56th MEETING OF THE
OFCOM ADVISORY COMMITTEE FOR WALES

Thursday, 12 November 2015

MINUTES

Present:

John Davies (Chairman)
Glyn Mathias (Member)
Rhys Evans (Communications Consumer Panel Member for Wales)
Nerys Evans (Member)
Hywel William (Member)
Huw Roberts (Member)

Ian MacKenzie – Nations and Regions Manager, Channel 4
Charlotte Christison – Senior Public Affairs Officer, Channel 4

Apologies:

Karen Lewis (Member)
Dan Brooke – Chief Creative Officer, Channel 4

Ofcom Staff:

Cardiff

Rhodri Williams, Director, Wales
Elinor Williams, Regulatory Affairs Manager, Wales
Nia Thomas, Regulatory Affairs Advisor, Wales

London

Mark Sweeney, Director of Government and Parliamentary Business – via videoconference
Ian Macrae – Principal, Strategy; Nicholas Collins – Senior Telecoms Market Analyst, Market Intelligence
Matthew Bourne – Programme Executive, Content Policy; Caroline Halstead-Smith - Senior Associate, Content Policy; Sarah Carter – Legal Advisor
Rebecca Taylor – Strategy Analyst; Ian Macrae – Principal, Strategy; Puja Kalaria – Associate, Strategy; David Michels – Graduate
Chris Rowsell – Competition Policy Director

Apologies:

Neil Stock – Head of Radio Policy
Item 1: Chairman’s Introduction & Apologies for Absence

1. The Chairman, John Davies, welcomed Members and Ofcom staff to the 56th meeting of the Ofcom Advisory Committee for Wales (ACW). Apologies were received from Graham Howell (Secretary to the Corporation) and Karen Lewis (ACW Member). It was noted that Mark Sweeney (Director of Government and Parliamentary Business) would be present via videoconference.

2. The Chairman welcomed Mark Sweeney, Director of Government and Parliamentary Business to his first meeting. Mark gave a short introduction on his previous employment with the Cabinet Office and told the Committee that his role with the nations’ office had been made effective from 1 November.

3. Members were informed that Dan Brooke, Chief Creative Officer at Channel 4, would not be accompanying Ian MacKenzie for Item 10 and that Charlotte Christison, Senior Public Affairs Officer at Channel 4, would be present in his place.

Item 2: Minutes of the 55th Meeting & Matters Arising

4. The Minutes of the 55th meeting of the Ofcom Advisory Committee for Wales were reviewed and subject to one minor amendment, approved as a true and correct record of proceedings.

5. The actions from the previous meeting were reviewed. Matters arising/outstanding were as follows:-

6. **ACW 55(15) Minute 8** – Huw Roberts noted that he had talked about Parcelforce prices and not Hywel Wiliam as stipulated in the minute.

7. **ACW 55 (15) Minute 71** – Glyn Mathias asked whether Ofcom had been invited to give oral evidence as part of the Welsh Affairs Select Committee’s inquiry into broadcasting in Wales. Rhodri Williams confirmed that Ofcom would be appearing before the Committee in December. Considering the subject matter of the inquiry and the ACW’s ability to comment on the regulation of the BBC, Glyn Mathias wondered whether this could be an occasion for the ACW to give separate oral evidence and speak independently of Ofcom. He asked whether the ACW is within its right to ask if it can do so. John Davies added that the ACW would first need to get permission from Riverside House and Mark Sweeney and Rhodri Williams confirmed they would seek further information. **ACTION: RhW and MS to seek information.**

Item 3: Chairman’s Report

8. The Chairman provided an oral update since the last Advisory Committee for Wales meeting in September.

9. He discussed Ofcom Wales’ Communications Market Report stakeholder event at the September Cross-Party Group on Digital Communications meeting. He told Members that those in attendance had a constructive discussion with Assembly Members on some of the key findings of the report.

10. The Chairman also discussed S4C’s event which took place at the start of November. He told Members that S4C launched its document, ‘Looking to the Future’, which sets out S4C’s
vision and plans in the digital world. He made reference to the presentation given by S4C’s
Chief Executive, Ian Jones, on the importance of S4C in both a cultural and economic
context. He also noted that the broadcaster’s many achievements to date were celebrated
with video clips of some of its most successful programming.

Item 4: Report – Director, Government and Parliamentary Business

11. Mark Sweeney, Director of Government and Parliamentary Business had circulated his
report ahead of the meeting which was taken as read. He added that he had several updates
to report since the paper was written.

