissioning centre—a semi-headquarters—in Leeds and a couple of other commissioning centres. The BBC has done a certain amount in Salford.

The truth is that virtually all our cultural institutions, probably unlike any other country's, are London-based. It is very hard to persuade those cultural institutions and the people within them to move elsewhere in the UK. Until we get over that, will we do anything more than pay a certain amount of lip service to the importance of regionality?

Andrew Chowns: Yes, but you move DVLC, HMRC and the Royal Mint around the country. They are not all put in London and the south-east. A certain amount of engineering has gone into that, but I do not quarrel with the purpose of it. It would be wrong to site all the wealth and resources in one small part of the UK. That just strikes me as wrong.

The Chairman: It may be that the people working in cultural institutions are just more vocal and able to argue in their own self-interest than those in government departments that are pushed around the country.

Andrew Chowns: You may be right, but that does not make it wrong to challenge them on that.

Q75 **Baroness Benjamin:** Ofcom's research has shown that most young people are now watching video-on-demand content. If that continues to rise, it could be disastrous for conventional PSB programming as we know it. Many believe that having a diverse talent creating and telling the stories matters. Do you think that the public service broadcasters are doing enough to appeal and represent different demographics, including younger generation BME people and other groups? If not, how can they improve to capture that market, on which they are missing out?

Philippa Childs: What you describe is certainly the experience in my house. My children want to binge-watch whatever they are interested in. They are not really prepared to wait and watch the next episode. This is definitely a challenge into the future, and something which the PSBs have to be very alive to. I certainly welcome the introduction of BritBox. Hopefully that will make a difference in how young people access stuff on the PSBs.

Equally, young people want to watch good television. When dramas are good and well made, such as "Line of Duty" or "Bodyguard", in my experience young people are watching them. There is definitely a challenge there for the PSBs. They are attempting to rise to that challenge, but I do not underestimate the difficulty when they are faced with the challenge of Netflix, Amazon and so on, especially with the restrictions they face and the international dimension of Netflix.

As Faisal and I have already said, they are not necessarily doing well enough on diversity at the current time. More focus has to be put on making sure not only that programmes reflect diversity but that the people behind the cameras telling, writing and producing the stories are also representative.

Baroness Benjamin: How can they do that?

Philippa Childs: You are aware of Project Diamond, which is supposed to be looking at the diversity of programme making. We have been really frustrated at its slow progress; to us it does not feel very meaningful at the moment. We have had some discussions with it and Ofcom about how we can make that more meaningful. We do not think that high-level numbers will work. We actually need to drill down into each programme and look at the diversity of the people working on the shows in some

detail, at what is and is not working—where we are making progress and where we are not.

Project Diamond has been resistant to the idea of programme-level data. The argument has largely been about data protection and commitments that it gave at the outset. To be fair, at one end there is the BBC, which is positive about this and has been arguing that we should be doing more to share this data and trying to persuade the other broadcasters to do likewise. At the other end of the spectrum is Sky, which is very resistant to sharing data with us. There is a debate going on, and it will continue to go on, but we have engaged with Ofcom to try to move this forward. It really needs to move forward now. We need to stop talking about it and actually do it.

Baroness Benjamin: Why has there been that resistance?

Philippa Childs: I suspect that people think we will be pointing fingers or naming and shaming productions that are not doing well. But that is not how we operate. We have done a really good piece of work with theatres, getting together an action plan to try to improve diversity there. That is what we are about. We are not about naming and shaming; we are about trying to make real progress.

Faisal Qureshi: I have nothing to add to that. That is what we hope to do if the data gets released. You can only get so much by slagging someone off. The next thing to do is to ask how you are going to fix it. We have to diagnose the problem and then go in there and ask, "How can we as a union help you?" That is the only way black workers will get more work.

Baroness Benjamin: With Project Diamond, do you think that if a company does not comply—if it is working for a PSB broadcaster—it should be penalised?

Faisal Qureshi: That is a very interesting idea. I would be up for that.

Andrew Chowns: I will briefly respond to that and then move on to the other part of your question. We at Directors UK are in the fortunate position of knowing a lot of data about our workforce, because we have collected a lot of data by way of our royalty functions. We know how dire the situation is, and I share Philippa's frustration that we cannot move on from that and start thinking about what we do about it. We are still trying to dig data out of a very reluctant institution.

