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Ysgrifennydd y Cabinet dros Ddiwylliant a Chyfiawnder  
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Llywodraeth Cymru  
Welsh Government

Delyth Jewell MS  
Chair Culture, Communication, Welsh Language,  
International Relations and Sport Committee

17 May 2024

Dear Delyth,

Thank you for your letter of 21 March addressed to Dawn Bowden MS as Deputy Minister for Arts, Sport and Tourism regarding the publication of the Culture, Communications, Welsh Language, Sport and International Relations Committee report entitled *State of Play: Public Service Broadcasting in Wales*. This has been passed to me to reply as this issue now falls within my Ministerial portfolio.

I enclose a copy of the Welsh Government's written response to the above report. While the majority of the recommendations set out in the report are not for the Welsh Government, the responses set out our views on the current situation and provide information on the work being taken forward by Creative Wales to support the broadcasting sector in Wales. The Welsh Government remains committed to supporting a fit for purpose broadcasting framework for Wales, supported by the work of the Broadcasting and Communications Advisory Body for Wales.

Your sincerely,

**Lesley Griffiths AS/MS**  
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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

## **Welsh Government response to the Culture, Communications, Welsh Language, Sport, and International Relations Committee's 'State of Play: Public Service Broadcasting in Wales' report**

The Welsh Government welcomes the findings of the report and offers the following response to the 17 recommendations contained within.

### **Recommendation 1**

The UK Government should make it clear that it supports Ofcom entirely in defending the rights of public service broadcasters in the event of disputes with other media platforms which arise from the Media Bill.

**Response:** Not a recommendation for the Welsh Government.

Both industry and governments have widely acknowledged the regulatory framework governing media in the UK requires modernisation to allow the industry to evolve, meet the needs of changing audience behaviours and effectively operate in an increasingly global market. As such, the Media Bill and its proposed reforms have been broadly welcomed by the Welsh Government. However, we recognise the measures set out in the Media Bill will only be effective if Ofcom's oversight and intervention role once the legislation is in place is robust. In particular, our engagement with stakeholders in Wales has highlighted the importance of ensuring Ofcom is adequately equipped to adjudicate on any disputes between public service broadcasters and other media platforms on matters of prominence and fair terms.

The Welsh Government agrees Ofcom should have the full support of the UK Government in defending the rights of public service broadcasters in the event of disputes with other media platforms which arise from the Media Bill. We look forward to working closely with Ofcom in this area in future to support the implementation of changes to regulatory responsibility brought about by the Media Bill, to ensure interests in Wales are served with a fit for purpose system.

**Financial implications:** No financial implications.

### **Recommendation 2**

The UK Government should amend the Media Bill to change references to "appropriate" prominence of public service content to "significant" prominence of public service content.

**Response:** Not a recommendation for the Welsh Government.

Stakeholders in Wales have cited the Media Bill provisions around prominence as essential to supporting the future sustainability of public service broadcasting. The primary driver for these measures is ensuring public service content is carried and easily available and discoverable for audiences on platforms. In order for these measures to be effective in practice the definition of prominence must be clear and unambiguous.

The Welsh Government is aware of the ongoing debate regarding the definition of prominence in the Media Bill, where some stakeholders have called for the reference to 'appropriate' prominence to be changed to 'significant'. In its examination of the draft legislation, the House of Commons Culture, Media and Sport Committee has suggested 'appropriate' prominence is insufficient in the context of the advanced user interfaces of today's platforms and the use of 'significant' would be 'less open to interpretation and better meet the aims of the Bill'.

A clear definition of 'prominence' for the purpose of implementing the related provisions in the Bill is essential to enable Ofcom to effectively issue clear guidance for broadcasters and platforms and enforce the regulation. The Welsh Government agrees 'significant' would be a more suitable description and better reflects the importance of public service broadcasting.

**Financial implications:** No financial implications.

### **Recommendation 3**

The UK Government should amend the Media Bill to increase Ofcom's powers in relation to the Welsh language on commercial radio in order to protect Welsh language content in areas with a significant Welsh-speaking population.

**Response:** Not a recommendation for the Welsh Government.

Commercial radio stations play an important role in the provision of media services in Wales, in particular the provision of Welsh news, considering the weakness of the print media in Wales and the lack of coverage of Welsh affairs in UK newspapers.

While a number of the provisions in the Bill will undoubtedly have a positive impact on broadcasters and audiences in Wales, the Welsh Government has expressed concerns regarding provisions in the Bill related to further deregulate radio services and local content. The Welsh Government has historically emphasised to Ofcom and the UK Government how we would not wish to see further relaxation or removal of the current localness rules on commercial radio. We have called for due consideration of the bilingual nature of Wales and the importance of the Welsh language when radio licenses for stations in Wales are awarded or reviewed. The Welsh Government continues to raise the matter of sufficient provision of Welsh language content on radio in our discussions with the UK Government and with Ofcom.

