

14 May 2024

Lord Michael Grade
Chair

Email: michael.grade@ofcom.org.uk

By email

Dear Delyth,

[Ofcom response to the Senedd Cymru Culture, Communications, Welsh Language, Sport, and International Relations Committee report 'State of Play: PSB in Wales.'](#)

Thank you for the committee's report '**State of Play: Public Service Broadcasting in Wales**' published on 25th March 2024 and for the opportunity to appear before the committee last Autumn. We read the report with interest and are grateful for the Committee's continued scrutiny of and views on Public Service Broadcasting and Ofcom's work in Wales.

Before responding to the specific recommendations made in the report relating to Ofcom's work, I wanted to draw your attention to some recent work that will be of interest to the Committee. First, we are looking at how local media is evolving and what audiences need and value from local services. We plan to publish an initial report next month that will include the findings of qualitative research we have undertaken with audiences across the nations and regions of the UK, including a focus group in Llandeilo. We will then publish a final report, including our view on the BBC's impact on local news sectors, before the end of this year.

In addition, we will publish terms of reference for our latest review of Public Service Media (PSM) before the summer recess. Our review will build on the wealth of information we have about what audiences value from PSM – including trusted and accurate news and programming that brings us together and resonates with UK audiences, reflecting the diversity across the nations and regions of the UK. We will examine how the PSBs have delivered for audiences over the past five years and what we can do to support the universal delivery of PSM content over the next decade and beyond, in light of the ongoing rapid changes in consumption and technological advances. In particular, we note that the increasing proportion of content consumed online and the breadth of services available has put significant pressure on the advertising funding PSB model and the need for all PSBs to compete with global services. It will be important to consider any future additional requirements on the PSBs in this context.

We will also look at how PSM providers deliver for audiences in the nations and regions, how PSM content reflects and represents the diversity of the UK and that the benefits are spread across the UK. We expect to publish the findings from our review of past performance later this year, followed by our recommendations in Spring 2025. Our team in Wales look forward to engaging with the committee on these important issues later in the year.

'**State of Play: Public Service Broadcasting in Wales**' contains five recommendations for Ofcom and our response is set out below. Should the Committee require further information please do not hesitate to get back to me.

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.

Ofcom's Operating Licence is a key tool in how we regulate the BBC's UK Public Services. Following consultation, we issued a new licence on 23 March 2023. It contains the regulatory conditions Ofcom considers appropriate for requiring the BBC:

- to fulfil its Mission and promote four of its Public Purposes;¹
- to secure the provision of distinctive output and services; and
- to secure that audiences in England, Scotland, Wales and Northern Ireland are well served.

The Operating Licence sets specific requirements in relation to Public Purpose (4), namely:

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.

These include quantitative quotas along with more general requirements relating to specific genres in both Welsh and English on radio, television and online. For example, [licence condition 4.51](#) requires the BBC to provide content of interest and relevance to audiences in Wales, including a broad range of content which reflects Wales's culture, across BBC TV, radio and online services. Further details are set out in section A6 of the Annex of the [Modernising the BBC's Operating Licence Statement](#). As you will be aware, in January, we published our [final determination](#) on the BBC's request to expand the output of BBC Radio Cymru 2. As a result of our analysis, we decided that the BBC could proceed with its proposal to extend the hours of BBC Radio Cymru 2 so that it becomes a UK Public Service in its own right and Ofcom updated the Operating Licence with new conditions for the service.

Ofcom also reviews the BBC's performance against the requirements of the Operating Licence on an annual basis in our Annual Report that we publish each year in late Autumn (as set out in our Plan of Work). Last year we also included additional information on each of the nations, including Wales and we plan to do this in future Annual Reports on the BBC as well. We expect both the 2023-24 and 2024-25 Annual Reports on the BBC to be available to the committee before the end of the Sixth Senedd. In addition, in November 2023, we published our [BBC Audiences Review](#) to better understand what factors may drive lower satisfaction levels in the BBC among D and E socio-economic groups. We conducted new research with D and E audiences, including in-depth interviews and focus groups across the UK (Cardiff and Welshpool in Wales), and carried out further analysis on the extensive information and data we currently collect in relation to the BBC. This was a thematic review on a particular aspect of the BBC's performance and we undertake these reviews when we consider it necessary. Other thematic reviews will follow in due course.

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.