12. He explained that the Draft Investigatory Powers Bill had been published on 4 November
and that it was currently being scrutinised by the Joint Select Committee.

13. Mark Sweeney referred to the Prime Minister’s announcement of the 10Mbps broadband
universal service obligation (USO). He noted that the DCMS has been charged with
consulting and passing the legislation and Ofcom will work to implement and deliver the
obligation. He noted that the Advisory Committee for England (ACE) has asked Ofcom for a
more detailed presentation on Ofcom’s role in this and asked whether the ACW would also
be interested in hearing from the relevant team in Ofcom to which Members said they
would. Members were also advised that the Government is interested in deregulatory
measures and that the announcement could include more on provider-led switching.

   ACTION: Agenda item for next ACW meeting.

14. Members were made aware of Ofcom’s Connected Nations Report which he said was
scheduled for publication at the end of November. He noted that the report includes a
separate nations’ supplement for Wales for the first time and that any comments on the way
the material is presented should be raised with the Wales team.

15. Members discussed the Spending Review announcement on 25 November and Mark
Sweeney confirmed that Ofcom has been in discussions with the Treasury on its funding.
Hywel Wiliam expressed his concern regarding potential cuts to the budgets of the DCMS
and S4C. Mark Sweeney confirmed that the Treasury is obliged to print details of all its
decisions and that any cuts to their budgets would be stipulated in the Spending Review
statement.

16. Glyn Mathias made reference to the widespread view that the DCMS’ budget could be cut by
up to 40% and questioned whether S4C could also face the same percentage cut to its
budget. Mark Sweeney informed Members that some partners of the DCMS are ring-fenced.
However, concerns were shared that the implications for S4C could be significant.

17. The DCMS’ request for Ofcom to review the continuing value of music formats and detailed
localness requirements on radio was discussed. Glyn Mathias noted that any relaxation of
localness commitments for radio could have a significant impact considering the issue of
media plurality is already one of growing concern in Wales. Mark Sweeney added that the
Advisory Committee for Scotland had also expressed concern on this matter.
**Item 5: Report – Communications Consumer Panel Member for Wales**

18. Rhys Evans, Communications Consumer Panel (CCP) Member for Wales had circulated the report written by Fiona Lennox ahead of the meeting which was taken as read.

19. He mentioned the CCP’s response to Ofcom’s consultation on consumer switching. The CCP noted that making switching easier would not fully address the problems and added that there is a lack of clarity around timescales and charges. He suggested that Ofcom should implement a clear switching process as swiftly as possible.

20. In response to PhonepayPlus’ discussion document on vulnerability, Rhys Evans noted that the CCP had raised concerns about PhonepayPlus’ research which said that 90% of parents would support a spending cap to reduce the risk of high bills. He noted that while it is potentially easier for children nowadays to run up high bills through in-app purchases for example, Ofcom research has revealed that 10% of parents are not aware that they can set limits to these. He suggested that there is scope to better inform consumers on how to protect their spending.

21. Rhys Evans notified Members that the CCP is in the process of implementing its annual work plan.

22. Usage of the Electronic Programme Guide was discussed and Members noted that Ofcom must be ahead of the curve on EPG. Mark Sweeney emphasised that the UK Government is better placed to address a clear policy position on EPG prominence.

23. John Davies questioned Ofcom’s opinion that consumers receive three nuisance calls a day on average and said he expected the figure to be higher. Rhys Evans added that 60 million nuisance calls are made every day and account for 20% of all calls. He also informed Members that the CCP had written to Ofcom on the matter.

**Item 6: Proposed Annual Plan 2016/17**

24. The team had distributed the relevant nations’ supplement of the Proposed Annual Plan in advance of the meeting and welcomed any feedback and input from Members.

25. Rebecca Taylor notified Members that at the request of Sharon White and Patricia Hodgson, the format of the plan for 2016/17 is far simpler and shorter in length compared with previous years. She also informed the Committee that the section on ‘Delivering our goals across the UK’ had been written following the team’s consultation with all the nations’ Advisory Committees in September.

26. Hywel Williams welcomed the new format of the Proposed Annual Plan and added that the document has greater clarity and is more accessible for the nations. Rhys Evans asked about the Plan’s impact on stakeholders in Wales and Rebecca Taylor noted that the plan contains a chapter which specifically addresses the challenges and areas of focus for Ofcom. Ian Macrae emphasised that following publication of the Proposed Annual Plan, stakeholders would be invited to comment on the work outlined in the document during the consultation period.

