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Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref MA- P/ARD/1039/17

Bethan Jenkins AM
Chair
Culture, Welsh Language and Communications Committee
National Assembly for Wales

21 March 2017

Dear Bethan,

I attach the Welsh Government's full response to the Culture, Welsh Language and Communications Committee's report 'The Big Picture'.

The response also includes our observations on Recommendation 5 in the report: which is highlighted in your letter of 16 February:

'We recommend that the Welsh Government should withhold its consent to the appointment of the BBC Board member for Wales until there has been an opportunity for the Committee to hold a pre-appointment hearing with the UK Government's nominee for the post.'

I would naturally be happy to appear before the Committee to discuss the Welsh Government's response in further detail.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Alun', with a horizontal line underneath.

Alun Davies AC/AM
Gweinidog y Gymraeg a Dysgu Gydol Oes
Minister for Lifelong Learning and Welsh Language

Written Response by the Welsh Government to the report of the Culture, Welsh Language and Communications Committee – The Big Picture: The Committee’s Initial Views on Broadcasting in Wales

March 2017

We welcome the findings and offer the following response to the recommendations in the report.

Detailed Responses to the report’s recommendations are set out below:

Recommendation 1

We recommend that the BBC Director General should provide an additional £30 million annually for English language drama and broadcasting about Wales.

Response: Accept in Principle

On 21 February the BBC announced that BBC Cymru Wales will receive additional budget for programming, and will launch some new services. Some increased budget will be available in 17/18, rising to the full additional increase of £8.5m by 19/20. This will be available to commissioners to deliver new English language programming for Wales, an increase of at least 50% over the budget they currently have available.

The Welsh Government welcomed this announcement which will enable BBC Cymru Wales to commission more programmes that truly reflect the lives of people in Wales.

An announcement of additional funding and services for Scotland was made the following day, which has been interpreted by some as more favourable than the award to Wales. The situation and the priorities within the two nations are different however, so direct comparison is not straightforward and of limited value. The creation of a new separate channel will not answer our needs. A separate channel with tiny audiences will not bridge the current information deficit. We need a comprehensive service on all of the BBC’s existing channels and outlets which meet Wales’ needs in news, sport and culture.

As reflected in the Committee report, the Welsh Government had previously called for the BBC to provide additional funding of £30m for English-language programming for Wales. Obviously the funding package announced in February could have been higher, but we recognise that the new money promised for Wales is additional money and that is crucial.

In May 2016 Lord Hall made a number of important public pledges to Wales, including additional funding to improve services and provide more dedicated

content and we are pleased that we are now beginning to see these pledges delivered. They will only be delivered in full if the BBC works harder to understand the needs of the people of Wales, recognises where they are underserved at present and designs its services to fully meet those needs, now and in the future. It must then make the necessary budget available to do so. We have been assured by Lord Hall that this is the approach the BBC is now taking.

Holding the BBC to account for delivering the services we need, however cost effectively they can be brought about, is more important than pursuing a specific figure. We will continue to liaise closely with the BBC to ensure that it uses all of its resources and budget effectively - to deliver on the strengthened duties to Wales set out in its new Charter, as well as the commitments that the BBC Director-General has already made for Wales.

Financial Implications – None. This is a matter for the BBC

Recommendation 2. We recommend that there should be no reduction in the current proportion of network spending in Wales, and that it should do more to reflect and portray Welsh society and perspectives.

Response: Accept

The Welsh Government has been clear in discussions with the BBC Executive in Cardiff and in London that the development of Cardiff as an increasingly important centre for network productions provides no justification for reducing the BBC's investment in local services. The additional funding that BBC Cymru Wales will receive for English-language programming for Wales will allow Welsh audiences to hopefully have a credible national television station that could provide quality content in English, including drama, comedy and network contributions.

We welcome the intention to strengthen network production in Wales and the other nations within the UK. This will bring creative as well as economic benefits for the BBC as a whole. We welcomed the BBC's commitment to meeting the target of 17% for television programmes for the nations earlier than 2016. Our expectation is that that at the very least 5% of network production should originate in Wales, from a mix of in-house and independent productions – and this should represent a floor rather than a ceiling for Welsh creativity.

Financial Implications – None. This is a matter for the BBC

Recommendation 3. We support a Wales news opt-out for Radio 2 and Radio 1 and recommend that the BBC provides the necessary funding to bring this about.

Response: Accept in Principle

We recognise the key role played by the BBC as a provider of news coverage, about Wales and for the people of Wales.

