



House of Commons
Culture, Media and Sport
Committee

Work of the Committee in 2004

Second Report of Session 2004–05



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Report, together with formal minutes

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The Culture, Media and Sport Committee

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

Current membership

Sir Gerald Kaufman MP (*Labour, Manchester Gorton*) (*Chairman*)
Mr Chris Bryant MP (*Labour, Rhondda*)
Mr Frank Doran MP (*Labour, Aberdeen Central*)
Michael Fabricant MP (*Conservative, Lichfield*)
Mr Adrian Flook MP (*Conservative, Taunton*)
Mr Nick Hawkins MP (*Conservative, Surrey Heath*)
Alan Keen MP (*Labour, Feltham and Heston*)
Rosemary McKenna MP (*Labour, Cumbernauld and Kilsyth*)
Ms Debra Shipley MP (*Labour, Stourbridge*)
John Thurso MP (*Liberal Democrat, Caithness, Sutherland and Easter Ross*)
Derek Wyatt MP (*Labour, Sittingbourne and Sheppey*)

Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the Internet via www.parliament.uk

Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at

http://www.parliament.uk/parliamentary_committees/culture__media_and_sport.cfm

Committee staff

The current staff of the Committee are Fergus Reid (Clerk), Ian Cameron (Second Clerk), Grahame Danby (Inquiry Manager), Anita Fuki (Committee Assistant) and Louise Thomas (Secretary), Jonathan Coe (Office Support), Luke Robinson (Media Officer).

Contacts

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Introduction

1. This is the annual report of the Culture, Media and Sport Committee on its activity over the past year, 2004. It is the third such report against the objectives and tasks for select committees set by the Liaison Committee (the forum for all select committee chairmen and -women) following a Resolution of the House.
2. This Report supplements two other records of activity: Minutes of Proceedings (from January 2005 to be produced on a more regular basis) and the Sessional Returns (produced on a sessional basis).¹ The Minutes of Proceedings are a procedural and chronological record of the decisions of the Committee. The Committee's entry in the Sessional Return contains non-procedural information in aggregate form about members' attendance, staff, witnesses, visits, votes, publications and other matters. Expenditure incurred by the Committee is also set out in this volume. A summary of this information is annexed to this Report.
3. The Liaison Committee uses all this information to make a report on the select committee system as a whole. The most recent example was the Liaison Committee's First Report, 2003-04, *Annual Report for 2003*, HC 446.

The framework

Objectives

4. The objectives for select committees constitute guidance on implementing the general remit for departmentally—related committees set out in Standing Order No. 152.

Remit (Standing Orders)

- To examine the expenditure, administration and policy of the relevant government department and associated public bodies

Objectives and tasks (Liaison Committee)

- Objective A: to examine and comment on the policy of the Department
 - *proposals from the UK Government and European Commission in green papers, white papers, draft guidance etc*
 - *areas of emerging policy, or where existing policy is deficient*
 - *any relevant published draft Bill*
 - *specific output from the Department expressed in documents or other decisions*

¹ Ref to Minutes of Proceedings, 2003-04, HC 1026 and Sessional Return, 2003-04, HC 1

- Objective B: to examine the expenditure of the Department
 - *the expenditure plans and out-turn of the Department, its agencies and principal non-departmental public bodies (NDPBs)*
- Objective C : to examine the administration of the Department
 - *the Department's Public Service Agreements, the associated targets and the statistical measurements employed*
 - *the work of the Department's executive agencies, NDPBs, regulators and other associated public bodies*
 - *major appointments made by the department*
 - *the implementation of legislation and major policy initiatives*
- Objective D: to assist the House in debate and decision, producing reports which are suitable for debate in the House and its committees, including Westminster Hall.

Implications for Government

5. As the Liaison Committee has suggested, the implications of these objectives and tasks are as significant for Government as they are for Parliament. The successful implementation of this framework rests upon the willingness of government departments to supply regular and comprehensive briefing on developments within their respective remits.

