



BBC Charter Review

A response to the DCMS public consultation

by the

Institute of Welsh Affairs Media Policy Group

Background

The Institute of Welsh Affairs is an independent, membership-based think tank, dedicated to promoting the economic, social, environmental and cultural well-being of Wales. From its inception in 1987 it has owed no allegiance to any political or economic interest group. Its only interest is in seeing Wales flourish as a country in which to work and live.

The IWA has pursued an active interest in media issues for many years. In 2008 it carried out a media audit of Wales – Media in Wales: Serving Public Values - on behalf of the Welsh Government. It has repeated that audit exercise this year through its own resources. It sustains an active Media Policy Group whose membership is drawn from the media sector, academia and wider civil society.

This response to the UK Government's public consultation on the review of the BBC Charter is informed by the results of our latest audit. The full audit report will be published in draft in October to allow for public responses. It will also be discussed at the Cardiff Media Summit on 12 November.

Our response does not purport to explore in detail all the issues and questions raised in the BBC Charter Review consultation document.

Why the BBC? Mission purpose and values

Q1. How can the BBC's public purposes be improved so that there is more clarity about what the BBC should achieve?

Q2. Which elements of universality are most important for the BBC?

Q3. Should Charter Review formally establish a set of values for the BBC?

The mission, purpose and values of the BBC have a continuing relevance that is not diluted by time, technology or market competition. The purpose of public service broadcasting remains vital to a democratic society. It is to reflect our society to itself, without the distortions of partisanship or vested interest. Its task is to provide the information and cultural knowledge that allows the country, its nations and communities to fulfil themselves and to cohere at different levels.

The BBC is not the sole provider of public service broadcasting, but it is the core provider. Like every large organisation it has its weaknesses and its failings. But it has a strong, value-based, organisational culture, even if that can incline it at times to self-satisfaction or, at other times, to intense self-examination. With all the faults that are inescapable in every human organisation, and with the bureaucracy that seems endemic in all large organisations –

private as well as public - the BBC has discharged its function with distinction over a very long period.

The Government's consultation document invites us to consider whether the BBC's purpose need revision, clarification or codification, on the assumption that changing technology and market conditions may have undermined its original rationale. We do not find this argument convincing.

There can be few organisations that have devoted so much time and effort, and at such regular intervals, to examining and redefining its purposes and values. It usually ends up with a restatement still obviously shaped by its founding purposes. It can become an exercise in re-arranging the furniture. The difficulty is demonstrated by the consultation document's own stab at 'potential values for the BBC': 'independent, impartial, high quality, efficient/value for money, transparent, distinctive, diverse/representative'.

This is a familiar vocabulary in the history of the reviews of the BBC's charter. It underlines the fact that it is when the BBC falls short of its own values - its expectations of itself - that problems often occur. That is when the mechanisms of accountability should loom large. The cause is rarely a gap in the drafting of charter documents. Consider, for instance, independence and impartiality.

If the BBC is less independent than it would like to be, that is largely the fault of governments rather than other economic or social forces. Independence is usually the product of secure funding and guaranteed tenure. Both have seemed to be threatened recently by less than transparent processes for determining the scale and longevity of its funding. We would stress that the renewal of the BBC's Charter at not less than a 10-year interval would be the best aid to its independence.

Impartiality is another core value that undoubtedly guides behaviour within the BBC, even if to the audience – particularly the political audience - impartiality is in the eye of the beholder. Governments can appear more wedded to the BBC's independence in theory than in practice. Impartiality is not short of definition, not least in the BBC's voluminous producer guidelines. Vigilant management and governance is the best guarantor of this value.

There is one case where we would argue for a clearer statement of the BBC's obligations, and that is with regard to the need to reflect the changing shape of the United Kingdom.

We would urge the following amendments to the purpose remits of the BBC:

1. Sustaining citizenship and civil society

Delete – “Build greater understanding of the parliamentary process and political institutions governing the UK”

Insert – “Build greater understanding of political and parliamentary processes at the level of the UK Parliament, the devolved nations and local government, and of their inter-action.”

Add – “Share its journalistic resources for the benefit of other local media”.

2. Promoting Education and Learning

Add – “Reflect the differing educational priorities and practices of each of the nations of the UK.

3. Stimulating creativity and cultural excellence

Add – “Reflect the distinct cultural and artistic output of all parts of the UK”.

4. Representing the UK, its nations, regions and communities

Delete – “Cater for the different nations, regions and communities of the UK”

Insert –

“Reflect the full range of the BBC’s purposes in its services within each of the devolved territories”.