That feeds into your other question about why content is not more appealing. A lot of British television is now quite an industrialised process, built around replicating tried and tested formats. It is probably getting a big wake-up call at the moment to be more embracing of innovation and creativity. A lot of the members of Directors UK who work for Netflix tell me how refreshing it is to work for it, because it does not tend to micromanage you; it tends to trust production companies and programme makers with generous budgets. It sets them a creative brief and lets them get on with it. It is very nurturing of creativity, which lends an excitement that they do not always see when grinding out the regular shows elsewhere.

It is a moment for the whole creative community to reflect on how it goes about the creative process and whether we are missing a trick. There is a risk that a whole generation will find it much more exciting and unexpected to be on YouTube, seeing what comes out of that.

Baroness Benjamin: You are saying that there are too many meetings for PSB broadcasters.

Andrew Chowns: There are always too many meetings.

Baroness Benjamin: Before you get your commission, you have to go through too many hoops. Is that what you are saying?

Andrew Chowns: There are a lot of layers. There seem to be a lot of people whose job is to interpret the wishes of their boss and their boss's boss. That is an inhibiting factor in any process, particularly a creative one. By the time you have explained yourself over and over again, you have almost had the excitement drained out of you.

The Chairman: Yet the introduction of processes, some of which you have called for, actually reinserts that bureaucracy: reintroducing processes for quotas, purpose, examining content and meeting specifications and remits. Once you have started doing that, you are reinserting bureaucracy into the creative process.

Andrew Chowns: Up to a point, but we are talking about a whole other layer of bureaucracy on the actual process of making the programmes, not just the administration around them or the adjudication or compliance of them.

Baroness Benjamin: I heard a story about Lew Grade smoking his cigar when the people who wanted to make "The Prisoner" came in. He said, "The programme sounds rather crazy, but you are very enthusiastic, so I'm going to commission you". Do you think that those days have gone? You are saying that Netflix is doing that now. What are you generally saying: that there is too much bureaucracy and too many meetings and layers to get the real creativity to the screen?

Andrew Chowns: It is a more general sense of the environment in which you are working. I have heard examples where Netflix was quite happy to commission a multimillion pound drama series on one script. Being quite happy to send the company away with the writers and directors to get on with it just does not happen in the rest of mainstream television. You have to go through a lot more to do it. As a programme maker, you might feel a little scared by that prospect. You might also feel completely energised by it and think, "These are people who have put faith in us to deliver, and we really are going to pay off for them".

Q76 **Baroness Kidron:** I declare my interest as a member of Directors UK, and I believe I have been a member of BECTU in my time—I will get it all off my chest.

I will shift around on this, having heard all that you have said about the SVODs and the excitement of that, because we have also been told by different people that the new money—that big chequebook you have just

described—is also driving production inflation. It is driving it way out of the realms of what the PSBs can manage, particularly in high-end drama and high-end factual.

Arguably your members are the beneficiaries of this inflation, but do any of you see a problem with it for PSBs? It has certainly been presented by some quarters as an existential threat to the PSB model. In answering, I would be interested to hear whether you see a long-term issue and a specific problem for particular kinds of programming.

Philippa Childs: Yes, I agree that it is a potential threat. I also agree with one of your previous contributors that it is the PSBs that are providing the training and skills that the likes of Netflix and others are then happily accepting. Many of the BBC and ITV entry-level traineeships really do provide that introduction to training and development. Somehow or other we absolutely do have to think about how we level that playing field and make sure that everyone is investing in the skills and training of people working on productions. I am not sure whether that is a challenge for particular areas.

Faisal Qureshi: I have nothing to add on that.

Andrew Chowns: I must admit that I struggle to find doubtful the concept of investment flowing into the UK creative industries. It seems to me to be a measure of the success of policies such as the tax credit. The result is exactly what policymakers intended, and it is providing a great deal of work for British creative people and for our studios and post-production facilities. One person's inflation is another person's fair pay for the job they are doing. I do not see it as an existential threat. There are probably some side-effects to it which some people wish were not there, but generally speaking it is something to be very pleased about and to hope is sustainable.

Baroness Kidron: Can I pick up on that last point? The argument being made to us is that if the system does not allow for high-level drama to be made by the PSBs, ultimately—or very rapidly—the talent will go to the SVODs and suddenly there will be no homegrown PSB drama/high-level factual.

A question then arises about new generations, local content and, to a degree, training and all the duties of PSBs. That is the argument as it has been set out. I am not saying you should agree with it. I am curious whether you think that there is absolutely no problem in that, whether it is Daldry, Attenborough or the next lot moving over and then owning those relationships.