27. Members drew attention to the growing concerns regarding media plurality in Wales and questioned whether a Welsh dimension on plurality in Wales should be included in the Plan.
Rebecca Taylor discussed the plurality framework recently published by Ofcom which gives a better understanding of news distribution at a more granular level. She asked whether the Committee considers plurality as an issue in Wales.

28. In response, Glyn Mathias added that the Proposed Annual Plan does not reflect the work of Ofcom in relation to institutional structures regarding plurality and public service broadcasting. Huw Roberts reinforced the concerns which exist in Wales with regard to the future of S4C and the Welsh language.

29. Nerys Evans drew the team’s attention to the wording in the document and that Ofcom must consider the National Assembly for Wales and the Welsh Government as two separate institutions.

Item 7: Report – Director, Wales

30. Rhodri Williams had circulated his report ahead of the meeting which he took as read.

31. He commended Hywel Wiliam’s work on the publication of the document outlining the findings and the recommendations of the IWA Media Audit 2015. He noted that the research is based on a significant amount of Ofcom data.

32. Rhodri Williams informed Members that he had attended a conference on journalism at the University of South Wales. He added that the event brought together journalists, academics, trades unionists and others to discuss the news media in Wales and that the day included panel discussions and audience questions on themes such as the current news media landscape, revenue and ownership models, start-ups and subsidies and the professional journalist’s role.

33. Members were interested to understand whether Ofcom had been involved in the National Assembly for Wales’ Communities, Equality and Local Government Committee’s inquiry into the BBC Charter Review. Rhodri Williams reported that Ofcom had declined the original proposal based on one of the terms of reference regarding governance and accountability. He added that he had relayed Ofcom’s reasoning to the Committee Chairman, noting that any discussions on the regulation of the BBC are a matter for government.

34. Elinor Williams was invited to provide an update on mobile coverage issues in Mid Wales. She noted the content of the meeting in Newtown attended by the four mobile network operators – EE, O2, Three and Vodafone, Russell George AM, Ofcom Wales and members of the local community. She said that EE had assured those present at the meeting that it has upgraded backhaul to one of the remaining sites in the Newtown area after it was identified that the mast was running at full capacity, explaining why many customers were unable to make calls. She alerted Members that EE had decommissioned a legacy Orange site near Bryn Lane in 2014 and had until recently been of the opinion that traffic was being carried successfully by other sites. She added that EE is also considering whether to re-commission the mast and has pledged to develop its 4G service in the area in early 2016.

35. Elinor Williams also informed Members that complaints regarding mobile coverage have also been received from areas outside Newtown and that the Ofcom Wales office and colleagues at Riverside House are monitoring the situation closely.
36. Members briefly discussed whether consumers would see an improvement in EE’s quality of service if the BT/EE merger was given the green light by the Competition and Markets Authority.

37. Rhodri Williams referred to the Cross-Party Group on Digital Communications meeting on 24 November on broadband roll-out in Wales. He noted that Alwen Williams (BT Director Wales), Ed Hunt (Programme Director of Superfast Cymru) and the Deputy Minister for Skills and Technology Julie James AM would be present at the meeting and encouraged Members to attend.

38. The outcomes of Ofcom’s internal review, Strength to Strength was discussed. Members suggested that there should be a larger presence of Ofcom outside of London considering the growing powers of devolution in each of the nations. Nerys Evans noted that the Ofcom Wales team could carry out UK functions at the Cardiff office. She also asked for information on the current percentage figures of male to female ratio at the organisation. **ACTION: Send latest figures to NE**

**Item 8: Consumer Strategy**

39. Ian Macrae and Nicholas Collins joined the meeting via videoconference and welcomed any comments from Members on the paper which had been circulated ahead of the meeting.

40. The team informed the Committee that the project is phased to deliver an action and strategy plan to present to the Board in December. They noted that an implementation phase would follow. They asked Members for their views on what Ofcom could do more of as an organisation to increase its consumer focus.

41. Rhys Evans asked whether there are opportunities for Ofcom policy staff to interact with consumers directly. Ian Macrae agreed that Ofcom could improve its direct engagement with consumers and said that they are looking at ways to ensure more time is spent with stakeholders.

42. Hywel Williams asked whether the team had any evidence-based data to report back to the Committee. Ian Macrae discussed the Connected Nations report and said that it provides a greater insight into communications services in the nations at a more granular level.

43. Hywel Williams also asked whether Ofcom monitors social media services. The team said that not much is done systematically but that Ofcom does, however, look at how social media could be better utilised as methods of communication.