“Cater for the regions and communities of England”

We return to this issue in answer to questions 7 and 12 and the section on governance and regulation.

What the BBC does: scale and scope

Q4. Is the expansion of the BBC’s services justified in the context of increased choice for audiences? Is the BBC crowding out commercial competition and, if so, is this justified?

Q9. Is the BBC’s content sufficiently high quality and distinctive from that of other broadcasters? What reforms could improve it?

The consultation document says that “we need to decide whether this scale and scope is right for the current and future media environment given the proliferation of choice.” We would simply say that number is only one dimension of choice. While it may be a necessity to withdraw from some services to live within its means, we are not persuaded that this would result in some automatic enlargement in the range and quality of services provided by the open market.

Few doubt the quality or distinctiveness of the BBC’s output, even in more popular entertainment programming where the gap between it and its commercial rivals may be narrower and sometimes indiscernible. Many of its services would not be contemplated by commercial organisations, yet enrich the texture of our society in ways that attract universal admiration from the rest of the world. They also contribute enormously to the success of the UK’s creative industries. But the BBC cannot exist within a didactic niche. The source of its funding requires it also to engage entertainingly with large audiences, while applying the same standards of quality. It is that holistic view of its audience that is its strength. It is a vital aspect of universality.

This should not be taken to mean that there is no limit to the scale and scope of the BBC’s activities, rather that Government is not best placed to judge these matters, and that the Charter is not the place to define that limit. There are other mechanisms: a combination of creative judgment, prioritisation of resources, good governance, and external evaluation processes such as public impact assessments. Outcomes can also be influenced by changing circumstances and public tastes. A creative organisation needs the flexibility to adjust.

Periodic reviews of the BBC’ charter are useful points in time for a general assessment. It is regrettable that the licence fee has been largely determined before that debate has taken place.

Q6. What role should the BBC have in influencing the future technological landscape including in future radio switchover?

The current advanced communications environment in this country has been the result of both public and private investment, in which the BBC has been hugely influential and beneficial. It has exploited technology effectively in ways that have encouraged its use by the

public. Accusations of 'crowding out' other players have been, in part, a measure of its success. We see no current reason for it to be penalised for that success.

Radio

Radio switchover is a matter of key importance for a country like Wales. From the late 90s, the BBC has been rolling out a DAB multiplex in Wales as in the rest of the UK, to carry its main UK network radio services. Coverage of this multiplex has steadily improved in Wales, and has now reached around 87%. The capacity of this multiplex was, from the outset, fully taken by the BBC's UK network services, leaving no room to carry BBC Radio Wales and BBC Radio Cymru.

It was decided at the outset of the DAB development – in our view, wrongly - that the BBC's services for the nations would have to be carried on a multiplex owned by the commercial radio operators. Under the legislation, local commercial DAB multiplexes were obliged to carry these services. However, an initial reluctance on the part of the commercial radio operators to fund the roll-out of DAB transmission has meant that transmission coverage for Radio Wales and Radio Cymru has lagged behind that of the BBC's UK networks. Even now these services are available in DAB for only 65% of the Welsh population.

Completion of the DAB network in Wales will pose a dilemma with regard to the continuation of FM and Medium Wave transmission.

Transmitter coverage of the population is not the same as coverage of the country. Those travelling between population centres will encounter many gaps in the service. FM coverage was never uniform throughout Wales, but it is much better suited to Welsh topography than DAB. Although it can be argued that DAB copes with multi-path interference rather better than FM, there is a much sharper cut off at the edge of its transmission range than with FM. Radio coverage in both FM and DAB represent something of a doily effect. DAB will leave more holes.

The effectiveness of DAB coverage in different parts of the UK will need to be assessed before any decision is taken to switch off FM or, indeed, BBC Radio Wales's medium wave frequency. It must not be done on the basis of average coverage across the UK.

DAB and local content

Another consideration in the switchover decision relates to local content by commercial operators.

Commercial radio stations in Wales have to broadcast around seven hours a day of locally originated programming, which includes local news, travel, weather and other content. Even so, this local content has been squeezed, such that some have questioned the very localness of local radio. But, under current legislation no local content requirement at all is placed on DAB services. This is a major incentive for London-based radio groups to promote switchover, knowing that it will enable their commercial stations around the UK including Wales to be networked, dropping all remaining local content.

It doesn't have to be this way. This is not an inevitable outcome of digital switchover. Politicians have the power to change these terms. At the very least there must be a public debate about future local programming requirements, especially if an FM switch-off is contemplated. There is certain to be pressure for further deregulation in the industry. If so, Welsh interests have to make it clear that local programming is valued, that local news is vital and that there is no need to have a one-size-fits-all approach across the whole of the UK.

