

Nadine Dorries MP
Secretary of State for Digital, Culture, Media
and Sport

20 January 2022

Future funding arrangements for BBC and S4C

Dear Nadine

We were disappointed to hear the news of your proposals relating to the future of the licence fee, which funds both the BBC and S4C. It was also disappointing that these important details were released in one of the Sunday newspapers rather than through a formal mechanism such as in a statement to the House of Commons. Having considered your statement, we are of the view that your plans pose a serious threat to the future of public service broadcasting in both English and Welsh languages in Wales.

Funding settlement for BBC

We are concerned that your decision to freeze the TV License fee for two years will cause irreparable damage to the BBC, an institution you yourself noted "has a unique place in our cultural heritage." We are of the view that this decision will have a devastating impact on the BBC's mission in Wales.

In your statement on Monday, you said that "every organisation around the world is facing inflation... [and] that those responsible for setting household bills should instinctively reach into the pockets of families across the country for just a little more every year to cover those costs." Whilst this may be true, we do not believe the BBC should be treated any differently from other public service organisations in the UK. As you will be aware, the UK Government's day-to-day departmental spending is set to increase by an average of 3.3 per cent per year in real terms on average across the next three years. In fact, your own department has seen a 2.2 per cent increase in annual real growth day to day spending as outlined in the 2021 spending review. The Voice of the Listener and the Viewer (a charity representing the interests of audiences in UK), has calculated that the BBC's real (inflation-adjusted) public funding for services aired for UK audiences has been cut by 30 per cent in

the past decade. Therefore, we would question why your department should receive a funding increase, but not the BBC.

You also noted that “when it comes to monthly bills, this is one of the few direct levers we have in our control as a Government.” If the licence fee were indexed in accordance with the September 2021 CPI rate of 3.1 per cent (as government social security benefits are), the increase would have meant an additional 41p per month to each licence fee holder. At a time when the UK Government is content to increase national insurance contributions by far more than 41p per month, could you please share with us the economic data you used to inform this decision.

Public service broadcasting in Wales

Under its charter, the BBC has a duty “to reflect, represent and serve the diverse communities of all of the United Kingdom’s nations and regions and, in doing so, support the creative economy across the United Kingdom.” Given the shortage of commercial alternatives, Wales is more reliant on public service broadcasters, such as the BBC, than any other part of the UK. As such, the real term reductions in the BBC’s funding which you announced on Monday, could undermine this duty and impact the BBC’s ability to deliver on specific content for the Welsh public.

What is more, it would also impact the creative industry in Wales which supports thousands of jobs in Wales. We would like to ask what assessment has been made by your department as to the likely impact of real-terms funding cuts to the licence fee on BBC services and the jobs that this funding supports.

Welsh language broadcasting

In your statement you also noted that S4C would receive an additional £7.5m in funding to develop their digital offering. Whilst this news is most welcome, we would draw attention to the fact that S4C is not the only Welsh language public service broadcaster. Welsh language audiences also rely on other platforms in the form of BBC Radio Cymru and Radio Cymru 2 (radio) and BBC Cymru Fyw (online). All these platforms are directly funded from the licence fee. We have no doubt that these services will be severely impacted by the real terms cut in licence fee funding.

Despite the increase in funding for S4C, we believe your plans as announced on Monday also pose a risk to the channel. BBC Cymru Wales provides around 10 hours of programming per week for S4C, including the news and daily soap Pobol y Cwm, which are funded out of the licence fee. We are of the view that additional real-term funding cuts could also affect this.

We furthermore believe that your decision to freeze the licence fee could have very real social consequences in Wales. Indeed, decreased funding could not only jeopardise the future of Welsh language broadcasting output, but could also seriously undermine the ambition for one million people in Wales to be able to speak Welsh by 2050 (which is an ambition that is supported by all

parties in the Senedd). We would be keen to understand what considerations you have undertaken in relation to the impact of reduced licence fee funding on Welsh language Services including Radio Cymru and Cymru Fyw.

Future of public service broadcasting

We have previously shared concerns with you (letter dated 17 November 2021) of the challenges the broadcasting sector in Wales is already facing from global streaming companies such as Netflix and Amazon Prime. Our predecessor Committee stated in a **report** that the “growth of global streaming giants has led to a boom in content, but within narrowly confined genres. It has done little, if anything, to provide more content specifically for Welsh audiences.” We believe that your plans will only further increase this pressure on the BBC and S4C.

Your statement on Monday also mentions that “you will shortly begin the Mid-Term Review of the BBC’s Charter, which will consider the overall governance and regulation of the BBC.” We would implore you to ensure that there is Welsh representation on this review given the dependency on public service broadcasting in Wales. In addition, we would like to ask, what thought have you given to Ofcom’s “Small Screen: Big Debate” as part of your considerations for the future of public service broadcasting. We are of the view that the recommendations set out by Ofcom would strengthen the role of public service broadcasting across the UK and would urge you to introduce legislation to put these into effect.

As we have set out in this letter, the plans you have announced to reimagine the funding arrangements for public service broadcasting could not only erode the BBC, but could also have an indelible impact on Welsh language broadcasting. We would urge you most strongly to reflect on the points raised in this letter and to re-consider downgrading the licence fee funding settlement.

As with our previous correspondence to you, we would like to extend an invitation to discuss the future of public service broadcasting in Wales with you at one of our future meetings. We would be grateful if you would ask your officials to make arrangements for such a discussion.

Members of the Committee have endorsed the content of this letter, however, due to a period of absence, Tom Giffard MS did not have the opportunity to endorse any part of this letter.

Yours sincerely,



Delyth Jewell

Chair

Culture, Communications, Welsh Language, Sport and International Relations Committee of the Welsh Parliament.

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.