One of the things we have been particularly interested in is whether those relationships start out as co-productions, the SVODs making creative relationships directly with some of the makers—and some of the technicians, I would imagine—and then owning those relationships so that they do not have to co-produce. Is that a worry for your members in the long run?

Andrew Chowns: I would look at it slightly differently. I have not seen much evidence to suggest this level of existential threat. The BBC is still

one of the biggest makers or commissioners of that sort of content and ITV is still in the game. There is a danger of people overreacting to something.

Generally, expenditure on drama has risen quite substantially and has opened up a large gap between the expenditure on continuing drama series such as "Coronation Street", "EastEnders" and "Holby City" and even the next level up, programmes such as "Vera" and "Silent Witness". There is quite a big gap of several hundred thousand pounds per hour in the cost of those.

What that means for talent is that there is quite a big jump for somebody doing "Coronation Street" who wants to move on. This is not a career ladder that you go up in fairly equal steps. It is a big jump. You face a barrier when it comes to confidence that your credentials in having directed "EastEnders" and "Coronation Street" mean you can then do "Line of Duty" or "Bodyguard".

It certainly did not use to be like that. There were lots of stepping stones on the way in drama. "The Bill" is the example that members often quote to me as a great training ground where you were given that next move up. That tended to create a fairly smooth passage for talent in lots of different areas.

The problem at the moment is not quite where that analysis may have directed you. We have to be careful not to have an overheating at the high end and a lack of ability to move the rest of talent through to take people's place when they decide to move on or stop.

Q77 Baroness Chisholm of Owlpen: That slightly leads on to the question I wanted to ask about skills, the talent pool and the problems with cost. Philippa, perhaps you could help with this. The cost of hiring crews has very much gone up. How could that be solved? Last week, Lord Gordon suggested that perhaps some kind of levy or contestable fund could be used to make sure we can keep and train our talent pool of production staff. What do you feel about that?

Philippa Childs: To me, that sounds like quite an attractive idea. We need to make sure that if people are making programmes in the UK, they are contributing to the training and development of those people. As we have recognised, there is a lot of work flowing into the country, and we need to make sure that we train people and ensure that they have the necessary skills.

Baroness Chisholm of Owlpen: How do you think we can encourage that? This slightly flows on from what Lady Benjamin said. Also, how can we encourage people to come into these jobs, and keep them? I suppose keeping them is the most important thing, really.

Philippa Childs: In a way, this goes back to how we ensure that we have a more diverse workforce. That also takes into account the regional dimension. We need to make people see that there are opportunities. Seeing other people working in those industries encourages people to think, "Yes, I can be part of that". It really goes back to how we get

people into the industry, whether they are from BAME communities or working-class backgrounds. There is an awful lot of work to do on that.

Andrew Chowns: There is already a levy. It is called the apprenticeship levy, and is, I am afraid, very unsuited to the creative industries and the freelance workforce. I do not know whether you saw this, but ScreenSkills published a paper late last year that suggested that around £55 million had been paid into the apprenticeship levy by companies in the film and TV sector, but none of this had been deployed on apprenticeships within the industry.

If we had even 1% of that available to Directors UK, we could do a fantastic amount of good in career development. The thought that all that money has been sucked out of our industry—God knows where it has gone—is absolutely galling. We do not need a new levy; we need to make the existing one function properly. We could do it. We would know how to make that money work and would use it for the benefit of the industry and its workforce.

Philippa Childs: I agree. The challenge is how an apprenticeship works within the industry, when people might work on one programme that then comes to an end.

Baroness Chisholm of Owlpen: That is the real problem: making sure that people feel they have a solid job that retains them.

Q78 **The Chairman:** Can we talk about skills and access? We touched on it there. We looked, in previous inquiries, into these issues in other areas of the creative industries. There are two areas. The first is the area that everyone thinks about: attracting more BAME people into all roles and more women into senior roles. By and large, most people, even if they do not think the creative industries are going far enough, think they are doing better than most other industries.

Secondly, there is a wider access problem about people from non-middle class backgrounds entering and taking up the whole range of different roles in the industry. It has been put to us that part of the reason for that is education. The jobs are seen as insecure, often because they are freelance, whereas the truth is that the creative industries will offer quite secure jobs in the future. In the post-AI age, the industry will be a secure place to work, whether in freelance or non-freelance roles. Is there an education job to do to explain to young people and parents that, even though these jobs are freelance, they are secure because this is a secure, future-looking industry?

