IWA Wales Media Audit 2015

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IWA Wales Media Audit 2015

Introduction

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It is through a flourishing and enterprising media that we know ourselves and others. The media join the dots for our society - from education to transport, health to business - and provide the underpinnings of a vibrant political culture. Civil society depends on accurate and mature media.

At a time when Wales as a democratic entity has never been more clearly defined, the sources of information for debate and scrutiny about our Government, culture and identity are drying up. This presents a major challenge to our society and democracy, and deserves to be taken seriously.

To achieve good policy, comprehensive information is needed along with reliable analysis and that is what this audit of press, online and broadcast media sets out to present, along with policy recommendations rooted in the data. This builds on our previous audit in 2008, the first of its kind in Wales. The 2008 audit was commissioned from the IWA by the Welsh Government. This audit has been produced without any funding from the Government. Indeed, apart from a small but welcome grant from WISERD (The Wales Institute of Social and Economic Research, Data and Methods), this audit has been resourced entirely by the IWA from within its own modest means. It was only possible because of the considerable voluntary effort of members of the IWA's Media Policy Group.

Media policy in Wales is a reserved matter under the direct control of the UK government. It is essential, therefore, that the UK government recognise the particular media needs of Wales and that the Welsh Government, too, should act to the full extent of its capacity in this area.

When the IWA conducted its 2008 audit 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, although, with some exceptions, the availability of communications has significantly improved, the position regarding content for audiences in Wales 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. 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, while their journalistic resources shrink.

While there have been substantial increases in the accessing of news through a range of digital platforms, this has not compensated for a reduction in the forensic capacity of Welsh journalism. In a situation that requires investment and coherence, overall Wales has seen market failure writ large.

Currently, there is no sign that this downward trajectory in the total media service for Wales service 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. Outside the BBC, provision on radio is also threatened. Under current legislation, a future switchover to digital transmission could see the end of any news, weather and other local content of relevance to listeners in Wales on commercial radio, with community radio's limited reach being unable to compensate for this loss.

An improvement on the current provision is a democratic, social and cultural necessity.

The Wales Media Audit contains three sections:

1. Availability, take-up, funding and output of Wales media services
2. Policy conclusions and recommendations.
3. A Review of Policy Development between 2008 – 2015

In order to harness further expertise and opinion we published the draft audit online for consultation with the public and key stakeholders in the industry. We then took on board the responses, and reworked sections of the audit in response to comments and new findings.

In conducting this audit, the IWA is, to some extent, executing two tasks that the Welsh Government recognised as necessary in its response to recommendations made in 2012 by the National Assembly's Communities, Equality and Local Government Committee's Task and Finish Group: *The Future Outlook for the Media in Wales*.

This group had recommended the creation of an independent advisory forum on media policy, together with a review of the media needs of the people of Wales. It was anticipated that this would draw on expertise from across the media sectors, would look to the future, and advise on matters across all media sectors.

Although Welsh Government did not accept this recommendation, it recognised it as "a reasonable request and not altogether unexpected, as the coming period will see extensive changes in our media landscape, changes caused by market forces, technological change, user behaviour and UK Government intervention." As "a crucial first step in addressing the Committee's concerns" the Welsh Government said it would set up a Broadcasting Advisory Panel "to review matters in relation to broadcasting".

In its responses to the Committee the Welsh Government referred to the media audit which it had commissioned from the IWA in 2008. It accepted in principle the recommendation for a review of media needs and stated that the BAP would be expected "to provide advice on whether a similar exercise should be undertaken". No such review has taken place. To our knowledge the panel did not publish any reports or advice to Ministers. Its final meeting was in 2013.

This current audit attempts to fulfil some of this work of auditing and advising. We are grateful to Dr Ruth McElroy and Dr Christina Papagiannouli of the University of South Wales for their work in producing the Review of Policy Development, set out in Annex 1. They were assisted by Hywel Wiliam of Advisors in Media, who also project managed the production of the Audit. The IWA Media Policy Group is extremely grateful for their work.

In our view, this report demonstrates that an overview of the media in Wales is regarded by many as essential and urgent. The IWA recognises that a similar audit of cinema and publishing is a necessary further step.

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Chair, IWA Media Policy Group

Lee Waters
Director, IWA

November 2015

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2015 Wales Media Audit

Executive Summary & Recommendations

Executive Summary and Recommendations

Since the IWA's first media audit in 2008 the main developments have been the continued growth of online communication and the increased availability of digital means of communication across Wales, contrasted with a serious contraction in the funding of content related to Wales. It is becoming more difficult for Wales to retain its visibility in a more complex and fragmented media world.

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, but not always, with consequent reductions in locally originated output. Ownership of indigenous Welsh newspapers is also consolidating. In overall terms Wales is seeing market failure.

The decline in spending on television programming for Wales began before the banking crisis of 2007-08 and the subsequent squeeze on public spending. The total combined 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%). Since then it is Wales that has seen the steepest decline:

i) ITV Wales' programme provision outside news has further diminished, following an agreement with Ofcom in 2009, from 4 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.

ii) 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.

iii) 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%.

iv) After the 2010 General Election 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). 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.

This contraction has had a particularly severe effect on the amount of television content produced for the audience in Wales in English. This is of great concern as 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 Wales refracts and reflects its society.

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 threaten both BBC Wales and S4C. We endorse the demand by the First Minister of Wales that the BBC invest an additional £30m in its services for Wales, and that S4C's funding be sustained. S4C and BBC2 should also be made available in high definition.

The BBC's decentralisation of network television production and the creation of a drama production centre in Cardiff has not resulted in increased portrayal of Wales in television drama. This should be addressed by the devolution of some network funding to BBC Wales.

The BBC remains a highly centralised organisation in its decision-making. It has yet to adjust fully to the new shape of the United Kingdom. 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.

In newspapers online communication is now the priority for the main groups in Wales, as print circulations continue to drop. Print circulations continue to be important as the main source of advertising revenue. There has been a substantial increase in the accessing of news on the digital platforms of the newspaper groups, but a continued reduction in the number of journalists employed. WalesOnline has become the main online national platform for news, outside the BBC. The BBC should make its audio and video content available for use on the online sits of local newspapers in Wales. Hyper-local newspapers need to be encouraged.

There is a strong case for a thorough review of local media embracing both local and hyperlocal newspapers, local and community radio. The Welsh Government should also establish a Media Advisory Panel to ensure regular monitoring of media developments in Wales.

Recommendations

The Welsh Government and media

1 The Welsh Government should reconstitute a Media Advisory Panel under independent chairmanship, with a remit to monitor media trends in Wales and to commission studies as necessary.

2 The panel should work with relevant academic departments to ensure a coordinated approach to contemporaneous monitoring of and research into media developments.

Television: English language

3 In assessing Welsh needs pluralism must 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.

4 Investment in the BBC's services in Wales should be increased by at least £30m. per annum, ideally by an increase in the licence fee but, if not, then by a reprioritisation of the BBC's funding.

Television: Welsh language

5 S4C's funding must be sustained if it is not to be pushed into a cycle of decline.

6 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.

7 S4C and BBC Wales must, however, maximise their collaboration across radio and television, without losing the distinctiveness of each others' services.

8 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. The criteria should include the necessity of transferring to HD transmission.

Network television

9 The BBC should create a funding and commissioning system that devolves a significant tranche of network funding, so that commissioners in the nations can have the freedom to bring other cultural perspectives to bear, to improve 'portrayal' and so diversify the output.

10 Channel 4 should lay its annual report before the National Assembly for Wales, including detail of its implementation of the 'out of England' quota in each of the other nations. The Welsh Government or a Committee of the Assembly should provide a response.

HD in Wales

11 BBC2 Wales should be transmitted as an HD service as soon as possible.

12 S4C must be enabled to provide its broadcast service in high definition. 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.

Radio

13 The effectiveness of DAB coverage in different parts of the UK should 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.

14 Radio regulation in Scotland, Wales and Northern Ireland, should be devolved to the Ofcom Advisory Committees in the nations, operating under the overall umbrella of Ofcom.

15 The abandonment of local content requirements for DAB services should be reconsidered.

16 The Welsh Government and Ofcom should collaborate to explore the feasibility of a radio-based Independently Financed News Consortium for Wales. This should include consideration of participation by commercial and community stations as well as hyper-local news sites.

17 The BBC should provide an opt-out news service for BBC Radio 1 and BBC Radio 2.

18 Some part of the additional funds for BBC Wales should be devoted to strengthening its radio output and creating a flexible mix of on-demand radio output.

Online

19 The Government should support the BBC's proposal for an interactive online service for Wales.

20 Separately and/or integrated with the inter-active online service the BBC should create a separate iPlayer service for BBC Wales, also accessible on main iPlayer site's home page. This should act as an aggregator for all content made specifically for the Welsh audiences.

21 Government and Ofcom should explore options for new sources of revenue that could support a contestable production fund whose output would be accessed via the PSB app.

22 A similar approach should be adopted for radio.

23 The UK Government and the devolved administrations, together with the European Commission, should institute an urgent review of current regulations and legislation to ensure that international manufacturers can guarantee a level playing field for public service broadcasters at the sub-national level.

24 In return for gaining prominence for the ITV Player app via Smart TVs, ITV plc, along with UTV and STV, should be mandated to give greater promotion and prominence to its nations and regions programming.

25 Convergence should be encouraged by furthering dialogue between book publishers and video publishers in Wales. Liaison between BAFTA Cymru, the Welsh Books Council and Creative Cardiff suggest a route by which this could be achieved.

Governance

26 Responsibility for broadcasting and media matters should be shared between the UK Government and the devolved administrations. We reject the notion that nothing in this field should be devolved unless everything is devolved.

27 The appointment of the Welsh Member of the BBC Trust (or its successor body) should be subject to the approval of the relevant Wesh Minister – in effect a joint appointment with the DCMS.

28 Appointment of representatives of Scotland, Wales and Northern Ireland to the Ofcom Board should be subject to the approval of relevant Ministers in the devolved administrations – in effect a joint appointment with the DCMS.

29 The current Audience Councils in Scotland, Wales and Northern Ireland should be replaced by National Broadcasting Trusts, operating under the umbrella of the BBC Trust. The spirit and intent of this recommendation should be implemented whatever changes are made to the governance and regulation of the BBC centrally.

30 These National Broadcasting Trusts should be responsible for the shape and delivery of a national service licence, implying responsibility for the policy, content and allocation of resources for all services delivered solely for audiences in their respective countries.

31 The BBC, the S4C Authority, ITV Wales plc and Channel 4 should be required to lay before the National Assembly for Wales annual reports on all their operations relevant to Wales. The Welsh Government or a Committee of the Assembly should provide a response.

Print and online journalism

32 The Welsh Government and Ofcom should jointly commission a study of the future of local media in Wales to embrace commercial and community radio, local newspapers and hyper-local sites. The study should include consideration of:

- the future of FM and Medium Wave transmission in a DAB environment
- local content requirements for DAB radio
- the relationship between commercial and community radio and the possibility of hybrid models
- the future of Papurau Bro
- the likely impact of the BBC's proposals for a shared journalistic resource

33 The Welsh Government should create a challenge fund for the development of innovative local online news services, administered by the Arts Council of Wales or the Welsh Books Council.

34 The BBC should make its regional and local audio and video content available to newspapers.

Employment and training

35 S4C should resume immediately the monitoring of its staff composition.

36 BBC, ITV and S4C should agree on a method of monitoring staff composition across the sector and implement it as part of their standard commissioning procedures.

37 The Welsh Government should consult with employers in the sector and agree on a means of co-investing in skills and supporting Creative Skillset Cymru through core and/or project funding.

2015 Wales Media Audit

Section 1: Current Media Provision in Wales

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Current Media Provision in Wales

Introduction

With some exceptions, in 2015 the availability of media services in Wales is significantly better than it was in 2008, when the previous media audit was conducted. At that time, digital switchover was yet to occur in Wales and digital terrestrial television (DTT) only reached 57% of the population. Digital radio (DAB) coverage was also limited, particularly for Radio Cymru and Radio Wales.

Broadband take-up was the lowest across the UK and there were extensive not-spots both for 2G and 3G voice/data mobile services. Social media services such as Facebook, YouTube and Twitter were in their infancy and 4G mobile, super fast broadband and HDTV had not been developed. For many people in Wales, living more than a few kilometres from their local exchange, broadband speeds were too slow to enable reliable viewing of television programmes and other long-form AV content online.

However, while in 2008 convergence was an emerging possibility, in 2015 it is now a reality. Structuring the first section of this audit has therefore itself proved to be a challenge as the boundaries between television, radio, press and online, still evident in 2008, have now become blurred, as a consequence of convergence and the increasing availability of super fast fixed and mobile networks.

But although availability has greatly improved, there are major concerns about the provision of media services across TV, radio, on-line and press with significant reductions in investment and major cuts imposed on Wales' public service broadcasters.

BBC Cymru Wales has had to deal with a real terms cut of 16% in funding in spread over a period of five years through Delivering Quality First and now faces a further round of cuts following this year's Budget announcement concerning TV licences for the over 75s, while S4C has faced a real terms cut of 36% in funding, following the broad range of cuts imposed on public bodies during 2010/11. S4C's future funding from the DCMS has not yet been confirmed beyond 2016/17.

Since 2008, there has been a significant reduction in spend, range and diversity of television programmes available both in English and Welsh, specifically for viewers in Wales. The total reduction in spend on television programming for Wales across BBC and ITV is greater than the corresponding reductions in any other part of the UK, from £39 million to £27 million.

From the time of the previous audit in 2008 to 2014, spend on English language TV in Wales (in real terms at 2014 prices) declined by 30%. (It was also down 31% in England and 21% in Northern Ireland, while it actually increased in Scotland by 14%.).

Fig 1: Change in PSB spend on first run UK originations, nations and regions programming by genre 2008 -2014

	UK		England		N Ireland		Scotland		Wales	
	1yr	6yr	1yr	6yr	1yr	6yr	1yr	6yr	1yr	6yr
Current affairs	+21%	-10%	+8%	-36%	+26%	+42%	+47%	+47%	+15%	+7%
News	-1%	-23%	-4%	-27%	+7%	-3%	+22%	-1%	+13%	-10%
Non news/non current affairs	+11%	-26%	-4%	-82%	-13%	-40%	+28%	+15%	-4%	-45%
Total spend 2014	**£277m**		**£156m**		**£27m**		**£68m**		**£27m**	
	+4%	-23%	-3%	-31%	-1%	-21%	+29%	+14%	+4%	-30%

Source: Ofcom / broadcasters
Notes: figures are expressed in 2014 prices; figures include PSB services: BBC One, BBC Two, BBC Three, BBC Four, CBBC, CBeebies, BBC News, BBC Parliament, ITV, ITV Breakfast, Channel 4 and Channel 5; the analysis does not include S4C, BBC Alba or BBC HD; figures exclude nations / regions programming.

