

Communications Committee

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

Tuesday 11 June 2019

4.05 pm

[Watch the meeting](#)

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

Evidence Session No. 15

Heard in Public

Questions 131 – 139

Witnesses

[I:](#) Caroline Cooper Charles, Head of Strategic Programmes, Screen Yorkshire; Owen Evans, Chief Executive Officer, S4C; Seetha Kumar, Chief Executive Officer, ScreenSkills.

USE OF THE TRANSCRIPT

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

Examination of Witnesses

Caroline Cooper Charles, Owen Evans and Seetha Kumar.

Q131 The Chairman: I welcome the witnesses to our second evidence session this afternoon of the House of Lords Select Committee on Communications and to our inquiry on the future of PSBs. Thank you for joining us. I will ask our witnesses briefly to introduce themselves in a moment. The session is being broadcast and a transcript will be available to our witnesses.

Thank you again for being here. Our witnesses are Caroline Cooper Charles, who is head of strategic programmes at Screen Yorkshire; Owen Evans, who is the chief executive of S4C; and Seetha Kumar, who is chief executive of ScreenSkills.

Can you briefly introduce yourselves and give us a bit of background on

the work that you do? Can you also give us an overview of the changes taking place in the TV production sector and the impact on it of streaming services?

Caroline Cooper Charles: Screen Yorkshire was originally one of the network of regional screen agencies that were disbanded with the demise of the UK Film Council and it has somewhat reinvented itself. As a result, most of our recent activity has been in commercial investment. We had European funding to invest in content production. We have run the Yorkshire Content Fund, successfully investing in around 60¹ film and television productions.

In the recent past, we have been tasked with being the cluster lead for Yorkshire, working with the British Film Institute and our range of local authorities from West, South and North Yorkshire.² We are leading growth activity for the region, which includes the establishment of the film office, and looking at studio provision, skills and the development of talent and business in the region.

Seetha Kumar: My background is in education. Prior to that, I worked for the BBC, where I made television programmes, led the rollout of high definition and ran BBC Online. When I was running BBC Online, the on-demand service, iPlayer, was just starting.

What has been fascinating in the past 10 years is change in production, consumption and distribution, which is a fact of life in our business. That is the one constant that we know about.

The Chairman: So change is the constant?

Seetha Kumar: It is a constant, so you have to keep learning, keep changing and keep adapting. That is a fact. I will come specifically to the SVODs, but before I do I will give you a couple of lines on what ScreenSkills does.

Since I took over ScreenSkills, because I was fortunate in having worked first in broadcasting and then worked in global, vocational and higher education, it felt to me quite optimal that those two skills come together and we take a much more strategic and planned view when looking at skills and the skills pipeline for our sector. It is a global business and we have to globally compete. Most businesses look at their people as their ROI, and I thought it was really timely for us to do that.

There are a couple of things that we at ScreenSkills have tried to do. We are very focused on the screen sector; rather than covering the whole creative industry, we focus on film, television and games. Within that, we are looking at everything from careers information, what happens in higher education, what we need to do in upskilling and reskilling and the kind of support that you need to provide, whether that is mentoring, which I think is important, or bursaries.

¹ Note by witness: This figure should be 40 not 60.

² Note by witness: Should also include East Yorkshire.

The other thing to say is that we deal with a situation where the education system and the world of change have not quite connected. We are dealing with the fact that our world is imploding and we have had significant growth, particularly in high-end drama, because of several contributory factors: tax breaks, a favourable currency, infrastructure, and obviously our crew and talent.

One of the beauties, the joys, of having an efflorescence of drama is that from a creative perspective you can stretch your mind, your ingenuity and your talent—it is brilliant. Unfortunately, some of these changes have happened at a time when we have had significant cuts in government funding for skills and the major public policy intervention, the apprenticeship levy that was introduced, does not work for our sector. So you end up with a real inflection point, an opportunity to be globally dominant, but policy interventions that were perhaps in hindsight not the wisest.

The Chairman: Thank you. We want to come back to much of that, including the apprenticeship levy. Owen Evans, welcome.

Owen Evans: Thank you for this opportunity. We are probably the most public of the public sector broadcasters. We are a niche within a niche. The tax breaks that you are talking about do not even touch us; we do not commission at those sorts of rates.

We are an organisation with a budget of about £83 million. We broadcast to roughly 500,000 Welsh speakers in Wales, although about 50% of our viewing comes from non-Welsh speakers, and the biggest area of growth for our viewing has actually been outside Wales over the past few years.

The Chairman: So 50% of your viewers do not speak Welsh?