It would not be difficult to construct a different radio regulatory regime for Scotland, Wales and Northern Ireland, even under the overall umbrella of Ofcom. The UK Changing Union project, in which the IWA was a partner organisation, recommended that responsibility for radio in Wales should be devolved to Ofcom's own Advisory Committee for Wales.

Q7. How well is the BBC serving its national and international audiences.

Our response deals with the BBC's services for Wales. We are particularly concerned that the section of the consultation document dealing with this issue (P30) fails to identify the main issue facing Scotland, Wales and Northern Ireland. The document refers to the question of representing the nations to the rest of the UK and to the question of minority languages. It does not address at all, the most vital question of the services to and within each nation.

Market failure in Wales

When the IWA conducted its first Wales media audit in 2008 it was clear that media deficiencies in Wales were, on any objective test, significantly worse than in either of the two other devolved territories, Scotland and Northern Ireland. The only exception to this was television provision in the Welsh language.

The 2008 Audit concluded: "Of the three, Wales has the weakest print environment, the weakest commercial radio sector, is the only country where none of its commercial radio stations is indigenously owned, is the only one of the three whose ITV franchise holder was absorbed into ITV plc, and the country where the BBC is most dominant in both radio and television."

Seven years later the position is considerably worse. Output and spend on English language television by BBC and ITV has further diminished, with an inevitable narrowing of the range of programmes. S4C has suffered the first ever cut in its funding, losing a quarter of its funding. Ownership of commercial radio has undergone further consolidation, usually with consequent reductions in locally originated output. Like newspapers everywhere the print circulations of Welsh newspapers continue to drop, and the reduction in their journalistic resources has been particularly severe. The continued appearance of a newspaper often masks a collapse in its journalistic capacities. While there have been substantial increases in the accessing of news on a range of digital platforms, this has not compensated for a reduction in in-depth treatment of news.

Overall, Wales has seen market failure writ large.

Currently, there is no sign that this downward trajectory in the total media service for Wales will be halted, let alone reversed. In both 2010 and 2015 the UK Government imposed tough licence fee settlements on the BBC that imply significant real terms reductions. This is bound to impact on S4C. An agreement between Ofcom and ITV plc envisages no increase in output for Wales up to 2024, if ever. Even the current output may be endangered if ITV plc is sold to an overseas buyer. In September 2015 Trinity Mirror announced further reductions in its journalistic staff in Wales.

An improvement on the current provision is a democratic, social and cultural necessity. The future role of the BBC in Wales will be crucial and needs fundamental reassessment.

English language television in Wales

While it is not a surprise to know that budgets have been in decline, it is regrettable that the reduction in spend on broadcast services for Wales has been steeper than in Scotland or Northern Ireland. In Scotland and Northern Ireland the ITV licensees, STV and UTV have invested more than ITV Wales has in Wales. The BBC has also skewed its spend towards Scotland.

It is important to register that the decline began before the banking crisis of 2007-08 and the subsequent squeeze on public spending. The total spend by BBC and ITV on English language television output for Wales has declined consistently since 2002 and accelerated after BBC Wales passed its peak spend of £26.8m in 2005-06. Up to 2006 the decline was

worse in Northern Ireland (-23%) than in Wales (-18%) or Scotland (-3%).¹ Since then it is Wales that has seen the steepest decline.

- ITV Wales' programme provision outside news has further diminished, following an agreement with Ofcom in 2009, from 3 hours a week to 1.5 hours – in sharp contrast to the independently-owned ITV service in Scotland (STV) which has actually increased its output.
- BBC Wales' spend on English language television dropped to £20.2m in 2014-15, a reduction of 25% from £26.8m since 2005-06, and will reduce again in 2015.
- The BBC Wales English language television service for Wales has seen a 27% reduction in hours between since 2006-07, though a large part of this was the result of the withdrawal of the short-lived BBC2W service in 2009. Between 2008 and 2014 the reduction in hours was 15%.
- S4C suffered a 24% cut in its central funding, with the bulk of its funding transferred from the DCMS to the BBC Trust (and the licence fee) after the 2010 election. The spend on the separate statutory 10 hours a week supplied to S4C by BBC Wales since the founding of the channel in 1982 is already reducing from £23.5m in 2010-11 towards the planned £19.4m in 2016-17. The future of the DCMS's residual spend on S4C – currently just over £6m. – remains uncertain.

The net result for Wales in the English language has been an increasing dependence on the BBC, a reduction in hours and an even more severe narrowing of the range of programmes, such that genres such as light entertainment, the arts and drama are minimally represented or, in some years, not at all. This narrowing of range matters. It has been a cause of deep concern to the Welsh Government, various inquiries by committees of the National Assembly and the BBC's own Audience Council for Wales.