Several commercial radio services have closed and ownership of those that remain has consolidated into three main groups, with greater networked programming and reduced local content, while newspaper circulations of the few titles produced in Wales have declined significantly.

New technologies and improved online connectivity have provided consumers and citizens in Wales with a greater number of services, including those provided by Wales' public service broadcasters. However, while these developments offer significant opportunities, they also threaten to undermine the economics of providing media content aimed specifically for people living in Wales.

1.1 Television

1.1.1 Digital Television Availability and Take-Up

Analogue terrestrial television transmission ended in Wales when the digital switch-over process was completed on 31 March 2010. Along with Digital Terrestrial Television (DTT) viewers in Wales can watch services provided by digital satellite (either via Sky or Freesat) or cable TV services provided by Virgin Media and some other small scale local systems such as Wrights Radio Relay in Newtown. The number of homes passed by Virgin Media (and its predecessor NTL) in Wales remains at 23% and has not changed since 2004, which is well below the UK average of 44%. The areas covered are limited to south east Wales. Unlike other Wales-based television services, S4C is also available across the UK on Virgin Media.

Despite having around 5% of the UK's population, due to its topography, Wales is served by 214 terrestrial television transmitters, representing around 20% of the UK total. However, DTT coverage for the three main PSB multiplexes in Wales, at 97.8% of the population, is still below the UK average of 98.5%. Viewers served by a relay receive only the three PSB multiplexes. Coverage of all six DTT multiplexes is around 71% of the Welsh population as the commercial multiplexes are only broadcast from 10 main sites in Wales.

More recently an additional HDTV multiplex has been added at the Wenvoe and Moel y Parc transmitters, providing some extra HDTV channels on a temporary basis[1]. The Wenvoe site also carries a local TV multiplex which provides the local TV service, Made in Cardiff, and two other commercial channels.

Fig 2: Digital Terrestrial Television Availability

Nations % population	Analogue Terrestrial 2008 %	DTT 6 Mux 2014 %	DTT 3 Mux 2014 %
UK	98.5	89.9	98.5
England	98.7	92.0	98.6
Scotland	97.2	86.6	98.7
Wales	96.7	71	97.8
Northern Ireland	97.6	74.1	97.4

Source: Ofcom, The Availability of Communications Services in the UK (2013)

Fig 3: Digital Television Penetration, 2008

Nations % households	DTT 2008 %	DSAT 2008 %	Cable 2008 %
UK	44	41	14
England	45	40	14
Scotland	43	39	17
Wales	39	56	10
Northern Ireland	32	43	8

Source: IWA Media Audit 2008, BBC estimates from BARB Data

Fig 4: Digital Television: Main TV Set Share by Platform, 2015

Nations % homes	DTT %	DSAT %	Cable %	BroadbandDSL line %	No TV at home %
UK	34	41	16	6	3
England	34	41	16	6	3
Scotland	38	36	16	5	4
Wales	30	53	10	5	2
Northern Ireland	34	45	8	10	2

Source: Ofcom CMR Technology Tracker 2015

It can be seen from the above table that take-up of satellite TV as the platform for the main TV set in Wales, at 53%, is significantly higher than the UK average of 41%. The take-up is even higher in Wales' rural areas at 57%. Possibly as a result of marketing efforts by BT and Talk Talk, viewing of TV over broadband increased from 1% to 5% from 2014.

Fig 5: Take up of HDTV in Wales and across the UK (proportion of homes)

% homes	HDTV Channels	HDTV Ready	Total HDTV
UK	55	18	73
England	55	18	72
Scotland	54	18	72
Northern Ireland	51	17	67
Wales	53	23	76
Wales Urban	52	26	78
Wales Rural	54	15	70

Source: Ofcom 2015 CMR.

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. 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 part of the broadcaster's efficiency measures, saving around £1.5 million annually[2]. Until recently, ITV 1 Wales was also only available as an SD channel, with viewers in Wales watching ITV 1 HD receiving Central news and other programmes from the English Midlands. However, on 25 August 2015, ITV 1 Wales was launched as an HD channel on all platforms. This is a very significant development as almost three quarters of the ITV audience in Wales are able to watch HD services (on Freeview channel 103 or via satellite or cable). This change means that, for example, during the 2016 elections ITV 1 Wales HD will be carrying coverage of the National Assembly elections, along with the ITV 1 Wales standard definition service (on Freeview channel 3).

Overlap Transmission

Ever since Welsh language programmes began to be broadcast during peak time hours during the 1960s, some viewers in Wales, living in the border areas of south East and north east Wales have chosen to view transmissions from England. In some cases - for example in parts of Wrexham in the north east, the north east coast and Barry in the Vale of Glamorgan - due to local topography, it was actually easier to receive signals from England. The decision to allocate the fourth analogue channel in Wales to S4C, which went on air in November 1982, also reinforced the habit for some non-Welsh speakers to view TV services from transmitters based in England, including the newly launched Channel 4. A significant change occurred however, when the main PSB channels became available on satellite during 2001, where the services for Wales, including S4C, were given the prime slots on the electronic programme guides (EPGs). Digital Switchover (DSO) in Wales is also credited with alleviating the situation, but the most recent research pre-dates DSO in Wales[3].

Local Television

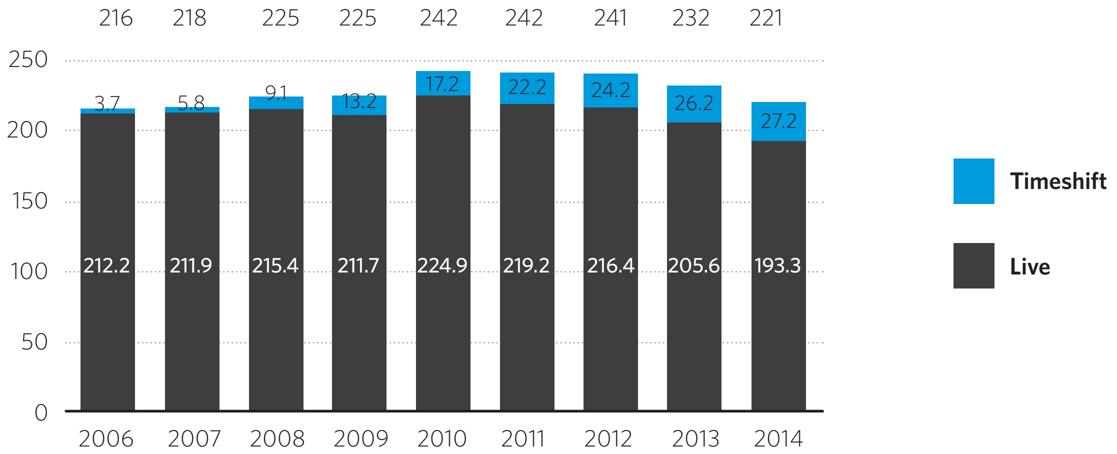
Following a decision by the DCMS Secretary of State in 2011[4] to invite local television operators to broadcast on digital terrestrial television in the UK, 20 local services have been licensed by Ofcom[5] and are on air, serving cities and other local areas across the UK. In 2013, Ofcom licensed Comux[6] as the local digital multiplex operator to carry these services on Freeview. In Wales, Made in Cardiff[7] launched in October 2014 on Freeview channel 23, and Ofcom has granted licences for two further local services, Bay TV Swansea and Bay TV Mold, but these have not yet launched.

Made in Cardiff currently broadcasts two hours per day of original local programming, made up of local news, current affairs, local entertainment and sports, along with a sustaining service provided by Made Television[8], which also operates three other stations across the UK in Bristol, Leeds and Tyne and Wear. The Made in Cardiff website also offers a catch-up and archive service. Ofcom recently granted a licence variation request for the Cardiff service to allow it to continue to broadcast the same level of programming as in its first year of output[9]. According to Ofcom, Made In Cardiff claims that it is attracting a weekly audience of 196,000 viewers (after being on air for six months) with viewers based as far away as Merthyr Tydfil, Bridgend and Newport.

Broadcast Television Viewing

Across the UK, overall levels of television viewing have fallen over the past two years, from 241 minutes per person per day to 221 minutes per person per day. Although in decline, viewing to the main PSB channels still accounts for 50% of all TV viewing. According to Ofcom's 2015 Communications Market Report, people in Wales spend an average of 251 minutes (4 hours 11 minutes) per day watching TV, the highest among the UK nations and higher than the UK average 220 minutes (3 hours 47 minutes). In Wales, 131 minutes were spent watching the PSB channels, higher than the other nations and the UK as a whole.

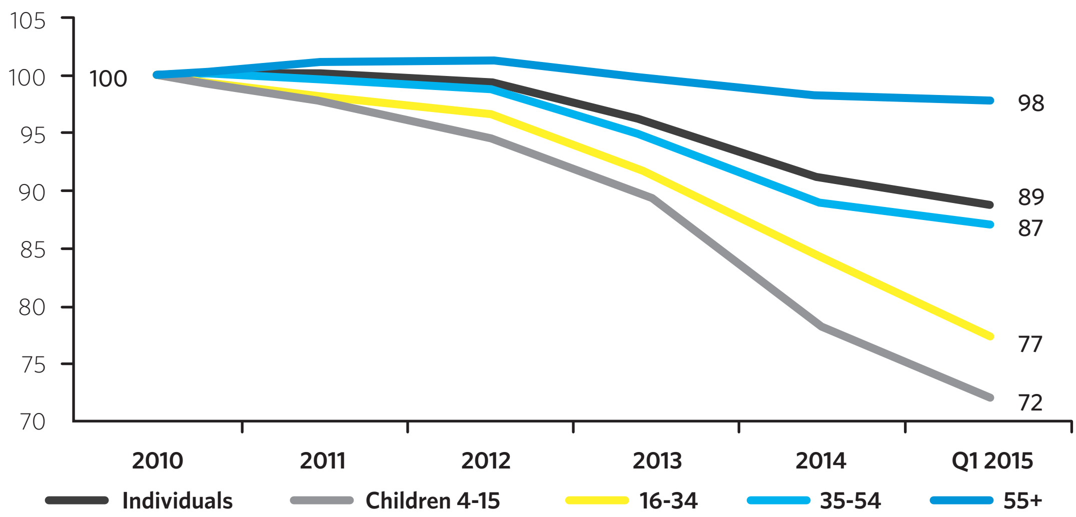
Fig 6: Average viewing of TV minutes per day, Individuals 4+ Minutes per day



Source: Ofcom/BARB. There are some variation in figures due to rounding. A new BARB panel was introduced on 1st Jan 2010 and as a result, pre and post panel change data must be treated with caution (see dotted line).

But demographic analysis of the viewing audience shows that while levels of TV viewing for the over 55s have remained fairly stable, viewing among under 35s, and especially children, have fallen significantly. YouTube claims to be at the cutting edge of '*a major shift in video consumption from traditional TV to the internet*'. The company suggests that children in particular are moving away from TV channels to online services including You Tube channels, but there does not appear to be any specific evidence to support this claim.

Fig 7: Uk Total TV daily average viewing time, 2010-Q1 2015 (2010=100)



Source: BARB, Enders Analysis

However in its recently published document, **British Bold and Creative**[10], the BBC points out that the top TV channels for 16–24s are still the PSB channels. BBC One has a weekly audience of 53% of that age group with ITV1 at 45%, Channel 4 at 39% and E4 at 29%. The BBC claims that younger audiences still use the BBC more than YouTube or Netflix, partly because of innovations such as Radio 1's YouTube channel, which the BBC claims is the biggest online radio channel in the world.

But YouTube channels such as DiamondMinecart, operated by Daniel Middleton, a commentator from Northamptonshire, do seem to be popular. Dan has several channels on YouTube, and his most watched channel, "TheDiamondMinecart // DanTDM" has currently more than seven million subscribers and more than four billion views (as of September 2015)[11].

Catch-up and VOD Viewing

According to Ofcom data, viewing of live TV is declining after a long period of relative stability, while time shift viewing via digital video recorders (DVRs), catch-up services and video on demand (VOD), delivered via broadband, is increasing. Over the years since 2008, as availability and speeds have increased, broadband has developed into a fourth TV platform, alongside digital terrestrial television (DTT), Digital Satellite and Digital Cable. 48% of people in Wales watch online catch-up TV services (the same as the UK average), while 14% view of TV/Films on-line via a standalone video subscription services (the same as the UK average), compared to 10% in 2014.

Viewing to programmes broadcast in the last seven days via DVR and time/shifted/catch-up services has increased steadily since 2010, although this viewing has not compensated for the overall decline in TV viewing. Time-shifted viewing as a proportion of total viewing among all people has increased slowly, from 7.1% in 2010 to 12.4% in 2014 among all individuals, as the take-up of DVRs has grown[12]. Viewing behaviour may be changing as people become less attached to TV schedules and EPGs.

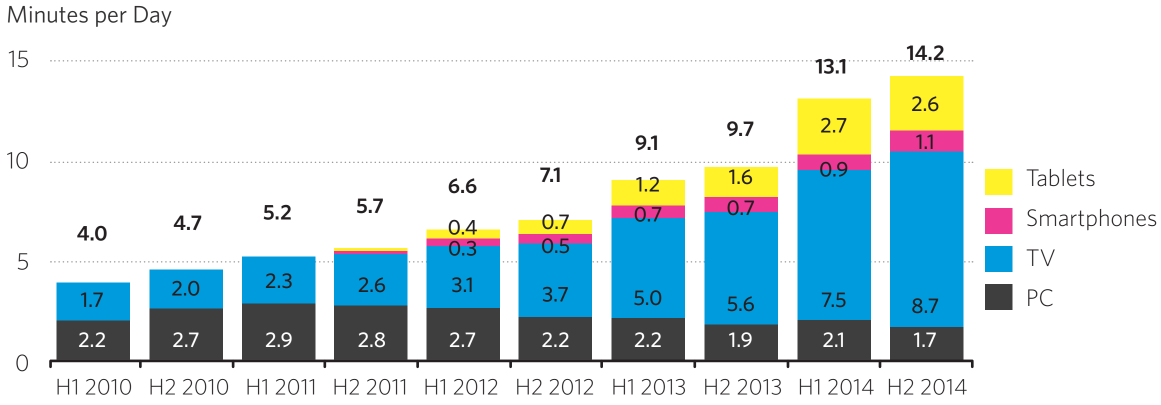
Fig 8: Take-up of Smart TVs

	UK	Wales	Wales Urban	Wales Rural	England	Scotland	NI
% Homes	21	17	16	18	21	19	15

Source: Ofcom 2015 CMR.