**Financial implications:** No financial implications.

#### **Recommendation 4**

The UK Government should significantly increase S4C's funding. This should include indicative funding for a number of years to enable S4C to adequately plan for the future.

**Response:** Not a recommendation for the Welsh Government.

The Welsh Government notes the cut in S4C's budget over recent years. There is a consensus for continued, adequate, long-term public funding to ensure the future sustainability of S4C. This needs to be sufficient to enable S4C to deliver its critical role serving the needs of audiences in Wales, in the context of increasing costs and an evolving global marketplace. The Welsh Government is aware S4C commissioning budgets are challenging, with productions often having to seek additional funding from other broadcasters on a co-commissioning basis or from third parties.

The Welsh Government has raised the importance of a fair and steady funding settlement with the UK Government. This has highlighted how S4C must have sufficient funding, as well as editorial and managerial independence, for it to maintain its ability to serve the Welsh audience. Funding arrangements must protect essential services and provide the sustainable funding which allows broadcasters to fulfil their public purposes and objectives.

This has highlighted how, for Welsh language broadcasting, the challenges associated with the shift in the broadcasting landscape from traditional broadcast to more online content are compounded by an even greater fragmentation of the audience, linked to different models of Welsh language use. In order to effectively serve audiences, in addition to considering different content consumption habits, S4C must be adequately funded to cater for different levels and types of language fluency and use across and within households.

**Financial implications:** No financial implications.

#### **Recommendation 5**

The UK Government should consider funding S4C according to a formula, to give S4C greater certainty over future funding. This formula could include linking S4C's funding to measures of inflation such as CPI or RPI, or have reference to overall licence fee revenue. It should include a ratchet mechanism to ensure that funding for S4C does not fall in real-terms.

**Response:** Not a recommendation for the Welsh Government.

In evidence to the UK Government on the BBC Funding Model Review, the Welsh Government has highlighted the need to ensure the review fairly considers the broadest range of models for both the BBC and S4C.

**Financial implications:** No financial implications.

## **Recommendation 6**

The UK Government's BBC Funding Model Review must take evidence from S4C. The review must make specific reference to the public funding of S4C as the broadcaster is primarily funded from the licence fee.

**Response:** Not a recommendation for the Welsh Government.

The Welsh Government has also raised the lack of specific reference to S4C in the review with the UK Government. In evidence to the UK Government on the BBC Funding Model Review, the Welsh Government has stressed any potential change to existing arrangements will have a fundamental impact on S4C's services and programming. This highlighted, given the significant potential impact of changes to the funding model, genuine engagement and consultation is needed throughout the review process with stakeholders in Wales. The Welsh Government understands the UK Government is engaging with S4C on this matter.

**Financial implications:** No financial implications.

## **Recommendation 7**

The BBC's spend on English-language television content in Wales should grow year-on-year until it approaches parity with the BBC's spend on English language content in Scotland. The BBC should outline to this Committee how it will achieve this.

**Response:** Not a recommendation for the Welsh Government.

Adequate BBC spend on English-language television content in Wales is important not only to meet audience requirements in Wales but to the Welsh creative economy. The Broadcasting Expert Panel report referenced how 'non-Welsh-speaking Welsh audiences continue to be under-served by Wales-specific content, and the funding gap in this area of service, compared to Scotland, persists' and the 'non-Welsh speaking population of Wales should not be deprived of an appropriate amount of relevant local content'.

The Welsh Government, through Creative Wales, remains committed to working with the BBC to support an increase in spend on English-language television content. Its Memorandum of Understanding (MOU) with the BBC sets out how Creative Wales and the BBC will strategically work together to invest in Welsh content. The MOU arrangements have been integral to strengthening relationships with the BBC supporting more direct and effective access to commissioners, joint-working on productions and co-commissioning to increase the number of genuinely Welsh productions available to both Welsh and wider UK audiences. This saw 2023 hailed as the biggest year of BBC drama production in Wales, with six drama series in production across Wales, all of which received support from Creative Wales. However, the commissioning landscape has been difficult in Wales as is the case across the UK in 2024. This is in part being driven by the challenging BBC budget position and the number of commissions for our independent production sector.

The Welsh Government recognises the extremely challenging financial situation facing public service broadcasters, including the BBC. Increasing costs and inflation, coupled with a lack of clarity on the BBC's funding arrangements post 2027, may result in a consolidation of activity and a reduced appetite (and ability) to invest in the nations. Evolving digital and online trends and increased competition from global streaming platforms are also risks to ongoing sustainability, which could impact on the BBC's spend in Wales. Creative Wales is committed to working with BBC to explore options to target further investment to Wales and this will be a consideration as we review our MOU arrangements this year.

