

**Ofcom Wales Advisory Committee**  
**Response to Ofcom's Consultation on Phase 1 of the**  
**Second Review of Public Service Broadcasting (PSB)**

**Consultation Questions**

The Ofcom Wales Advisory Committee welcomes the opportunity to respond to this consultation. In particular, Members welcome Ofcom's recognition that a specific solution will be required for the future delivery of PSB in Wales, as distinct from the other nations and the UK as a whole. Members believe that Wales faces specific challenges in maintaining the provision of PSB, for example in relation to securing plurality and they are therefore convinced that the Review should not aim to secure the provision of symmetrical PSB settlements for each of the UK nations. There should be room for each PSB settlement to address the specific needs of each nation and the end result should not necessarily lead to the creation of identical structures, institutions and solutions in each case.

Members are convinced that the provision of PSB in Wales can be best secured by the creation of a dedicated funding agency for Wales. The fund would be based and managed in Wales and focus specifically on the needs of Wales. The fund would provide support for non-BBC based PSB provision for Wales on television, but also via radio and on-line, wherever its delivery would maximise reach and impact for audiences both in Wales and across the UK.

Members are also keen to see the creation of a new Channel 3 licence specifically for Wales, to replace the present licence which currently includes Wales and the West of England. Such a licence could include obligations to broadcast programmes specifically for viewers in Wales in peak, possibly within specific slots, paid for through contracts agreed with the funding agency.

In addition to the above points, Members have agreed the following responses to the consultation questions:

**Section 3. How well are the public service broadcasters delivering public purposes?**

i) Do you agree with Ofcom's assessment that television continues to have an essential role in delivering the purposes of public service broadcasting?

The Committee believes that television will continue to be the primary medium, for the foreseeable future, for the delivery of public service content to mass audiences in Wales in a way that secures sufficient reach and impact.

ii) Do you agree that UK-originated output is fundamental to the delivery of public service broadcasting purposes?

Yes, noting in particular that Welsh cultural identity is part of UK identity. Content from Wales should therefore be fully represented in PSB programming.

#### **Section 4. The changing market environment**

i) Do you agree with Ofcom's conclusions about the way that other digital channels and interactive media contribute towards the public purposes?

Yes – up to a point. Such channels do contribute to the overall PSB provision but, particularly with on-line provision, discoverability of content is an important issue along with due prominence for PSB programmes on electronic programme guides. If viewers are unable to find PSB content then it will lack impact. This is particularly important for the television services serving Wales: BBC Wales, ITV Wales and S4C. The Committee believes that mainstream popular television channels will continue to provide an important vehicle for the delivery of PSB content to mass audiences. On-line interactive media portals could deliver public purposes but they would probably have limited impact in Wales because, at least in the short term, broadband availability (at sufficient speeds) is considerably lower than in other parts of the UK.

#### **Section 5. Prospects for the future delivery of public service content**

i) Do you agree with Ofcom's assessment of the implications of different economic scenarios for the UK TV market for the future prospects for delivery of the public purposes?

Members believe that the Welsh market is more likely to conform to the consolidation scenario, at least for the next decade, in which use of linear TV platforms will remain relatively static despite fairly high adoption of new technologies. Trusted content will continue to be particularly important in a digital environment where a plethora of services will be available.

Geographically targeted advertising, aimed specifically at viewers in Wales, (including regional rate cards which, for example, offer lower rates for advertisers based in north Wales) has, in the past, given local business the opportunity to advertise on television and this has also provided important opportunities for local economic development. However, there has been a reduction in this type of advertising in recent years and it is essential that any commercial PSB service for Wales takes full advantage of the commercial opportunities open to it. This would include a commitment to grow and develop the indigenous television advertising market in Wales.

ii) Do you agree with Ofcom's analysis of the costs and benefits of PSB status?

Members agree with the analysis set out on page 69 of the consultation document. However, the issue of opportunity costs faced by the Channel 3 PSB in providing programmes specifically for Wales may be overstated. Members believe there is still great value in the ITV Wales brand and its status as a national broadcaster, rather than a regional one. For this reason, programming aimed specifically at viewers in Wales in peak can still deliver very significant audiences, in excess of the network average. Members believe that there may be real benefits of carrying PSB programming for ITV Wales beyond that which can be quantified in financial terms. News has external benefits such as identifying the channel and its brand. Research has shown that viewers are often unaware of which channel they are watching until the news is shown. Members believe that such benefits of PSB obligations have not sufficiently been taken into consideration by the report, which has focused primarily on opportunity costs.