Owen Evans: Roughly. And the biggest area of growth that we have seen has been outside Wales over the last few years, which I think is a good indication. I might talk a little about why that has happened.

We are a UK broadcaster but in the Welsh language. We are a classic public service broadcaster in that we follow the Reithian principles: inform, educate and entertain. We also have a fourth principle, which is to normalise. Our main principle is to ensure that the Welsh language survives. That is why we were set up and the reason for our focus.

In the same way as other public service broadcasters, we have been affected by the emergence of the SVODs. In some regards, we should thank the SVODs; they have really driven the digital argument and the digital technologies in the way we communicate with our audiences. They provide great high-quality high-end content but in fairly specific genres.

However, the resource that they have, the amounts that they can throw at things and the visibility and prominence of these organisations, particularly on platforms with relevance to young people, mean that we are having to fight harder and harder with the money that we have; first, to entice these new audiences but, secondly, to retain the youth audience. For S4C that is particularly important, because of course the latter is the future of the Welsh language.

So we are having to divert a significant amount of money into creating digital infrastructure in order to be able to compete. We are not even in the competition as far as commissioning rates are concerned, but we have to divert more and more money from the traditional viewer to be able to compete to retain the young viewer, where of course the future lies.

So we have the same problems as most of the PSBs, but we have a specific focus on generating the future of the Welsh language.

The Chairman: Thank you. We come to the issue of skills, which Seetha Kumar touched on.

Q132 **Baroness Benjamin:** I am interested to hear your opinion—we have had opposing views from other witnesses—on whether there is a shortage of production staff and skills and, if so, in which area. What effect has any shortage, if there has been a shortage, had on cost productions, particularly in high-end drama?

Seetha Kumar: If you are going to do skills and training interventions, you need to understand the data and where the gaps are. We run quarterly skills barometers, which indicate that there are significant skills gaps. I will talk about specific areas: generalist roles such as production accountants and financial controllers; craft roles such as set decorators and painters; production roles such as line producers and second assistant directors; and post-production roles such as visual effects co-ordinators and editors.

Apart from the skills barometer, the other thing we do—I am more than happy to share some of this outside—is to look after the high-end TV skills fund. The high-end TV community is incredibly proactive and works closely with us to identify and understand the skills needs. The impact of the report that we did is to show that availability remains a key pain point. People are stepping up too fast, which basically means that they do not quite have enough of the skills required from a people-management perspective.

There is definitely a hike in crew rates. There is also a practice called show jumping, which has probably never happened as commonly as now. There are three tiers of high-end drama. People inevitably want to work on the highest end, which offers longevity and obviously pays more. This all means there is a squeeze on production and skills. I am constantly asked by everybody what more we can do to upskill people or to provide training interventions and access.

Baroness Benjamin: What more can you do?

Seetha Kumar: We are doing what we can. I talked about the public policy changes we would quite like. We look after the high-end TV skills fund. If anything, the community has voluntarily agreed to raise the cap. It used to be something like £44,000; it has now gone up to £55,000. The compliance rate is incredibly high. I am more than happy to leave behind a brochure that gives a snapshot of all the good work that the high-end TV community does.

We recruit 70 to 80 trainees every year; we are going to double that number. We have a programme called Make a Move, which enables people to step up from one grade to another. We have working groups that look at different craft and tech skills gaps and provide solutions.

The one area in which I would genuinely welcome your support is in effecting the change that we have been asking for: the flexibilities with the apprenticeship levy. Inclusion—we prefer to use the word “inclusion” rather than “diversity”—and social mobility are important. You need to look at the whole range of craft grades across film, television and unscripted. There is an opportunity lost here, not just to allow access but to continue progression and retention, and equally to raise the bar at every level. If we want to compete on the global stage, that is what we need to do.

Caroline Cooper Charles: I agree with everything Seetha has said about line producers, location managers and senior production staff. There is a real shortage of production accountants, and the price in that area in particular is really being pushed up. One of the other issues to think about is not just the price of those people but their skill level. A lot of production accountants, and as Seetha said more junior production staff, are stepping up too soon. That is in danger of affecting the quality of production.

From a regional perspective, things like the recent announcement of the Channel 4 move to Leeds are going to create different pinch points. There are the national issues that Seetha talked about, but we are looking at high-volume, non-scripted production out of the regions—things such as editors and researchers. We need to think very hard about the impact that has on our indigenous production community as well, because if you get big series moving into the regions and snapping up all the senior-level editors, the smaller independents that have been working with those editors for years and years are left with no one to work with. The Channel 4 move is a fantastic opportunity, but obviously no one makes a move on investing in those specific regional skills until the move is announced. Everybody talks about it, but actually the money does not start flowing until then.