44. The Chairman commended the team’s recommendations on regular tracker surveys of SME consumers in the nations, adding that Ofcom has broadened its remit over time and is producing very helpful amounts of data on SMEs in Wales.

**Item 9: Welsh Language Matters**

45. In addition to the information on Welsh Language matters provided in the Director’s Report, Elinor Williams gave an oral update on Ofcom’s position since the previous meeting.

46. She added that the Welsh Government has now written its response to the Welsh Language Commissioner’s second standards investigation report. In conclusion, the First Minister is in
agreement with the Welsh Language Commissioner on the standards applicable to all 119 organisations within Phase 2.

47. Elinor Williams noted that the operational standards would be new for Ofcom and for many other organisations. However, she added that the Welsh Language Commissioner had noted that organisations would be given an appropriate timescale to implement these standards.

48. Elinor Williams agreed to brief Mark Sweeney on Ofcom’s current Welsh Language policy at a separate meeting.

49. Rhys Evans asked whether Ofcom has been asked to attend the Citizens Advice roundtable event to discuss the Welsh Language standards. Elinor Williams confirmed that Ofcom had received an invitation.

**Item 10: Channel 4 Engagement Plan**

50. Ian MacKenzie and Charlotte Christison joined the meeting to discuss Channel 4’s engagement plan on out-of-England production. Ian MacKenzie introduced himself as the Nations and Regions Manager for C4 and his colleague Charlotte Christison as the Senior Public Affairs Manager for C4. He apologised on behalf of Dan Brooke, C4’s Chief Creative Officer, who was unable to be present at the meeting.

51. Ian MacKenzie welcomed the opportunity to discuss C4’s engagement in the nations and invited Members to ask questions during the presentation. He proceeded to give a short update on C4’s developments in Wales and the Committee was pleased to hear that the broadcaster’s quota for programmes produced outside of England has almost reached 7.4% of volume and spend - Ofcom’s requirement is set at 9% by 2020.

52. He noted the success of the series, Educating Cardiff, and said how the channel is now looking for an alternative as a replacement in Wales.

53. Channel 4’s level of engagement and the number of commissions with the independent production companies in Wales was discussed. Ian MacKenzie noted that C4 is keen to develop further its work in Wales and to work closely with the sector in Wales. He also emphasised the importance of the Welsh Government’s commitment to encouraging Welsh creative talent through C4’s Alpha Fund.

54. Ian MacKenzie drew Members’ attention to C4’s new shadowing system which provides young directors with an opportunity to nurture and develop their skills through shadowing experienced directors.

55. Glyn Mathias was interested to know whether C4 would be looking at making whole productions in Wales. Ian MacKenzie noted that some post-production takes place in Wales but said that many accomplished editors are London-based and are sometimes reluctant to travel.

56. Members wanted to know more about news provision on C4, suggesting that with growing devolution, there is a greater desire in Wales for more local and national news coverage. In response, Charlotte Christison said it would be fairer to discuss news output with the ITN teams. **ACTION: CC to respond.**
57. Matthew Bourne, Caroline Halstead-Smith and Sarah Carter joined the meeting via videoconference. The team had distributed its paper prior to the meeting which was taken as read. Matthew Bourne apologised on behalf of Neil Stock who was unable to be present.

58. Matthew Bourne discussed the scope of the review which he said is being carried out at the request of the DCMS. In view of the growth in listeners of digital radio and the potential launch of a second DAB multiplex in 2016, he noted that the Government is considering a new legislative framework for the regulation of radio to move towards a level playing field across digital and analogue services. He noted that Ofcom has been asked to prepare a draft paper in order to set out the various viable options.

59. As part of the review, Members were informed that Ofcom is looking at the continuing value of music formats and localness requirements on commercial radio. They were briefed on the qualitative and quantitative research which had been carried out at 12 different locations across the UK, including Swansea, to better understand the value of local and national news broadcasts to listeners.

60. Matthew Bourne noted that the team is currently digesting the findings of the research from all 12 case studies and that a report would be published shortly.

61. The team summarised the key findings of the research at the various locations and noted that locally-made programming continues to be important for many listeners. Matthew Bourne invited Nia Thomas to discuss some of the findings of the Swansea quantitative research.

62. Nia Thomas noted the services which were monitored as part the study including the national radio services, BBC Wales and BBC Radio Cymru, as well as the regional and local radio commercial stations which serve the Swansea area. She added that news provision on television (ITV Wales, BBC Wales and S4C) and in the print media (South Wales Evening Post) were also reviewed but added that the duration of the news bulletins were only recorded for radio.

