

UK government response to the Culture, Welsh Language and Communications committee report 'Exploring the devolution of broadcasting'.

6 April 2021

1. The UK government welcomes the opportunity to respond to the Welsh Parliament's Culture, Welsh Language and Communications committee report '*Exploring the devolution of broadcasting*'.
2. The UK government is committed to strengthening the Union across all sectors, including broadcasting, and unleashing the potential of the UK's broadcasters as part of a stronger, global Britain. As set out in the manifesto, the UK government will continue to support S4C and support the Welsh Government's ambition for one million Welsh speakers by 2050.
3. Broadcasting plays a critically important role in the culture and communities of people across all parts of the United Kingdom. It has a powerful role both in shaping the views of communities on the world and reflecting an authentic portrayal of those communities on screen.
4. That is why the UK government believes that it is vital that all of the UK's broadcasters are close to, and understand the perspective of, the diverse communities across the country - rather than providing only a narrow urban outlook. The UK broadcasting landscape - both on and off screen - should be a celebration of the genuine diversity of thought and experience which helps to make the United Kingdom a great place to live.
5. This approach underpins the UK government's response to the recommendations of the Committee. The response takes in turn each of the Committee's seven recommendations for the UK government below. The UK government is not responding to those recommendations for other bodies from the Committee's report.

Recommendation one: the Committee's view is that enhanced broadcasting responsibilities for the Senedd and Welsh Government would materially improve media provision in Wales. The Welsh Government, UK Government and Ofcom should set out how the provision of media content for audiences in Wales can be improved.

6. The UK government recognises the importance of audiences across the UK seeing themselves and their lives authentically reflected in the content they see on screen and in the team which produce and create that content. We also agree with the Committee's findings that '*public service broadcasting reflects and informs our lives and shores up a thriving Welsh production sector*'.
7. However, it is ultimately for the broadcasters and content providers, as editorially independent organisations, to set out how they will continue to deliver for audiences in Wales.

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8. As acknowledged in the Committee's findings, the screen production sector in Wales is thriving and some of the most popular shows on television like *Keeping Faith* and *His Dark Materials* are made in Wales. The Committee may be aware that PACT estimates that, in 2019, 17% of UK independent production budgets – more than £500 million – were spent in Wales. The UK government is committed to supporting this as part of its ambitious levelling up agenda.
9. In addition, the UK government established the pilot Contestable Fund in April 2019 to stimulate the provision and plurality of public service original UK content in targeted areas. One of the Fund's specific aims is to increase the provision of content which is reflective of the cultural identity across the UK nations and regions. Furthermore, up to 5% of the Fund is targeted to produce content in indigenous UK languages, like Welsh and Gaelic.
10. The Young Audiences Content Fund, administered by the BFI, has to date supported over 26 hours of brand new content made in Wales, contributing over £2.8 million to the production costs of 9 different shows. In total, including content re-versioned, 34 hours of Welsh language content will be available for young audiences.
11. The UK government notes the Committee's specific concerns on the provision of news and current affairs content in Wales, in both English and Welsh. In response to similar concerns raised by the Independent Review of S4C completed by Euryng Ogwen Williams, the UK government set out that both the BBC and S4C should carefully consider the issues raised in the review. Likewise, the UK government believes that, as they take forward their independent editorial and strategic decisions, the BBC and S4C should address the concerns of the committee and outline how they intend to provide news and current affairs content in Wales to meet the needs of audiences.

Recommendation three: *Within current arrangements, we would like to see an independent funding commission established with distinct Welsh representation. Decisions made by such a body should seek consent from representatives of all UK nations. Welsh appointees to this Committee should be made by the Welsh Government and subject to a confirmation hearing in front of an appropriate Senedd committee.*

12. The UK government has no plans to establish an independent funding commission for the BBC or S4C or to set the level of the television licence.
13. The UK government disagrees with the Committee's view that decisions about the licence fee are made with *'little democratic oversight'*.
14. There was significant democratic oversight in determining the licence fee model as part of the current BBC Charter, which runs to 2027. The Charter Review 2015/16 was an extensive process of consultation and evidence gathering, with over 190,000 responses to the public consultation and engagement with over 300 organisations and industry experts. This consultation found that the public did not want a significant change in the purpose or scale of the BBC and the majority did not think the current licence fee model needed to be changed. As a result, the government committed to

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maintain the current licence fee funding model for the duration of this Charter period, which runs until 2027.

