



House of Commons

Digital, Culture, Media and  
Sport Committee

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# **The future of public service broadcasting: Government Response to Committee's Sixth Report of Session 2019–21**

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**First Special Report of  
Session 2021–22**

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## The Digital, Culture, Media and Sport Committee

The Digital, Culture, Media and Sport Committee is appointed by the House of Commons to examine the expenditure, administration and policy of the Department for Digital, Culture, Media and Sport and its associated public bodies.

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### Committee staff

The current staff of the Committee are Keely Bishop (Committee Operations Assistant), Andy Boyd (Committee Operations Manager), Dr Conor Durham (Committee Specialist), Lois Jeary (Committee Specialist), Dr Stephen McGinness (Clerk), Charlotte Swift (Second Clerk), Anne Peacock (Senior Media and Communications Officer) and Gina Degtyareva (Media and Communications Officer).

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# First Special Report

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On 25 March 2021, the Digital, Culture, Media and Sport Committee published its Sixth Report of Session 2019–21, [The future of public service broadcasting](#) (HC 156). The Government’s response was received via correspondence on 26 May 2021. The Government’s response is appended below.

## Government Response

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The Government welcomes the publication of the Committee’s report and is grateful for the Committee’s comprehensive inquiry into ‘The Future of Public Service Broadcasting’.

The Government wholeheartedly agrees with the Committee’s assessment that the need for public service broadcasting remains as strong as ever. At a time when we are witnessing seismic shifts in the way people are discovering and viewing audiovisual content, the ability of our public service broadcasters (PSBs) to make programmes that appeal to the breadth of the UK population and unite audiences across generations remains undisputed. What is more, the PSBs have demonstrated their unique value to the UK during the coronavirus pandemic, finding new and innovative ways to bring relevant British content to audiences across the country and providing vital assistance of educational programmes for children learning from home. The Government also agrees with the Committee that the pandemic has reinforced the critical importance of free and easy access to trusted news provided by PSBs, both in terms of disseminating essential information and tackling disinformation and misinformation. The latter point remains a priority for this Government, as set out in previous responses to the Committee.<sup>1</sup>

During the pandemic, the Government has worked to support the broadcasting sector, including our public service broadcasters. In addition to supporting individuals across the economy through financial packages such as the job retention scheme and the self-employed income support scheme, the £500 million Film and TV Production Restart Scheme has given productions the confidence to keep shooting. To date, 437 production companies are using the scheme, representing over £1.4 billion of production budgets and over 41,000 jobs supported, a significant proportion of which is programming made, or commissioned, by PSBs. The Government has also worked with industry to produce guidance to support the effective assessment and management of COVID-19 risk in workplaces such as TV production.

Looking ahead to the challenges of tomorrow, the Government is supportive of a modern system of public service broadcasting that is dynamic, relevant and can continue to meet the needs of UK audiences in the future. As such the Government is currently conducting its own review of public service broadcasting, and as part of this process has formed a PSB Advisory Panel to provide independent expertise and advice on this important issue. At the same time Ofcom are also in the middle of Small Screen Big Debate, its latest periodic review of public service broadcasting and the Government looks forward to receiving their recommendations in the summer. The Government will look to bring together the work of these reviews, as well as the Committee’s own findings, and will set out its position and next steps for this work later this year. The Government remains committed to legislating

<sup>1</sup> For example, [Misinformation in the COVID-19 Infodemic: Government Response to the Committee’s Second Report](#)

to implement Ofcom's recommendations on prominence, and as we conclude our strategic review we will consider whether further legislation is necessary.

The last half a decade has been transformative in terms of the range of services available to UK viewers, characterised by a profound shift in viewing from linear to on-demand, and the entrance of new global players into the UK market. The evolution of the broadcasting market continues apace and it is important that we look at all the options for ensuring a successful and sustainable future for UK public service broadcasting, including how we build on the huge contributions the PSBs have made, the future role of Channel 4, and what the appropriate model is for the system as a whole going forward.

Since the Committee's report was published, the BBC has published the Rt Hon Lord Dyson's independent investigation into the circumstances around the 1995 Panorama interview with Diana, Princess of Wales. The Committee has also announced a hearing which will consider the report. It is the Government's belief that the BBC must act fast to restore trust, and reassure the country that it will shine a light on any other areas falling short of the high standards we rightly expect from it. The BBC needs to improve its culture to ensure this never happens again and that means a new emphasis on accuracy, impartiality and diversity of opinion. The Government notes that the BBC can occasionally succumb to a 'we know best' attitude that is detached both from criticism and the values of all parts of the nation that it serves and believes cultural change must be a focus for the Director-General and new Chair on the back of the Dyson report. We will use the mid-term Charter review to determine whether the governance and regulatory arrangements should be strengthened.