Reports

6. In 2004 we undertook a body of work reflecting key policy developments, a responsiveness to events and an awareness of the importance of reviewing developments in areas previously covered. The Committee's substantive Reports in calendar year 2004 are set out below (relevant previous work is in italics).²

Session 2003-04

Second Report - DCMS Annual Report: Work of the Department in 2002-03

Objectives and performance of the DCMS, 1997-98

The DCMS and its Quangos, 1998-99

Third Report - Broadcasting in Transition

The Communications White Paper, 2000-01

² See www.publications.parliament.uk/pa/cm/cmcmds

Fifth Report - Reform of the National Lottery

The Operation of the National Lottery, 2000-01

Sixth Report - Arts Development: Dance

Arts Development, 2001-02

Seventh Report - Drugs and role models in sport: making and setting examples

Session 2004-05

First Report - A public BBC

The Future of the BBC, 1993-94 (National Heritage Committee)

The Funding of the BBC, 1999-2000

7. The Committee also took evidence from other witnesses without producing a Report by the end of 2004.

- a) July: the BBC—governors and management executive—on the Corporation’s annual report and accounts for 2003-04 (an annual fixture).³
- b) November and December: witnesses in the Committee’s inquiry into public libraries; including ministers from DCMS, DfES and ODPM.⁴

8. In addition the Committee held a number of informal meetings, both at Westminster and elsewhere, with representatives of various bodies, including foreign parliaments and governments, on a wide range of matters within its remit.

Meeting the objectives

Policy

Culture

9. The DCMS sponsors the arts and we were interested to investigate an apparent Cinderella of arts policy, the dance sector.⁵ The issues that emerged during this inquiry hinged around the fact that dance crossed a number of boundaries due not least to its physicality and its potential to play a part not only in arts policy but also in the fast emerging agenda for promoting healthier and more active lifestyles. In the light of this we felt that the lack of a comprehensive dance strategy on the part of DCMS was a distinct gap and we welcomed the undertaking of the Arts Minister, Estelle Morris, to remedy the

³ Minutes of Evidence taken on 13 July 2004 (BBC Report and Accounts 2003-04) published on 20 October 2004 as HC 862-i)

⁴ Minutes of Evidence taken on 17 & 30 November, and 14 December, 2004 (public libraries) to be published as HC 81

⁵ Sixth Report, 2003-04, *Arts Development: Dance*, HC 587

situation. The Government's response set out the steps that the Arts Council England and DCMS, together, would be taking in this direction.⁶

10. We were very pleased to have the first dance specially choreographed for the House of Commons performed, to great acclaim, by the Random Dance Company in Portcullis House at the launch of the Committee's Report in April 2004.

11. Going into 2005 we have announced an examination of public support for theatre with the following remit:

- a) current and likely future pattern of public subsidy for the theatre including both revenue support and capital expenditure;
- b) the performance of the Arts Council England in developing strategies and priorities and disbursing funds accordingly;
- c) support for the maintenance and development of: theatre buildings; new writing; new performing talent;
- d) the significance of the theatre as a genre (a) within the cultural life of the UK; (b) in the regions specifically, and (c) within the UK economy, directly and indirectly;
- e) the effectiveness of public subsidy for theatre and the relationship between the subsidised sector and the commercial sector—especially London's West End.

12. Depending on the Parliamentary timetable, the Committee has also agreed in principle to examine aspects of the operation of market for fine art and the implications of the introduction of re-sale rights for artists.