Lord Gordon of Strathblane: And it takes longer to train someone than it does to build a new studio.

Caroline Cooper Charles: Yes. We are trying very hard to respond to both short-term demand and the longer-term infrastructure.

Baroness Benjamin: What can media colleges and media academies do to help this situation?

Caroline Cooper Charles: It is a lot about creating better pathways from higher education and further education with the industry. We have an initiative being run by Screen Yorkshire called Connected Campus, which is trying to make those connections more effectively.

With regard to the conversation earlier about diversity and inclusion, there is definitely work to be done there. There are a lot of people in FE who do not go into the screen industry because they do not understand

the opportunities. If you are training in beauty therapy or carpentry or you are training to be an electrician, there are opportunities for you in the screen industry, but they are not presented to people.

Baroness Benjamin: You need a more joined-up policy.

Caroline Cooper Charles: Yes, a much more joined-up policy, a much greater understanding of where the pathways are, and much better communication between industry and educational institutions. That is absolutely vital, particularly when talking about diversity and inclusion.

Owen Evans: As you would expect, we operate apprenticeship programmes and we are involved in many programmes to bring skills through. But we tend to see the same things as everyone else. We see skills shortages throughout the scale. We see that with Channel 4 looking at commissioning outside the M25, and for example with the Welsh Government trying to get into high-end drama in particular. Jane Tranter from *Bad Wolf* said recently that in south Wales they were one commission away from catastrophe. I am paraphrasing, but what she meant was that they had effectively exhausted the available skills pool.

This works as an updraft: it sucks in from the local economy all the people who can work on these programmes. We have found that we have skills shortages in all those areas, but there is no real co-ordination of what is required at the strategic level. I am sorry, I should introduce myself. I used to be the civil servant responsible for skills and education in Wales, so I know a bit about this. With the demise of funding for the skills sector in particular, you do not get co-ordination between the sectors any more. That really has disappeared in the TV sector in Wales.

You can double for that for the Welsh language, because if you find it difficult to recruit an executive producer, you can be damn sure that you will find it very difficult to find one who speaks Welsh. That is why a few weeks ago we held a conference to bring together the FE and HE sectors, government and the production sector itself. It was quite interesting to note how few of these people had ever actually met.

What is our role? We have skin in the game here. Yes, we need to work with government to plot out a strategy for this, and I am about to commission some work on it, but we also need to bring these people together to try to solve the problems. There is money there; the Welsh Government pay for apprenticeships. But we need to divert some of that money to the areas where it is most needed.

The Chairman: As you point out, some of these are devolved areas of policy but none the less of broad interest to the industry.

Q133 **Baroness Chisholm of Owlpen:** You have mentioned the high-end television training fund and the apprenticeship levy. Should it be amended and expanded? Also, should there be another kind of public response to supporting development for underrepresented groups? Indeed, what can we do about retention and promotion, because that seems to be one of the main problems, as far as I can see?

Seetha Kumar: The HETV fund does a really good job. The way I look at everything with my industry colleague practitioners is that inclusion is woven into everything we do. It is not separate; it is integrated. That is important. For anything the fund does we track outputs and outcomes to understand what happens to the people who benefited and to see what support they need so that they can stay. Ours is a freelance, project-based sector, and the scaffolding we need to provide is really important.

You asked whether more money should be available. The apprenticeship levy, which I have harped on a bit about, is really important for all the craft and tech roles, for all the above and below the line roles—more below than above, but it is critical that we unlock it.

The other thing, and I know we talked about two other planks, is the structure and strategic approach, looking at the skills pipeline. That is what we are doing as Screen Skills, which has reset itself over the last two and a half years. We are running as fast as we can.

The disconnect with higher education and further education is a challenge. We have done a lot of research. We have benchmarked and looked at European courses, because Brexit will accentuate some of these issues, particularly in visual effects and animation.

What lessons can we learn? The challenge is that the business models are different for HE and FE. They need students, while our focus is basically on entrants who can fundamentally be set ready. In terms of the courses that are offered, because of the pace of change and the fact that what we are looking for does not align, we are working very hard to see how we can effect alignment so that the investment that goes into HE and FE genuinely leads to getting jobs for those who really want jobs in our sector. That is really important. That will be a significant amount of work. I would be hugely grateful for any support that any of you can give us, because it needs DfE and university support so that we align. It is an opportunity to get this right.