The Welsh Government welcomes the BBC's commitment to a target of year-on-year's growth and the Committee's recommendation for the BBC to outline how it will achieve this, to ensure transparency and effective monitoring of this target.

**Financial implications:** No financial implications.

### **Recommendation 8**

Ofcom should be ambitious in using its regulation of the BBC to drive improvements to the BBC's representation and portrayal of people in Wales. The BBC and Ofcom should report back to this Committee before the end of the Sixth Senedd to report on its progress.

**Response:** Not a recommendation for the Welsh Government.

The Welsh Government, through Creative Wales, continues to work with public service broadcasters to help support improvements to representation and portrayal of people in Wales. This includes working through our MOUs with both the BBC and S4C, which include a specific ambition for growing the profile and portrayal of Wales. Its work in this area is recognised by the Broadcasting Expert Panel which highlighted, while this is a positive development 'Panel continues to be concerned about decision-making around public service broadcast funding as it relates to Wales, the total levels of spend, and whether that serves audiences well in Wales'.

Ofcom has a critical role ensuring public service broadcasters comply with requirements. In communications with Ofcom, the Welsh Government has stressed the need to use all levers to drive improvements in delivery. This will become increasingly important as the public service broadcaster remit is simplified through the Media Bill.

**Financial implications:** No financial implications.

### **Recommendation 9**

S4C should ensure more even distribution of content spend across Wales. It should report to back to the Committee outlining how it will do this.

**Response:** Not a recommendation for the Welsh Government.

A key priority of Creative Wales is supporting the growth of the creative industries across Wales and replicating the creative success story of south Wales in other regions. Creative Wales, through its MOU with S4C, remains committed to working with the broadcaster and the independent production sector to target investment in an equitable way.

The Welsh Government played an integral role in the establishment and funding of Aria Studios on Anglesey in 2022, working with S4C. Its aim is to support indigenous productions such as Bariau for S4C as well as attracting large scale, big-budget productions to the region.

**Financial implications:** No financial implications.

### **Recommendation 10**

Ofcom should include a requirement for the Channel 3 licence in Wales to produce a greater proportion of network content in Wales. It should report to back to the Committee outlining how it will do this.

**Response:** Not a recommendation for the Welsh Government.

The Welsh Government recognises the importance of the Channel 3 licence in supporting plurality of content and to the sustainability and growth of the creative industries in Wales. ITV Cymru Wales continues to play a vital role as an alternative to the BBC for both news and non-news programming and provides an essential democratic news service for the people of Wales. Creative Wales has developed a positive working relationship with ITV Cymru Wales and ITV Studios since its launch. However, the Welsh Government agrees the channel should invest more in Wales. This has been raised in ministerial level quarterly meetings with the broadcaster. Creative Wales recently met with ITV to discuss its commissioning strategy and opportunities for Wales. As a result of the meeting, ITV will be holding a session with the industry in Wales in July to facilitate relationships between ITV commissioners and the independent production sector in Wales and to raise awareness in ITV centrally of Wales' production offer.

**Financial implications:** No financial implications.

## **Recommendation 11**

Network news providers, including the BBC and ITN, should keep driving improvements in their reporting of devolved policy issues.

**Response:** Not a recommendation for the Welsh Government.

Ofcom's News Consumption Survey 2023 Wales notes TV remains the most-used platform for news by adults in Wales (71%), with BBC One the most-used source for accessing news about Wales by people in Wales. 55% of adults in Wales use BBC One for news and 40% use ITV1/ITV Wales. These statistics highlight the importance of broadcasters to the reporting of devolved issues and the need to ensure reporting is accurate and correctly reflects our unique circumstances in Wales. We note the work undertaken on behalf of Ofcom by Professor Stephen Cushion of Cardiff University and Dr Richard Thomas of Swansea University on the reporting of devolved policy issues. While the findings note enhanced coverage of devolved issues compared to previous studies, it also identified missed opportunities to explain differences in decisions across UK governments. As such, the Welsh Government agrees network providers should seek to continue to drive improvements in their reporting of policy issues.

**Financial implications:** No financial implications.

## **Recommendation 12**

Ofcom should continuously review UK network news coverage of devolved policy issues. It should report to back to the Committee outlining how it will do this.