## **Section 6. Meeting audience needs in a digital age**

### **i) Do you agree with Ofcom's vision for public service content?**

Section 6.4 of the consultation document identifies, “*news content which reflects the issues and needs of audiences in the devolved nations*” as a starting point in meeting the needs of all communities within the UK. Members recognise that the provision of news is a key priority, as identified by Ofcom in its vision of PSB content for the digital age. However, they also believe, in this context, that non-news programmes are also very important in meeting these needs. It is essential that PSB programming for Wales addresses the social, political, cultural, sporting and artistic life of the nation and this aspiration extends beyond the provision of news programming. Members also agree with Ofcom, as set out in 6.5, that the market will not secure many of the public purposes of broadcasting and that significant intervention will continue to be required.

### **ii) How important are plurality and competition for quality in delivering the purposes of public service broadcasting, and in what areas?**

Members believe that plurality and competition for quality are essential to secure high quality programming for Wales. BBC Wales, in the absence of a vigorous independent PSB competitor, would lack sufficient incentive to produce compelling and memorable PSB content for Wales. In the area of news and current affairs programming, plurality of supply is essential to secure and protect the interests of citizens in Wales. It also protects against excessive concentrations of media power, which could, for example, unduly influence the news and current affairs agenda in Wales. With a National Assembly only recently established, Welsh democracy needs a plurality of media coverage in order to avoid what ITV chairman, Michael Grade, has himself called ‘a severe democratic deficit’<sup>1</sup>

### **iii) In maximising reach and impact of public service content in the future, what roles can different platforms and services play?**

Members accept that PSB is not just about providing high quality content on television. They agree with Ofcom, as set out in 6.11, that a rich mix of broadcasting and on-line provision will be required, including new and diverse forms of content delivery. Any form of public intervention must be flexible enough to put PSB within the reach of the maximum number of citizens at any given time. In Wales, television is likely to be the primary focus in the shorter term, but any intervention must be able to refocus its approach as take-up of other forms of media grows. For example, in the area of radio, there is an urgent need to develop a radio news agency for Wales as an alternative to the IRN service, which does not generally report Wales specific stories.

It is also important that the Welsh PSB programming archive remains accessible to viewers and users of content in Wales. This would help to strengthen and maintain the broad provision of PSB in the future. However, Members are very concerned that archive material currently held by ITV Wales (which includes film and video output dating back as far as the late 50s) could be lost if, as a consequence of further down scaling of ITV Wales, the archive material was transferred out of Wales for storage or even destroyed. Members firmly believe that such material, which represents a significant cultural and historical legacy, should be preserved and made accessible to

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<sup>1</sup> Quoted as part of evidence given by Michael Grade, on behalf of ITV Plc, to the Assembly broadcasting committee in May 2008.

public institutions, such as the National Film and Video Archive at the National Library of Wales, academic institutions and more widely, via on-line provision, for the use of citizens in Wales.

iv) Do you agree that the existing model for delivering public service broadcasting will not be sufficient to meet changing needs in future?

It is not an option to continue with the status quo because of the current and likely future reductions in funding support for ITV Wales. The PSB characteristics and requirements identified for Wales would not be achieved under this model. In this regard, Members believe strongly that along with news and current affairs, the provision of well-funded other (non-news) programming for Wales, in addition to that broadcast by the BBC, remains very important.

### **Section 7. Future models for funding and providing public service content**

i) What are your views of the high-level options for funding public service broadcasting in future?

It would be most appropriate if funding for public service broadcasting was provided through an independent funding agency. Members advocate the establishment of such an agency in Wales, with funding at a level to match the population ratio, namely about 5% of any UK funding which is made available. Members are also concerned that funding non-BBC PSB from the licence fee could be detrimental to BBC Wales as there is a risk that the BBC would scale back its provision in the nations and regions, including Wales. In principle, Members favour industry levies as a source of funding for PSB but they recognise that the practicalities of its introduction could prove insurmountable. Members also favoured the use of regulatory assets such as access to scarce spectrum, revised advertising minutage rules and the provision of public service status.

ii) Are the proposed tests of effectiveness for future models for public service broadcasting the right ones?

Members believe that Ofcom's proposed tests for the effectiveness of future PSB models are appropriate but they recommend that the tests should be applied at individual nation level as well as for the UK as a whole. As part of this approach, Members favour the creation of a Channel 3 licence specifically for Wales although they recognise that, if ITV 1 developed into a non-PSB commercial channel, a 'Channel 3' type service for Wales might have to be branded in a different way.

iii) Of the four possible models for long term delivery of public service content, which, if any, do you consider the most appropriate and why? Are there any alternative models, or combination of models that could be more appropriate, and why?