In Wales there was a 9% increase in Smart TV take-up in 2015 compared to the previous year. Smart TVs enable viewers to watch TV services delivered via broadband but this access is managed by the manufacturers in a 'walled garden' environment. All sets sold in the UK offer access to the BBC iPlayer, but for example, Sony smart TVs do not currently provide access to the ITV Player and All4. Consumers can also access smart TV functionality via a host of other Internet enabled peripheral devices such as BluRay DVD players and smart boxes provided by a number of manufacturers and service providers, including BSkyB's Now TV service. Another service, Apple TV, provides a host of TV and video on demand services, but it it does not include any UK PSB catch-up services, although Netflix is available as standard. However, users of Apple TV can view content on their TVs streamed from other Apple devices such as iPhones or iPads, which enable Apps from all the PSBs to be uploaded. This 'gate-keeper' role exercised by the manufacturers was not envisaged by the 2003 Communications Act and is effectively unregulated[13].

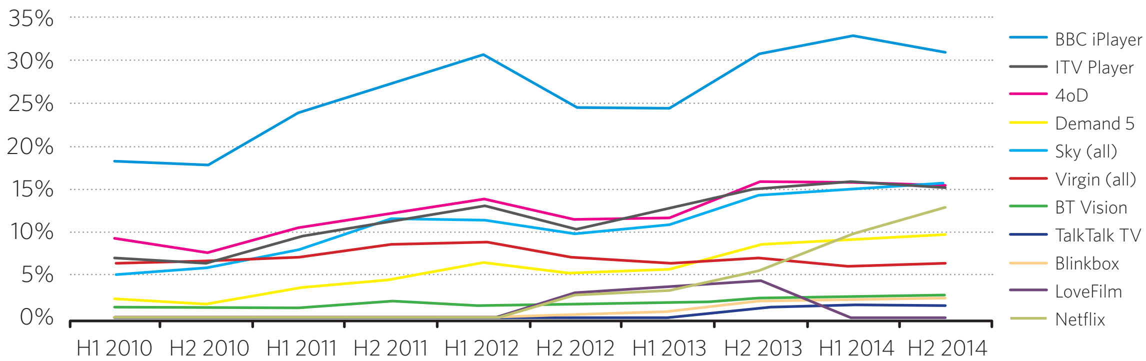
Fig 9: Proportion of viewing to Catch-Up and On Demand services
Video on Demand (VOD) viewing per person per day, by screen type: 2010-2014



Source: Ofcom/3Reasons. Figures are for long-form programming only, including films and pull VOD but excluding simulcast.

According to Ofcom, over a third of viewers in Wales used catch-up TV services (35%) in 2014 compared with a UK average of 32%. More recently the final phase of Ofcom's Third Review of Public Service Broadcasting, published in July, notes that among 16-24 year olds only 50% of viewing is through live TV.[14] The regulator adds that, "*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.*[15]"

Fig 10: Take-up of VoD services, UK adults , 12 month usage: 2010-2014



Source: Ofcom/ Kantar Media - TGI. Base: GB adults 15+, all devices; use in the last 12 months. Sky=Sky on Demand/Anytime, Sky Go, Sky Box Office and Sky Store. Virgin=Virgin on demand and Virgin Media Player*BT Vision was rebranded as BT TV between May and August 2013.

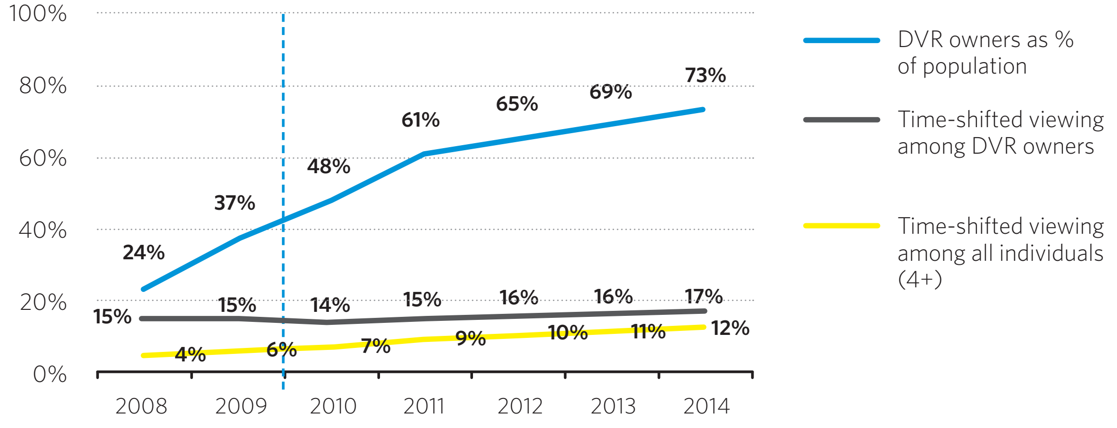
The reach of Video on Demand (VoD) services provided by the PSBs remains significantly ahead of that of other TV platform operators and non-broadcaster VoD. In 2014 the reach of the BBC iPlayer (31%)

was double that of ITV Player (15%) and 4oD (15%): BBC iPlayer, ITV Player, 4oD and Demand 5 have all grown at a similar rate in the past three years, and followed a similar trend to overall VoD take-up. Use of Sky's VOD services has tripled in four years to 16%. The proportion of UK adults using Sky's VoD services overtook that of Virgin Media's VoD services in H1 2011. Use of Virgin's service peaked in 2012 but has declined since. Sky's faster growth is likely to be due to an increasing number of its satellite boxes being connected to broadband connections – an increasing number of Sky's customer base are using the Sky Go platform. The reach of Netflix had grown to around 3% of adults by the second half of 2014, moving ahead of its competitors. Sky's Now TV has also grown between 2012 and 2014, reaching just over 3% adults.

According to Ofcom, it is currently difficult to estimate accurately all on-demand viewing in the UK. Estimates from consumer research and third party providers suggest that on-demand viewing (including catch up services from the PSBs, as well as all viewing to subscription video on-demand providers, such as Netflix and Amazon Prime) amounted to around 6% of all TV programme viewing in the first half of 2014, up from 2% in the first half of 2010[16]. But on-demand use is increasing, with more than two thirds of all adults in the UK under 45 having used video on demand services in the second half of 2014.

The Ofcom PSB Review suggests that, "*Despite most viewing still being to live/linear broadcast channels overall, it is clear that younger audiences are increasingly using many other forms of video and many different devices to watch it on. We estimate that just less than 70% of all audio visual consumption (including recorded, catch up, on-demand services, DVDs and short form content) by adults 16+ is to live broadcast channels. This is lower for younger viewers: 50% for 16-24s and 61% for 25-34s.*[17]"

Fig 11: DVR and catch-up/time shifted viewing on a TV set



Source: Ofcom/BARB, Network, Individuals (4+) and DVR owners. Note: Time-shifted viewing is defined as total minutes of viewing on same day as live plus viewing 2-7 days after broadcast. This includes viewing to programmes stored on recording devices and content viewed via TV player services such as BBC iPlayer, ITV Player, 4OD etc.

The take-up of VOD services among all adults in the UK has increased to 57%, with use being highest among men and younger people. By the second half of 2014, 70% of those aged 15 to 24 had used VOD services in the previous 12 months, with take-up higher among men and ABC1 households. However the rate of growth appears to be steadying in 2014.

1.1.2 Television: Output and Spend

Following the licence fee settlement agreed in 2010, BBC Wales has had to deal with a 16% cut in funding spread over a period of five years through the BBC's Delivering Quality First project, while S4C has faced a real terms cut of 36% in funding, following the broad range of cuts imposed on public bodies during 2010/11.

ITV Wales is not funded by public money, relying instead on commercial income (including advertising and sponsorship) but it benefits from an implicit subsidy in the form of privileged access to Freeview (DTT) spectrum and due prominence on electronic programming guides. There is no public data about the funding of ITV's programmes for Wales, but it is safe to assume that the Channel 3 service has also been under severe pressure, in line with the overall drop in funding of first run programmes for Wales between 2008 and 2013[18].

Historically, Wales was served by a dual Channel 3 licence which also covered the West of England. However, in 2014 the Channel 3 service for Wales was granted its own licence which runs to 2024. There was a significant drop in ITV's output for Wales in 2009, following Ofcom's decision, as part of its second Review of Public Service Broadcasting, to allow ITV a substantial reduction. The cuts were agreed at that time because the regulator perceived a real risk that ITV might chose to give up its status as a public service broadcaster and hand back its Channel 3 licences.

However, since that time, following the award of a new Channel 3 licence specifically for Wales in 2014, the provision of news, current affairs and other programming will continue at existing levels until 2024[19], provided there is no change in ITV's ownership. It should be noted that if a new owner wanted to change this programme service it would require a licence variation to be approved by Ofcom, and it is likely that such an application would also trigger an extensive public consultation. In any case where a change of ownership occurs, Ofcom has powers under the 2003 Communications Act to conduct a Change of Control Review and impose additional licence conditions[20], particularly where the new ownership could result in a change of character for the service.

Fig 12: Wales' Public Service Broadcasters

	£m		TV Hours		Radio Hours		Staff (FTE)	
	2008	2014/15	2008	2014/15	2008	2014/15	2008	2014/15
BBC Cymru Wales	c125.0	122.7	1,629	1,180	15,546	13,332	1,169	1,252
ITV Cymru Wales	12.9	7.0 (est)	477	286	n/a	n/a	136	95
S4C	96.7	85.674	1,834	1,929	n/a	n/a	159	129
Total	234.60	215.35	3,940	3,395	15,546	14,359	1,464	1,476

TV Hours are first run originations/commissions, excluding repeats and acquired programmes. BBC turnover and staff figures include local and network output but hours for TV and radio relate only to Wales broadcast output. Source: BBC Management Reports, S4C Annual Reports, ITV Cymru Wales. The staff figure for ITV Cymru Wales includes some part-time workers. The 2014/15 figure for ITV Cymru Wales output is an estimate and is not verified.

The total reduction in spend on English language television programming for Wales across BBC and ITV is greater than the corresponding reductions in any other part of the UK, from £39 million to £27 million, down to the same level as Northern Ireland, which has a population of around half that of Wales. However, as has been pointed out by BBC Cymru Wales, these figures do not acknowledge the realities of costs to scale of output.

Fig 13: English Language TV Output for Wales, Average Hours per Week (excluding repeats)

	1990	2000	2008	2015
BBC Wales	9	13.7	15.6	12.0
ITV Wales	15.5	12	9.5	5.5
Total	24.5	25.7	25.6	17.5

Sources: Ofcom, BBC Management Report 2014/15, ITV Cymru Wales

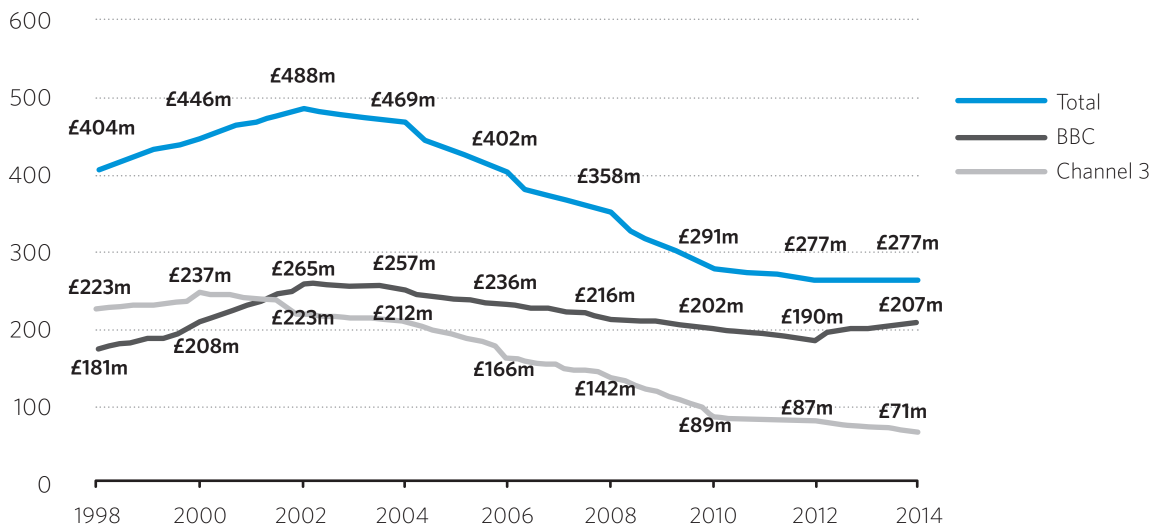
Fig 14: BBC Wales English Language TV Programme Output

Hours	2006/7	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
New	814	766	722	706	708	698	614	603	616
Repeats	291	306	312	93	105	87	100	103	84
Total	1,105	1,072	1,034	799	813	785	714	706	700

Source: BBC Wales Annual Reports

The charts above show that there has been a 48% reduction in the total hours per week of output made for Wales since the 2008 audit – from 25.7 hours per week to 17.5 hours per week. It also shows the diverging paths of BBC and ITV, with the BBC Wales output down by 23% and the ITV Wales output down by 73%. The sharp reduction in the hours of repeats on BBC Wales is the result of the abandonment of the experimental BBC2W service that ended in 2009.

Fig 15: PSB spend on first-run UK originations (real terms, 2014 prices), nations and regions programming (English Language): 1998-2014



Source: Ofcom / broadcasters. All figures expressed in 2014 prices; first-run originations only; Channel 3 figures consist of spend by ITV, STV and UTV. Spend excludes Gaelic and Welsh language programming but includes some spend on Irish language programming by the BBC.

Spend by the UK public service broadcasters, BBC, ITV, Channel 4, Channel Five and S4C on new UK-originated programmes has fallen by 15% in real terms since 2008, down to £2.5bn, the same level as 1998. But some of this decline was compensated for by income coming from other sources, some of it from overseas, as co-production or sales income.

Overall investment in first-run programming made specifically for audiences in England, Northern Ireland, Scotland and Wales has fallen from £358m in 2008 to £277m in 2014, a decline of around 23%. But spend in Wales (in real terms at 2014 prices) has declined more steeply, by 30%, from 2008 to 2014, (only slightly less than the 31% decline seen in the English regions over this period). The drop in output for the English regions is accounted for mainly by the reduction in ITV's regional output in England.