The Channel 3 licence for Wales imposes obligations on the licence holder to produce and broadcast given amounts of specific regional content in and for Wales. The licence also includes a requirement

¹ Four of the Public Purposes are focused on UK audiences while the fifth one is aimed at international audiences.

that at least 35 per cent of originated network content is made outside of the M25 area. However, we do not have a power to specify, as part of that condition, particular geographic locations outside of the M25 area where such production should take place.

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.

As the Committee will be aware Ofcom commissioned Professor Stephen Cushion of Cardiff University and Dr Richard Thomas of Swansea University in 2021 to analyse how well UK network news providers report devolved policy issues on television and online. Professor Cushion supplemented detailed content analysis of broadcasts in June and July 2021 with interviews with senior editors from each broadcaster to better understand the editorial choices they made.

The report concluded that network news providers had enhanced their coverage of devolved issues compared to 2015 and 2016. It says that *“This was largely as a result consequence of Covid-19, which brought devolution to the fore of UK politics”*. However, the content analysis demonstrated that around 40% of items did not include any signposting about the relevance of devolution, such as stating if a policy related to England only. The analysis also found that BBC TV news reporting supplied far more references to devolved powers than other network news providers, while BBC online news more explicitly signposted the relevance of devolved issues than television news.

As mentioned earlier, we will be looking at audience consumption and attitudes to local, national, UK and international news in our reviews of local media and Public Service Media, drawing on our extensive research. We also engage regularly with the PSBs to discuss how they connect with audiences, including our research on devolved news reporting and audience satisfaction.

Recommendation 13. Ofcom should use existing regulatory powers to improve network news coverage of devolved policy issues. It should report to back to the Committee outlining how it will do this.

Our review of Public Service Media and the Local Media Review are informed by our research into audience satisfaction and perceptions of how well PSBs deliver content and services that meet their needs and interests (including within the nations and regions).

Individual editorial decisions regarding the content of network news programmes sit with the broadcasters, not Ofcom. It is for them to decide what to include in their programmes and how it should be presented. Compliance with the standards in Ofcom’s Broadcasting Code is an important aspect of the performance of PSBs. These include rules in relation to the due accuracy and due impartiality of news. We consider all complaints that we receive about these matters in line with our published procedures.

Recommendation 14. Ofcom should improve its analysis of media provision in Wales, including by increasing staffing levels in Wales.

Ofcom undertakes regular and extensive research and analysis into media provision across the UK. For example, Ofcom’s Media Nations reports are published on an annual basis. The reports highlight key trends in the media sector and set out how audiences are served in the UK by a range of broadcast TV and radio services, as well as online video and audio streaming services. Our separate reports for Wales, Northern Ireland and Scotland cover specific themes and issues relevant to those nations.

Other annual research Ofcom conducts include: the BBC Performance Tracker and the BBC Children's Tracker which look at attitudes towards the BBC in the context of wider media provision; the PSM Tracker which looks at audience perceptions of the PSB providers; the News Consumption Survey which tracks audiences' attitudes and cross-platform use of news providers; and Audio and VoD surveys which provide greater insight on online media providers.

We also regularly commission bespoke research. For example, as part of the local media review, we published quantitative findings research in December 2023 and will publish the findings of qualitative research in June. In addition, we have specialists who analyse industry data sources including [Barb](#), [RAJAR](#) and [Ipsos Iris](#). Research projects are managed by Ofcom's Research and Intelligence team, some of whom are based out of London, including in the nations' offices, with additional support and input from other colleagues in the nations and as such are not dependent of staffing levels in any of the nations' offices, including Wales.

The committee will be aware that the Ofcom Wales team manages all aspects of Ofcom's remit and provides input and advice on issues as they apply to Wales to policy and project teams across Ofcom. This function is replicated in Scotland and Northern Ireland and the teams are broadly the same size across the nations. Ofcom has continued to drive towards our goal of 30% of colleagues employed outside of London by 2026 and has seen the number of colleagues based in Ofcom's Cardiff office grow in recent years. Colleagues from a wider range of teams are now based in Cardiff, including colleagues from teams across Ofcom – Network and Communications, Market Research and Market Intelligence, Strategy and Online Safety. Two new early careers graduates are also based in Cardiff. We have sufficient capacity in our office to grow the size of our Welsh workforce, which we plan to achieve incrementally through a mix of location neutral recruitment, targeted recruitment, and support for relocations. We would of course be happy to keep the committee updated on progress made in growing our presence in Wales.

I hope you find this response to the Committee's recommendations helpful. Please do get in touch if anything remains unclear.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Michael Grade', with a long horizontal line extending to the left.

MICHAEL GRADE

(Lord Grade of Yarmouth)