

Welsh Government response to the Ofcom ‘Small Screen: Big Debate’ consultation on the future of public service broadcasting

The Welsh Government welcomes the opportunity to respond to the ‘Small Screen: Big Debate’ consultation on the future of public service broadcasting. This review comes at a critical time for both broadcasters and citizens, given the rapidly changing broadcasting landscape and ongoing evolution of digital innovations that have created a fundamental shift in the way in which audiences are consuming content and connecting with broadcasters. These changes have been accelerated by the global COVID-19 pandemic, and have highlighted the need for urgent action as the pace of change increases, to ensure our public service broadcasters can continue to serve the needs of Wales.

There is no doubt as to the continued relevance and importance of public service broadcasting in Wales. The crucial role that public service broadcasters play in informing, entertaining, educating and creating a common cultural citizenship has been particularly apparent during the COVID-19 pandemic. Broadcasters are also vital contributors to the growth of our creative industries and the Welsh economy, sustaining the development of content in Wales by our independent production companies, and supporting diversity and future sustainability in the sector through skills and talent development. In addition, effective broadcasting is essential to devolution and sustaining and growing the Welsh language.

A new framework is needed to fit new broadcasting structures and ensure broadcasters are able to continue to deliver for the people of Wales. We agree with Ofcom that this framework must support an effective transition from public service broadcasting to public service media. This framework must be sufficiently flexible to meet the needs of the different types of broadcasters operating across the UK, and to adapt to ongoing changes and future proof arrangements in line with evolving innovations and an increasingly global environment. Any changes must, however, ensure public service obligations remain fit-for-purpose in a devolved context and that flexibility does not come at the cost of a negative impact on services in Wales for Wales.

We have met with public service broadcasters in Wales to seek their views on the opportunities and challenges associated with this review, and their feedback has been reflected in our response, as appropriate. A common view across all broadcasters is the need to take action quickly. Prominence has been a key feature in these discussions, a matter on which Ofcom has already made recommendations, with action yet to be taken. We would urge the UK Government to take early action in response to any recommendations made by Ofcom based on their research and findings from this consultation exercise.

As this review continues and recommendations are developed, structures are required that give Wales an adequate voice in developments, so that we can be proactive in this debate and ensure that any changes proposed to the current regulatory arrangements protect and serve the best interests of the people of Wales. This includes wider consideration of the future of public service broadcasting through the industry panel established by UK Government, the membership of which has faced some criticism, and the review of the TV licence fee.

We will not answer the consultation questions individually, but will instead focus on a small number of key themes of particular importance to Wales.

The distinct situation in Wales

The Welsh Government response to the previous review of public service broadcasting undertaken by Ofcom set out the distinct situation in Wales, and is still relevant. Wales is a nation in its own right, with a unique culture and language. Its bilingual ethos and its nature and history are distinct within the UK; they need to be safeguarded and celebrated.

While the Small Screen: Big Debate consultation document notes the satisfaction with public service broadcasting for audiences in Wales remains relatively high (at 75%) and is greater than satisfaction of audiences in Scotland (68%) and England (73%) there is scope for improvement. The Ofcom annual report on the BBC notes that, in 2020, less than half of people (45%) in Wales thought the BBC provided a good range of content that is representative of Wales and the number of people rating the BBC with low impressions (scores 1-4 out of 10) has increased from 12% in 2018 to 19% in 2019.

The public service broadcasters are a vital part of the thriving Creative Industries sector in Wales, a hugely important sector to the Welsh economy – with an annual turnover of more than £2.2 billion in 2019 and a level of employment of over 56,000 people, over 40% more than 10 years ago. The public service broadcasters also have a crucial role in the civic life of Wales and contribute greatly to the Welsh cultural, social and political landscape.

However, while there are examples of improvements in public service broadcasting in investment and delivery in Wales, services directed specifically at Welsh listeners and viewers continue to be under pressure. This is highlighted in findings from recent research undertaken by Ofcom as set out below (we note there may be issues with the basis of some of these figures, which also need to be considered in the context of wider activity):

Media Nations Wales Report

- The BBC's and ITV Wales' combined spend on programming for Wales decreased by 2% in 2019 to £33.5m.
- In 2019, the BBC produced 629 hours of local programming, a small increase on the previous year, while ITV produced 332 hours of local programming, slightly less than in 2018.
- ITV Cymru Wales' spend on first-run content for Wales declined by 5% to £6.1m from 2018 to 2019.