In terms of spend on genres, there have been substantial variations across the nations. Investment in news declined by 10% in Wales (compared to 27% in England but only by 3% in Northern Ireland and 1% in Scotland). Spend on current affairs programmes has increased in Wales (as well as in Scotland and Northern Ireland) since 2008, but it has declined by 36% in England. However, total PSB spend on first-run originated output in news and current affairs in the UK nations fell by 14% from 2008 to 2014[21].

Fig 16: BBC Cymru Wales Output Spend (Services) 2006/07 and 2014/15

	2006/7		2014/15	
	£m	%	£m	%
BBC Wales TV	24.6	35.4	20.8	32.7
BBC Wales for S4C	20.6	29.7	19.7	30.95
BBC Radio Wales	10.5	15.1	10.6	16.7
BBC Radio Cymru	9.6	13.8	10.0	15.7
BBC Online	4.1	5.9	2.541	3.99
Total services for Wales	69.4	100	63.7	100
Network Commissions	55.0	n/a	59.1	n/a
Total	124.4		122.741	

Source: BBC Cymru Wales

In 2005/6 BBC Wales' spend on its English language televiosion programmes was £26.8 million, a high watermark in its output, historically. By 2014/15 the spend had reduced to £20.8 million a reduction of 25%.

Fig 17: BBC Wales, Programme Costs English Language TV (excluding Repeats)

£m	2008-9	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Cost	23.6	24.0	24.3	22.0	20.2	20.5	20.8
CPH £k	33.0	34.0	34.0	32.0	33.0	34.0	34.0

Source: BBC Cymru Wales Annual Reports

Fig 18: PSB network spend on first-run UK originations (real terms, 2014 prices): 1998-2014

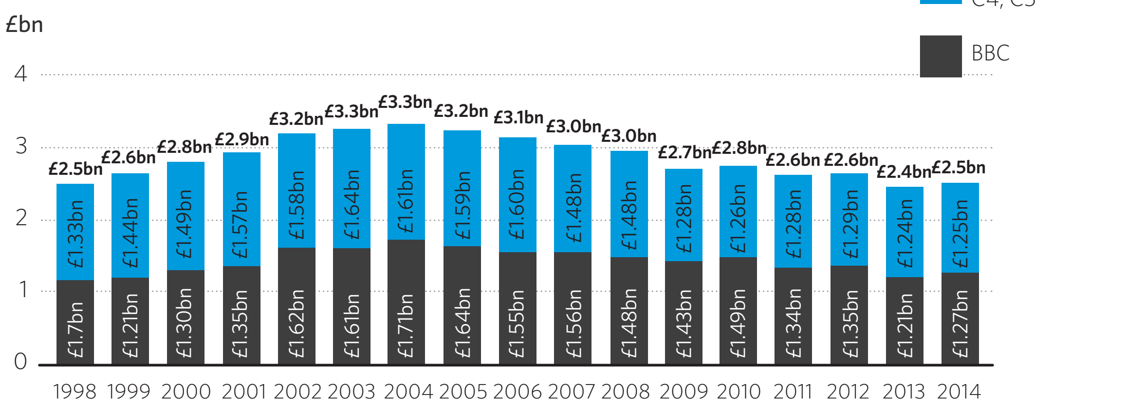
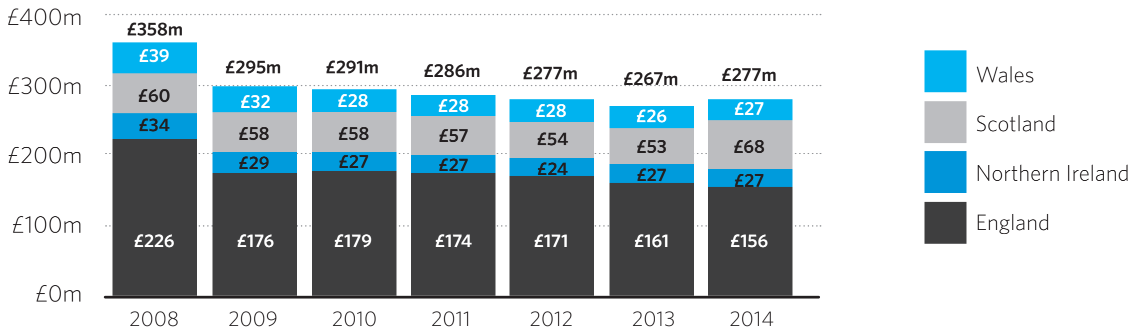


Fig 19: PSB spend on first-run UK originations (real terms, 2014 prices), nations and regions programming, by nation: 1998-2014



Source: Ofcom / broadcasters. All figures are expressed in 2014 prices; spend data for first-run originations only by BBC/ITV/STV/UTV; spend excludes Gaelic and Welsh language programming but includes some spend on Irish language programming by the BBC; this does not account for total spend on BBC Alba or BBC spend on S4C output.

There are no figures available for spend by ITV Wales on its English language programmes but the total spend noted by Ofcom on English language programmes for Wales in 2014 was £27 million. Therefore, it can be estimated that ITV Cymru Wales' spend is around £7 million per year. ITV plc invests more than £100 million on news across its network, which it argues provides a significant benefit to the ITV Wales service and more generally to public service broadcasting in Wales.

Fig 20: BBC Wales - English Language Television Output: Genre Analysis.

Genre	04/05	05/06	06/07	12/13	13/14	14/15	% 06/07	% 14/15
News, Current Affairs, Politics	503	508	475	381	375	386	58.4	63
Sport & Leisure	213	190	201	150	141	150	24.7	24.5
Educa-tional Factual & Religion	92	96	94	64	63	60	11.6	9.8
Drama, Comedy, Music, Arts	58	48	43	15	23	17	5.3	2.8
Total	866	842	813	610	602	613	100	100.1

Source: BBC Cymru Wales

The chart above illustrates not only the reduction in total hours broadcast but also the equally significant narrowing of the range of output. If examined as percentages of the total output news and sport output has increased while drama/arts/comedy/music output has more or less halved across the same period. In the period 2012/13 to 2014/15 the output did not include any education, religious or children's programming (children's programming is broadcast by CBeebies and CBBC). The output in recent years has included a small amount of programming classed as entertainment, which was not used as a programme category in the period leading up to the previous audit. The table below shows the output for the most recent year.

Fig 21: BBC Wales English Language Television Output Genre Analysis 2014/15

	14/15		
Genre	BBC 1 Wales in-house hours	BBC2 Wales in-house hours	Total Eng Lang in-house hours
News	308.2	0.5	308.7
Current Affairs	23.0	0.0	23.0
Other:			
Arts & Music	2.6	1.0	3.6
Comedy	1.5	0.0	1.5
Drama	1.1	0.0	1.1
Education	0.0	0.0	0.0
Entertainment	0.0	0.5	0.5
Factual	24.5	0.0	24.5
Politics	0.4	39.7	40.1
Sport	4.5	101.8	106.3
Total Other local Output	34.5	143.0	177.5
Total Originations	**365.6**	**143.5**	**509.1**
Aquisitions	**1.5**	**1.3**	**2.8**
Repeats	**11.6**	**29.6**	**41.2**
GRAND TOTAL	**378.7**	**174.4**	**553.1**

	14/15		
Genre	BBC 1 Wales Independents hours	BBC2 Wales Independents hours	Total Eng Lang Independents hours
News	0.0	0.0	0.0
Current Affairs	13.2	1.0	14.2
Other:			
Arts & Music	3.3	6.0	9.3
Comedy	0.0	0.0	0.0

		14/15	
Genre	BBC 1 Wales Independents hours	BBC2 Wales Independents hours	Total Eng Lang Independents hours
Drama	1.0	0.0	1.0
Education	0.0	0.0	0.0
Entertainment	0.0	0.0	0.0
Factual	27.3	8.5	35.8
Politics	0.0	0.0	0.0
Sport	0.0	43.7	43.7
Total Other local Output	31.7	58.2	89.8
Total Originations	**44.8**	**59.2**	**104.0**
Aquisitions	**0.0**	**0.0**	**0.0**
Repeats	**15.9**	**26.5**	**42.4**
GRAND TOTAL	**60.8**	**85.7**	**146.4**

		14/15	
Genre	TOTAL BBC 1 Wales hours	TOTAL BBC2 Wales hours	TOTAL Eng Lang hours
News	308.2	0.5	308.7
Current Affairs	36.1	1.0	37.1
Other:			
Arts & Music	5.9	7.0	12.9
Comedy	1.5	0.0	1.5
Drama	2.1	0.0	2.1
Education	0.0	0.0	0.0
Entertainment	0.0	0.5	0.5
Factual	51.8	8.5	60.3
Politics	0.4	39.7	40.1
Sport	4.5	145.5	150.0
Total Other local Output	66.1	201.2	267.3
Total Originations	**410.5**	**202.7**	**613.2**
Aquisitions	**1.5**	**1.2**	**2.8**
Repeats	**27.5**	**56.1**	**83.6**
GRAND TOTAL	**439.5**	**260.1**	**699.5**

The above genre analysis, covering 2014/15, along with data provided by BBC Wales for 2012/13 and 2013/14 shows that comedy, drama, education and entertainment production were very limited within BBC Wales' English television programme output for those years. The drama output consisted of an episode of **Hinterland**, which was broadcast within the fiscal year 2014/15 and a collection of short films produced through the **It's My Shout** training scheme. Arts and music output was also limited, amounting to just 12.9 hours during the same period. The chart also demonstrates that BBC Wales concentrates its output on BBC1Wales, with BBC2 Wales being used primarily for sports coverage and politics (mainly political conferences).

S4C
Funding of S4C

From November 1996, S4C had been funded by the UK Government based on a formula set out in Section 61 of the Broadcasting Act 1996, in which the broadcaster's funding would increase annually in line with the Retail Price Index. But as part of the Comprehensive Spending Review, in October 2010, the Secretary of State for Culture, Media and Sport wrote to the S4C Authority confirming a 24.4% cut to S4C's funding over the 4 years of the spending review period. From 2013/14, a new framework agreement, between the BBC and the UK Government, included an arrangement for S4C to be funded until licence renewal in March 2017 by the BBC licence fee together with S4C's commercial income and a greatly reduced grant from DCMS[22]. The Public Bodies Act 2011, which implemented the new funding arrangements, also placed a duty on the Secretary of State to secure 'sufficient funding' to enable the S4C Authority to fulfil its public service remit.

In October 2011, the BBC Trust and the S4C Authority reached agreement on the licence fee funding, governance and accountability of S4C until March 2017 and following a public consultation held during summer 2012, a new Operating Agreement was subsequently approved by the S4C Authority and the BBC Trust in 2013. In December 2012, further reductions were announced to S4C's DCMS funding for 2013-14 of 1% and a 2% reduction in 2014-15, but in the June 2013 Spending Review, it was announced that the DCMS contribution to S4C for the financial year 2015/16 would remain at £6.787m.

Fig 22: S4C Funding Settlement

£m	2010	2011	2012	2013/14	2014/15	2015/16	2016/17
Public Fund							
DCMS	101,646	90,000	83,000	24,309	6,787	6,787	?
BBC Trust	n/a	n/a	n/a	76,300	76,000	75,250	74,500
Other income	0,068	0,059	0,085	0,186	0,241		
Total	101,715	90,059	83,00	100,795	83,001		
General Fund (Commercial Income)	2,684	3,001	3,285	3,391	2,673		
Total	104,399	93,060	86,370	104,186	85,674		

Source: S4C Annual Reports, S4C Authority and BBC Trust Operating Agreement

Although the Operating Agreement with BBC Trust provides for funding up until the end of the current charter 2016/17, no further grant support has so far been announced by the DCMS, beyond 2016. The figures show that there was a reduction on 18.4% in S4C's public funding income between 2010 and 2014-15.

Public Fund income must only be used for the purpose of providing the Authority's Public Services and it cannot be used to subsidise any S4C subsidiary. General fund income includes commercial advertising airtime sales, merchandising, sponsorship income, rights sales, publishing and investment activities. The above figures do not include the value of the BBC's statutory supply of 10 hours a week, which in 2014-15 amounted to £19.7m.

BBC's Statutory Supply to S4C - The Strategic Partnership

The 1980 Broadcasting Act placed a statutory duty on the BBC to supply 10 hours per week of Welsh language programmes free of charge to S4C, subject to the '*reasonable requirements of the Welsh Authority*'. This supply includes S4C's **Newyddion** (News) and the daily drama series **Pobol y Cwm**. In October 2006, the BBC and S4C announced a new Strategic Partnership, which established a joint planning framework, in which the BBC agreed to set out the value of its programme supply. The partnership has been renewed twice and the present agreement runs until the end of the present BBC Charter in March 2017. The value of the supply has fallen from £25 million in 2008/9 to £19.7 million in 2014/15.

Fig 23: BBC Value of Statutory Supply of Programmes to S4C (as outlined in BBC Wales Annual Review) £m:

2010/11	2011/12	2012/13	2013/14	2014/15
23.1	20.7	19.2	19.7	19.7

Source: BBC Cymru Wales. Actual figures up to 2014/15. According to the Partnership Agreement the value of the BBC's supply will be £19.4 million for 2015/16 and 2016/17.

However, although the value of the supply to S4C, for example in 2014/15 is stated as £19.7 million, the BBC's Financial Statement for 2014/15 sets out the BBC's total expenditure on the S4C service, which at £31 million is made up of

- content, £24.5 million,
- content distribution and support, £3.9 million
- general support, £2.6 million[24].

It should also be noted that S4C also made payments totalling £2.5 million to the BBC for the provision of the weekly omnibus repeat and 30 summer episodes of **Pobol y Cwm**, not provided as part of the statutory hours (15 month period to 31 March 2014 - £3.5m)[25].

S4C's Efficiency Programme

The Operating Agreement between the S4C Authority and the BBC Trust includes provisions to identify and deliver financial efficiencies by S4C, with any savings to be reinvested in S4C's services. Under this programme, the S4C Annual Reports have set out how significant efficiency savings of £12.5 million have been delivered since 2010, in response to S4C's reduced public funding, prioritising investment in S4C's services to its audience. In order to minimise the impact on the programme service, the efficiencies were applied to all areas of the broadcaster's activities.