Having a Wales news opt-out on Radio 2 and Radio 1 could be a way to increase the numbers of people in Wales receiving news about Wales.

The Welsh Government provided a detailed response in February 2016 to the BBC's review of its news services in the nations. We await the BBC's conclusions following the news review.

Financial Implications – None. This is a matter for the BBC

Recommendation 4. Given our concerns about the possible unintended consequences of the approach the BBC has adopted, we recommend that the BBC should critically review their plans to embed BBC journalists in local media organisations. As an alternative to embedding journalists, we recommend that the BBC considers investing in a 'wire' type service to provide local news that can be used by local media organisations on matters where local reporting has declined, such as local court and council reporting.

Response: Accept in Principle

It is right that the BBC has recognised the impact that online news has had on the newspaper industry. In our reply to the BBC's review of its news services in the nations, we noted the challenges we face in Wales in terms of plurality of news. With that in mind, we would share the Committee's concerns if the proposal for BBC embedded journalists went ahead and resulted in other media outlets cutting back on existing provision. As part of any critical review of the programme, we would wish to see a clearly defined series of conditions, to ensure that the resource being made available is always genuinely additional to that which is currently deployed.

It is also important that the BBC's proposal is relevant and attractive to other news providers. In particular, local media organisations that access the BBC's resources must be confident that they will retain journalistic and editorial control over what is produced in their name. They will not be interested in simply recycling the BBC's own reporting and we would be concerned, in that case, about the democratic value of such a service. It would not increase choice for citizens and we doubt there would be much demand for it from the industry in Wales.

Financial Implications – None.

Recommendation 5. We recommend that the Welsh Government should withhold its consent to the appointment of the new BBC Board member for Wales until there has been an opportunity for the Committee to hold a pre-appointment hearing with the UK Government’s nominee for the post.

Response: Accept in Principle

In principle, the Welsh Government agrees that the process for appointing all of the BBC’s non executive directors for the nations could be improved in future by granting the appropriate committee in the legislature of each nation an opportunity to hold a pre-appointment hearing with the respective preferred candidate.

The Welsh Government would be happy to take this up with the UK Government and the other devolved administrations. You may also wish to write to the Chairs of the corresponding committees in the UK Parliament and the other devolved legislatures, to seek their cooperation in making the case for this change, which would need to be introduced as part of a consistent process across the UK.

To be clear, the agreement to appoint must remain the prerogative of Ministers, so any appearance before committee would not be a confirmation hearing. It would however allow the committee to provide its view on the preferred candidate to the Government in that nation, to inform its thinking.

Once appointed, we expect the new BBC Board member for Wales to be fully aware of their role in ensuring that the BBC is properly accountable to the Committee, as the Charter requires.

Financial Implications – None.

Recommendation 6. We recommend that there should be no further cuts to S4C’s funding until the planned review has been completed and there has been an opportunity for reflection on its conclusions by all those with a stake in the future of S4C.

Response: Accept

The funding S4C receives from the licence fee has already been agreed as part of the Charter review and it is a matter for the UK Government to confirm the details of any additional funding to S4C from the Exchequer for the next financial year. We note that on 20 March the Chair of S4C welcomed the UK Government’s announcement of a package of additional capital and loan funding to S4C.

During the last year, the Welsh Government has been fully involved in the BBC Charter Review process and we have regularly stressed to the UK

Government that it is vital that S4C has sufficient funding, as well as editorial and managerial independence, for it to maintain its ability to serve the Welsh audience and continue to play a crucial role in supporting both the Welsh language and the creative industries in Wales.

The Welsh Government was pleased that the new Charter provides a renewed commitment to Welsh language services. The accompanying Framework Agreement reaffirms the BBC's partnership with S4C, "working together to observe and safeguard the independence of both". It also provides a strong financial settlement in relation to the licence fee element of S4C's funding, which is vitally important for S4C to continue to develop its services.

We welcome the UK Government's intention to carry out a comprehensive review of S4C, which we have continually pushed for and was originally promised in 2010. However, this should have taken place in parallel with the BBC Charter Review rather than after. It should also be part of a broader, more fundamental review of the Public Service Broadcasting needs of Wales.

The UK Government is aware that we expect to be fully involved in the review of S4C and we now await confirmation from DCMS of the full terms of reference and the appointment of the independent reviewer.

Financial Implications – None.

Recommendation 7. We recommend that the National Assembly should agree that the S4C Authority should lay before the Assembly annual reports and audited statements of accounts.