Our concerns are compounded by the knowledge that ongoing technological development (especially smart TVs) and changing audience behaviour (the drift from linear broadcasts to online and on-demand viewing) is likely to make it more difficult to find and access even this diminished output, unless concerted action is taken.

A further concern arises from speculation that ITV plc may be sold in the coming years, and possibly to an overseas buyer. If viewers to linear TV decline significantly, well below 50%, with a move to VOD, it is possible that the costs of delivering a linear Channel 3 service for Wales could exceed the benefits and ultimately, ITV plc or its successor could decide to hand back the Channel 3 licence for Wales to Ofcom. In the new on-line VOD world, the regulator would have few levers to enforce the production of content specifically for viewers in Wales. But that does not mean that it should make no effort to secure such commitments.

These are not merely the concerns of an interested lobby group. Over the last decade Ofcom has provided consistent evidence of the high value that the public places on programmes about their own areas, as well as levels of satisfaction or dissatisfaction with the way in which their nation is represented to the rest of the UK. Ofcom's most recent surveys, showed a lower level of satisfaction on this count in Wales than in Scotland or Northern Ireland.

Devolution and the decline of plural media

Devolution to Wales has developed at an accelerating pace. Within the space of little more than a dozen years, an initial hesitant wafer-thin endorsement of democratic devolution was transformed into a 2 to 1 emphatic endorsement of full legislative powers. That process is now to undergo a further stage that may also involve taxation powers.

¹ Media in Wales, Serving Public Values (IWA, 2008) p12

The creation of a distinct Welsh polity – albeit one overwhelmingly attached to the union – has a pressing need for media that can perform two important functions:

i) to be a constant, inquiring two-way conduit of information, connecting government, civil society and citizens, and

ii) to provide a full reflection of that society to itself – its diversity and creativity, its achievements and failures, its languages and arts, its glories and its foibles.

Our successive audits have compelled us to the view that both these functions are inadequately discharged across the media as a whole. This is dangerous for democracy and limiting for society.

The information conduit

Newspaper provision in Wales has historically been limited, particularly at the all-Wales level, with broadcasting - both public service radio and television - filling the gap. Coverage of Wales by London-based newspapers is minimal. The journalistic resource and circulations of indigenous Welsh newspapers have declined sharply. To the extent that music-led commercial radio provides information, it is more noticeboard than scrutineer. New hyper-local news websites while welcome in themselves – and which must be encouraged – are unlikely to be able to provide guaranteed daily scrutiny of local institutions, let alone cover public affairs at the all-Wales level.

The weakness of independent journalism – beyond the public service broadcasters – should be a cause of concern, as it entails the loss, amongst other things, of that robust campaigning function that does not lie easily with the regulatory constraints that surround the public service broadcasters. Based on current trends, there is a danger that we will see only cursory scrutiny of the actions and policies of government in Wales, and inadequate public discussion of Welsh affairs.

It will take several years yet before we are able to see whether an adequate journalistic resource will survive the transition from print to online in the newspaper industry. In the meantime, there is no escaping our dependence on the public service broadcasters, particularly the BBC.

Radio has a particularly important role to play. One of the striking features of the radio audience in Wales is that the two national radio stations - BBC Radio Wales and BBC Radio Cymru - together only reach around 400,000 of Wales's population of three million. Given the paucity of Welsh national news on commercial radio, infrequent coverage on Radio 4 and Radio Five, and almost none at all on Radio 1 and Radio, the big challenge for the next decade will be to connect a much higher percentage of the radio audience with news of Wales. This is especially the case for the under 50s.

The obvious answer, suggested by Lord Wigley in a House of Lords debate in September this year, is that BBC could create news opt-outs for Wales on both Radio 1 and Radio 2. This is an option that needs to be taken up quickly, since it offers the prospect of a ground-breaking extension of the audience to Welsh news, without cutting anyone off from news of the rest of the UK or the world or from existing very popular radio networks.

Whereas network radio provision can provide differentiated channels to serve different audiences, there has been some frustration in Wales that each of the Welsh national radio services has to encompass the whole radio brief in one service. This has sometimes led to a call for additional services, especially in the case of the Welsh language. That is not likely to be a practical proposition in the foreseeable future. But there are other ways of improving the position.

First, a relatively small addition to the budgets of each service could be transformative.

Second, in the online environment it should be possible to create a more flexible mix of on-demand output capable of responding to different audiences.