Ofcom five year review of public service broadcasters

- First-run spend by S4C in Wales reduced by 7% from £65.8m in 2014 to £61m in 2018.

Channel Four Television Corporation Report and Financial Statements 2019

- The volume of commissions in Wales has remained constant between 2018 and 2019 at 100 hours, however spend fell from £13.8 million in 2018 to £9.4 million in 2019, a percentage decrease of 32%. Investment for content from production companies in Wales also decreased by 30%, from £9.7 million in 2018 to £4.2 million in 2019.

There is limited coverage of Welsh public life and society in UK newspapers and on UK broadcast services, which comprise the main media outlets in Wales. The portrayal of Wales in UK media does not reflect the cultural diversity and richness of the nation. Regulation, for example as related to sporting rights, does not always reflect or protect those areas of most important to a Welsh cultural perspective. The regulatory framework emerging from any recommendations set out in this latest review must ensure UK broadcasters serve the needs of Wales and demonstrate continued improvements in the portrayal of Wales across services and productions.

News and journalism

Public service broadcasters in Wales play an essential role in the provision of news. Given Wales' relatively weak indigenous infrastructure for news via print media, coupled with a lack of significant coverage in UK media, there is an over-reliance on TV news services in Wales relative to other parts of the UK. This is highlighted in the Ofcom's News Consumption Report in the UK 2020, which identifies TV as the most used platform for accessing news in Wales (75%) and the Media Nation 2020 Wales report, which shows TV Channels BBC One and ITV Wales are the most used news sources for the people of Wales. This has been a particular issue during the current pandemic, where there has been examples of misreporting of Wales circumstances by UK broadcasters.

Any future framework must recognise the importance of regional news and demonstrate ongoing improvements in the coverage of devolved political issues in Wales and adequate coverage of Welsh issues and events.

Changing models of delivery

A fundamental shift is taking place in the global broadcasting market. New options for delivery and changing content consumption habits are having a significant impact on the way in which public service broadcasters reach and connect with audiences. We agree with Ofcom that a new regulatory framework is urgently needed that reflects a shift towards a public service media operating both online and across more traditional channels. We agree, as a result of these changes, there are benefits to adopting a more 'service neutral' approach to regulation. However, this must consider the needs of different groups in society and ensure services continue to meet the needs of a diverse audience who may not have the ability or choose to access both linear and online content.

Any changes to the public service broadcasting framework must ensure services are accessible. It must ensure that Codes and regulations relating to the accessibility of services for disabled people are relevant to the different ways in which this group access content in a more online world. It must also reflect the importance of the Welsh language in Wales, and ensure the rights of Welsh language speakers are

promoted and protected on more digital and online channels, for example by ensuring Welsh language content remains visible and searchable.

Any changes should support a continuity of service on the TV transmission model, which is still valued by many members in society and of particular importance to vulnerable groups and those with no or limited access to the internet. It must also ensure public service broadcasting remains a universally available service, covering the broad range of services expected by citizens. The Welsh Government recognises the need for a model that enables broadcasters to identify new income streams to support the future sustainability of the system as broadcast TV advertising declines. We would, however, caution against a move to a 'core' and 'extra' model of services, which would have a disproportionate impact on those unable to pay for or access wider services.

We agree that prominence and discoverability of public service broadcasting content should be broadened and protected, so as to be relevant to an increasingly global marketplace, and the growing dominance of online platforms. While prominence on the Electronic Programming Guide (EPG) will continue to be important, as fewer people access content via the EPG, action is needed to raise the prominence threshold to secure prominence on the platforms of the future. As broadcasters move content from linear programming on established channels a solution is needed to maintain prominence to ensure public service broadcasting content remains discoverable and promotable to key audiences, whether they are across the UK or in specific nations and regions. Audiences must also be able to navigate to content, and discover public service broadcaster content regardless of their platform of choice. Urgent government action is needed to support this, so that content can be found through digital programming guides.

