

**Written evidence submitted by Professor Robert Beveridge FRSA**

***The Digital Culture, Media and Sport Select Committee  
Inquiry into the Impact of Covid-19 on the DCMS Sector***

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*What has been the immediate impact of Covid-19 on the sector?*

Devastating: especially in relation to the live creative arts, festivals, theatres, classical music etc.

To quote the motto of the English monarch Edward III, 'it is as it is' but the sight of theatres going into administration eg the Leicester Haymarket and the Southampton Nuffield is a harbinger of worse to come.

Who knows what will happen to venues and concert halls such as the Usher Hall in Edinburgh?

If there is one area in which the UK can truly be said to have punched above it's weight and established and maintained world class excellence, both critically and commercially, it is in the creative industries.

This internationally recognised success –economic, cultural and artistic is now at severe risk.

HMG has invested, (who knows how much?) in maintaining employment in the car industry in the North East of England so that Nissan can stay there.

The creative industries deserve no less, indeed much more and investment now will secure many more jobs across the UK with wider benefits well beyond the economic.

Taking the long view will produce future income in taxation from the many other businesses which benefit from having such a vibrant sector: hotels, restaurants, transport etc.

Edinburgh hosts the largest art festival in the world, by some margin and it will not take place in 2020.

The analysis provided by the Creative Industries Federation indicates the scale of current crisis.

*'The Creative Industries are projecting a combined £74bn turnover loss over the course of 2020 compared to 2019 (-30%). This is expected to translate into a GVA shortfall of £29bn in 2020 compared to 2019 (-25%).*

*406,000 (1 in 5) creative jobs expected to be lost - more than nine times the entire workforce of British Airways or almost triple the workforce of Asda in the UK.*

*Impact to be felt in all parts of the UK, with creative industries projected to be hit twice as hard as the wider economy overall and up to three times as hard regionally.'*

Creative Industries Federation

<https://www.creativeindustriesfederation.com/news/press-release-cultural-catastrophe-over-400000-creative-jobs-could-be-lost-projected-economic>. Accessed 18/06/2020

This crisis also needs to be viewed in the context of the on-going transfer of advertising revenue from broadcasting to the internet and social media.

*'Between 2014 and 2018 PSB net advertising revenue declined by an average of 3.8%, equivalent to approximately £325m a year. In April ITV's advertising revenue was down a further 42%.*

*Enders Analysis suggests that TV advertising revenues could be down between 15% and 40% across the year. It's estimated that Channel 4 advertising revenue has halved since the beginning of lockdown.*

Voice of the Listener and Viewer (VLV submission to this inquiry)

In addition, the BBC predicts its income will fall by 125 million GBP this year with less people paying TV Licences during lockdown etc.

The Corporation has also delayed the introduction of the decision that the only pensioners to receive concessionary licences should be those in receipt of pension credit.

All this at a time when the BBC and other broadcasters and producers have faced greater demands on their newsgathering and workplace practices etc.

Despite this tale of financial woe, public service broadcasting has, by common consent, proven to be invaluable

*The culture secretary, Oliver Dowden, said trusted news outlets are a “fourth emergency service at this time because they provide independent, verifiable news and information to the public” and need to be saved, according to a letter seen by the Guardian.*

*The Guardian 08/04/2020*

The BBC and PSBs are a cultural and information health service and need to be recognised as such.

2

*How effectively has the support provided by DCMS, other Government departments and arms-length bodies addressed the sector’s needs?*

While it is clear that HMG has provided support to those who have been furloughed, it needs to be remembered that much of the sector is characterised by freelancers (especially actors and musicians) and small scale production businesses)

This has been recognised by the Committee Chair in his comments on 05 June, urging the government to provide more support for those who work in the creative industries.

*Julian Knight MP said:*

*"It's clear that the government needs to be doing much more to support the people in our creative industries who contribute so much to our national life but now find their livelihoods in jeopardy because they're not eligible for government support schemes. It's a matter of concern that ministers don't have the figures on how many people in this sector find themselves without help.*

So the answer to this question is- not very effectively - by a number of criteria.

Most importantly, there is a need for long term thinking in relation to policy, funding and business models in this sector

3

*What will the likely long-term impacts of Covid-19 be on the sector, and what support is needed to deal with those?*

What **is** needed is a detailed thought through plan for the future short, mid and long term –in which this select committee can play an important part

What **is not** needed is more announcements on the hoof -which has- thus far -been characteristic of this government. Such behaviour is no substitute for detailed policy –involving consultation with stakeholders.

The late Lord Attenborough, quoted in 1997, and referring to UK film policy said that

*“There has been, in my opinion, only one minister who. No two in fact but one very evidently so – who has ever actually taken on board the value, artistically, socially, commercially of British cinema and that’s Harold Wilson*

*Harold set up the Eady fund and created a possible banking situation for British cinema.*

*The only other person who ever did anything was Geoffrey Howe at the time of Chariots of Fire and Ghandi when we were doing quite well in terms of capital allowances. ‘Capital allowances’ means that you may set your production costs against your over-all company accounts long before you know precisely when the film is going to be shown ,what the returns will be, etc.*

*Howe (said) . 'Look, I don't favour capital allowances for everything but I do see that it would cripple the film industry to lose them at a stroke and I will reduce them slowly over a period of five, six or seven years.*

*When he left, Nigel Lawson came in and said, as he was perfectly entitled to, 'I'm not having any exceptions, capital allowances are out.*

*Within three months the whole of funding of British cinema from the City disappeared.*

*It was the most heart breaking blow.*

*Now it's a one off deal every time and the really cruel thing is that we are not going out with begging bowls.*

*What we are asking is that the country values its film industry."*

Lord Attenborough in McFarlane B (1997) An Autobiography of British Cinema London Methuen page 37

The parallels with today are clear: there are three lessons.