These have included:

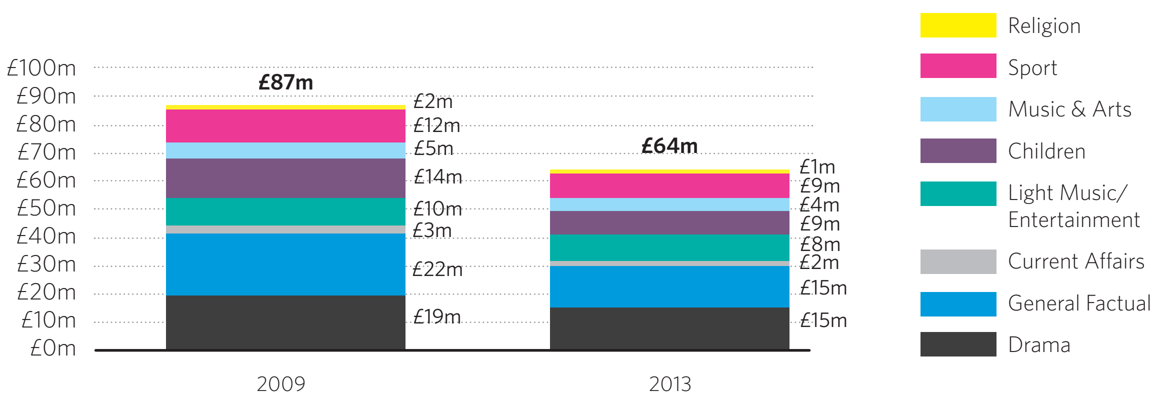
- reduced overheads to just 3.98% of S4C's costs in 2014/15;
- 35% reduction in cost per hour of total transmitted hours from £16.4k to £10.8k;
- 39% reduction in cost per hour of commissioned content from £52.7k to £32.2k;
- continuing reduction in the average cost per hour across programme genres

The Authority set a target to ensure that by 2014. the percentage reduction in the amount spent on S4C's internal costs would not be less than the reduction in the content budget resulting from the cut in S4C's public income. In 2010, S4C's content budget (not including costs directly associated with the programme service) was £83.705 million. By 2014/15 the amount invested in equivalent content was £67.006 million, equivalent to a reduction of 19.94%. The Authority therefore expected S4C to deliver efficiency savings and scope reductions in excess of 20% between 2010 and 2014.

The Operating Agreement between the S4C Authority and the BBC Trust includes an efficiency savings and scope reduction target of 15% for the period 1 April 2013 to 31 March 2015, as compared with S4C's 2012 budget. The Authority's 2010-2014 target of 20% equates to 5% per annum, on average. The same average percentage is thus applied to the three year period between 2012 and 2015.

Up to 31 March 2015, efficiency measures and reductions implemented by S4C have to realised over £12.5m in actual gross savings (not adjusted for inflation). Delivering these efficiency savings has resulted in S4C's content budget increasing from a baseline of £65m to over £67m since 2012. As a consequence of the efficiency programme, staff costs were reduced with S4C's headcount falling from 166.75 FTEs at the beginning of 2010 to 129 FTEs currently. As part of the programme S4C has announced a proposed relocation of its headquarters to Carmarthen by 2018 and co-location of S4C's technical services with BBC Cymru Wales in a new broadcasting centre in Cardiff. This work is being overseen by the S4C/BBC Wales Joint Partnership Board.

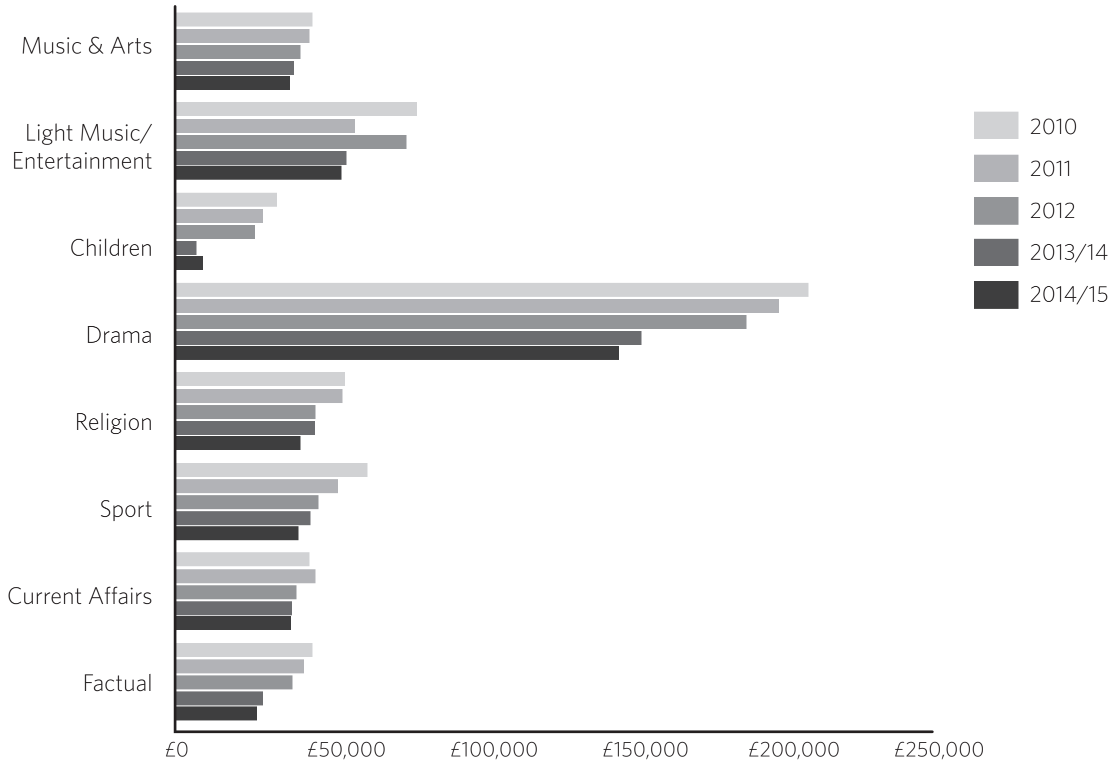
Fig 24: S4C spend on first-run Welsh-language originations[26] (real terms, 2014 prices), by genre: 2009-2013



Source: Ofcom/S4C.

The bulk of S4C's income, 79.5%, is spent on content and programmes. S4C's programme costs per hour decreased from £16,374 in 2009 to £10,795 in 2013/14, although costs increased for some genres the following year. The genre breakdown is as follows:

Fig 25: S4C Average Programme Costs per Genre



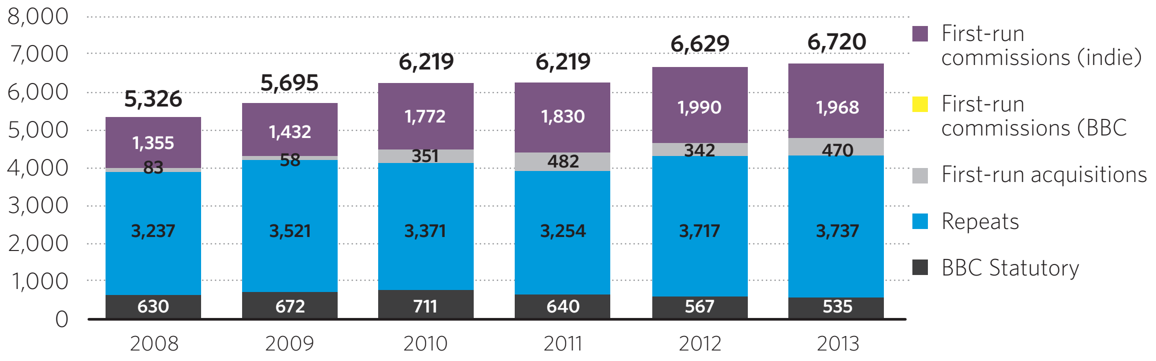
The analysis below shows the average expenditure per hour on different types of new programme commissioned by S4C. The broad range of costs reflects the nature of the specific genres, and the range of the service provided.

	2014/15	2013/14	2012	2011	2010
General Factual	£22,838	£21,802	£24,865	£30,715	£33,657
Current Affairs	£31,671	£30,540	£30,739	£32,900	£37,995
Sport	£27,335	£32,451	£35,339	£38,320	£48,899
Religion	£39,251	£39,281	£47,103	£47,207	£50,799
Drama	£139,985	£146,147	£150,040	£188,600	£196,969
Children	£18,396	£14,875	£11,938	£21,940	£27,750
Light Music/ Entertainment	£50,999	£50,000	£54,337	£71,490	£56,396
Music & Arts	£30,975	£30,218	£31,473	£33,890	£39,104

Source: S4C Annual Report and Accounts 2014/15

Fig 26: S4C output of first-run Welsh-language originations, by commission type: 2008-2013

Hours



Source: S4C/Ofcom

BBC Cymru Wales Welsh Language Output for S4C

BBC Cymru Wales provides S4C's news service through its weekday evening news programme **Newyddion** (broadcast at 9pm on weekdays) and through other bulletins and the news series **Ffeil**, aimed at children and young people. **Pobol y Cwm** represents the BBC's drama output for S4C. It is the longest running BBC soap in the UK and one of S4C's most popular programmes.

Reporting on the BBC's supplied programming during 2014/15, S4C's Annual Report stated that the news service, current affairs, sport, coverage of the National Eisteddfod and the Pobol y Cwm soap supplied by the BBC continued to "*provide core content in strands that are central to public broadcasting*". S4C recognised that this supply continues to be greatly appreciated by the audience. However the report noted that, in the previous year there had been, "*a degree of concern about the focus of the contributed programming on a limited number of core genres. We are pleased that following discussions between executives at S4C and BBC Cymru during the year greater collaboration has led to a wider range of programming, such as children's and factual. We look forward to seeing the fruits of re-allocating Pobol y Cwm's budget to the development of new drama.*"

ITV Cymru Wales Welsh Language Output for S4C

ITV Cymru Wales is a long standing provider of Welsh language current affairs programmes to S4C, based on a commercial relationship which sits outside its channel 3 licence requirements. The current affairs series, **Y Byd Ar Bedwar**, has been broadcast on S4C since 1982, providing investigations into issues of public interest from Wales and abroad. ITV also produces **Hacio**, a current affairs strand for young people which frequently examines politics and citizenship issues. With the BBC providing its news output, ITV ensures that S4C has plurality in current affairs provision. However, ITV Cymru Wales also provides other programming for S4C including the long-running rural documentary series, **Cefn Gwlad** and more recently, the light entertainment quiz show, **Sion a Sian**.

1.1.3 Viewing Data for Wales' PSBs

BARB

The Broadcasters' Audience Research Board (BARB), is a not for profit organisation founded by the UK's broadcasters and other broadcasting organizations. It has been producing official viewing figures for UK television audiences since 1981. It currently commissions research companies Ipsos MORI, Kantar Media and RSMB to collect data representing the viewing behaviour of the UK's 26 million TV households via a viewing panel consisting up of 5100 selected UK TV households, which includes a panel in Wales of 400 households.

This panel is further boosted in Wales, at a considerable additional cost to S4C, to include 100 Welsh speaking households, producing a total panel of 500. The boost was originally 200 households, but from 1 March 2013, the number was reduced from 200 to 100 as part of S4C's efficiency savings. However this change resulted in greater volatility for individual programme data and in addition, BARB amended the means of ascertaining the panellists' Welsh language fluency, which was predicted to reduce S4C's viewing figures by 6% overall[27].

An Establishment Survey is carried out continuously by Ipsos MORI which tracks changes in UK household characteristics and the panels are regularly adjusted to take account of changing demographics to ensure they are representative of the UK TV household population as a whole.

In recruited households every TV set is fitted with a meter with software meters installed on laptops, desktop computers, and tablets. In order for the meter to know who is watching, each member of the household over the age of four is assigned a button on a special remote control. If they enter a room while the television is on they must press their designated button to register their presence and press it again when they leave to show they are no longer watching. Content being viewed is also logged via an audio matching process which creates digital fingerprints which are matched to a programme reference library within 15 seconds. For example such 'audio watermarks' allow the system to distinguish between two channels playing the same content, when for example, one is in standard and the other in high definition. BARB uses an additional technique for Sky homes that involves accessing service information codes from the set-top box. BARB has also started working with metadata tags, which are embedded by broadcasters into online television content.

The data is sent back to Kantar Media at 2am before being processed and weighted to be representative of the whole of the UK. These figures, known as 'overnights' are released to the industry at 9.30am each day. These figures not only include those who watched the programme at the time it was broadcast but also those who recorded it and watched it back the same day, known as 'viewing on the same day as live' or VOSDAL. Consolidated ratings include catch-up, or time-shifted, viewing that happens up to seven days after the original broadcast. It is possible to criticise any statistical audience measurement system but BARB claims its consolidated ratings are the 'gold standard' on which UK broadcasting and advertising industries rely for all reporting and trading.

Barb Definitions - Viewing Metrics: Share, Reach and Average Audiences

Reach:

- The net number or percentage of people who have seen a particular piece of broadcast output (e.g. a programme, day-part, channel, TV advertising campaign).
- Programme or day-part reach assesses what percentage of the population saw a specified amount of a programme or day-part. It is also used cumulatively to assess the total net percentage that saw a specified amount of a complete series/month of television etc.
- There are various ways of defining the amount of viewing an individual must have done in order to be counted as having been reached. The BARB definition is for this to be at least three consecutive minutes per week. Data is also provided for 15 minute weekly reach.
- For TV advertising campaigns, reach (the net percentage of the target audience to have at least one opportunity to see the campaign) is often used in conjunction with frequency (the average number of times the campaign was seen by those within the target audience who were reached) to produce an overall measure of campaign exposure.

Share

- The percentage of the total viewing audience watching over a given period of time.
- This can apply to channels, programmes, time periods etc.

Average Audience (000s)

- This is a measure of the average number of people watching a programme or series.
- It is calculated from the number of viewers on the BARB panels that viewed the programme scaled up to the total television household population.

Universe

- The total population of a particular audience category. The BARB universe for Wales is based on its total television homes.

How The PSB Broadcasters Present Viewing Data:

- BBC Cymru Wales uses weekly reach, based on 15 minutes consecutive viewing, expressed in thousands[28]. It also publishes average audience figures. For its online services, it uses average weekly unique browsers expressed in millions.
- S4C uses weekly reach, based on 3 minutes consecutive viewing, the same as the BARB standard, but it also reports on 15 minutes monthly reach and 3 minute annual reach, all expressed in thousands. It does not publish a 15-minute weekly reach figure. The S4C Authority believes that the 3 minute weekly measurement is the most suitable for S4C's television service, as a channel which also broadcasts advertisements.
- S4C's online service Clic and S4C's content on the BBC's iPlayer are measured in unique online viewing sessions.

- In data provided to the IWA, ITV Cymru Wales has reported on share, average audiences and both 3 minute and 15 minute weekly reach. For its online news service the broadcaster uses Average Unique Visitors (Monthly) and Average Page Views (Monthly).