63. She made reference to the definitions of local and regional and noted that local covered Swansea and the surrounding areas of Llanelli and Neath and regional covered Cardiff to Swansea, excluding Newport and Pembrokeshire.

64. Members were informed that Radio Wales and Radio Cymru were recorded as having a higher percentage of regional and national news output compared with other BBC local and national services across the UK. She added that commercial services in Swansea, like in Scotland and Northern Ireland, generally carried a substantially higher proportion of national Wales news and lower percentages of local news compared with the other case studies.

65. Nia Thomas added that the commercial radio services surveyed in Swansea carried a substantially larger number and proportion of news stories about the nation than in other case study areas, and proportionally lower amounts of local news, although this was still more local news than the BBC.
66. Members welcomed the research conducted in Swansea and wondered if it could be extended to other markets in Wales, particularly under-served areas and Welsh speakers.

67. Glyn Mathias emphasised that Wales gets most of its news from London and added that it is extremely important to think of Wales as a distinct entity.

68. Members supported the finding of local news as a priority in Wales. However, considering there are no regulations for local content on digital radio, they noted that if there is to be a new minimum content requirement based around the provision of local news on analogue services then it should apply also to digital services. Matthew Bourne and his team clarified that this could be part of the options for the UK Government to consider.

69. Hywel Wiliam asked whether there are any regulations which apply to advertising. Matthew Bourne said there are not but added that a large number of services work independently. He noted that around 30% of revenue is generated from local advertising.

70. Rhys Evans asked for further information on the quantitative research carried out in Swansea. The team said that a full report would be issued in due course.

71. The Chairman summarised the discussion and emphasised that local information and news is of paramount importance to listeners in Wales and that any amendments should take into account the various issues raised by the Committee. It was agreed that the Committee would submit a note to Ofcom to clarify some of these points. **ACTION: ACW to write to the Localness Review team.**

**Item 12: Postal Regulation**

72. Chris Rowsell joined the meeting via videoconference. A slide pack providing an update on the review had been circulated prior to the meeting. He welcomed comments from Members.

73. Chris Rowsell outlined Ofcom’s review of the regulation of Royal Mail which was announced in June. He noted that the review is addressing three key questions: the effectiveness of the price regulation of retail and wholesale goods; whether there is greater need for deregulation in the parcel sector and; whether there is a need for amendments to the access regime to address non-price issues.

74. He noted that Royal Mail is by far the largest in the parcel sector, delivering over half of parcels in the UK. However, he added that Royal Mail has recently been losing ground in volume and revenue.

75. Chris Rowsell discussed other competitive outlets of parcel operators which impose surcharges to deliver to rural areas. However, he noted that he has not received any examples of surcharging problems in Wales. He proceeded to explain how the Royal Mail has made some improvement with regard to efficiency of distribution but added that even further gains could be made.

76. Huw Roberts commended the review and noted that the behaviour of Royal Mail must be addressed. Rhys Evans added that the Royal Mail has the potential to do even better to secure the best outcome for consumers.
77. The Chairman summarised the discussion and suggested that the Royal Mail has significant market power and could benefit from further intervention. He suggested that Huw Roberts and Chris Rowsell may wish to discuss the review further at an independent meeting.

**ACTION: NT to set up meeting.**

**Item 13: Report - Content Board Member for Wales**

78. Rhodri Williams, the acting Content Board Member for Wales, had circulated a paper ahead of the meeting. He noted that Aled Eirug has been appointed the new Content Board Member for Wales and that he would be taking up his position on 15 December.

79. Members were informed that Claudio Pollack, Group Director of Content, Consumer and External Affairs had attended his final Content Board meeting and would be leaving Ofcom in December.

80. Members were interested in hearing more about ITV’s acquisition of UTV. Hywel Williams asked about the implications on UTV radio and Rhodri Williams said that although ownership would change, licence conditions would stay in place.

81. Rhodri Williams also discussed the Institute of Welsh Affairs’ Media Summit which took place in Cardiff on 11 November. He noted that James Purnell, BBC’s Director of Digital and Strategy, had signalled a separate service licence consideration for Wales.

**Item 14: AOB & Items for future agendas**

82. Nothing to report.

**Items 15-16 – For Information**

**Date of next meeting**

3 February 2016

**Ofcom Advisory Committee for Wales – 12 November 2015**

Signed:.................................................... Date:..............................

John Davies, Chairman, Ofcom Advisory Committee for Wales