

## **Welsh Government response to Ofcom's Future of TV Distribution Consultation**

Television plays an invaluable role in Wales, providing a platform to entertain, inform and connect individuals and communities to the wider world. As is the case across the UK, the way in which audiences are consuming content and connecting with platforms is evolving rapidly.

Ofcom's own analysis, as set out in its Media Nations Wales 2023 report, notes that, in Wales, TV viewing continues to decline (from 3 hours and 8 minutes per day in 2021 to 2 hours and 45 minutes per day in 2022). These decreases are seen among all age groups. Wales watched the most Subscription Video on Demand/Advertising Video on Demand of all the nations in 2022. On average, people in Wales watched 4 hours 43 minutes of video content per day in 2022, the second highest among the UK nations. Generally, Welsh citizens are embracing the online environment, with Ofcom's Online Nations 2023 report highlighting that 'adults in Wales spent the most time online compared to other UK nations (3 hours 47 minutes, 6 minutes more than the UK average)'.

It is critical, as TV consumption habits continue to change across the UK and action is taken in response, that full consideration is given to ensuring any new framework meets the needs of all audiences in Wales. The Welsh Government welcomes this consultation as an important step to assess future trends and developments to understand the impact of these changes on TV platforms and universality for audiences.

### *Importance of balanced provision*

The Welsh Government recognises the need for a balanced approach to provision and our position remains clear, that broadcast services must be protected and remain universally available now and in future. We note the figures set out in Media Nations Wales 2023 that demonstrate a decline in TV viewing numbers. We recognise the need for TV services to respond to this change and ensure audiences are able to consume content using their preferred method, both to ensure audiences can access essential content and to support the ongoing sustainability of the services themselves. We welcome the action taken by broadcasters to grow their only presence through services such as ITVX and the BBC iPlayer. However, the report also highlights that public service broadcasters are still the most watched broadcasters in Wales and remain highly valued by the public (viewers in Wales on average watched the second most broadcast TV of any UK nation in 2022). The Welsh Government regularly receives correspondence from stakeholders stressing the continued need for universality and the importance of maintaining linear broadcast as TV distribution changes. These also highlight the potential disproportionate impact of any disruption to access through more traditional channels on some of the most vulnerable in our society, noting the demographic profile of householders receiving digital terrestrial television (DTT) only. Factors including cost, lack of connectivity and digital literacy would all play a part in placing restrictions on accessing broadcast content if solely available digitally, a situation that would see many people across the country experiencing social and cultural

exclusion. The *'Safeguarding Universality' report*, published by Silver Voices, a member of the Broadcast 2040+ campaign, notes that 83% of respondents in Wales believe that universal access to public service content should be protected by the law, 67% agree that making content accessible for all should be a top priority for government and 60% would not want the expense of having to buy new equipment such as new smart TVs or smart speakers and radios, if DTT was not available.

We recognise there are significant financial challenges facing TV platforms and services, including public service broadcasters, as delivery evolves to satisfy the needs of audiences across a range of channels. These have been exacerbated by inflationary and cost of living increases. It is essential that there is a secure and fit for purpose funding model that protects essential services and provide the sustainable funding that allows broadcasters to fulfil their public purposes and objectives and compete with global platforms.

We note the risk that an increasing complex, fractured marketplace could impact on audiences' ability to discover content. This is highlighted in the Broadcasting Expert Panel report *'A New Future for Broadcasting and Communications in Wales'*, published in August 2023, which states that 'in a converged digital, global and multi-platform media environment, the visibility and ability to find content connected to Wales, including content in the Welsh language has become increasingly challenging. Geo-based technology and algorithms can make this content more – or less – accessible to people living in Wales'. The Welsh Government broadly welcomes the introduction of the Media Bill in the fourth session and its measures to ensure prominence of public service content and discoverability for audiences on online platforms. These will undoubtedly have a positive impact on broadcasters and audiences in Wales. It is critical that broadcast services are protected and remain universally available now and in future, across the range of channels used by audiences to access programming, as the regulatory framework is updated to reflect changes in content consumption habits. This includes ensuring discoverability of Welsh content for Welsh audiences irrespective of the channel used to access that content. We continue to engage with the UK Government and stakeholders, including Ofcom, on these areas.

### *Supporting infrastructure*

Over the last decade market deployment of broadband and publicly funded interventions by the Welsh and UK Governments have vastly improved access to fast and reliable broadband to homes and businesses across Wales. Superfast broadband (at least 30Mbps) is now available to 96 per cent of premises in Wales (Ofcom Connected Nations summer 2023 update). The results from the latest Open Market Review undertaken by the Welsh Government found that around 84,000 premises in Wales did not have access to superfast broadband or were not in any commercial or public sector plans to be addressed in the coming three years. Broadband connectivity of at least 10Mbps is available to 98 per cent of premises (Ofcom Connected Nations summer 2023 update).

There are a number of initiatives either in place or planned to address premises that remain unable to access a usable broadband service. These include the Welsh Government Access Broadband Cymru grant, the UK Government's Project Gigabit

and potential future interventions. Whilst the statement in the consultation that broadband coverage will become less of a barrier is true it is not certain that 100 per cent of premises will have access. Those without are likely to be in very rural or remote areas and be disproportionately represented in Wales. Consideration will need to be given to how remaining premises are served.

There will be households that need to rely on either mobile or satellite technologies for their broadband connectivity. Packages can be subject to data caps which may not be sufficient to allow for internet-based TV without incurring increased costs. Consideration will need to be given to how households can continue to enjoy TV without incurring significant data costs.

### *Digital inclusion*

Television is an important part of our daily lives and more so for digitally excluded people who may not have the choice of other TV content such as streaming or subscription media services. Linear TV continues to play a significantly important role alongside digital and on-demand broadcast, particularly for the elderly and other vulnerable groups experiencing digital exclusion. The National Survey for Wales 2022-23 data shows that 7% of adults in Wales (an estimated 170,000 people) are digitally excluded. This figure stands higher amongst those aged 75 and over – 32% (an estimated 95,000) are digitally excluded. This correlates to the 34% of those aged 75 and over receiving digital terrestrial television (DTT) only. Other vulnerable groups who may be digitally excluded include residents of social housing (12%) and people with a limiting long-term illness (10%). The Ofcom consultation calls for an 'intervention to ensure that, in the case of a managed move away from DTT, vulnerable people are supported'. It is important to acknowledge that any such intervention would require a co-ordinated response between the UK and devolved governments. Currently, UK Government does not have a digital inclusion strategy and devolved administrations have differing approaches and strategies. Welsh Government has commissioned research into a Minimum Digital Living Standard (MDLS) which considers the type of devices, broadband/mobile data and basic digital skills needed to be digitally included in modern Wales. The Minimum Digital Living Standard is a baseline starting point but the specific challenges different households face in meeting the MDLS need to be considered in interventions. The work has identified several barriers to achieving MDLS including affordability and the availability and quality of infrastructure to support access. [Towards a Welsh Minimum Digital Living Standard: Citizen and Stakeholder Perspectives](#)

### *Next steps*

It is essential that Ofcom continues to engage with Welsh stakeholders on this important area. Welsh Government officials would be happy to discuss the points set out in this response with Ofcom. We would also be keen to explore any opportunities to build on the research undertaken by Ofcom to support a more focused analysis of relevant data at a nations level, including through a more holistic and combined analysis of research related to TV and media consumption, online habits and connectivity.