The Government's response to the Committee's recommendations is below. The response covers recommendations addressed directly to the Government.

## Responses to recommendations

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*Universality is at the heart of public service broadcasting and should remain so. Linear broadcast television by PSBs remains important and with delays to full fibre broadband rollout, a wholly online public service broadcasting system allowing for universal access is not yet viable. During the current period of transition, whilst a significant amount of content is being made available online, the interests of consumers who rely on linear TV must be preserved. Ofcom continues to tell PSBs to do more with less, but does not detail how they expect this to be done. Expectations for, and the remits of, public service broadcasters have to be realistic in relation to the available funding. Expectations for, and the remits of, public service broadcasters have to be realistic in relation to the available funding. If budgets are going to continue to decline in real terms, the Government should review the expectations set for PSBs.*  
(Recommendation 3)

The Government agrees that universality is a core tenet of public service broadcasting and is committed to ensuring this remains the case. This means that PSB content should be delivered via technologies that are commonly available, familiar to audiences, and offer a high-quality viewing experience.

PSBs deliver substantial cultural, economic and democratic benefits thanks to their respective remits which help ensure audiences can enjoy a wide range of high-quality programmes that meet people's needs as citizens and their interests as individuals. The Government, through its strategic review of public service broadcasting, is examining the remits of each of the UK's public service broadcasters and will consider whether changes are required to ensure that PSBs continue to deliver these benefits in light of broader industry and economic trends.

We agree with the Committee that linear TV will continue to play a significant delivery role for the years to come and we want to ensure that any changes to the Digital Terrestrial Television (DTT) regime will support the future shape of PSB. The Government will shortly be publishing its response to a consultation on the renewal of the DTT multiplex licences set to expire in the coming years.

The Government does not agree with the link the Committee draws between the availability of full-fibre broadband and a wholly online public service broadcasting system allowing for universal access. While some of the actions fall to the Government, any move to a wholly online public service broadcasting system would need to be industry led and dependent on factors such as the finalisation of industry standards and the development of consumer products based around these standards.

The Government is committed to making the UK a global leader in digital connectivity. We have connected 97 per cent of the country to superfast broadband keeping the country connected through the pandemic and our £5 billion gigabit programme will give citizens the fastest speeds on the planet. Almost two in five premises in the UK already have access to gigabit speeds, up from one in ten in November 2019. Working with the industry, 60% of the country will have gigabit speeds by the end of this year, and at least 85% of the population by 2025.

***Reaching younger audiences now, and building relationships with them, is of the utmost importance if PSBs are going to remain popular and sustainable in the long term. The way in which people access content, particularly those under the age of 35, is rapidly changing and the Covid-19 pandemic has accelerated that change. Young audience behaviour is an indicator of future trends and PSBs are at risk of losing touch with under 35s. Unless PSBs do more to attract younger audiences, the core principle of universality that underpins their existence will be threatened. For these efforts to be successful, we recommend that changes be made to the regulatory structure to enable PSBs to innovate more rapidly and easily, and to be able to better compete online.*** (Recommendation 7)

The Government is supportive of a modern system of public service broadcasting that remains relevant and can continue to meet the needs of UK audiences in the future. [Research from Ofcom](#) shows that young audiences continue to value the UK's PSBs and the content they produce highly, even if their relationship with those broadcasters differs from that of older generations. Nevertheless, changing patterns of consumption do present a significant audience retention challenge for all linear broadcasters, including PSBs, and the Government agrees with the Committee's analysis on this point.

The Government is considering, through its strategic review of public service broadcasting, whether the legislative and regulatory framework for PSB, when viewed in the context of the media landscape as a whole, needs to change to ensure that the PSB system can continue to deliver sustainably on its objectives. This includes engaging effectively with younger audiences. At the same time PSBs themselves will need to make certain they are at the forefront of trends in commissioning, distribution and marketing to ensure their programmes reach and appeal to those particular audiences. This might include, as Ofcom have suggested, collaboration amongst PSBs to share insights and strategies that have proved effective in this regard.

***We are pleased that Ofcom highlighted the deficits in children's programming across the PSB portfolios in 2018 and consider it vitally important that it continues to keep PSB performance in this area under regular review. We recommend that the Government evaluate the success of the Young Audiences Content Fund against its goals and extend the scheme if it is found to be increasing the investment in original content for children in the UK.*** (Recommendation 8)

High quality children's programming is an essential source of entertainment and learning for young people in the UK. The Government is committed to ensuring young audiences have access to engaging and relevant content that reflects UK society and their own diverse experiences across the nations and regions.