Any future regulatory framework must also recognise the impact of global platforms. As noted in Ofcom's Media Nations report 'more than half of households (54%) had a subscription to one or more of the paid-for online services at the beginning of 2020'.

Changes are needed to ensure public service broadcasting can be carried on digital platforms on fair terms, to support sharing of data, fair value for content and to mitigate the impact of digital advertising practices.

Public service broadcasting and the independent production sector

The Welsh Government agrees consideration should be given to the effectiveness of the relationship between the public service broadcasters and the independent production sector. We welcome the opportunity to respond to the Ofcom consultation on this as part of our response to 'Small Screen: Big Debate'.

There is no doubt that the Public Service Broadcasters, S4C and BBC Wales in particular, have helped to grow the independent production sector in Wales. Wales now has a number of highly successful independent companies that are creating both scripted and unscripted content for many channels and networks. Many of these companies would have primarily provided content for S4C originally, with S4C central to their initial development.

In addition, throughout the COVID-19 pandemic, Creative Wales has worked closely with the PSBs in a variety of ways to support the sector, with all PSBs responding positively to a collaborative approach to supporting the industry. This has included working more closely on development funding and collaborating on skills projects with a particular emphasis on diversity and inclusion. This is considered a big step forward in how we can work together to better support the production sector in Wales.

It is concerning however to see examples of drops in spend in Wales by PSBs in 2019. Within an increasingly competitive market, it is difficult for independent Welsh companies to get the commission that will trigger their future growth. Most companies are seeking that prime time returnable series that will elevate their status and provide them with a sustainable income.

Quotas are an important element of the broadcasting framework, and we would be wary of any quota changes that could allow the production of in-house content by public service broadcasters - and the commissioning of independent content - to move away from the nations and regions and back towards London and the South-East. However, a narrow focus on quantitative measures may mask wider opportunities to achieve positive outcomes for Wales through public service broadcasting delivery. There may be value in focusing on metrics that capture more qualitative dimensions, such as the quality of content, portrayal and relatability. Any proposed changes to measurement to adopt a more flexible approach would need to protect the steady movement towards increased delivery from independent production companies based within the nations.

Accountability and funding

A new framework for the public service broadcasting system will require a clear and transparent accountability structure, and we agree that broadcasters should be required to set out their plans, including clear targets. Performance against these should be reported against regularly, and monitored by Ofcom. These plans should include detail of how public service broadcasters will deliver services in the nations, and include targets in line with or above minimum levels for delivery in the nations, set by the regulator.

We agree that for the public service broadcasting system to be effective, it needs to be financially resilient. Any new framework needs to support sufficient funding and certainty of income streams for public service broadcasting. The framework must allow public service broadcasters to be innovative in approach, support efficiencies and allow them to protect market income, but must do so in a way that protects their independence from government. Means of generating new income sources must take into consideration the importance of universality of service as noted earlier in this response, and the cost associated with the provision of programming in the Welsh and English language to meet needs in Wales.

We note the funding of the BBC is not a matter for this review, however, any recommendations related to a sustainable funding model for public service broadcasters will need to be considered in the context of wider debates on the future

of the TV licence fee, given its impact on the BBC and S4C. Any reduction in the level of funding made available through the licence fee to BBC Cymru Wales and S4C will be hugely detrimental and destabilising to services in Wales.

Conclusion

There is no argument as to the continued importance of public service broadcasting in Wales, nor to the need for a more modern framework, that reflects the new reality of the system shifting from a public service broadcasting to a public service media model. As changes are made to the way in which content is designed, produced and delivered we are keen to ensure that it does so in a way that meets the needs of audiences in Wales and brings new opportunities for jobs and growth in Wales.

A vibrant media sector is an essential component of a modern democratic society. As a nation with its own language, culture and political institutions, a strong media is essential to provide a comprehensive service that informs, educates and inspires the people of Wales. The Welsh Government will continue therefore to stand up for maintaining full services in the Welsh and English languages at a national and local level as part of any new regulatory framework introduced in the UK.

We would welcome the opportunity to discuss the comments as set out in this response with Ofcom and the UK Government.