You mentioned unscripted, which is a significant area in terms of genres and PSB impacts. It is an area where you learn a lot very quickly. My background is unscripted. That is an area where, if you had an unscripted skills fund, which we are lobbying for and are working with PACT and other colleagues on to articulate a case, it would significantly help with inclusion and enabling the strength of hubs in the regions and nations. That is my answer.

Caroline Cooper Charles: I agree about the appropriateness of the apprenticeship levy; it just does not work for our industry. There are a number of challenges presented by the fact that it is a largely freelance industry, that being one of them. The principle of permanence that comes along with an apprenticeship just does not exist. It just does not work. Certainly for the smaller independents, the idea that you train up an apprentice and put that investment into someone who is 99% likely not to be working with you the following year is a real challenge.

The flexible nature of the high-end TV skills funding is much more appropriate. I absolutely echo what Seetha said about non-scripted: why

should high-end TV drama have that support, yet the people working in the non-scripted area do not have that access, especially when you look at the amount of output on our screens that is unscripted?

Owen Evans: We are not really involved in the high end. The most expensive productions we do are £750,000 an hour. In doing that for “Un Bore Mercher”, for example—“Keeping Faith” in English—which we commissioned, we worked with a broadcaster and perhaps a distributor. The apprenticeship levy does not apply to us in Wales, but I would agree with everything that has been said.

There are two things here. The first is that when the rights to TV programmes were devolved to the production companies, we saw a slight fragmentation in the way companies worked together to co-ordinate skills provision. They became rather competitive and unwilling to share skills between people moving from company to company. We need to break that somehow, to get them to work together.

As a broadcaster, to try to get through this we are looking to mirror some of the work I have seen in the housing sector, for example, where social clauses are used. Where we are commissioning, and where over a certain amount of money is being spent through a certain company, we would require it to form some sort of apprentice programme and to include terms around how people are recruited into those programmes.

Q134 Lord Gordon of Strathblane: I want to explore the apprenticeship levy further. We are getting an overwhelming amount of evidence that it is not working. On the other hand, people give the Government credit for at least thinking that an apprenticeship levy is a good idea. So it is a question of not losing the money and making it work better.

You have told us what is wrong with it. Have you a way of putting it right? I know that perhaps you will explain that at the breakfast you will be addressing in Parliament in a fortnight—

Seetha Kumar: No, I am happy to do it now.

As we have been suggesting for a while, the ideal would be to convert it to a skills fund. That way you are looking not just at apprenticeships. Often, for whatever reason and because of the way language is, the term “apprenticeships” appears to suggest that it is entrant only. If you look at our sector, you will see that it is not just entry level.

Lord Gordon of Strathblane: It is learning on the job.

Seetha Kumar: If you want to achieve inclusion, progression and retention are core, core, core. How else do you change your workforce?

The Chairman: Did you say progression and retention?

Seetha Kumar: Progression and retention.

I have been in the business a long time, and I can tell you that people talked about entry level programmes when I joined both the BBC and Channel 4, which was a million years ago. If you want to achieve that change, you have to achieve change across the pyramid, so a skills fund would be ideal.

If that is a red line, if we can enable the pooling of funds so we can have what I call an apprenticeship training agency, and the money is not severely limited to paying just for the apprentices' training but for their salary and to cover the costs of the ATA, you would significantly enable skills needs being met, inclusion, social mobility and change. It would all happen together.

Lord Gordon of Strathblane: To look at social inclusion for a moment, it seems to me that, psychologically, an industry that is so freelance-based is not going to prove popular with the parents of those from minority ethnic groups. They might feel that their children should get a "real job", a doctor or something like that, rather than something uncertain where you work for three weeks and then may be out of a job. Is there anything to be done to create a scaffolding—to use your expression—of security?

Seetha Kumar: There are two or three things. First, as you mentioned, a lot of people are not even aware of the breadth of jobs in our world. We have just put out some films—again, I am more than happy to share the link with you—that are deliberately inclusively cast with people who never knew about our world and now suddenly think that it could be for them.

The other thing is the ecosystem around where studios are located, of plasterers, painters and all levels of jobs, and many of them may not be aware that there is another world just a couple of feet away. In fact, we just ran a master class and boot camp—I do not like the word "initiative"—this weekend at Pinewood, purely to achieve that.

The other thing is bursaries. We provide bursaries, because we want to change the workforce, and mentoring to provide support, because—and I say this from experience—navigating our world is not easy.

Lord Gordon of Strathblane: My final question is on high-end tax relief, which most people feel has done a very good job. Is there a case for lowering the threshold so that you are offering tax relief to productions at £750,000 or £800,000? I do not know.