Defining pluralism

Prior to the 2010 General Election such was the concern about the declining capacity of ITV that the government of the day explored the possible development of independently financed news consortia (IFNCs). This concept was abandoned by the post-2010 coalition, and ITV's improving financial performance brought some element of stability to its news provision, if not to its already diminished general programming. In recent years in Wales we have seen the BBC's *Wales Today* attracting a significantly larger audience than ITV's *Wales at Six*.

In the Welsh context the health of the ITV Wales news output remains of particular importance, in order to ensure an alternative provider to the BBC. We need plural sources of news. ITV Wales is also an important alternative source of current affairs in both languages – *Wales This Week* for ITV and in Welsh *Y Byd ar Bedwar* for S4C, as well as, in English, political coverage.

Since our 2008 audit the total viewing to the nightly early evening news programmes of BBC Wales and ITV Wales has increased. Since 2008 ITV Wales' audience share for its nightly news programme has increased from 17% to 19.8%. Since 2006-07 the average audience to ITV's *Wales at Six* has increased from 121,000 to 181,000 in 2014-15. During the same period the average audience of the BBC's *Wales Today* increased from 260,000 to 293,000. Although the ITV audience remains lower than the BBC's, the ITV Wales programme has a different skew towards an older and less affluent audience. This output appears to be guaranteed until 2024, although given ITV plc's improved financial performance, it could plainly afford to do more, and should be encouraged in that direction. Its investment in online has also been more limited, although it has accelerated in recent years.

If there is a threat to ITV's output for Wales it may come as the result of a change in the ownership of ITV plc, including a possible sale to an overseas buyer. In such circumstances the government and Ofcom would need to insist, as a condition of sale, that the current levels of output for Wales are guaranteed.

That said, pluralism needs to be viewed not just in terms of the number of providers, but also in terms of the range, form, purpose and tone of programmes and the voices they carry. News and current affairs must not be the only prism through which we refract and reflect our lives.

Documentary makers can inform us of our history and our present, and can be a vehicle for contending voices. Dramatists can reflect on the human condition in a myriad different ways, giving us story and metaphor and a sense of ourselves. Comedy can be an equally sharp observer of our behaviour as individuals or groups. Satire can puncture the inclination to hubris wherever it is found. Arts and music programmes can connect our creative forces with their audiences and increase understanding. All these are ways in which public service broadcasting can aid personal understanding and enjoyment as well as social cohesion.

It is the lack of these elements in the Welsh broadcasting diet – at least, not in sufficient quantity - that represents the biggest single weakness in English language broadcasting in Wales. It is the main reason why we believe that the BBC must find a way urgently to increase its investment in its services for Wales.

The need for increased investment

It was the BBC's Director General, Lord Hall, who acknowledged the above deficiencies in a speech in Cardiff in 2014. Given that forthright acknowledgement, we have been disappointed to read in the BBC's latest policy document – *British, Bold, Creative* – that the only protection offered to the Nations is to ensure that 'they are cut less than other areas'.

This is not an adequate response either to the needs of Wales - that has suffered disproportionate reductions to date - or to the changing nature of the United Kingdom. The same document states: "The BBC, in principle, should neither lead nor lag behind constitutional changes in the United Kingdom". In the English language service to Wales, not to mention its governance arrangements, the BBC is currently lagging.

In August 2015 Wales's First Minister, Carwyn Jones, in a letter to the BBC's Director General said that "Welsh audiences risk being dealt the worst deal of any nation in the UK". He also referenced the criticism by the BBC's own Audience Council for Wales that "cuts have brought the BBC Wales non-news television provision closer to the cliff edge". He called on the BBC to provide "sufficient funding for news and non-news programmes in English and Welsh. At least £30m is necessary if audiences in Wales are to get the quality of national content they expect and deserve".

We would fully endorse that demand for an additional £30m., an addition that should be achieved, ideally, by an increase in the licence fee but, if not, then by a reprioritisation of the BBC's funding.

The BBC and Welsh language television

When S4C was created in 1982 it was an acknowledgement that the Welsh language is a unique cultural asset of these islands and one that needs particular support, *in addition to* the rest of broadcasting, given the role of television in people's lives. At first the channel was funded by a levy on all the ITV companies in the UK. It did not compete with other BBC services for the bulk of its funding. The same could be said when S4C's main funding was switched to a direct government grant from the DCMS.

That changed in 2010 when all S4C's funding, except for a residual sum from the DCMS, was sourced from the licence fee. There is a danger in these new circumstances that rather than being seen as an additional requirement of UK public service broadcasting it will be seen as something to be funded out of a 'Welsh share' of overall funds – i.e. funded in part from a reduction in the funds available for English language broadcasting in Wales.