Faisal Qureshi: It would be irresponsible to tell students or their parents that there will be secure employment in the industry. I have worked in several film schools and I can tell you that recruitment is never a problem. Getting students into those courses is not a problem. The problem is keeping them in employment: making sure that they even get on to that first step on the ladder and then ensuring that they stay there. It is even more problematic for students from underrepresented groups. They feel even less secure that there will be employment for them.

The Chairman: Could you square this for me? You have an industry that is undoubtedly thriving, but there are skills shortages; many witnesses have told us that there are skills shortages. At the same time, the industry recruits people and trains them—when you bring people into a job, there is always an entry and a training cost—but does not retain them. It sort of scraps people while this skills shortage exists. Will you square this for me?

Faisal Qureshi: I wish I could give you an answer to that. I know of very well-qualified—in fact, overqualified—black workers who do not get that kind of work and who regularly find themselves passed over for employment. After a few years they just decide to leave, retrain and do something else. You keep hearing that there is a skills shortage, but who is benefiting from it? Most of the time it is not our members.

To give you an example, I also work as a screenwriter. A few years ago there was a story about the big shortage of BAME screenwriters—“We have to find more BAME voices to better reflect the voice of the community”, and so on. The thing is, where do you go searching for them?

Let us try agents first. It is very difficult for any writer to get an agent. It is even more difficult for a BAME writer to get an agent. I do not have an agent in the UK; I have an agent in the US. I do not get much work in the UK; I get much more work in the US. Where do I live? Manchester. Whenever I hear about these skills shortages, I think, “Well, great, but I’m not going to hold my breath for people to knock on my door”. Whenever I have knocked on their door, there has been no response. I find this whole conversation about skills shortages to be puzzling and in some ways disingenuous.

Q79 **Baroness Kidron:** I want to ask two questions. The Committee has hit this problem on the apprenticeship in other inquiries and we would welcome some formal evidence on it and on what would make a difference, because this concerns us as a Committee—I speak on behalf of all colleagues. If you could send us something and encourage others to do so as well, that would be very helpful.

As to your point, Mr Qureshi, one of the issues here is about gatekeepers, cultural values and norms, and the arguments that Andrew usefully made about the fact that if you live in Leeds, for example, you might understand a bit more about what narratives are interesting to Leeds. That perhaps also speaks to the points you have just made, and I wanted to acknowledge that.

When we did the theatre inquiry, we heard something on precisely this issue of entering a freelance community. If you come from certain places—this is to do with both BAME and class issues—security of employment is an issue, and this is an industry with a very high shake, in which the closer you are to the top of the pyramid, the higher your market value. At the bottom end it is very competitive and, as you have said, insecure.

It seems to me that these two responses are very connected. It would

help the Committee if some strategic things were put forward, because we are hugely determined to interrogate that properly, inasmuch as we have the power to do so.

Philippa Childs: There is an issue about insecurity for working-class kids coming into the industry. If your parents are well off and can afford to support you while you attempt to make your way in the industry, that is great, but the chances are that that is not possible for working-class kids—and I am talking here about working-class kids as opposed to BAME kids. They will give up, because they have to make a living and pay the bills and rent. Particularly if they are in London, that is a real challenge and problem.

Faisal Qureshi: One of the problems that also comes in when looking at a lot of media courses is how many of them, despite espousing this issue of dealing with students from precarious backgrounds, also expect them to stop crowdfunding their graduation projects. The problem with that is that if you are from a precarious or working-class background, you will probably have a far smaller social network with disposable income that will contribute to your making a project that will wow everyone. I have seen that kind of policy in a lot of media courses; they talk about social inclusion, but then say, "You'll have to get more money out if you want to make a short film of enough quality to get you further on in your career".

Baroness Kidron: I very much welcome that sort of granular problem, because that is where we tend to look.

Andrew Chowns: I might add, seeing Steven on your side there, that if ever a subject is worthy of deeper economic analysis it is the functioning of the freelance employment market in our industry. Some very irregular things go on there. The informality of recruiting is such a contrast to the way in which recruitment in permanent positions operates under HR law. There is a prevalence in the film industry of crews that are essentially made up of a leader who gathers the same crew around him; you see the same pattern of people, often the same family members, repeating themselves. It is the opposite of an open and transparent process. There is quite a lot in there that would explain the paradox that you talked about earlier.