As a direct response to the decline in the provision of new UK children's programming, the Digital Economy Act 2017 gave Ofcom the power to publish criteria for the provision of children's programming and, if appropriate, to set conditions on the licensed PSBs to ensure that children's programming meets that criteria. In addition, the Government set up the Contestable Fund Pilot in 2019 to both support children's television and public service radio content.

As set out in the original scoping paper, [Contestable Fund Pilot: Supporting Young Audiences and Audio Content](#), the success of both funds is evaluated against the criteria set out at launch, including quality, innovation, additionality, nations and regions, diversity,

new voices, plurality and audience reach. Assessment of the funds is ongoing, but DCMS and the administrators will conduct a full evaluation of the pilot to determine the impact on the provision and plurality of public service content for young audiences and radio. Following the detailed evaluation of the scheme, a decision will be taken on whether to close, maintain or expand the scheme.

The Young Audiences Content Fund has published its year one [analysis](#), and will be publishing its analysis of year two later this year.

***It took the Government almost 10 months to respond to the consultation on decriminalisation of TV licence fee evasion. Delays of this nature by DCMS in reforming other areas of broadcasting, such as prominence, would be of significant concern. Of more concern was that the long-delayed response simply provided further uncertainty. The issue of decriminalisation could be used as a bargaining tool by the Government during the ongoing licence fee settlement negotiations with the BBC and S4C, and thereby undermine one of the core principles of public service broadcasting: that it should be removed from Government interference. We call on the Government to provide assurances that the issue of decriminalisation will not be used as a bargaining tool during the ongoing licence fee settlement negotiations with the BBC and S4C. We also recommend that the Government conclude its further work on enforcement schemes, and publish its findings, by the end of the current parliamentary session.*** (Recommendation 10)

***The continued rise in TV licence non-payment in the UK is a cause for concern, as is the fact that the BBC's target of a 5.9% evasion rate by March 2021 will be missed by a significant margin. We are also concerned that the failure to resolve definitively speculation about decriminalisation of TV licence fee evasion could exacerbate the situation and recommend that the Government provides some certainty on this matter as soon as possible.*** (Recommendation 11)

The Government is considering decriminalisation of TV licence evasion and other possible reforms to the licence fee system to increase fairness and proportionality within the broader context of the ongoing licence fee settlement.

There were over 150,000 responses to the Government's consultation and it was right to assess carefully the arguments made by respondents in determining the Government's response.

Responses to the consultation showed that a significant number of people oppose the criminal sanction with some highlighting the considerable stress and anxiety it can cause for individuals, including the most vulnerable in society, such as older people. This is more strongly noted for those with particular protected characteristics and the most vulnerable, recognising the additional stress and anxiety it can cause. For example, people aged 75 and over now eligible to pay for a TV licence—following the BBC's decision of 10 June 2019 to limit eligibility for free licences—may now face worry and stress about the threat of a criminal prosecution.

That is why the Government set out earlier this year that it is keeping the issue of decriminalisation under active consideration. It is one of many important issues that must remain an ongoing part of the Government's wider roadmap for reform of the BBC, which also includes the ongoing licence fee settlement negotiations and the mid-term

review of the BBC Charter. The Government may in future undertake a further, technical consultation on the possible alternative civil sanctions to set out in more detail how alternative schemes could work in practice.

The Government also notes the Committee's concerns about TV licence evasion. The Government has been clear that the consultation process, as well as any future change to the TV licence sanction or enforcement scheme, should not be seen as an invitation to evade the TV licence requirement. However, the BBC Board is ultimately responsible for ensuring that arrangements for the collection of the licence fee are efficient, appropriate and proportionate, which includes providing support for those aged 75 and over affected by the BBC's changes to the over 75 concession.

***We recognise the problems associated with the licence fee and, in the annex to this Report, explore the existing alternatives. None of these are sufficiently attractive to justify recommending, for the next Charter period, that they replace the current licence fee model, not least given the disruption and expense of doing so and on balance, the licence fee remains the preferred option for that period. The Government either needs to come out with a strong alternative to the licence fee that it can put to Parliament, or strongly support the current model for at least the next Charter period (2028–2038) and actively aid the BBC in driving down evasion.*** (Recommendation 12)

The Government notes the Committee's view of the issues surrounding the current licence fee model and its assessment of alternative models. However, we do not agree with the Committee's assessment and recommendation that a decision on the future of funding for public service broadcasting needs to be made now.