15. In addition, the UK government is committed to greater transparency within the upcoming licence fee settlement, which will determine funding for the BBC and S4C for at least 5 years from April 2022. On 10 November both the Secretary of State and the Minister for Civil Society tabled written statements in the UK Parliament formally announcing the process. On the same day, the UK government published the formal commissioning letters to the BBC and S4C requesting their financial information and will publish further formal correspondence where appropriate. These letters set out the key factors that the BBC and S4C should consider when submitting their requests for the next settlement period.
16. The Secretary of State for Digital, Culture, Media and Sport will also lay his determination before the UK Parliament to allow time for parliamentary debate before the settlement takes effect in 2022.

Recommendation four: *The UK Government should devolve powers over S4C and other public service Welsh language broadcasting matters to Wales.*

17. S4C is a valuable part of Welsh broadcasting and the creative industries. It makes a significant contribution to the Welsh economy, culture and society - and it is an important force in promoting the Welsh language. The UK government is committed to supporting S4C and securing its place as a great Welsh institution as well as wider efforts to help fulfill the Welsh Government's aim to have 1 million Welsh language speakers by 2050. These findings were reflected in the UK government response to the Independent Review of S4C completed by Euryng Ogwen Williams.
18. The government's position is clear that broadcasting policy - including S4C and other public service broadcasters - is and will remain a reserved matter, regulated at a UK level. This includes matters related to setting the level of the TV licence and the amount received by S4C, as set out above.
19. Broadcasters play an important part in the UK's economic and cultural landscape, and it is right the UK government retains responsibility for the sector given the scale at which it operates in the digital age. This position was confirmed in the St. David's Day Agreement 2015 published by the Coalition Government, following cross-party talks on the Silk Commission (Part II) recommendations. These talks established a consensus on the matter that the regulation of broadcasting should remain the responsibility of the UK government.

Recommendation five: *There should be a requirement for the Channel 3 licence in Wales to produce a greater proportion of network content in Wales. The Welsh Government should have a formal role in this process.*

Recommendation nine: *The Welsh Government should have an enhanced role in setting the terms of the next Channel 3 licence for Wales.*

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20. The Government recognises that public service broadcasters play an important role in ensuring the broadcasting system provides for the whole country. Channel 3 services support regional production which is vital to ensuring the proper representation and reflection of audiences around the UK.
21. The regional Channel 3 licences, including the Channel 3 licence for Wales, expire on 31 December 2024. The Communications Act 2003 describes the licence renewal process, including the duty for Ofcom to report to the Secretary of State on whether existing licensees could continue to meet their current public services obligations on a commercially sustainable basis. Subject to the Secretary of State's decision on whether the licence renewal should go ahead, Ofcom may also consider whether changes should be made to the terms of the licences.
22. Ofcom will undertake this work in due course and, as with previous licence renewal processes, there is likely to be an opportunity for interested organisations to feed in their views as part of this process.
23. Ofcom's report must be submitted to the Secretary of State by 30 June 2022 when the government will give careful consideration to Ofcom's recommendations.

Recommendation six: *The UK Government should legislate to enable an appropriate regulatory body to require Welsh language content as part of commercial radio licences in Wales, alongside introducing a regulatory category of "all-Wales news". The Welsh Government should have a formal role in setting these requirements.*

24. The government supports a strong and vibrant radio sector across the UK, with the BBC, commercial and community radio providing the widest possible choice for all radio listeners. With regard in particular to Wales and the Welsh language, we welcome the BBC's decisions in recent years to invest in local news and to develop the Radio Cymru 2 service; in addition, community radio stations - of which there are currently nine in Wales - continue to provide valuable services to the local areas that they serve, with many of these stations offering Welsh language programming.
25. It remains the government's intention to legislate to provide a regulatory structure for commercial radio that supports investment by broadcasters in content and the long-term sustainability of the sector, as the current structure falls short. As part of this, we want to maintain and where necessary strengthen the local news and information requirements on local stations, including ensuring appropriate arrangements are made to secure these requirements on local DAB radio services for the first time.

Recommendation seven: *The UK Government should regulate global streaming services to strengthen the public service media ecosystem. Such regulation could include levies to fund public service content, or requirements to carry public service content. The UK government should consider extending levies to include other large online companies, such as search engines and social networking sites.*

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26. The UK 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. We are currently undertaking a strategic review of public service broadcasting to support this ambition.
27. The government welcomes the huge increase in choice that viewers have been given as a result of the availability of global streaming services in the UK. Many of these services commission content from production companies across the UK, including in Wales, as seen recently in the decision of Netflix to produce *Sex Education* in the nation.
28. The government nevertheless recognises that there is a difference in the obligations placed on UK domestic broadcasters and global streaming services. This is one of the issues which the government's review is considering.