Media

13. The first media-related inquiry in 2004 was an examination of the early performance of the Office of Communication, in particular, its dealing with the implications, for public service broadcasting, of the merger that produced ITV plc.⁷

14. The latter part of the year was dominated by the Committee's examination of the future for the BBC in the context of the Department's review of the Corporation's Royal Charter. The Committee published its Report in December and welcomed the commitment of the Secretary of State to take serious account of our recommendations and the arguments supporting them.⁸

15. Our key recommendations were for the BBC to be put on a statutory footing with any further Charter constituting no more than an interregnum to allow this to happen. The Committee accepted the licence fee as the "least worst" funding option for a national broadcaster but recommended that the governance of the Corporation be completely overhauled, reflecting current best practice amongst large public limited companies, with regulatory and governance functions spilt between a completely separate Board of

⁶ Government response, paragraphs 23-24 and Annex 1, Cm 6326, September 2004

⁷ Third Report, 2003-04, *Broadcasting in transition*, HC 380

⁸ First Report, 2004-05, *A public BBC*, HC 82, paragraph 8

Governors and an enhanced Board of Management, respectively. We noted the Secretary of State's opinion that that status quo was "unsustainable".⁹

16. The House debated our 2003 Report on privacy and media intrusion (alongside the replies from Government, PCC and the Press Standards Board of Finance) in March 2004 in Westminster Hall.¹⁰

Sport

17. The Committee was prompted to examine the efforts made by DCMS to support the fight against drugs in sport by a number of factors: emerging agreement between governments and international sports bodies, including of course the relatively new World Anti-Doping Agency, to sign up to a new international code; the importance of a good reputation in the anti-doping battle in bidding to host international sporting events; a number of high-profile doping cases here and abroad; and developing strategies to encourage the participation of young people in sport as part of the new agenda to promote healthy and active lifestyles.

18. It was clear that a public perception of some sports as prone to steroid, or other substance, abuse was off-putting to young people, and their parents, looking to make a commitment to sporting participation. This strand was expanded in our Report to encompass the potential for sporting heroes to act as role models for assistance in achieving a wide range of public policy goals from sporting participation itself to anti-racism and educational goals.¹¹

19. The Committee also continued to monitor the progress of London's bid for the 2012 Summer Olympic Games. Having reported on the case for making a bid in 2003¹², the Committee has since held formal and informal discussions with successive bid chairmen as well as with those responsible for the 2004 Athens Games (implementation as well as the original bid). We have, however, agreed to defer publication of any further Reports, or other material, until after July 2005 unless some issue arises so pressing and significant as to require action by the Committee in advance of the IOC's conclusions on who should host the 2012 games.

National Lottery

20. The Government put forward its plans for reform of the National Lottery in 2003. The key proposal, in our opinion, was for the operating licence for the Lottery to be broken up into multiple licences—relating to different activities—and offered separately so as to encourage the maximum number of participants in any bidding process for a new licensing regime after 2009. After gathering evidence we concluded that multiple licences were a recipe for disaster given the need for a single operator to have strategic control of the

⁹ *Ibid*, paragraphs 162, 178 and 183

¹⁰ Official Report, Thursday 11 March 2004, cols 489WHff relating to the Fifth Report, 2002-03, *Privacy and media intrusion*, HC 458 and First Special Report, 2003-04, *Privacy and media intrusion: Replies to the Committee's Fifth Report, 2002-03*, HC 213

¹¹ Seventh Report, 2003-04, *Drugs in sport: making and setting examples*, HC 499

¹² Third Report, 2002-03, *A London Olympic Bid for 2012*, HC 268

overall Lottery portfolio to ensure that returns for good causes were maximised. We identified a number of other ways for encouraging effective competition for a single operating licence that would reduce the losses implicit in a “winner takes all” approach.¹³

21. The Government undertook to reconsider the matter. We greatly welcome the change of heart that became apparent from the Secretary of State’s announcement which accompanied the publication of the National Lottery Bill in November 2004. The DCMS said: “The [National Lottery] Bill makes clear the presumption will be towards a single Lottery operating licence, but includes a reserve power that enables the National Lottery Commission to offer for competition a small number of licences to run different parts of the Lottery in the extreme circumstances of an unsuccessful competition.” The Secretary of State said: “After the less than smooth award of the last licence in 2001, serious questions were asked about how it could be handled better next time... We have now concluded that the current system for awarding a single licence has served the Lottery well in the past and should do so again... So the clear and firm presumption is that there will be a single licence awarded by competition.”¹⁴