Q80 **Lord Gordon of Strathblane:** Earlier we heard reference to the high-end television tax relief. I think Mr Chowns mentioned that that sector was overheated. Given the existing overheating caused by shortage of supply and increase in demand, does the tax relief simply make the problem worse? Is it past its sell-by date? Should it be abolished or amended?

Andrew Chowns: It was originally set up to try to encourage British productions that were siting themselves outside the UK to come back, and to draw international productions to the UK that had a choice of several countries. You have to say that it has succeeded in its objective there. I listened at the end of the previous session to Jane Turton suggesting that she would favour dropping the low level. That would

probably make it worse, because when the threshold was set at £1 million, any production that had a budget of between £750,000 and £1 million tended to think, "For the sake of spending a few more quid, we can get ourselves 20% tax credits so let's spend it up". Productions that you would have normally thought to be absolutely in the middle range were escalating themselves into high-end territory. If you dropped the threshold you would draw more productions in at the lower end; it would not have the effect you might think it would have.

Lord Gordon of Strathblane: Do the rest of the panel wish to come in on that?

Philippa Childs: I would agree with that.

Lord Gordon of Strathblane: There must be a way around the problem. I agree that there is a sense that if you spend another £50,000 you will get it all back plus more in tax relief, but there must be a way of monitoring and preventing that.

Andrew Chowns: I would say that you should be happy that our industry is booming in that sector but rectify the shortage of skills by investing in the talent. If we had more people, we would not have a problem with all these productions coming to the UK.

Q81 **Lord Gordon of Strathblane:** That segues very neatly into the next question. The idea of a levy on SVODs, of perhaps 2%, has been mentioned. Do you favour that? If it is applied, do you think it should also apply to Sky? Apparently, that is a precondition of Netflix advancing it as a good idea that it would accept.

Philippa Childs: I would say yes.

The Chairman: To which question?

Philippa Childs: Both. It is a good idea and it should apply to Sky.

Andrew Chowns: I am not sure about it. I can see why Peter would have suggested it. Good luck to him. I am not sure that high-end drama is necessarily the area of activity that most warrants an intervention. You could make a case for children's programmes, for example, which would be far more in need of assistance if you went down that road.

Lord Gordon of Strathblane: You are almost inviting the next question. If we have a levy of 2%, what use would you put it to? The range of possible options would certainly include doing something about training and something to make the apprenticeship scheme work, and perhaps bridging the gap between jobs that causes such insecurity among freelancers and a reluctance to join the profession.

Andrew Chowns: Yes, but if there is already £55 million going to the apprenticeship scheme, I would look there before imposing a 2% levy.

Philippa Childs: Whatever we do, it has to work in making sure that we invest in skills. We have to find a way of getting the money to where we need it. I agree that somehow or other we need to make sure that people, when they first come into the industry, have proper training, some sense of security and a view of where it will take them.

Frankly, I am easy about where this money comes from, whether it be through the apprenticeship levy or through a levy on the people you are describing—the SVODs. We need to find a way to level the playing field a bit for PSBs.

Faisal Qureshi: Great, more money for training. But will it help?

Lord Gordon of Strathblane: So the levy would be used either as an alternative to training or an add-on to training. Is it desirable that SVODs should be required to give contracts to independent producers in much the same way that PSBs are required to do at the moment? In other words, if we made the provision universal for PSBs and SVODs, it would be a level playing field and it would be very good for the independent sector.

Andrew Chowns: I would be in favour of that. I think it is healthy for the economy and the industry for that to happen.

Q82 **Baroness Bonham-Carter of Yarnbury:** I was going to ask about the difference between producing content for PSBs and SVODs, but I think you have answered that through the session, saying money, quicker answers—I remember that so well from my time in television—and younger audiences. Alastair Fothergill said recently that Netflix allows him a “global event”. The question is what PSBs can do, considering what they are up against, to encourage independent production companies to work with them. I have a supplementary question about diversity, but let us start with this.

Andrew Chowns: They could, as I suggested earlier, have a more welcoming creative and editorial environment.

Baroness Bonham-Carter of Yarnbury: The layers point?

Andrew Chowns: Yes. I think that would help. There needs to be a creative renewal. They need to be a bit less dependent on replicating more formulaic ideas and a bit more open to innovative ideas.

Baroness Chisholm of Owlpen: Is that a new thing, the fact that they are not open to innovative ideas, or has that always been the case? Presumably not.

Baroness Bonham-Carter of Yarnbury: It depends who is there, I think.