Seetha Kumar: My understanding is that, at the moment, most drama tends to be at £1 million-plus, apart from continuing drama, where the cost per hour is much lower. That is my understanding, but I would need to look at the data.

Owen Evans: On that, one of the things we are lobbying for at the moment is for indigenous languages and for the public sector broadcasters to a degree. Drama budgets as we know are skyrocketing, but we have to produce.

If we are commissioning with £750,000 at the top end and getting stuff that is trumping iPlayer, with downloads across the UK, you can do it on that level but you can do a lot more if you have the assistance of high-end tax breaks.

Q135 **Baroness McIntosh of Hudnall:** I want to ask you specifically about "Keeping Faith". On diversity, both in the regional context of Wales and

more widely, this is a very interesting and rather unusual example, because you worked the material in two languages. That was not done simultaneously, obviously, but you produced the work in both languages. The workforce that you used to do that was presumably the same, with the same people producing the work in both English and Welsh, so which language was used on set?

Secondly, thinking about diversity in your workforce, you are specifically targeting quite a small group of people. I am sorry, I do not mean to be disrespectful in any sense, but the number of people who speak Welsh is small, relatively speaking, and you target them precisely. Is the ability to communicate in that language the first priority that you require of your workforce, over and above all other issues of diversity?

Owen Evans: To begin with the first question on how we shoot these things, it is one of the areas where Wales has grown an IP. We shoot back to back. We have shot multiple series now. The crew of each series will change. For some productions, you might have almost exactly the same crews for the whole lot. They will shoot almost back to back and some programmes will be shot out of sequence, sometimes with different crews. Obviously, we try to get the same crew to do the whole lot because that is where you get the biggest costs savings.

It depends on the crew: you will have both monoglot English speakers and bilingual speakers there. Predominantly, a lot of the conversations tend to be in Welsh, because we have commissioned the majority of these programmes ourselves; they have not been commissioned by others and we have then gone in, so we have managed to retain some editorial control.

You will see a mix of people from various backgrounds and with varying linguistic ability in English and Welsh. No role states that if you are going to work on this programme, you have to be a Welsh speaker, first and foremost. We have to be pragmatic about how we do it. We will try to ensure that we have as many Welsh speakers as possible, as S4C is a Welsh-speaking organisation, but English will be spoken on the set. Hopefully, spoken Welsh will also be well represented there.

Yes, the Welsh demographic is slightly different from the UK demographic in general, but it is changing. Over the past year and a half, we have spent a lot of money launching our digital, short-form and medium-form content for young people. We are seeing an incredible amount of diversity through that. That takes me back to something that Lenny Henry said about how when you see yourself, you realise that you can do it. We are getting more and more people from very diverse backgrounds coming into the youth market, in particular; they are now starting to migrate on to our main screen as we test this new talent.

Imagine that the Welsh Government set a target of having a million speakers by 2050, which would represent about a third of the population. The amount of Welsh being taught in schools, where it is compulsory until the age of 16, means that we are getting people from all backgrounds coming through with linguistic ability in Welsh. It is our role to make sure that we tap into the talent in those communities.

Baroness McIntosh of Hudnall: How interesting. It was a very good programme, by the way.

Baroness Bonham-Carter of Yarnbury: Did the Chairman see it?

The Chairman: No.

Q136 **The Lord Bishop of Chelmsford:** You may feel that you have answered the first part of this question; if not, please say more. How well do you think that the public service broadcasters appeal to and represent the different regions and nations?

Secondly—you may want to say more about this—how could public policy better support production across regions and nations?

Caroline Cooper Charles: I feel that we are genuinely quite well supported, but more can always be done. One of the issues is that two-thirds of the PSB commissioning is still from companies that have a headquarters in London. Even though it has been recognised that the impact of investing in the indigenous indies is much greater economically and socially, and in the longer term for skills investment and employment opportunities. Two-thirds of out-of-London commissioning is still from companies that have their headquarters in London. That issue needs to be addressed.

For us in the north, in 2017 there was a big drop in the percentage of out-of-London commissioning by the PSBs, so we really welcome the move by Channel 4 to address that. I think that just 6% or 7% of the out-of-London commissioning was from independent production companies in the north, and as a percentage of the whole that is very small. That is partly driven by things like “Bake Off”, which comes out of Bristol. Obviously it is a big show and there is a lot spending there.

Seetha Kumar: If I may, I will focus more on skills, talent and production, if that is all right. Obviously from a public policy and PSB perspective, having the breadth and authenticity of voices, creativity and storytelling is key. I believe that the PSBs aim to achieve that, but we can always gauge whether they can do more.