22. We regard the Government’s rethink of this fundamental approach to operating the National Lottery as a significant outcome of the scrutiny conducted by this Committee and as an approach based on the weight of evidence gathered in public. Following publication of the National Lottery Bill, the Secretary of State wrote to the Committee stating that: “The work the Government undertook... was hugely influenced by the work of the Committee, particularly the likely level of competition for the next licence, the effects of offering more than one licence and the experience of international lotteries.”¹⁵

Expenditure and administration

23. At the beginning of 2004 the Committee reported on the Department’s annual report and accounts for 2002-03. The Report ranged across the responsibilities of the Department within a structure largely defined by the DCMS’s setting of, and reporting on, its Public Service Agreement (PSA) targets.¹⁶ We noted with interest that the National Audit Office (NAO) would be validating the data and systems behind the Department’s PSA reporting. One of our concerns was the apparent disconnection between interventions by DCMS (and its NDPBs) and movement in the indicators on which previous reporting was based; *i.e.* that inadequate causality was demonstrated, or even demonstrable. We look forward to the Department sharing the NAO’s conclusions with us.

24. As might be expected, aspects of expenditure and administration of the DCMS and its related public bodies, featured in a number of our inquiries in addition to the specific look at the work of the Department, in particular:

- a) the performance of the Office of Communications in tackling its broadcasting responsibilities and, in particular, the implications of the newly established ITV plc for public service broadcasting;

¹³ Fifth Report, 2003-04, *Reform of the National Lottery*, HC 196, paragraphs 82, 84-5, 88 and 93.

¹⁴ DCMS, 157 / 04, 26 November 2004

¹⁵ Letter to the Chairman of the Committee from the Secretary of State for Culture, Media and Sport, 23 December 2004

¹⁶ Second Report, 2003-04, *DCMS annual report: work of the Department in 2002-03*, HC 74

- b) the relationship between Government expenditure and Lottery funding; in particular, proposals for funding the 2012 Olympics should the bid be successful and the inter-relationship of sports Lottery distributors;
- c) public support—resources and strategic direction from the Department and Arts Council England—for the dance sector in the light of its status as a performing art as well as the emerging agenda to promote healthier and more active lifestyles;
- d) the performance of the DCMS and UK Sport in supporting the national and international battle against banned substances and methods in sport and in the provision of an effective national anti-doping regime; and
- e) the performance of the BBC in deploying licence fee resources to meet its aims and objectives with efficiency, effectiveness and economy.

Follow-up

Film

25. In the 2004 Budget on 17 March the Chancellor confirmed a new tax incentive to encourage British film production which had been the central recommendation of the Committee's 2003 Report on the British film industry.¹⁷ However, the Budget initiative was preceded by abrupt changes to accounting rules that previously had played a part in attracting finances for film projects. This reform process seems destined to continue to disrupt films from time to time. We repeat our welcome for the long-term settling of a supportive tax environment for British films. We also repeat our agreement to the ending of loopholes allowing more extreme forms of tax 'efficiency'. However, film projects are particularly fragile creatures not least due to their dependency on certain personnel being available for particular periods planned long in advance. In our opinion they merit sympathetic treatment if the basis of their financing is to be altered, even for meritorious reasons, late in the day.