It has been argued over the years that one of reasons for the strength of public service broadcasting in the UK has been the fact that the BBC and ITV have been in competition for audiences, but never for funding. It is regrettable that that principle has been abandoned in the case of S4C and the BBC.

The advent of multi-channel television at the turn of the millennium posed challenges for S4C not all of which have been faced other broadcasters. Reductions in its audience reach and share for live broadcast has been affected by three major factors:

- i) The shift to a single language channel. For nearly 20 years S4C existed as a bilingual channel in Wales – mixing its own Welsh language output with the English language output of Channel 4. Once digital transmission allowed Channel 4 its own frequency, S4C lost Channel 4's output and it became a single language channel delivered wholly in the Welsh language.
- ii) The general reduction in viewing of all linear channels as a result of the spread of viewing to both online and mobile devices.
- iii) A cut of 24% in its central funding since 2011, accompanied by a reduction in the BBC's investment in its statutory supply to S4C. Programme spend has reduced from £87m in 2009 to £67m in 2013, a reduction of 26%. This has led inevitably to a reduction in the quantity of originated output, together with a sharp reduction in the cost per hour of its programming. Its cph has reduced by 35%, from £16,394 in 2009 to £10,709 in 2014.

S4C can, however, be encouraged by the recent rapid increase in on-demand viewing since its arrival on the BBC iPlayer. Total online viewing across all platforms increased by 30% in 2014-15 to 5.7 million viewing sessions – together with a 10% increase in the number of people viewing platforms on which S4C is available outside Wales. The channel remains a vital sign of the viability of the Welsh language in the contemporary world and a significant contributor to the creative industries in Wales.

We believe that:

- i) S4C's funding must be sustained if it is not to be pushed into a cycle of decline.
- ii) S4C's editorial, operational and managerial independence must be safeguarded, not only in its own interests, but also because that independence is of benefit to the whole creative ecology in Wales.
- iii) S4C and BBC Wales must, however, maximise their collaboration across radio and television, without losing the distinctiveness of each others' services.
- iv) The Secretary of State should consult on the range of criteria he intends to apply in exercising his duty under the 2011 Public Bodies Act to secure sufficient funding for the S4C service.

HDTV in Wales

Currently, the provision of high definition channels for Wales is uneven. BBC 1 Wales is available as an HD channel on all platforms, but not BBC 2 Wales which remains a standard definition (SD) service only. BBC2Wales carries the bulk of BBC Wales's sports coverage. If BBC Wales is also to extend its programme service for Wales, it will need to make greater use of BBC2. For all these reasons the conversion of BBC2 in Wales to HD is a priority. ITV Wales has recently become available as an HD service.

S4C launched its HDTV Clirlun service (a simulcast of its SD service) in 2010 on DTT, using HD capacity gifted to the broadcaster, but the service was closed down in December 2012, as a cost-saving exercise. This is not a logical stance given that all the output for S4C is produced in high definition formats, and that HD transmission facilities already exist at S4C's headquarters. This position needs to be rectified as soon as possible. Without HD transmission it will be extremely difficult for the service to be competitive in delivering to its core audience alongside the HD services of all the other public service broadcasters.

The Secretary of State for Culture, Media and Sport should take this factor into account when exercising his duty under the 2011 Public Bodies Act to secure sufficient funding for the S4C service.

Wales and network television

The BBC's decision to decentralise network programme production - dispersing it to Salford, Glasgow and Cardiff - was a sound decision, and overdue. The locating of its largest drama production centre outside London - Roath Lock - in Cardiff was a bold and decisive move, and has to be applauded. It has brought considerable economic benefits to Wales in pump priming a key creative sector. It has contributed to a 52% increase in employment in the creative industries in Wales between 2005 and 2015.

The international success of Roath Lock's output has also had unpredicted but highly beneficial consequences such as the establishment of a Pinewood Studio in Cardiff and another commercial production centre in Swansea.

The move has, however, created disappointment in one important regard. Even the BBC would have to admit that the decentralisation of production has not led, as hoped, to a step change in the visibility of Wales on network television, particularly not in the field of drama. Series such as *Dr Who* and *Sherlock* have been great international successes, and have brought economic benefit to Wales, but they have not contributed to 'representing Wales to the rest of the UK'. Their success has also obscured the decline in domestic provision specifically for the audience in Wales.

It is an unfortunate paradox that during this period of production growth Ofcom has recorded a reduction in audience satisfaction with the way in which Wales is portrayed to the rest of the UK. This contrasts with increases in satisfaction in Scotland and Northern Ireland.