Response : Accept

This is a matter for the National Assembly for Wales and S4C to agree.

We have regularly referred to the importance of improving the accountability of UK broadcasting institutions to the National Assembly and to Welsh viewers and listeners. The Welsh Government welcomed the references in the St David's Day Command Paper to increasing the accountability of broadcasters including S4C.

Following the BBC Charter Review, the National Assembly for Wales now has powers to scrutinise the BBC, to call it to appear before the Assembly and to hold it directly to account - which has been the right of the UK Parliament alone until now.

Implementing this recommendation would ensure that S4C is treated similarly to the BBC.

Financial Implications – None.

Recommendation 8. We recommend that the UK Government and Ofcom consider amending Ofcom’s Code of Practice for EPG providers to ensure that S4C receives greater prominence in Wales on Electronic Programme Guides and smart TV applications, such as the BBC’s i-player.

Response: Accept in Principle

Whilst we agree with the principle of ensuring that S4C receives greater prominence in Wales on EPGs and smart television applications, we have not received representations from S4C or viewers in relation to this issue. We would be interested to receive further details about any problems encountered.

Financial Implications – None.

Recommendation 9. We recommend that ITV Studios follows the BBC and adopts a more pro-active approach to developing programmes for broadcast on the ITV network including setting specific goals for developing network output from Wales, which reflects life in Wales.

Response: Accept

The Welsh Government is fully aware of the importance of ITV Cymru Wales in ensuring plurality in English language news coverage for the people of Wales. We have regularly stated that ITV Cymru Wales continues to have a vital role to play as an alternative to the BBC for news and non-news programming. However we remain concerned that ITV does not provide adequate network coverage of the devolved nations and we urged Ofcom to reflect this in its most recent analysis of Public Service Broadcasting.

As such, although the Welsh Government welcomed Ofcom’s decision to create a separate Channel 3 licence for Wales, we were clear that protecting the existing coverage provision was no more than a minimum condition for renewal of the Channel 3 licence. The Welsh Government is still of the view that the existing level of provision is not appropriate, or even adequate; it is a minimum standard that barely manages to deliver against very basic Public Service Broadcasting requirements.

However, although the ITV regional licence has been renewed on a Wales specific basis for a further ten years by Ofcom, our view remains that the current provision for news and non-news on ITV Cymru Wales should be increased, especially considering ITV’s plc’s current healthy financial position. This would also provide further opportunities for ITV Cymru Wales to develop network programming.

Financial Implications – None.

Recommendation 10. We recommend that ITV, Channel 4 and Channel 5 should provide an annual update to the Assembly, through the Committee, setting out information on the portrayal of Wales on their networks

Response : Accept in Principle

This is a matter for the National Assembly for Wales to agree with ITV, Channel 4 and Channel 5.

As previously noted we have regularly referred to the importance of improving the accountability of UK broadcasting institutions to the National Assembly and to Welsh viewers and listeners.

Financial Implications – None.

Recommendation 11. We call on Ofcom to assess what powers it has to increase Channel 4's out of England quotas ahead of the next licence renewal in 2024 and in doing so revisit the more challenging options for increasing the quota that were considered in 2013-14.

Response : Accept

The Welsh Government strongly believes that if Channel 4 receives public funding then it should be required to produce at least a population share of network commissions in the nations and regions. This is fully in conformity with Channel 4's role in developing new talent throughout the UK. We were disappointed that Ofcom did not agree with our view, as reflected in our response to its consultation, that the Channel 4 quota for Out of London productions should be implemented by 2016 rather than 2020. It is still our view that Channel 4 should be able to achieve the new quota level significantly before the 2020 deadline.

Channel 4's record in commissioning content from Wales has historically been negligible; Channel 4 spend in Wales remains below 1% of total Channel 4 content spend and the broadcaster, which is based in Scotland, has no commissioning staff in Wales.

Later this year we will appoint an Ofcom Board member for Wales for the first time. We would expect that individual to be aware of the issues identified above where Ofcom could be playing a stronger role – especially those where we agree Ofcom could set more challenging regulatory goals for the Public Service Broadcasters - and to press for these matters to be taken seriously at the very top of the organisation.

In the context of Ofcom's additional regulatory responsibilities following the BBC Charter Review, the Welsh Government will liaise closely with Ofcom throughout the process of developing and agreeing the Service Licence for

the BBC in Wales and subsequently monitor that the BBC comply with the requirements of the Service Licence.

Financial Implications – None.