Cultural objects

26. At the end of 2003 we reported on the protection of cultural objects (itself a follow-up Report on an inquiry conducted in 1999-2000). On the basis of the evidence received we were scathing about the pace of progress in developing the means to implement the Government's policy objectives in this area; and in this we were echoed by the Government's own advisory panel. During evidence, and in response to the Report, Ministers from DCMS and the Home Office were confident that the momentum was now in place for effective progress to be made. One concrete measure under protracted consideration was a national database of tainted cultural objects which the chairman of the relevant Government advisory panel described as "crucial" and "an essential building block, an essential cog". The Government promised a decision between existing options by March 2004 and a pilot project by October of that year.¹⁸

¹⁷ Sixth Report, 2002-03, *The British film industry*, HC 667

¹⁸ First Report, 2003-04, *Cultural Objects: developments since 2000*, HC 59

27. In October 2004 a joint memorandum was submitted to us from the DCMS and the Home Office stating that the database had been shelved as an option. The Government said: "...Options Appraisal demonstrated the complexity of the project and that, whilst anecdotal opinion might have suggested a demand for such a database, the practical reality has proved different. We have therefore had to make a difficult decision about where taxpayers' money should best be focussed to deliver the most beneficial outcomes. Given the results of the consultants' work, it would not be good value for money to embark on a national database of cultural objects."¹⁹

28. We are dismayed not so much by the decision itself—although it does seem to fly in the face of the evidence we received (not least from the Government)—but by the sheer amount of time that it has taken to be made. This database was recommended by our predecessor Committee, and the Government's own advisers, in late 2000. The recommendation was accepted and the first meeting of a Government working party on implementation was in January 2001 (the following month, commercial database operators offered to pilot a scheme, free of charge, for two years). After four years of spasmodic activity the scheme has been abandoned because, apparently, nobody really wants it.²⁰ We regard this saga as a prime example of a failure of joint working between departments where one has the policy priority; the other has the means and resources; and neither applies sufficient energy to achieve a definitive outcome one way or another.

29. On the strength of this we are concerned at the fate of other initiatives on which the Government gave evidence, and, in some cases, commitments. These relate to progress in enabling the return, from the collections of national museums and galleries, of:

- a) human remains (and the impact of the relevant provision in the Human Tissue Act 2004);
- b) "spoliation" (material looted by the Nazis between 1936 and 1945) where the DCMS has already admitted a brazen U-turn in not seeking legislative change; and
- c) sacred objects, for example the Ethiopian Maqdala Treasures, within existing legal provisions.²¹

¹⁹ Letter to the Chairman from the Rt Hon Estelle Morris MP, Minister of State, DCMS and Caroline Flint MP, Parliamentary Under Secretary of State, Home Office, 13 October.

²⁰ See First Report, 2003-04, *Cultural objects: developments since 2000*, HC 59, paragraphs 15 and 37-40 and the Government response, Cm 6149, February 2004, paragraphs 4-10.

²¹ *Ibid*, paragraphs 48-62.

Informing debate in the House

30. Our Reports and evidence informed proceedings in the House in a number of ways, including:

Inquiry	Committee	Parliament
<i>Session 2003-04</i>		
March	Fifth Report, 2002-03, <i>Privacy and media intrusion</i>	Report debated in Westminster Hall
	Sixth Report, 2002-03, <i>The British Film Industry</i>	Reference in 2004 Budget reflecting central recommendation
November	Seventh Report, 2001-02, <i>The Government's proposals for gambling</i>	Report tagged to the Second Reading of Gambling Bill
<i>Session 2004-05</i>		
-	Fifth Report, 2003-04, <i>Reform of the National Lottery</i>	Report to be tagged to the Second Reading of the National Lottery Bill
-	First Report, 2004-05, <i>A public BBC</i>	Report related to expected proceedings in the House on a further BBC mandate

Annex

Meetings

The Committee held 36 meetings in 2004 (of which 25 were in public). Overall attendance by members was high at about 74%. In June 2004 Mr Charles Hendry left the Committee and was replaced by Mr Nick Hawkins.

The Committee took evidence from a wide range of witnesses:

- a) Ministers (11)
- b) Officials (6)
- c) Representatives of DCMS non-departmental public bodies (49), and
- d) Individuals and representatives of other organisations (102).