**A**

**The country and HMG needs to value its creative industries.**

**B**

**Long term ie five year stable funding is a sine qua non for future success:**

**This is the true lesson of the BBC licence fee which has, over nearly a century, facilitated and enabled British broadcasting to achieve so much.**

Rhetoric is not enough: neither is project by project; programme by programme funding with the attendant funding by bureaucracy the best way forward with so much time and effort being expended on the application process etc.

When we look at the history of broadcasting and compare with the film industry, we see that consistent as opposed to cyclical critical and commercial success has been achieved more by broadcasting than by film.

This has been as a direct result of the existence of the radio and then the television licence fee and the accompanying expectation and requirement that there be **competition for quality**- not only audiences.

If content is king and profits not the raison d'être then the audience appreciation and numbers grow in tandem with the ambition.

For example the tenure of Simon Rattle at the Birmingham Symphony Orchestra produced a golden age for the city, the people and the quality of music making, to the benefit of all, including local businesses – restaurants, hotels, taxis etc who all derived income from visitors etc

In like manner, the economic benefit of the Edinburgh festivals was enormous for so many. However, the public funding for the official festival did not keep pace with the income needed to bring the world's top orchestras and singers.

When a bed tax or other tax was proposed, the outcry from businesses was loud and who can doubt that now they will be even more resistant to sharing their income

This might, at first, seem reasonable, but they have derived –over decades – much greater profits than would other wise have been the case and they now or at least in the future need to be required to pay into a fund to support and invest in the festival – in their own interest.

## **C**

**We should use language in respect of the creative industries which avoids terms like subsidy etc.**

**What HMG needs to provide is not a bail-out but investment**

To talk about subsidy is to adopt a Gradgrind approach which is not only mean spirited but ignores the substantial economic and other benefits which accrue and to so many.

There is more than enough research to support the argument that investment in the arts provides social, cultural, economic and health benefits.

HMG needs to recognise the success of the mixed model approach to the arts and creative industries and realise that this underpins the overall success and that the so called free market will not, by itself, produce the success we all seek.

Therefore the following recommendations may pay dividends to all.

### **Recommendation 1**

**The cost of the over 75's concessionary television licence must be met by the government if it wishes to continue with this aspect of social policy.**

**There is no rationale or rational reason why the BBC or broadcasting should pay for what is a decision by HMG in the sphere of social policy.**

**Taking so much income away from the sector –as it is not only the BBC which will suffer but the whole creative ecology -is an act of wanton destruction and stupidity**

There is no benefit to the country or the creative industries in this income being removed from the BBC and used to support social policy which would result – if fully implemented- in a 20 per cent cut in the BBC's income with substantial negative consequences for the creative industries and the independent production sector- never mind the audiences.

### **Recommendation 2**

**It could be possible, within the terms of respecting market based nostrums to say that- in theatres and concert halls, social distancing might lead to an audience with a ceiling of 50 per cent of what had been possible when there was a full house.**

**Then for every seat sold, the government will pay, immediately, the cost of the second vacant seat.**

**This policy to remain in operation for two years and then be reviewed**

### **4**

*What lessons can be learnt from how DCMS, arms-length bodies and the sector have dealt with Covid-19?*

It is far too early to come to a judgement in this. The financial support from the Treasury has been welcome to individuals but we have yet to see the kind of long term ambitions and policies which are needed to support the sector.

What is clear is that the BBC in particular has risen to the challenge of increasing and enhancing its provision of content across a range of genres.

Lord Hall's proposal for a national open school – building on the support given for blended learning and analogous to the Open University – which was and is such a success- deserves to be explored.

The only caveat here is that funding for this should not be top sliced from the licence fee but properly funded by HM

5

*How might the sector evolve after Covid-19, and how can DCMS support such innovation to deal with future challenges?*

Any reading of (auto)biographies or histories of theatre, cinema or radio or the creative industries more generally confirms the need for producers to select the best creatives and let them get on with it.

The late John Drummond was described by one of the many management consultants employed during John Birt's tenure as DG as being 'tainted by experience'

He saw it, rightly, as a badge of honour. Professionals in this sector learn and develop over time. Managerial theories and consultants are a mini industry by themselves (and costly) but there is no substitute for experience of what works and what does not.

McKinsey and other like companies are not known for success in creating great content.

The great producers – Richard Attenborough, Alexander Korda, David Puttnam and others did not spend too much time filling in applications and impact assessments and meeting unreasonable bureaucratic demands.

The secret is in finding and choosing the right people and letting them get on with it.

So DCMS should have less initiatives and working parties and consultations, all of which are often a substitute for action and use up monies which could be better spent elsewhere.

The wonderful Powell and Pressburger film '*49<sup>th</sup> Parallel*'- was made during the early part of the Second World War funded by the then Ministry of Information and the Treasury

Similarly, in the 1930's the GPO Film Unit under Grierson made documentaries which are still enjoyed and revered today.

The BBC continued the tradition in to the 1960's with *West Highland*, one of the last lyrical documentaries made by John Gray

There is no reason, apart from lack of ambition, why we cannot do likewise today.

### **Recommendation 3**

**Less bureaucracy and more creativity together with time and space to allow audiences and artists to find each other.**

So many great series – eg *Only Fools and Horses* take until the second series to hit their stride.

Audiences in Birmingham might not have immediately taken to 20<sup>th</sup> century classical music but trust in Simon Rattle took them on a journey from which many emerged with wonder and delight.

### **Conclusion**

**The creative industries deal in dreams: Do not let these become nightmares due to lack of vision and funding**

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