In 2010, even before Roath Lock had opened, Jana Bennett, then Director of Television for the BBC said this in an address in Cardiff:

“None of this transfer of investment will be entirely worth our while unless we gain a creative benefit. A creative benefit in terms of the voices we hear, the stories we tell, the pictures we paint. We want to tap more deeply, and more broadly, into the experiences of different communities across the UK, and bring our output even closer to their lives.

“As a public service broadcaster the responsibility falls squarely on our shoulders – we must now be more deliberate and systematic in how we address the issue of portrayal.....In short we must move our programmes from nowhere to somewhere.”

Can the BBC honestly say it has lived up that commitment in respect of Wales? The result so far is closer to the view of Van Gogh that Jana Bennett herself quoted: “One may have a blazing heart in one’s soul and yet no one ever comes to sit by it. Passers by see only a wisp of smoke from the chimney and continue on the way.”

Even the BBC’s 2015 prospectus – British, Bold, Creative – acknowledges that five years on from Jana Bennett’s speech it has still not solved the problem: “So we are setting ourselves a clear creative challenge to adapt the BBC to a changing UK. In the coming years we want to tell new and different stories. We want to find new storytellers in every part of the UK – people who live and breathe the changing landscape”. An aspiration but not a proposal for a solution.

The BBC must ask itself whether its shortcomings in terms of portrayal are due in part to centralised commissioning processes that funnel all decision-making in a key genre like drama, through one person. **The time has come to devolve a significant tranche of network funding, so that commissioners in the nations can have the freedom to bring other perspectives to bear and so diversify the output.** This would not mean an end of dialogue or collaboration between the nations and the centre, but it would give the nations a leverage that does not exist at present.

Neither should ITV and Channel 4 be let off the hook in this regard. While the BBC operates a quota system requiring 17% of its network programmes to be outside England, the comparable requirement of Channel 4 is much less – 9%. This was raised from the previous 3% in 2014 when its licence was renewed for a further 10-year period. The production sector in Wales will need to respond vigorously to this new quota, whose implementation will also need to be carefully monitored. The 9% should not be a ceiling.

Adapting to the next digital phase

A key issue for the future is the extent to which programmes about Wales will remain universally available, visible and discoverable in an age of rapidly changing technology. With more people - especially among the younger generation - migrating away from linear TV and instead watching programmes online and on demand, to what extent is the existing system of public service broadcasting still going to be universally available? And could it be subverted by the manufacturers of smart TVs?

It remains difficult to predict the pace of change, but it will be an enormous challenge for the BBC to remain a universal service in the online age. It is even more of an issue for news and programming about Wales, which are likely to be less discoverable on the global internet than on regulated linear TV.

Ofcom's latest review of Public Service Broadcasting stated:

"Policy makers will need to consider whether the benefits designed to enable PSB (gifted digital TV spectrum and EPG prominence and in the case of the BBC and S4C, the licence fee) will remain effective in the internet age. As more people watch programmes online and on demand, the rules that

guarantee access to public service content and PSB prominence on linear TV are likely to need reforming to match changes in technology."

It is vital that output for Wales has an easily discoverable presence online. Wales needs 1-click accessibility. To this end we welcome recent proposals by the BBC to provide a new interactive on-line BBC service for Wales and a dedicated news site. We would hope that this might be a space in which programme content for Wales could be aggregated, from whichever source – BBC, ITV, S4C. This might take the form of separate i-Player service for BBC Wales, visible on main i-Player site's home page. This would make all output made for the Welsh audience available in one place. It might also be a place where the boundary between languages could be beneficially blurred.

Another possibility arising from this would be a route to third party content from independent producers, enabling them to show their back catalogues and archives. This would be a new platform for the creative industries.

This would be a gain for plurality in Wales if it were also allied to the creation of a small contestable fund – say, £2-3m. There have been many calls for such a fund, on just such grounds of plurality. However, it should be supported by a new income stream rather than further cannibalising the licence fee, and would need a decision-making structure that did not add to the current Welsh broadcasting overhead. One possibility is that this could be achieved through the existing film agency. In the past Ofcom has canvassed the possibility of a levy on the telecommunications sector. Another option would be to facilitate advertising within some sections of the site.

Q10. How should the system of content production be improved through the reform of quotas or more radical options.

The consultation document refers, rightly, to the beneficial effects of quotas in driving up production in the nations and regions. The creative industries in Wales have benefited greatly from the establishment of the network drama production based in Cardiff. These quotas for production outside England should remain in place, even if the quotas for independent production as a whole are altered as a result of the creation of a BBC Studios division. We do not believe that the system of quotas for the nations is administratively burdensome. These quotas have been essential to the generation of an equitable return to the nations of the UK.