In data provided to the IWA, S4C argues that, "*in a multi-channel age, where fragmentation is a continuing reality, and also where non-linear TV viewing (catch-up) is continuing to increase (and also online viewing) measuring the performance of a minority channel using share appears to be an out dated and narrow way of assessing performance.*" Share is not a measure that is used or reported on by S4C and BBC Cymru Wales. However, it is used by broadcasters at a UK level and share figures are published each week in the trade magazine, Broadcast. BARB data is still in the process of attempting to consolidate television viewing with on-line viewing. Huw Jones, S4C's Chairman concludes in S4C's 2014/15 Annual Report that, "*the importance of ensuring that there is attractive Welsh language content available on all digital platforms is clear, and we look forward to seeing a consolidated system of measuring viewing across all platforms being introduced in due course.*"

English Language Television Viewing Data - Programmes for Viewers in Wales

Fig 27: BBC Cymru Wales

		2012/13	2013/14	2014/15
3' weekly reach across all news output	3'	1,357,000	1,311,000	1,264,000
15' weekly reach across all news output	15'	603,000	613,000	612,000
3' Weekly Reach Wales Today	3'	808,000	806,000	756,000
15' weekly reach Wales Today	15'	603,000	613,000	580,000
Average audience Wales Today		295,000	306,000	293,000
Average audience, Week In Week Out		117,000	111,000	91,000
Average audience, The Wales Report		82,000	79,000	66,000
Average audience, X-Ray		209,000	218,000	213,000
Average audience, Scrum V Live		165,000	145,000	127,000
3' weekly reach, Newyddion (for S4C) (9pm - 9.30pm)		56,000	55,000	46,000
3' weekly reach, Newyddion (for S4C) (all bulletins)		101,000	79,000	64,000

ITV Wales

According to ITV, share for its main evening news bulletin **ITV News Wales At Six** has grown for three consecutive years to the end of 2014, with a share of viewing above the average for the same slot across all the Channel 3 licensees in England and Wales:

Fig 28:

ITV Cymru Wales: Peak Time Average Share	
Apr 2013 to Apr 2014	19%
Apr 2014 to Mar 2015	19%
Average audience ITV News Wales at Six: 6pm - 6.30pm	
Apr 2013 to Mar 2014	189,000
Apr 2014 to Mar 2015	181,000
3' & 15' weekly reach, ITV News Wales at Six: 6pm - 6.30pm	
3 Minute Weekly Reach ITV News Wales at Six	
Apr 2013 to Mar 2014	504,000
Apr 2014 to Mar 2015	507,000
15 Minute Weekly Reach, ITV News Wales at Six	
Apr 2013 to Mar 2014	366,000
Apr 2014 to Mar 2015	369,000

There has been a significant increase in audience numbers for ITV News Wales at Six compared to the previous programme, ITV Wales Tonight. A typical average audience for ITV Wales Tonight pre digital switchover in 2003 was around 170,000 viewers.

Average audience, Wales This Week

The series is scheduled in Wales at 8pm between two editions of **Coronation Street**, one of the most popular programmes to be shown on any channel in Wales. As a result, the series average for Wales This Week in 2014 was close to 120,000 viewers.

S4C: Welsh Language Television Viewing in Wales and across the UK

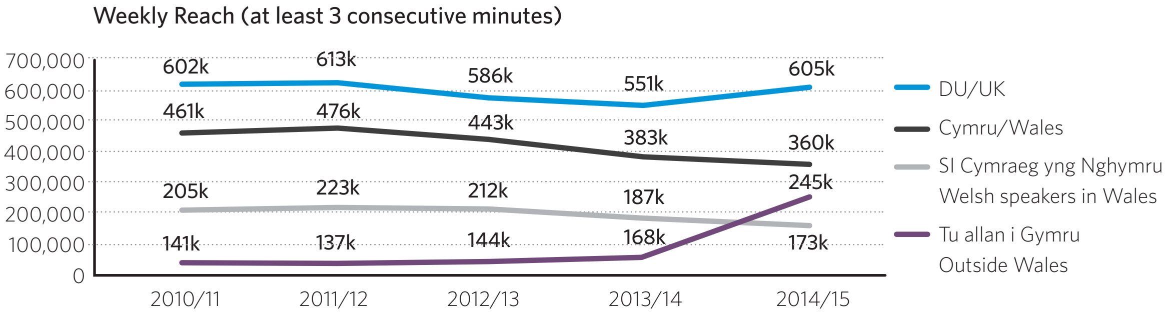
Figures in S4C's Annual Report for 2014/15 show that there has been a fall of 22% in three minute weekly reach for S4C's viewers in Wales from, 461,000 in 2010/11 to 360,000 in 2014/15.

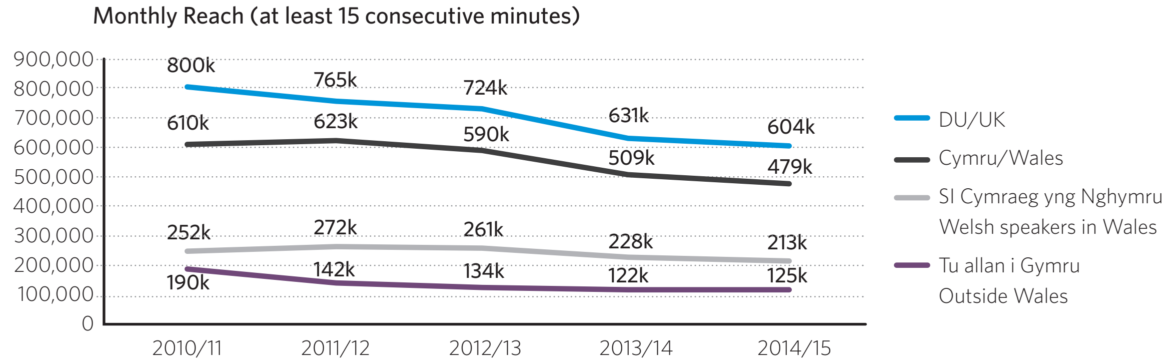
However, viewing within the channel's core Welsh speaking audience was slightly more stable, rising from 205,000 in 2010/11 to 212,000 in 2013/13 before falling back to 173,000 in 2014/15, a fall of 15.6% overall. S4C argues that this reduction in reach is similar to that experienced by other public service broadcasting channels in Wales during the same period [29].

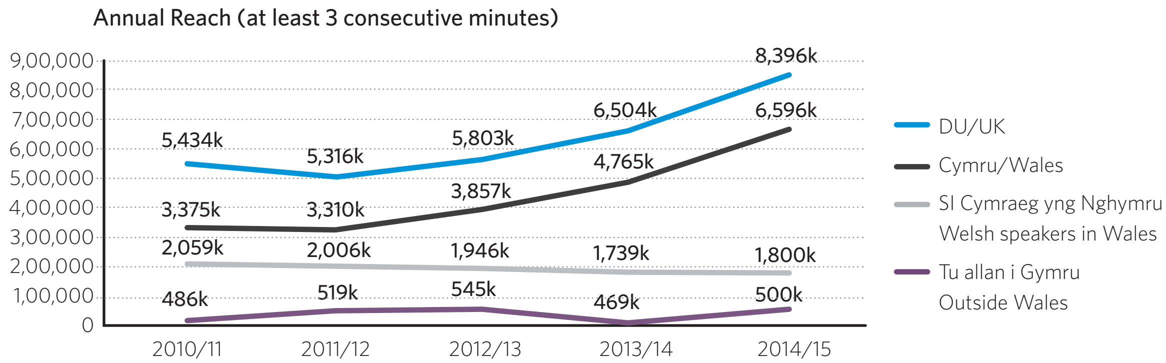
But the data also shows that viewing of S4C outside Wales has increased significantly over recent years, with 245,000 viewers on average in the rest of the UK watching S4C on television during 2014/15.

As noted elsewhere in this report, there has also been a substantial increase in online viewing during 2014/15 (31% - reaching 5.7 million viewing sessions), mainly as a result of the introduction of S4C on the BBC iPlayer in November 2014.

Fig 29: S4C Weekly, Monthly and Annual Reach, 2010/11 - 2014/15







Source: S4C Annual Report and Accounts, 2014/15

Fig 30: S4C - Weekly reach selected series/programmes (3 minute/weekly reach)

Programme/Series	Average 3 Minute Weekly Reach
Noson Lawen Eisteddfod Sir Gar	121,000
Y Gwyll (Hinterland)	109,000
Pobol y Cwm	102,000
Nadolig Bryn Terfel	118,000
Y Clwb Rygbi (Dreigiau v Gweilch)	250,000
Eisteddfod Genedlaethol 2014	125,000
Henri Helynt	53,000
Blwyddyn y Bugail, Ioan Doyle	51,000
Gwlad Moc	82,000
Rownd a Rownd	60,000

Source: S4C Annual Report and Accounts 2014/15

Network Supply

The centralisation of television production in the UK has been an issue for several decades. In the years when ITV was essentially a federation of regional companies, network production was spread between five network companies - London Weekend, Thomas, Central, Granada and Yorkshire, with additional contributions from four or five smaller regional companies. At this time the BBC's network output was heavily centralised, with more than 90% of the output being made in London and the south east.

From the 1990s onwards the trends in BBC and ITV ran in opposite directions. ITV saw a rapid consolidation of ownership under, eventually, the ITV plc banner. The legacy of the old regional system remains in the form of the northern soaps – Coronation Street and Emmerdale.

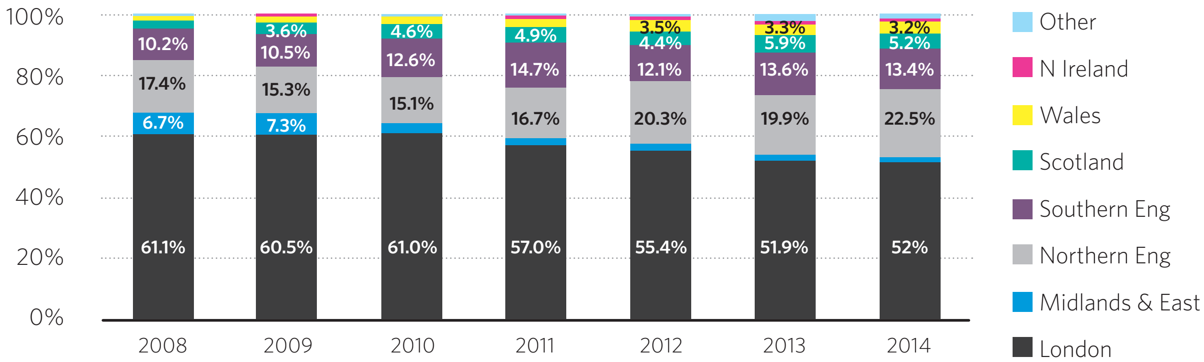
In the 1990s BBC began a process of decentralising production (though not network decision-making). This accelerated under the pressure of devolutionary trends, until in 2007 the BBC Trust established a 17% 'out of England' quota for BBC Network television production from Scotland, Wales and Northern Ireland to be achieved by 2016.

From 2008 onwards, BBC Wales' network production increased significantly. Within the BBC, it is a centre of excellence for music and factual programming (in conjunction with BBC Bristol). It is also the main centre for network drama production outside London, and in 2012 the BBC established the 'Drama Village' production centre in Roath Lock, Cardiff Bay.

However, although BBC Wales has enjoyed significant success in its network supply in recent years, drama network commissions that reflect life in Wales have been notably absent. It is now almost seven years since the last new episode of **Gavin and Stacey** was broadcast, the most recent network comedy drama to depict a story which was at least partially set in Wales. **The Call Centre**, a 'docusoap', set in a Swansea's third largest call centre, screened during autumn 2013 on BBC 3, is one of the very few network factual series to depict life in Wales in recent years. Commissioning decisions remain very centralised within the BBC.

Despite the BBC's aspirations to reflect the diversity of life across the UK, decisions about network drama commissions are still made exclusively in London, regardless of Cardiff Bay's production centre role. **Y Gwyll/Hinterland** was originally an S4C, Fiction Factory, All 3 Media, Tinopolis and Welsh Government co-production that was later acquired by BBC Cymru Wales. The English language version of the series was also screened on BBC 4 in 2014, although the production was originally turned down when it was initially offered to the central drama commissioners. However, for the second series, BBC Wales is now a co-production partner.

Fig 31: PSB share of spend on network production, by nation and region: 2008-2014



Source: Ofcom/Broadcasters. Expenditure does not include network news production. The category 'Other' refers to programmes made by producers based within the M25 which qualify as regional productions on the grounds that 70% of total spend and 50% of off-screen talent spend was outside the M25 but not all in one macro-region and therefore cannot be attributed to a single region.

See http://stakeholders.ofcom.org.uk/broadcasting/guidance/programme-guidance/reg_prod/ on Ofcom website for further details.

Fig 32: BBC Wales Network TV Programme Supply Genre Analysis

In House	2012-13		2013-14		2014-15	
Genre	HOURS	TOTAL COST £000	HOURS	TOTAL COST £000	HOURS	TOTAL COST £000
Arts & Music	27	2,067	18	1,296	24	2,158
Childrens	6	3,059	7	3,428	5	2,969
Drama	42	28,111	48	32,400	52	34,422
Factual & Learning	39	4,548	37	4,418	64	5,343
Originations Total	**114**	**37,785**	**110**	**41,542**	**143**	**44,892**
Aquisitions	0	0	0	0	0	0
Repeats	124	0	143	57	83	5,343
In House Total	**238**	**37,785**	**252**	**41,599**	**226**	**44,937**

Independents	2012-13		2013-14		2014-15	
Genre	HOURS	TOTAL COST £000	HOURS	TOTAL COST £000	HOURS	TOTAL COST £000
Arts & Music			2	184	0	0
Childrens	0	0	0	0	0	0
Drama	27	22,292	18	12,553	12	10,895
Factual & Learning	17	1,704	9	1,498	18	3,263
Originations Total	44	23,997	29	14,235	30	14,158
Repeats	3	32	17	674	19	1,236
Indie Total	47	24,028	45	14,909	49	15,394

Genre Totals	2012-13		2013-14		2014-15	
	HOURS	TOTAL COST £000	HOURS	TOTAL COST £000	HOURS	TOTAL COST £000
Arts & Music	27	2,067	20	1,480	24	2,158
Childrens	6	3,059	7	3,428	5	2,969
Drama	69	50,403	66	44,953	64	45,317
Factual & Learning	57	6,253	46	5,916	81	8,606
Originations Total	158	61,781	138	55,777	173	59,050
Repeats	127	32	159	731	102	1,281
Overall Total	285	61,813	297	56,508	275	60,331

Notes: Figures include both Ofcom non-eligable and eligable figures
These figures show programmes produced through BBC Wales

ITV Wales, Network Supply

ITV Wales is structured to provide news and programmes for viewers in Wales, specialising in news and current affairs in English and in Welsh. However, 2014 saw ITV Wales gain its first network commission for many years, with the single documentary, **My Grandfather Dylan**, commissioned from independent company Green Bay Media, marking the centenary of Dylan's birth. In the same year, ITV Wales current affairs team produced an edition of an ITV network current affairs strand, **Tonight: Who Owns Britain?** which has been followed by a second commission in Q4 2015.