The current licence fee model is guaranteed by the Royal Charter until December 2027, and while the Government has no plans to change the model before then, we have been clear that it will be reconsidered again ahead of the next Charter Review, which is set to be completed by 2027. This is because, as we look to the longer term there are more fundamental questions about the correct funding model, shape and structure of the BBC. With intensifying competition from platforms such as Netflix and Amazon, the BBC cannot retreat but must instead be equipped to step up to project British values and distinct quality programming with renewed vigour and ambition as our national champion.

In addition, the Government has set up a PSB Advisory Panel to help consider the future for public service broadcasting, and advise ministers on key issues. The Government believes it is right to gather evidence and reflect on the options before coming to a conclusion in the context of a very dynamic media market, and a rapidly developing digital environment. We have a process in place and a clear timeline, and are confident that our approach is the most effective and prudent way to proceed.

***The Government has been too slow to act on Ofcom's 2019 recommendations to update prominence legislation. We are frustrated that the Government expects the process to take a further two years; new primary legislation is urgently needed and the media ecology advances far too quickly for the Government to delay any further. We recommend that the Government prioritise new primary legislation to update the Communications Act 2003 and grant PSBs prominence which extends beyond the Electronic Programme Guide. The Government should seek to publish the Bill in draft in the upcoming parliamentary session, ahead of finding time to introduce and enact this legislation***

***before the end of 2022. To ensure that prominence can be extended to online viewing platforms, such as smart TVs, we also recommend that PSB video on demand players be covered by their public service broadcasting remits.*** (Recommendation 15)

***That reluctance should not be allowed to relegate the UK PSBs to a less prominent position on hardware than non-PSB commercial content providers who purchase prominence. There is little point in requiring a PSB regime if it can be hidden from view by the actions of hardware providers. We recommend that the Government should make international manufacturers aware of the importance of prominence of PSB content to the UK and its willingness to consider regulation should PSB prominence be undermined by hardware design.*** (Recommendation 21)

As set out previously in our written submission to the Committee, the Government recognises the importance of high-quality PSB content being discoverable and widely accessible to UK audiences as far as possible. That is why the Government required Ofcom to undertake a review of this area through the Digital Economy Act 2017.

Ofcom published its Prominence review in July 2019 and since then the Government and Ofcom have worked closely together and engaged with industry including with the international manufacturers of connected TVs to understand the impact of Ofcom's proposals. It is important to ensure that prominence, and the balance of benefits and obligations, support a sustainable future for public service broadcasting. This work is ongoing and is also being considered as part of the Government's strategic review of PSB.

The Government has committed to acting on Ofcom's prominence recommendations including through legislation and will do so as soon as the legislative timetable allows. We expect to set out next steps later this year.

***We recommend the Government impose two specific requirements in relation to PSB content hosted on other streaming services in new media legislation. First, PSB content should be clearly labelled as such and branded with the logo of the PSB from which the content originated. Secondly, streaming services should be required to share top line viewing data—at the very least, the number of viewers—for PSB content they host with Ofcom and the relevant PSBs to enable full analysis of PSB reach, and the audiovisual landscape as a whole.*** (Recommendation 18)

Ofcom's PSB review and the Government's strategic review of public service broadcasting are considering a range of issues including the relationship between PSBs and platform providers and how the public service broadcasting system can continue to deliver effectively for audiences in the future. We will need to consider the outcomes from this work as we determine whether changes are required to the legislative and regulatory framework.

As the Committee's report demonstrates, the relationship between PSBs and subscription video on demand services (SVoDs) is not straightforward, particularly where PSB content is hosted on streaming services. It is the Government's view that the issues the Committee has identified relating to brand attribution and data sharing are a matter for contractual negotiations in the first instance. In this context, PSBs themselves are best placed to determine the value they place on both attribution and data access during negotiations where they are the rights holder. The Government will however keep this under review.

We agree with the Committee that there is a case for requiring streaming services to share top line viewing data with Ofcom to assist them with their analysis and evaluation of the PSB system, and we would hope that such data could be provided on a voluntary basis in the first instance.