In terms of skills and talent, which is an area which ScreenSkills focuses on, just to reiterate, a few public policy interventions could be unlocking the apprenticeship levy, enabling greater connection with education to truly enable inclusion progression, and supporting what we are trying to do with an unscripted skills fund. The other is that sometimes, when there is devolution, you can end up with separate skills policies. In our world, we deal in a global competitive landscape. So, yes, you can have separation, but you need an element of coherence and a way of interlinking some of the devolved strategies so that together it enables us to compete on the global stage. That would be really important.

Caroline Cooper Charles: Sorry, I realise that I did not respond to the second half of the question. I would reflect some of the comments about tax breaks that were made in the previous session. This is not about new tax breaks but about the potential to build on the existing tax relief. If you could have a higher percentage of tax relief available to indigenous

production companies and to productions coming to film in the regions, so long as they were utilising local crew, talent and facilities that would make a difference.

Owen Evans: Sometimes when you ask how it PSBs are doing, it is worth thinking what would happen if they were not there. If you looked at it from S4C's perspective, if it was not there there would be no Welsh language content. The last time I looked, Netflix had no Welsh language content. There would be no local content from our communities on a daily basis, there would be no local sport, there would be no local news, there would be no children's programmes, which is actually the biggest area of growth for us across the UK, and the programmes that reflect their day-to-day lives would go away. S4C probably keeps the production sector going in Wales on a sustainable basis, so that would probably disappear as well.

On policy as a broadcaster, I would say that public sector broadcasters should and probably always will step in where there is market failure, where the SVODs or whoever are not going to produce that type of content. For us, for the Welsh language, that is an even greater market failure, because these people are just not going to invest in it. So where there is market failure it is proper that government intervenes.

Funding is obviously an area that we would look at. The second is probably prominence. These players are so dominant now. If you look at the youth market, young people are watching Netflix, YouTube and things like that far more than linear television.

It is difficult for PSBs, even the BBC to a degree, to get their brands out. For a minnow like S4C with an indigenous language, it is almost impossible for us to get our voice heard above the crowd.

Baroness McIntosh of Hudnall: As a matter of interest, when Netflix made its programme in Wales, did it use local crew?

Owen Evans: It did. It used local crews. It brought in lots of specialist services. Typically, when productions come in to a region, they tend to bring a lot of their own talent from whatever area.

Baroness McIntosh of Hudnall: But it also used local crews.

Owen Evans: Yes, they also recruited local crews.

The Lord Bishop of Chelmsford: You mentioned in your opening remarks that some of the growth you have seen has been outside Wales. Have you been able to do much research on that? Is it the Welsh-speaking diaspora or other factors?

Owen Evans: I am doing some research on that at the moment, funnily enough. It has come down to two things. One is rugby; whether you are Welsh-speaking or otherwise, if you watch Pro14 rugby we are the only free-to-air broadcaster for that.

The other is children's programmes. If you look at the Welsh-speaking diaspora across the UK, we have probably 250,000 plus Welsh speakers outside our borders. They want their children to have some recognition

and understanding of the Welsh language. Without our children's provision, we would not have seen that growth.

The Lord Bishop of Chelmsford: And they are obviously finding you.

Owen Evans: They are. This is where prominence is important. If, for example, we are listed on Sky at 107 or 108, they will find us. If we are 186 they may not. I think Sky said that if you move from 120 on the EPG to 180 you can wipe out 20% of your audience before you start.

Prominence, which is the second point I was making, is vital to us. Digitally, it is equally so. This is where social media becomes very important. You can create content, but you need to find ways of dispersing it around the youth market so that young people can tell themselves about it.

Q137 **Baroness Kidron:** That is a good way of getting to the question I wanted to ask. Do you feel, each of you, that the balance between obligation and benefit is correct for the PSBs? Mr Evans, maybe you could start with that since I am sure you have rehearsed it. I mean you have probably rehearsed it in your time, not for this occasion.

Owen Evans: Obligation versus benefit. The benefit is that we would not exist without the public purse, so the benefit is almost total. We have very little revenue from commercial, which reflects the fact that there is market failure in this.

The obligation is that we comply with the same set of codes that Ofcom produces for the BBC on the types of content we provide. I do not find that too onerous. We would probably do it even if we were not asked to do it. Because we are driven by the need to save a language, a lot of our activity is focused on the wider diaspora of the audience. We do it, because it is in the interests of the language rather than just of the broadcaster.

The obligations could probably be more onerous in future in the digital space.