Andrew Chowns: A lot of people are fearful of failure and are measured in their job by quite strict targets. They think they will be in trouble if they fail to achieve them, so it is a climate that tends to encourage you to replicate existing successes rather than take a risk. In a tech company or a business based on innovation, you do the opposite. You are incentivised to do the unexpected thing.

Baroness Bonham-Carter of Yarnbury: You said that you get work in the US. A notable exception, Baroness Kidron, has just left the room, but going back to the point about diversity, we have a problem in this country with a lack not just of BAME directors but of female directors. Are Netflix and the SVODs also more imaginative about who they employ?

Andrew Chowns: I would say, from what I have seen, that they seem to be much more comfortable with the idea of a diverse workforce. You look at cast pictures and hear accounts of people working with them, and it seems there is not the same lack of diversity or the same feeling that, “I don’t fit in. I can’t see anyone like me on this crew, so maybe it is not for me”. There is learning there that could be applied elsewhere.

Philippa Childs: I would agree. I wonder whether that is a cultural thing as much as anything else.

Q83 **Baroness Benjamin:** Is it the structure of broadcasters such as Netflix that makes the difference? I have heard stories of BAME directors and writers being turned down by PSBs in this country, but when they go to Netflix they are suddenly producing and creating the top shows around the world. What makes an organisation more open to creativity from a wide range of people—people with disabilities, people from BAME backgrounds and women?

Companies such as Netflix seem to be more open to that kind of talent, and they make huge successes. Is that because of their structure or the way they are run? We touched just now on bureaucracy. What in your view, or from what your members are telling you, is causing this difference?

Faisal Qureshi: I do not work for Netflix, but I will tell you this. When I first went to the States and had meetings with executives, including at Netflix, none of them asked, “Where are you from? I mean originally? Where are your parents from?” Those questions are quite commonly asked here, not by everyone, but I would often get asked them. That is not just me; quite a lot of my colleagues also get interrogated about that. In the US, I was not asked that once.

The Chairman: Taking everything you have said between you about the future of the industry—particularly about skills, the challenges of production and the frustrations you sometimes have in working with the PSBs—can you each say whether the PSBs are worth saving, or will the advent of a much wider range of producers, content formulations and distributions mean that they will become obsolete?

Andrew Chowns: They definitely are. A lot of our members love working for the BBC, Channel 4 and ITV. They love the range of challenging content and feel a sense of responsibility—that what they are doing is valuable work, particularly in news, journalism and factual television. I think they wish it were better and find it frustrating that it is sometimes hard to get it to be better, but that comes from a deep-seated love of these organisations and a feeling that they are vital to the fabric of our society—arguably more now than they ever have been, because it is so difficult for a diverse range of views even to be heard at times. It comes from a sense of valuing it and just wishing that change could come and that things could be a lot better.

Faisal Qureshi: Yes. PSBs are worth saving, but with the caveat that they have to be more inclusive. Right now we have the challenge of

audiences having too much choice. They are basically in a position of choosing what to watch and when to watch it. PSBs have to face the challenge of keeping themselves relevant and not sticking to the model, "It worked 10 or 20 years ago, so we're still going to keep at it". Falling audience numbers show that they should re-strategise. That comes down to making content that people want to see.

Philippa Childs: I agree that they are worth saving, not least for their range of programme making, from catering for children through to the fact that older people are still very reliant on PSBs in what they watch. There is a whole other debate about loneliness among older people. PSBs are definitely worth saving, but they need to change and rise to the challenge. They need to be more agile and co-operative in that change and perhaps break down some of that bureaucracy that we have all talked about.

I absolutely agree that they must be more diverse, both in making their workforce more diverse in relation to women, disabled people and BAME people and in encouraging more working-class people into the industry. We have not really talked about the financial challenges, particularly for the BBC—there is the consultation going on at the moment about the over-75s licence fee—but that is clearly a problem. We have said that there has to be some levelling of the playing field to make sure that the PSBs can rise to the challenge.

Baroness Bonham-Carter of Yarnbury: Should that involve terms of trade being reformed to allow PSBs to compete on a more even playing field?

Philippa Childs: I think so.

Andrew Chowns: I think funding is more crucial. Everybody is really worried about the over-75s licence fee. I simply have no idea how the BBC could sustain anything like the quality of service if it had to fund that. I do not speculate on the reasons why it was agreed in the first place, but I wonder how on earth it is going to do it.

The Chairman: Faisal, Philippa, Andrew, thank you all very much indeed for your evidence. It has been very helpful and interesting. Thank you for taking the time to be with us today.