Independent Production

The Independent production sector has contributed significantly to the growth of the creative industries, both in Wales and across the UK. Historically, UK broadcasting policy focussed primarily on the interests of viewers rather than on wider impacts on economic development. However, it was recognised that broadcasters, as the primary commissioners of content, had a stronger position in the programme supply market that the independent producers. During the 80s and 90s, and subsequently within the 2003 Communications Act, a number of interventions were developed to address key features of the market and the conduct of programme-buyers:

- **Negotiating Strength**: the PSBs' **Codes of Practice on Commissioning**, approved by Ofcom, regulate dealings between broadcasters and independent companies in order to mitigate the broadcasters' negotiating strength.

- **Vertical Integration**: vertically-integrated broadcaster producers (BBC, ITV) were traditionally geared mostly to in-house production. In 1982, this was addressed by establishing Channel 4 and S4C as publisher-broadcasters; by establishing the 25% **Independent Production Quota** and by setting out **Definitions of Qualifying Independent Producers**, regulated by Ofcom, which exclude production companies owned by broadcasters.

- **Geographical Concentration**: television production and commissioning tends to be concentrated in London and the **Out of London Quotas** (OOL) and the **definitions of OOL productions** aim to secure the geographic diversity of supply.

- **IP Rights Retention and Terms of Trade**: since 2004, the PSBs terms of trade have allowed independent producers to retain programme IP rights, following initial primary licence and 'hold-back' periods granted to the broadcasters.

Subsequently, the BBC Trust established an 'out-of-England' 17% quota for network production budget to be achieved by 2016[30]. Following the second PSB review a similar quota was established by Ofcom for Channel 4, initially set at 3%, but which has since been increased to 9%.

Ofcom reviewed the operation of these arrangements in its Television Production Sector Review in 2006 and also in its third PSB Review. In both cases, it concluded that the quotas and other arrangements continued to operate effectively and were still appropriate.

However, the DCMS has recently requested that Ofcom should conduct a further review of the sector[31].

The Independent Sector in Wales

The sector has been represented in Wales by TAC (Teledwyr Annibynnol Cymru)[32], for the last 30 years. However, some production companies based in Wales are members of PACT, which represents independent companies at a UK level[33]. In all, PACT has 18 Member Companies from Wales.

The BBC commissioned 90 Wales-based companies[34] for its output for Wales during 2014-15. These contributed 104 hours of programming out of the total English language originations of 613.2 hours. Independent producers also made 12 hours of drama and 18 hours of factual and learning content for the network via BBC Wales. However, as the BBC has pointed out, not all of these companies would qualify as being indigenous Wales based production companies under the Ofcom definitions[35].

Ofcom Regional Production Definitions - Out Of London Quota

In order to count towards the regional production quota by hours, relevant productions must meet two out of the following three criteria:

> the production company must have a substantive business and production based in the UK outside the M25. A base will be taken to be substantive if it is the usual place of employment of executives managing the regional business, of senior personnel involved in the production in question, and of senior personnel involved in seeking programme commissions;

> at least 70% of the production budget (excluding the cost of on-screen talent, archive material, sports rights, competition prize-money and copyright costs) must be spent in the UK outside the M25; and

> at least 50% of the production talent (i.e. not on-screen talent) by cost must have their usual place of employment in the UK outside the M25. Freelancers without a usual place of employment outside the M25 will nonetheless count for this purpose if they live outside the M25.

As a publisher broadcaster, S4C produces no programming in-house, investing instead in programmes and content commissioned from companies across Wales. It commissioned programmes and content from a total of 65 independent production companies during 2014/15. In 2002 the number was lower at 42 and by 2006 and 2005, only 31 companies were commissioned[36], under half the number in 2014/15. S4C, as a publisher broadcaster, produces no programming in-house, investing instead in programmes and content commissioned from companies across Wales. Production companies such as Rondo, Cwmni Da and Antena in Caernarfon, Tinopolis in Llanelli, Boom Pictures in Cardiff, and Telesgôp in Swansea all have a substantial effect on their local economies and contribute to a highly-skilled workforce in their respective areas. The geographic split of independents commissioned by S4C during the year was as follows:

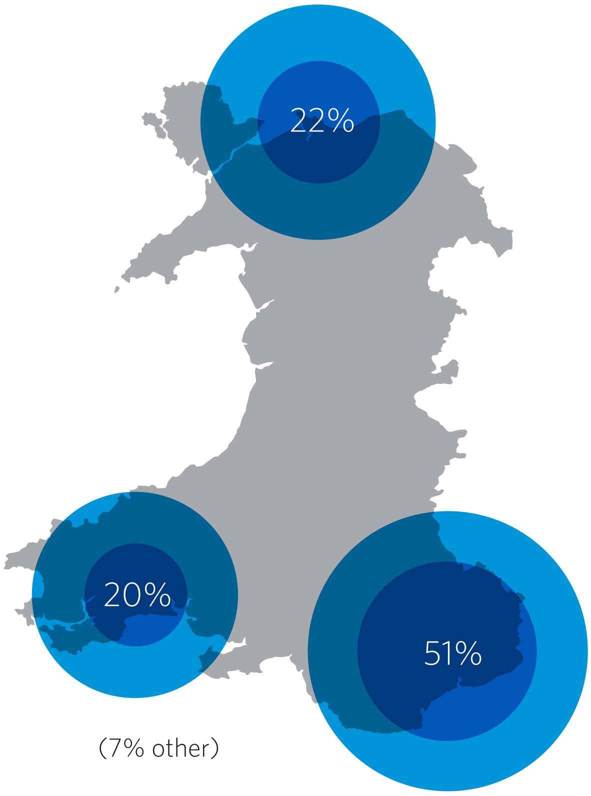


Fig 33: S4C: Independent Companies Commissioned: Geographic Spread

	South Wales	North Wales	West Wales
% share	51	22	20

Source: S4C Annual Report and Accounts, 2015

ITV Wales considers that as it specialises in live, daily news programming along with current affairs, political programming and documentaries, the overwhelming majority of these programmes are produced in-house. But the broadcaster does continue to make a range of programming outside of current affairs, in some cases, working with independent producers in Wales. There has been some consolidation of ownership of the sector in recent years. Boom Cymru, as part of Boom Pictures had already merged with the TwoFour Group, originally based in the south west of England. However, in June 2015 the group was acquired by ITV Studios.

Economic Impact of BBC Cymru Wales and S4C on the Welsh Economy

BBC Wales

Economic impact research, based on standard multiplier analysis to quantify the BBC's economic impact on the UK economy, was conducted by the accountancy firm Deloittes and published in 2011/12. The study estimated the BBC's Gross Value Added (GVA), i.e. the value generated for the UK economy as a result of the BBC's expenditure on a range of activities including third party suppliers across content, technology, publishing, marketing, and other areas.

- In 2011/12, BBC total UK operating expenditure, including both public service and commercial subsidiary expenditure was **£4,341 million** (excluding inter-group re-charges).
- This expenditure generated a Gross Value Added of **£8,323 million** for the UK economy, equivalent to two pounds of economic value for every pound of the licence fee.
- The report noted there has been a marked change in the pattern of regional GVA across nations and regions between 2009/10 and 2011/12 consistent with the strategy of moving production out across the UK and building centres of excellence, such as the Roath Lock development in Cardiff Bay.
- Wales saw a slight reduction in BBC expenditure and a corresponding fall in GVA, from **£292 million** in 2009/10, (based on an expenditure in Wales of **£162 million**), to **£276 million** in 2011/12, (based on an expenditure in Wales of **£154 million**.)
- This reduction has mainly been driven by a change in the reporting of spending on central support functions[38].

S4C

Analysis conducted in 2014/15 by Arad Research has concluded that:

- Every £1 invested by S4C in the economies of Wales and the UK created a total value of £2.09.
- According to the study, S4C's investment of £83 million generated a total economic impact of £170 million across the UK.

Source: S4C Annual Report and Accounts, 2013/14 & 2014/2015

In a report published by S4C, *The Future of Welsh Broadcasting*,[39] the broadcaster explained how the economic impact of this spend is spread across the communities of Wales.

The S4C report explains that, during 2013, filming for the first series of **Y Gwyll / Hinterland** (produced by Fiction Factory, with investment from Tinopolis, All3Media International, the Welsh Government and S4C) took place in Ceredigion, with expenditure associated with the production made in the area. Analysis by Arad Research for S4C on the production (December 2013) demonstrated that,

- The combined effect of the direct, indirect and induced rounds spending of Y Gwyll/Hinterland equated to an estimated £1,040,000 spend in Aberystwyth over the course of the production.
- Every pound of direct expenditure made in Aberystwyth as a result of filming Y Gwyll generated an additional spend of 57p in the local economy.

S4C estimates that the recurring drama series **Rownd a Rownd** (produced by Rondo Media) has contributed £62 million to the economy of Menai Bridge and the Caernarfon area in the 19 years since it launched, with 95% of the series budget spent in the local area.

1.2 Radio

1.2.1 Analogue Radio and Digital Radio/DAB Availability and Take-Up

From the late 90s, the BBC has also 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 is fully taken by the BBC's UK network services, so there is no room to carry BBC Radio Wales and BBC Radio Cymru.

At the outset of the DAB development it was decided that the BBC's services for the nations would have to be carried on a multiplex owned by the commercial radio operators. Under legislation, the BBC has a 'must-carry' right for these services on local commercial DAB multiplexes. An original 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 – a serious disadvantage that it only now being tackled.

Initially Radio Wales and Radio Cymru were confined to the Cardiff/Newport and Swansea areas. However, since 2008, local DAB services have started broadcasting in west and north Wales, although large parts of mid Wales are still not served currently. DAB coverage still is still much lower than FM coverage. The increase in DAB coverage may have helped to boost DAB set ownership in Wales.

Fig 34: Analogue Radio Coverage (VHF - FM), BBC Wales Radio Services

% Population	2008 Coverage	2015 Coverage
Radio Wales	62	81
Radio Cymru	95	95

Source: BBC Cymru Wales

Fig 35: DAB Radio Coverage, BBC Wales Radio Services

% Population	2013 Coverage	2014 Coverage
Radio Wales	41	65
Radio Cymru	41	65

Source: Ofcom/BBC Cymru Wales. The BBC expects DAB coverage for Radio Wales and Radio Cymru to increase to 86% of the population by 2016.

BBC Radio in Wales

BBC Radio Wales was originally only broadcast on medium wave (AM) when the service began in 1978, but since the late 90s, the BBC has attempted to extend the station's availability on FM. In December 2011, Radio Wales commenced broadcasting from the Wenvoe transmitter replacing the low power VHF Transmitter on the Wenallt Hill which previously served a limited area of South East Wales and the improvement in coverage was welcomed by the BBC's Audience Council[41]. The station is also broadcast on DAB Digital Radio and Freeview across Wales, as well as across the UK on satellite along with Radio Cymru, which was launched in 1979 as an FM network. Due to its access to a greater number of frequencies, it has always had better coverage than Radio Wales on VHF.

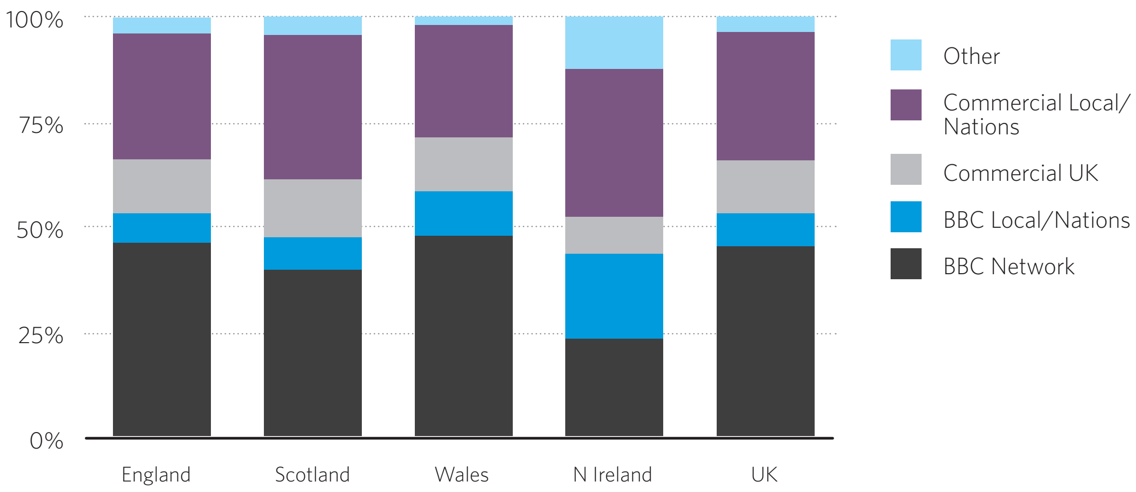
Fig 36: Radio listening across the UK

	Wales		England		Scotland		N.Ireland	
	2007	2014	2007	2014	2007	2014	2007	2014
Average Listening (Weekly Hours)	24.4	22.4	23.5	21.5	22.9	19.9	23.1	21.6
Reach (%)	88.4	94.5	90.6	89.4	89.4	86.9	90.7	88.9

Source: RAJAR/Ofcom. All Adults 15+. Reach defined as percentage of an area's population who listen to a station for at least five minutes in the course of an average week. The UK average in 2015 was 89.4%.

Of all the UK nations, more people in Wales listen to radio, and they also listen for the longest period of time. Radio services reached 94.5% of the adult population in Wales and listeners tuned in for an average of 22.4 hours per week in 2014, compared to a UK average of 89.4%.

Fig 37: Radio Listening in Wales
Share of listening hours



Source: RAJAR/Ofcom Wales 2015 CMR all Adults 15+, year ended Q4 2014.

Wales has the highest share of listening to BBC UK Network services compared to the other UK nations at 49%, more than double the figure for Northern Ireland. In 2014, the BBC's nation services share of listening (to Radio Wales and Radio Cymru combined) was 10%, down from 11% in 2013, but still two per cent higher than the UK average (but only half that of Northern Ireland at 20%). Reach figures published by RAJAR also show decreases for both Radio Wales and Radio Cymru.