***We are concerned that the full potential of the Digital Markets Unit is not being realised under its current proposed remit. We recommend that the Government should broaden the Digital Markets Unit's remit to consider whether the dominance of online platforms gives them undue influence over the ability of consumers to access public service broadcasting content online and through streaming.*** (Recommendation 19)

***Where an established media brand is providing programming, it is not right to make the default assumption that YouTube's contribution to the viewer deciding to watch that programme, and therefore its share of the value chain, is the same as where content is user-generated. For news, this approach would, if allowed to continue, over time erode the ability of PSBs such as ITV and Channel 4 to actually produce quality, well-researched news coverage. The Digital Markets Unit should also consider whether the standard terms and conditions for revenue sharing which are used by some platforms offer a fair return for PSBs in exchange for their content.*** (Recommendation 20)

The Government announced the introduction of a new pro-competition regime for digital markets in November 2020. In April this year a new regulator, the Digital Markets Unit (DMU), was launched to ensure digital firms with substantial and enduring market power cannot exploit their positions in ways that harm consumers and businesses. This will allow for more proactive oversight and swifter action to address competition concerns in fast-moving digital markets. The new Unit will take a sector-neutral approach, examining the role of platforms across a range of digital markets with a view to promoting competition.

A central part of the new regime will be a mandatory code of conduct to govern the relationships between digital platforms with substantial and enduring market power and different groups of users which rely on their services. The Government has asked the DMU to look at how a code would address the harms resulting from market dominance in specific sectors of the digital economy, including how it would govern the relationships between platforms and content producers such as news publishers. The Government will consult on the new pro-competition regime this year and legislate as soon as parliamentary time allows.

***The lack of workforce data collected and shared by streaming services in the UK is of great concern. The Government must ensure that regulators have access to topline data, in line with that provided by traditional broadcasters, to enable accurate analysis of diversity and equal opportunities within the industry. We recommend that a requirement to provide data, including a breakdown by gender, race or ethnicity, disability, age, sexual orientation, religion or belief, and socio-economic background should be included in the new primary legislation we have called for to replace the Communications Act 2003.*** (Recommendation 23)

***We are concerned that, without monitoring, there is no way to tell whether transgender people are being fairly represented in the workplace. Whilst there should be no requirement for someone to declare to their employer that they are transgender, we would encourage the Government to work with Ofcom and broadcasters to expand***

***diversity monitoring forms to include the option for people to declare that they are transgender should they wish to. That requirement should also be extended to streaming services to bring the data they collect in line with that collected by broadcasters.*** (Recommendation 25)

The media plays a vital role in UK society and therefore has an important responsibility to reflect 21st Century Britain. The Government is committed to supporting the sector to ensure it is representative of the country in which we live and a place where people from all backgrounds can achieve.

Under the Communications Act 2003, Ofcom has a duty to promote equality of opportunity in relation to employment and training in the broadcasting sector and has powers to ask broadcasters to provide information about their equal opportunities policies and the make-up of their workforce.

The Equality Act provides a framework for reporting by public authorities. Different rules apply for private and voluntary sector organisations. In that light, the Government does not propose to amend the statutory framework, given the need to balance the burden of regulation on enterprise, including small and medium-sized firms.

***Diversity within the industry has improved in recent years—for example, there is a better gender balance—but progress continues to be too slow. It is taking too long to address inequality within the industry and much more needs to be done to increase diversity, notably disabled people and BAME representation and particularly in the upper levels of management. PSBs and streaming services alike need to do better, and in the response to this Report, Ofcom and the Government should explain how they intend to ensure that improvements are made much more quickly.*** (Recommendation 27)

Broadcasters play a vital role in ensuring the reality of modern life across the whole of the UK is adequately reflected. We continue to work with the British Film Institute (BFI), in their role as the Government's arm's length body with responsibility for the sector, to improve representation both on and off screen, including through supporting the wider adoption of the BFI's world-leading Diversity Standards. Meeting the Standards is a 'kitemark', and must be obtained in order to access public film funding (BFI, BBC Films, Film 4) and BAFTA awards in certain categories. They have also been adopted by Paramount Pictures for all their UK productions.

***We welcome the recent promotion of S4C in Wales to channel 104 on Virgin Media but we are concerned about the lack of discoverability for minority language content in this increasingly digital market. The role that minority language broadcasters play is an important one and confirms the need for updated prominence legislation to protect the ability for their content to be found by viewers. We recommend that the Government's work on updating media legislation ensure that minority language content is given sufficient prominence on the relevant platforms.*** (Recommendation 30)

PSBs play an important role in ensuring the broadcasting system provides for the whole of the UK. The Government agrees that minority language broadcasting organisations, including S4C and MG Alba, play a critical role in reflecting the culture and communities of people they represent. As the only Welsh-language broadcaster, S4C makes a valuable contribution to the Welsh economy, culture and society and plays a key role in promoting the Welsh language.

Ofcom's Prominence review makes recommendations for keeping PSB TV, including content from broadcasters such as S4C, prominent in an online world. The Government has committed to take forward Ofcom's proposals including through legislation and will do so as soon as the legislative timetable allows.