**Response:** Not a recommendation for the Welsh Government.

The Welsh Government would welcome ongoing review of UK network news coverage, following on from the work undertaken on behalf of Ofcom by Professor Stephen Cushion of Cardiff University and Dr Richard Thomas of Swansea University on the reporting of devolved policy issues. The Welsh Government is committed to working with the UK Government, Ofcom and broadcasters to identify opportunities to support improvements in the provision of media content for audiences in Wales. This includes exploring opportunities for ongoing review of provision, for example through Ofcom's planned review of public service media, scheduled to commence in 2024/25.

**Financial implications:** No financial implications.



### **Recommendation 13**

Ofcom should use existing regulatory powers to improve network news coverage of devolved policy issues. It should report back to the Committee outlining how it will do this.

**Response:** Not a recommendation for the Welsh Government.

The Welsh Government has highlighted the limited coverage of Welsh public life and society by UK broadcast services to Ofcom. We have repeatedly called for greater accountability to Wales on media issues to ensure media provision remains fit-for-purpose in a devolved context and in view of the unique and distinct situation in Wales. We agree Ofcom should use all available levers to improve network coverage of devolved policy issues.

**Financial implications:** No financial implications.

### **Recommendation 14**

Ofcom should improve its analysis of media provision in Wales, including by increasing staffing levels in Wales.

**Response:** Not a recommendation for the Welsh Government.

The need to keep pace with developing markets, business models, changing technologies and consumer habits and understanding the impact these have on service delivery in Wales is essential for the effective operation of the regulation. In the context of Ofcom's evolving remit as the organisation takes on significant new responsibilities, the Wales office must have the capacity to respond to changes in a timely and effective way.

The Welsh Government has responded to Ofcom's proposed plan of work 2024/25 stating our interest in working with Ofcom to identify opportunities to increase the number of individuals based in Cardiff to ensure the office is sufficiently resourced and to increase its visibility in Wales. Noting changes at both Director and Board Member for Wales level, the Welsh Government is keen to build on its relationship with Ofcom in Wales in 2024/25 and strengthen links with policy leads centrally. Ofcom's plan of work highlights the variety of ways in which Ofcom obtains evidence, intelligence and insights, including market research and intelligence; data engineering and analytics; and technology and we look forward to working with Ofcom in this area. The Welsh Government is committed to working with Ofcom as any action is taken to evolve its research plans in response to changing markets and the increasing convergence of the sectors it regulates. This includes exploring options to supplement Ofcom data with targeted Wales level research and information gathering through the work of the Broadcasting and Communications Advisory Body.

**Financial implications:** No financial implications.

### **Recommendation 15**

The UK Government should set out how it will improve the provision of media content for audiences in Wales.

**Response:** Not a recommendation for the Welsh Government.

The Welsh Government concurs with the Committee's view regarding the improvements needed in the provision of media content for audiences in Wales. This view is reflected in the Welsh Government's Co-operation Agreement with Plaid Cymru and the Broadcasting Expert Panel's report. Media plurality is the backbone to any functioning, democratic society and its safeguarding is paramount to ensuring informed, balanced news provision. The ever-changing media landscape, prevalence of media outlets and platforms as well as evolving consumption habits requires a comprehensive consideration of how best to ensure Wales has the media it needs as the sector continues to evolve. The Welsh Government would be happy to work with the UK Government on this matter.

**Financial implications:** No financial implications.

### **Recommendation 16.**

The Welsh Government should only agree to appointments to the roles of Ofcom and BBC members for Wales once a Senedd committee has been offered the opportunity to hold a pre-appointment hearing with the preferred candidates.

**Response:** Accept in principle

The Welsh Government recognises the importance of Ofcom and Board member for Wales appointments to Wales and the value of a Senedd committee holding a pre-appointment hearing with the preferred candidate. However, while the Welsh Government has clearly defined roles and responsibilities in these appointments, broadcasting is a non-devolved matter, with broadcasting generally and the BBC specifically reserved under paragraphs 158 and 159 (respectively) of Schedule 7A of GoWA. With regard to the BBC, as it is a body reserved by name, it is also excluded from the Minister of the Crown consent procedures. As such, further work is needed to understand the extent to which the Welsh Government is able to implement the recommended changes to these appointment processes. This work will be undertaken in consultation with the Welsh Government's Legal Services.

**Financial implications:** No financial implications.

### **Recommendation 17**

The UK Government appointment of the S4C Chair should require the agreement of the Welsh Government. This should be accompanied by offering a Senedd committee the opportunity to hold a pre-appointment hearing with the preferred candidate.

**Response:** Not a recommendation for the Welsh Government.

The Welsh Government has written to Lucy Frazer KC MP, the Secretary of State for Culture, Media and Sport to seek a stronger role in S4C Board appointments, as is the case for BBC and Ofcom Board member for Wales appointments. The Welsh Government highlighted the support in Wales for this change.

**Financial implications:** No financial implications.