Visits

Overseas visits made by the Committee in 2003 were mostly in connection with its inquiry into the BBC and charter review. Members visited Dublin, Los Angeles, Silicon Valley and San Francisco in June 2004 for discussions with relevant parties concerning technological developments and the likely broadcast environment over the next ten years. The Committee also visited Athens in advance of the 2004 Summer Olympic Games in connection with its monitoring inquiry into progress of the London bid for the 2012 games (and a small group returned in November 2004 to discuss the aftermath of the Games and legacy issues).

UK visits were made mostly in connection with our inquiry into BBC Charter review and included: a visit to the BBC's research and development facility at Kingswood Warren; a formal evidence session in Glasgow; and consultation of young people at West Thames Community College and Heston Community School in West London. Other visits were made to recipients of significant Lottery grants in relation to the Committee's work on the National Lottery.

Resources

The Committee's staff complement was five full-time members of staff and two staff members shared with other teams. The Committee appointed two part-time specialist advisers in connection with its inquiry into the reform of the National Lottery. In addition the Committee benefited greatly from briefing commissioned from the central Scrutiny Unit: on the BBC Annual Report and Accounts 2003-04; the DCMS's Annual Report and Accounts for 2003-04; and supplementary estimates; and from the Parliamentary Office of Science and Technology (POST): on technological developments in broadcasting (in connection with our Report on BBC Charter review); and on substances and methods banned in sport (in connection with our Report on drugs in sport).

Formal Minutes

Tuesday 18 January 2005

Members present:

Sir Gerald Kaufman, in the Chair

Mr Chris Bryant

Mr Frank Doran

Michael Fabricant

Mr Adrian Flook

Alan Keen

Rosemary McKenna

Derek Wyatt

The Committee deliberated.

Paragraphs 1 to 19 read and agreed to.

Paragraphs 20 to 22 read, amended and agreed to.

Paragraphs 23 to 25 read and agreed to.

Paragraphs 26 to 29 read, amended and agreed to.

Paragraph 30 read and agreed to.

Annex read and agreed to.

Resolved, That the Report, as amended, be the Second Report to the House.

Ordered, That the Chairman do make the Report to the House.

[Adjourned till Tuesday 25 January at 10.00am

Reports from the Culture, Media and Sport Committee since 2001

The following reports have been produced by the Committee during the last three sessions

Session 2004–05

First Report	A public BBC	HC 82
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Session 2003–04

First Report	Cultural Objects: developments since 2000	HC 59
First Special Report	Privacy and media intrusion, replies to the Committee's Fifth Report, 2002–03	HC 213
Second Report	DCMS Annual Report: work of the Department in 2002–03	HC 74
Third Report	Broadcasting in transition	HC 380
Fourth Report	Work of the Committee in 2003	HC 404
Fifth Report	Reform of the National Lottery	HC 196
Second Special Report	Broadcasting in transition: replies to the Committee's Third Report, 2003–04	HC 585
Sixth Report	Arts development: dance	HC 587
Seventh Report	Drugs and role models in sport: making and setting examples	HC 499

Session 2002–03

First Report	National Museums and Galleries: funding and free admission	HC 85
Second Report	The work of the Committee in 2002	HC 148
Third Report	A London Olympic bid for 2012	HC 268
Fourth Report	The structure and strategy for supporting tourism	HC 65
Fifth Report	Privacy and media intrusion	HC 458
Sixth Report	The British film industry	HC 667

Session 2001–02

First Report	Unpicking the Lock: the World Athletics Championships in the UK	HC 264
Second Report	Testing the waters: the sport of swimming	HC 418
Third Report	Arts development	HC 489
Fourth Report	Communications	HC 539
Fifth Report	Revisiting the Manchester 2002 Commonwealth Games	HC 842
Sixth Report	The Government's proposals for gambling: nothing to lose?	HC 827