Baroness Kidron: Can you unpack that a bit?

Owen Evans: Yes. At the moment, on the screen, we are required to provide so much news, current affairs and things like that. We have been experimenting to a large extent with youth content over the past year, starting with some fairly raucous short-form comedy. But increasingly we have been maturing the service, to the extent that I am now paying for two apprentices³ based at the ITV service, which is in south Wales but covers the whole of Wales, to provide me with youth-oriented news that they can package in short form and promulgate through social media. I do not have to do that, but I am doing it because I can see that that is the way to engage with the youth market.

In time, one of the obligations for the PSBs should probably be about requiring that mix. One of my fears is that if you ask the majority of

³ Note by witness: These are trainees rather than apprentices.

young people how they get their news, for example, they will reply, "On my phone". We do not know what service it comes from. The news is one of the major reasons for having a PSB set-up. If we cannot make sure that we are getting that trusted news in a format that young people can engage with in future, you start questioning it.

The Chairman: Are you seeing that in the audiences for your main news shows?

Owen Evans: Let me give you an example on the digital stuff and I will talk about the news as well. We brand the digital stuff for the 16 to 34 year-olds Hansh, which is like a bite of something, and we have gone from 40,000 views a month to 700,000 views in 18 months or so. It has grown like Topsy, but we have worked quite hard on it.

We get quite healthy linear figures for the news, but it tends to be with a traditional audience. We suffer from the same problem as all the PSBs, which is trying to direct what is a fairly traditional news service to a youth audience. What ITN has been doing digitally through its Channel 4 and Channel 5 services has been very interesting. It is one of the areas that we are in discussions about with the BBC, which provides our news at the moment.

Baroness Kidron: That is really interesting. You are suggesting that the obligations might spread into the new digital world. In that respect, do you feel that Ofcom is moving fast enough? Is it understanding the environment quickly enough and how to manage it and uphold the principles?

Owen Evans: It comes back to your original question about obligation and benefit. There are always questions about the licence fee. If there are questions about that in future, Ofcom's approach to the obligation in this new space will probably play into it.

Sometimes when I speak about this stuff, there is the idea that digital is everything. The majority of people still watch the TV, but year by year digital is increasing. The latest research I read from Enders said that by 2028 50% of consumption would not be on the linear screen any more.

Baroness Kidron: Would you stand by the quality of the news you are giving to that younger age group in this different form? Do you feel it is as robust as the news that someone might find on the linear programme?

Owen Evans: Yes, I would.

Baroness Kidron: Do either of you have comments? I know it is not in the heart of your territory, strictly speaking.

Seetha Kumar: I do not mind answering briefly. Do I believe that PSBs are an intrinsic and essential part of the ecosystem? Yes, I do. It is really about redefining and shaping what that is. That is obviously open, because we live in a world of change. I feel quite passionately about it, because they inform our understanding of the world. Trust is key. They are valued. It is about storytelling and connecting, locally, regionally and nationally. It is also about UK originations and UK storytelling.

Looking at UK soft power—excuse the expression—if you go anywhere in the world, UK content travels. That comes out of the PSBs. When I worked at the BBC, I knew that I could go anywhere and recognise the programmes. I could say that I worked for that brand and people knew it. It is not just the BBC; content from all PSBs travels. Certainly, our dramas, natural history programmes and history programmes, and some of our factual programmes, have travelled globally. That happens because of UK ideas, content and storytelling rooted in UK humour, and UK talent. PSBs offer a lot that is well worth saving and preserving for the future.

I sometimes feel that we had an opportunity around the time I was at the BBC and iPlayer had just launched. I am sure all of you remember that Project Kangaroo was mooted, and for whatever reason it died. We missed a moment. I felt that at the time and I still think even today that you could argue that, when all of this is happening, there is all the more reason to preserve the jewels you have. I think our PSBs are core.

Baroness Kidron: Can I ask for a very short answer on this, if you do not mind? You said “redefine”. Do you have in your mind a sense of why we are redefining? You have made a good case for the existing set of privileges and obligations. What is the basis of that thought?

Seetha Kumar: Very briefly, the basis is that you preserve what is and you look at what perhaps need not happen. You talked about the obligations. I used to be quite immersed in all that, but I was never an expert. The question is how you help them so that the best of it can be preserved, retained and grown and so that UK plc remains dominant and strong. I am a great believer in it.

Caroline Cooper Charles: I absolutely agree about the value of PSBs, especially at a time when we need social cohesion. The PSBs have a big role to play in offering that. We should encourage them to work together. Our PSBs’ strength is their fantastic, unrivalled quality. Obviously, they work within a competitive environment, but the more they can be encouraged to collaborate with one another to play to our strengths in the UK, the better.