This is covered in the committee's response to Question 9.

### **Section 8. Options for the commercial PSBs**

i) What do you think is the appropriate public service role for Channel 4 in the short, medium and long term? What do you think of Channel 4's proposed vision?

Members welcome Channel 4's broad vision for its future PSB role. However they suggest that the service would not be particularly effective in carrying PSB programming for Wales as its audience is currently only around 6-7% in Wales. Therefore Members are concerned that the additional spend required to provide PSB programming for Wales on the channel would not be used to best effect. In addition, although not directly related to the Channel 4 question, Members believe that the provision of S4C, although vital for Welsh speakers, does not address the issue of English language plurality in Wales. Members recognise the vital role S4C continues to play in addressing the needs of the Welsh-speaking population, but their primary concern in this submission are the needs of the 80% of Welsh people who do not speak Welsh, and to ensure that there is a plurality of PSB provision for that 80%.

**ii) Which of the options set out for the commercial PSBs do you favour?**

In relation to ITV 1, Members favour the scenario set out in 8.11 of the consultation document. Members agree that ITV's present broadcasting infrastructure makes it an effective carrier of programming for the nations and regions. Members urge Ofcom to continue to explore ways in which ITV could continue to play a role in the future as a broadcaster with a specific nations and regions remit. However, Members note that by the time any solution is implemented there may be little or no programming for Wales left on ITV and resurrecting a PSB service for Wales might be very difficult. Members therefore believe that Ofcom should ensure that a minimum of PSB programming is maintained on ITV Wales until an alternative solution is found

**Section 9. Scenarios for the UK's nations, regions and localities**

**i) To what extent do you agree with Ofcom's assessment of the likely future long term issues as they apply to the nations, regions and localities of the UK?**

In relation to the possible scenarios for Wales, Members agree with Ofcom's analysis as set out in paragraphs 9.47 – 9.58 of the consultation document. Ofcom notes the presence of a more limited indigenous press in Wales than in Scotland or Northern Ireland and the relatively limited provision, to date, of on-line content. Given the continuing development of devolved government in Wales, there is an increasing requirement for a separate voice to that of the BBC to provide a plural balance in the reporting of news and current affairs in Wales.

**ii) Which model(s) do you think will be most appropriate in each of the nations and in the English regions in the long term, and why?**

Members support the adoption of models 1 or 3, although a hybrid version of the models would also be acceptable. If options 1 or 3 were to be chosen the committee would like to engage further with Ofcom to ensure that PSB objectives were fully met. In particular, Members are concerned that Model 4 does not provide sufficient guarantees in relation to PSB provision for Wales. What is essential is that the quite different needs of Wales are met as part of any UK model, and the kind of Welsh funding agency which ACW advocates can be fitted into the UK model finally adopted. With that in mind, Members saw advantages in all the options – except for option 2.

**iii) What are your views on short/medium-term issues referred to, including the out-of-London network production quotas?**

Members note that the present out-of-London production quota has had relatively little impact on increasing network production from independent producers and broadcasters based in Wales, (with the notable recent exception of BBC Wales). ITV Wales, in particular has received few if any network commissions from the ITV network in recent years and it appears that ITV can fulfil the present quotas by sourcing productions from centres based in the North of England. Logically an out of England quota would help address this issue, but Members recognise that any aspiration to increase ITV Wales' share of network supply must not reduce the funding available for the provision of programming for Wales.

iv) What are your initial views on the preliminary options set out relating to ITV plc's regional news proposal? (Please note that Ofcom will put forward firm options on these issues, and consult also on ITV plc's regional news proposal, in phase 2 of this Review.)

Members note that these proposals do not have a direct impact on ITV's service for Wales, although by implication they do underline the central idea that provision for Wales, as a nation, within the ITV system is qualitatively different from provision for the English regions. Members would support any provisions that would assist with the sustainability of the ITV Wales service.

### **Section 10. Prospects for children's programming**

i) Do you agree with our assessment of the possible short term options available relating to children's programming; are there any other options available?

Members note with interest Ofcom's ideas for S4C to contribute its children's programming more widely to the rest of the UK. This provision could be an important contribution to the economic sustainability of the S4C service in future years.

### **Section 11. Timetable for implementing a new model**

i) Do you agree that new legislation will need to be in place by 2011 in order to ensure continued delivery of the public purposes in the medium and long term?

Addressing the issues raised by the PSB consultation is an urgent priority in Wales as digital switch over is due to happen in Wales from 2009-2010. There are therefore urgent implications for Wales in relation to the future provision of PSB, if the required legislative changes are not made until 2011.

**Ofcom Wales Advisory Committee  
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