BBC Funding

Q11. How should we pay for the BBC and how should the licence fee be modernised.

The licence fee has served British broadcasting well. We do not believe that circumstances have yet arisen that would justify the abandonment of the licence fee unless it was to be replaced by a comparable universal levy. The BBC should not be funded out of direct taxation or via subscription. The former would lessen its independence and its programming range, the latter would have an adverse impact on commercial providers.

It is regrettable that in recent years successive governments have sought to impose upon the licence fee spending commitments that have not been central to the BBC's purposes. This is particularly the case with imposition of the cost of free licences for those over 75. This has been an entirely inappropriate impost and should be reversed at the earliest opportunity.

We would be in favour of ensuring that all households contribute, whether through the licence fee or a household levy. On the face of it, the household levy presents a feasible option that might be able to negate the admittedly regressive aspects of the licence fee.

BBC Governance and regulation

Q15. How should the current model of governance and regulation for the BBC be reformed.

Q16. How should public value tests and service licences be reformed and who should have responsibility for making these decisions?

It is clear to us that the current division of responsibilities between the BBC Trust and the BBC has not been satisfactory and is in need of reform. Whatever solutions are adopted at the centre we are concerned that the BBC should better reflect the new constitution of the UK. The IWA recently provided evidence on these issues to the Commission on Devolution for Wales (the Silk Commission). The following summarises some of that evidence:

The BBC is the dominant media presence in Wales, in terms of the scope of its services, its news provision, its audience penetration across television, radio and online and its total spend. It has taken considerable strides to decentralise programme production, building new production bases in Glasgow and Manchester and a substantial drama production centre in Cardiff Bay. Yet, in its decision-making the BBC remains a highly centralised organisation that has yet to adjust fully to the new shape of the United Kingdom. It seems still to regard devolution as an event rather than a process.

Within the BBC the apparatus already exists to create a more federalised structure that could allow a greater degree of local decision-making and accountability within each country, while still retaining an essential unity of purpose and values essential to the delivery of its UK-wide services. This is not a zero sum game.

Scotland, Wales and Northern Ireland are each equipped with substantial facilities. There is a long tradition of representation at Governor level, and in recent years on the BBC Trust. There is an equally long tradition of advisory bodies in Scotland, Wales and Northern Ireland. Until the creation of the BBC Trust these were known as National Broadcasting Councils and their function was “to control the policy and content” of the radio and television services provided in their respective countries. Although not exercised in a detailed or systematic way, they did provide a backstop power that could be used *in extremis*. For instance, in Wales in the 1970s it allowed the Broadcasting Council for Wales publicly to argue the case for a Welsh language television channel, although the BBC Board of Governors took a different view.

This power of the National Broadcasting Councils was removed in the recast Royal Charter in 1996. All vestiges of their role disappeared after the creation of the BBC Trust, when the Councils were abolished in favour of Audience Councils that carry out a purely advisory role, largely in private.

These changes ran right against the tide of devolution, and need to be reversed. If the BBC Trust is retained, albeit in a modified form, the BBC should revive the National Broadcasting Councils as National Broadcasting Trusts, working under the umbrella of the BBC Trust, but responsible for the policy, content, and allocation of resources for all services delivered solely for audiences in their respective countries. This could be done without any change in the responsibility for and management of the BBC’s UK network services.

This should be accompanied by the creation of a national service licence for each nation, encompassing all television, radio and online services, and allowing the allocation of resources between those services to be made at the level of the individual nation rather than centrally.

A comparable arrangement should be devised should the Government decide to create a separate regulator for the BBC. This would also entail creating a unitary board with non-executive involvement at the level of each of the three nations.

Public appointments to any of these bodies should be subject to the approval of the relevant Welsh Minister, in effect making them joint appointments with the DCMS. By the same token,

appointment to the S4C Authority should also be subject to approval by the relevant Welsh Minister.

The BBC, the S4C Authority and ITV Wales plc should also be required to lay before the National Assembly for Wales and to submit to the Welsh Government, annual reports on all their operations.

We support the proposals, already agreed, that Scotland, Wales and Northern Ireland should be represented on the Board of Ofcom.

Q19. Should the existing approach of a 10-year Charter and Framework Agreement continue?

Independence is usually the product of secure funding and guaranteed tenure. Both have seemed to be threatened recently by less than transparent processes for determining the scale and longevity of its funding. We would stress that the renewal of the BBC's Charter at not less than a 10-year interval would be the best aid to its independence.

IWA Media Policy Group
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