We know where the competition is coming from when it comes to the streaming services, but it is about seeing what qualities the PSBs offer uniquely and playing to those strengths. Those kinds of achievements, such as engaging with the youth audience in that amount of time and with all that competition out there, show that it can be done, but it is about making programming relevant to that audience and on a local and regional level. Those streaming services will never be able to do that in the same way.

Baroness Kidron: Do you think that Ofcom has a role in that or are you saying that the PSBs need to do it within the existing remit?

Caroline Cooper Charles: I would like to think that the PSBs are committed to doing that anyway, and they should be committed to doing it. I think there is a role for Ofcom when loopholes are being used to claim hours of regional programming that are just an ident on the

screen. There is absolutely a role for Ofcom in monitoring those responsibilities.

I would like to think that the PSBs recognise this as good business, because if they are not in that space with those young people they will not succeed. That is where they need to look at questions of prominence. The more that is eroded for the PSBs, the more that audience is lost—and that is the audience for the future.

Baroness Bonham-Carter of Yarnbury: I know that this is about PSBs in the age of video on demand, but as we are talking about skills, particularly Seetha, we have to bring up Brexit and concerns, desires and requests from the skills perspective.

The Chairman: Quite briefly, if you can.

Seetha Kumar: I will, definitely.

The Chairman: We talk about Brexit at length here. None the less—

Seetha Kumar: Brexit accelerates the pressure on skills, particularly in areas such as visual effects and animation. It further accentuates the need that I referred to earlier for a more coherent focus on the pipeline, looking at education all the way from careers education in schools to higher and further education and unlocking the levy. For the first time, we can hit an inflection point, seize this opportunity and think about how industry and education can work together to achieve the common objectives of social inclusion, addressing skills gaps and shortages, and UK plc remaining strong.

Q138 **Baroness McIntosh of Hudnall:** You may have noticed that Lady Kidron and I were swapped in the prominence, so I have dropped down. I think you have all covered quite comprehensively the question that I was going to ask you, which is about engaging with not just the under-35 audience but the emerging talent in that age group.

However, if there is anything you want to add to what you have already said, please take a moment to do so. All of us are witnesses and we have been induced to feel extremely anxious about this age group, because they seem to be drifting away from the things that we thought were certainties and creating their own new ways of experiencing content. Mr Evans, you gave us a very clear example of that with the news stuff. If you want to add anything on that, please do.

Caroline Cooper Charles: Targeting the younger age group by producing content in the way it is happening in Wales is important. Again, that links back to enabling clear pathways from education into industry in the 18 to 24 age group. Picking up on a point that was made recently on diversity and inclusion, we are running a programme in Yorkshire called Beyond Brontës, which is aimed specifically at engaging with the 18 to 24 year-old age range and encourages people to take the first step into the industry. We are working with south Asian communities in Bradford, for instance.

One thing we have been looking at is the family responses to working in the industry and how to address them. We make it clear that you can have a career in business affairs or finance in the screen industries. It is about increasing awareness in the FE and HE sectors. Again, the more people see themselves represented on screen, which goes back to all the conversations this afternoon, the more they will identify with it as something that they could do.

Owen Evans: I will add just one thing. When I was working in skills, we would ask hundreds of employers what they thought of the skills industry and how could it be improved. When you boiled down the responses, what they always wanted was for these people to be given 20 years' experience before they start. In the type of youth content that we have done, we have brought in a lot of very young people with a lot of ideas and paired them with people who understand compliance, quality of production and so on. It is quite a good way of marrying experience with youth.

Baroness McIntosh of Hudnall: Unless other Members of the Committee think that we have not heard the answers to these questions, I think we have.

Q139 **The Chairman:** We have, comprehensively. I have a final question for the witnesses about BritBox. We are seeing Ofcom in a few weeks' time and they are thinking about BritBox and some of the issues we have been discussing. Is it going to be transformational or is it just too little too late?

Caroline Cooper Charles: I would not like to predict the future on that one.

Baroness Chisholm of Owlpen: But you wanted Kangaroo.

Seetha Kumar: I did at the time.

The Chairman: Yes, it might have made a difference. There are possibly some very strong views about BritBox that have not been articulated. Either that or no one is on BritBox.

I thank our witnesses for their very interesting thoughts on skills and the future of the workforce as well as the reality of making diversity part of what we are doing through the PSBs to attract audiences. I would like to thank the witnesses for giving us their time and for a very interesting session.