Fig 38: Weekly Reach of Radio Wales and Radio Cymru

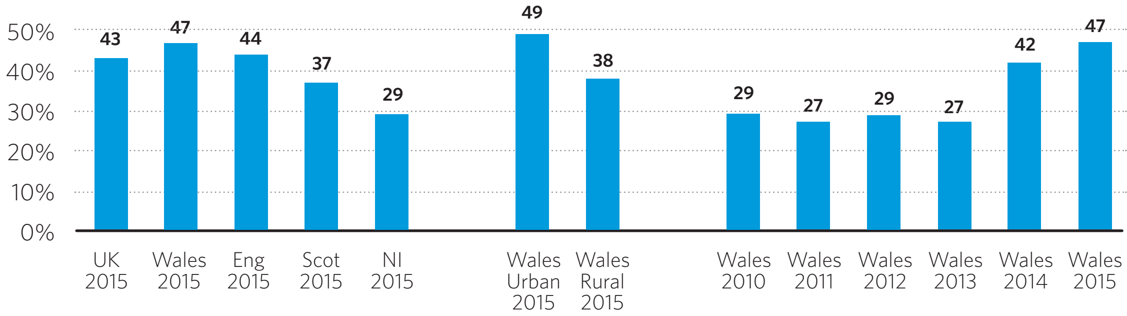
	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Radio Cymru	155,000	147,000	150,000	138,000	128,000	144,000	119,000
Radio Wales	435,000	411,000	468,000	471,000	461,000	468,000	418,000

Source: RAJAR

According to Ofcom, on an aggregated basis, the reach of BBC Radio Cymru and Radio Wales, taken together, saw a bigger year on year decrease in 2014 than any of the other national and local BBC services, driven primarily by a 1.9% fall in reach for Radio Wales[42].

A dispute in 2013 between Welsh language music performers, represented by the collection agency Eos and BBC Cymru Wales, may have been the cause of a temporary drop in share for Radio Cymru in 2012-13, when the station was forced to change its schedule and reduce its daily broadcasting hours[43]. In an attempt to increase the appeal of Radio Cymru, the BBC launched a consultation exercise, 'Y Sgwrs Fawr' (The Big Discussion) later the same year and the station's output was subsequently modified to increase its broad appeal.

Fig 39: Ownership of DAB Radios in Wales



Source: Ofcom Communications Market Report for Wales 2015 - % respondents

Almost half the adults in Wales (47%) claim to own at least one DAB radio set, above the UK average of 43%, (based on responses to the Ofcom technology tracker).

Digital Radio Switchover

The UK Government's latest Digital Radio Action Plan[44], published in January 2014 restated the switchover criteria originally set out in 2010. Switchover to digital radio broadcasting will only be ordered when,

- 50 per cent of all listening is to digital
- National (i.e.UK) DAB coverage is comparable to FM,
- local DAB coverage reaches 90 per cent of the population and all major roads

Fig 40: DAB Commercial Multiplexes in Wales

Mux Area	Operator	Expiry	Services Carried
Cardiff & Newport	Now Digital (Southern) Ltd.	30.10.2024	Capital FM (Cardiff & Newport) Smooth Radio (Cardiff & Newport) Pop Up Radio Heart (South Wales) Nation Radio (South Wales) Bridge FM
Mid & West Wales	Mux Co Wales Ltd	29.08.2015	Radio Pembrokeshire Radio Carmarthenshire Heart (South Wales) Nation Radio (South Wales) Nation Hits (South Wales)
North East Wales and Cheshire	Mux Co North East Wales	21.03.2025	Heart (North East Wales) Nation Radio (South Wales) Juice FM (Liverpool) Dee on DAB

North West Wales	Mux Co North West Wales	11.12.2026	Capital FM (North Wales Coast) Smooth (Wrexham and Chester) Nation Radio (South Wales) Nation Hits (South Wales)
Swansea	UTV Digital	29.01.2014	The Wave Heart (South Wales) Kisstory (Bauer Radio) Swansea Sound Heat (Bauer Radio)

Notes
1. BBC Radio Cymru and Radio Wales are carried on all the above local multiplexes serving Wales.
2. Town and Country Broadcasting owns Mux Co Wales Ltd and Mux Co North Wales Ltd outright and it also holds a 25% share in Mux Co North East Wales and Cheshire.

Digital switchover involves closing the FM networks that carry for the bulk of the UK's radio services, which would then be migrated to the DAB platform. Currently many BBC and Commercial services are broadcast on both platforms and closure of FM would represent a significant cost saving for the industry. Originally, it was estimated that the UK Government's criteria for switchover would be fulfilled by 2015, but in December 2013, the DCMS Minister Ed Vaizey announced that it was unlikely that an order for switchover would be made until around 2020[45].

1.2.2 Radio Output and Spend

Fig 41: BBC Radio Cymru and Radio Wales, output and spend

	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R.Cymru Spend £m	9.8	9.8	9.9	9.8	9.9	9.6	10.0
R.Cymru Hours	7,247	6,886	6,646	6,495	6,141	6,149	6,254
Cost per hour £k	1.4	1.4	1.5	1.5	1.6	1.6	1.6
R.Wales Spend £m	10.4	10.3	10.5	10.8	10.5	10.5	10.6
R.Wales Hours	7,162	7,064	7,107	7,227	7,228	7,255	7,078
Cost Per Hour £k	1.5	1.5	1.5	1.5	1.5	1.4	1.5

Source: BBC Cymru Wales, Board of Management Reports, (output hours exclude repeats)

As in 2008 the BBC's two services for Wales both differ markedly from those of the commercial sector, in being predominantly speech based, while the commercial sector is heavily music based during peak times. Analysis of the output for Radio Cymru and Radio Wales, based on figures provided by the BBC, show that both services broadcast a wide range of programmes covering news, current affairs, sport, and other programmes with relatively low levels of repeats at a low cost per hour, of around £1,500/ hour for both services.

Fig 42: Radio Cymru: Analysis of Output

	Radio Cymru					
	12-13		13-14		14-15	
	Hours	%	Hours	%	Hours	%
News	1343	19.4%	1394	20.4%	1276	18.4%
Current Affairs	86	1.2%	58	0.9%	102	1.5%
Sport	237	3.4%	356	5.2%	277	4.0%
Other	4475	64.6%	4340	63.6%	4599	66.3%
Total Originations	**6141**		**6149**		**6254**	
Repeats	782	11.3%	679	9.9%	682	9.8%
Total Hours	**6923**		**6828**		**6828**	

Fig 43: Radio Wales: Analysis of Output

	Radio Wales					
	12-13		13-14		14-15	
	Hours	%	Hours	%	Hours	%
News	2162	29.0%	2124	27.9%	2130	28.7%
Current Affairs	410	5.5%	730	9.6%	734	9.9%
Sport	826	11.1%	1038	13.7%	998	13.4%
Other	3741	50.2%	3362	44.2%	3215	43.3%
Total Originations	**7139**		**7255**		**7078**	
Repeats	318	4.3%	347	4.6%	345	4.6%
Total Hours	**7457**		**7602**		**7423**	

Commercial Radio in Wales

According to Ofcom, listening to local commercial radio during 2014 was lowest in Wales (out of the four UK nations) with a share of listening hours of 26%, with total commercial radio share in Wales at 39%, far lower than the UK average of 43% and the totals for the other nations. A possible explanation is that there are fewer commercial radio stations per head of the population in Wales compared to the UK average.

This lower of share of listening to commercial radio is reflected in commercial income. Wales was the only nation where revenue for local commercial stations declined in 2014, with revenue falling by 2.9% to £14.9 million. At £4.84 per head of population, Wales also has the lowest local commercial revenue per head of all the UK nations.

Since the time of the last audit in 2008, two stations have closed, Valleys Radio and Radio Hafren (formerly Radio Maldwyn), both of which were broadcasting on AM/Medium Wave, which itself is a declining platform in terms of radio listening, with most listeners now choosing FM or DAB. The only commercial stations left on AM serving listeners in Wales are Swansea Sound and Smooth Radio Wales serving Newport/Cardiff and Wrexham/Chester. Swansea Sound's local service includes a format requirement to broadcast 12 hours a week of Welsh language programmes, while the two Smooth services are only required to carry four hours of 'locally produced' programming per day produced in Wales, including news for Wales[46].

There has also been significant consolidation of ownership with stations have changing ownership and brand, several times in some cases. The alternative rock station, XFM South Wales, serving south east Wales, was only on air for a few months, before the station's owners, G-Cap (later to become Global) sold the licence to Town and Country Broadcasting, who rebranded the service as Nation Radio.

Swansea Bay Radio, also owned by Town and Country, was re-named Nation Hits and the group also acquired Radio Ceredigion from former owner, Tindle Newspapers.

Some of the changes of brand/name have been somewhat confusing for listeners. The stations owned in North Wales by Global, Champion 103, Coast 96.3 and MFM (Marcher Sound) were all renamed under the Heart Brand, as Heart Gwynedd and Anglesey, Heart Coast and Heart Wrexham and Chester. But following a merger of Global Radio and GMG (the owners of Real Radio), the competition authorities ruled that stations in seven areas of the UK, including Cardiff and North Wales had to be sold. Irish radio group, Communicorp, acquired Capital South Wales and the North Wales Real Radio licence. Real Radio had previously been providing an all Wales service delivered via its North and South Wales licences.

However, the Real stations were separated and re-branded as Heart South Wales (owned by Global) and Heart North Wales (owned by Communicorp). Global then re-branded the former Heart stations under the Capital brand, launching Capital Cymru and Capital North West and Wales in May 2014. In practice, it could therefore be argued, in terms of plurality, as Communicorp operates its two stations in Wales under a brand licensing agreement from Global, (with Heart South Wales sharing studio facilities with Capital South Wales), that the range of separate radio 'voices' has effectively reduced to three group/brands, Global/Communicorp, UTV and Town and Country Broadcasting.

The Internet has had a significant impact on local radio advertising markets in recent years. Radio broadcasters were experiencing falling revenues and increasing fixed costs and through its Future of Radio consultation, Ofcom responded by reducing local content regulatory requirements in order to secure the sustainability of commercial radio. Ofcom allowed the format documents that determine a station's content to be simplified with formats reduced to a short statement of just a few sentences describing the station's character of service. In addition, the rules regarding a station's location were also liberalised.

It should also be noted that, under current legislation, when switchover to DAB (Digital Audio Broadcasting) occurs, commercial radio stations which are currently simulcast on FM and DAB, or which broadcast exclusively on FM, will be able to cease transmission on VHF/FM. By moving to broadcast exclusively on DAB, they will then be released almost entirely from their local obligations[47]. Some radio groups may however choose to continue to provide local content for listeners in Wales, but they will not be required to do this.

Following relaxation in regulation, local content on Commercial Radio has significantly reduced over the years (across the UK as well as in Wales) and some radio groups, for example Global, have replaced the local identities of their stations in order to establish recognisable UK wide brands such as Heart, Capital and Smooth. Currently, commercial stations are only obliged to have around seven hours of content originated from the licence area (although this will vary depending on the historic requirements of a station's format, with some stations in Wales providing up to 10 hours of content). The rest of the programming can be provided via the parent company's network[48]. The present ownership and formats of Wales' stations are set out in the table below.

Fig 44: Commercial Radio Stations in Wales

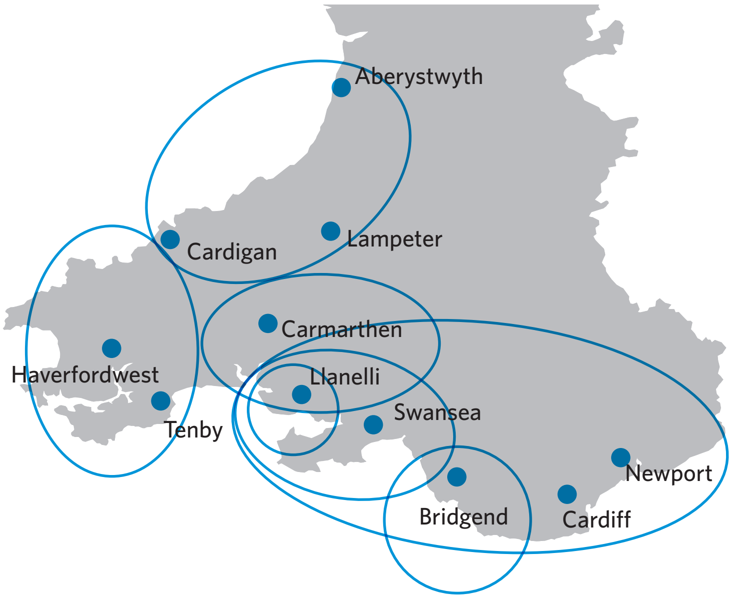
Station	Area served	Owner	Licence expiry date	Local Hours	Notes
Bridge FM	Bridgend area	Town and Country Broadcasting	30.04.2019	10 w/days 1 including breakfast. 4 w/ends	
Capital FM	Wrexham and Chester	Global	04.09.2016	7 w/days including breakfast 4 w/ends	Marcher Radio Group, now owned by Global
Capital FM	North Wales Coast	Global	26.08.2024	7 w/days including breakfast 4 w/ends	Marcher Radio Group, now owned by Global. Format requires one hour Welsh language programme 6 days a week
Capital FM (Capital Cymru)	Caernarfon	Global	31.12.2021	7 w/days including breakfast 4 w/ends	Marcher Radio Group, now owned by Global. Bilingual Welsh/English language service
Capital FM	Cardiff and Newport	Communicorp	31.12.2019	7 w/days including breakfast 4 w/ends	Cardiff Broadcasting Company Ltd, formerly owned by Global, now owned by Communicorp
Heart North Wales	North and Mid Wales	Communicorp	03.02.2023	7 w/days including breakfast 4 w/ends	Real Radio North Limited now owned by Communicorp. News, sport, speech and listener interactivity are key format requirements
Heart Wales	South Wales	Global		7 w/days including breakfast 4 w/ends	Originally licensed for Real Radio, now owned by Global
Nation Hits	Swansea	Town and Country Broadcasting	04.11.2018	7 w/days 4 w/ends	Originally called Swansea Bay Radio
Nation	South Wales	Town and Country Broadcasting	28.11.2019	10 hours Weekdays 4 hours Weekends	Licence formerly owned by GCap known as XFM
Radio Carmarthenshire /Scarlet FM	Carmarthenshire including Llanelli	Town and Country Broadcasting	12.06.2027	10 w/days 2.including breakfast. 3.4 w/ends	Format requires output to include, 'identifiable, regular Welsh language programming'

Station	Area served	Owner	Licence expiry date	Local Hours	Notes
Radio Ceredigion	Ceredigion	Town and Country Broadcasting	31.05.2019	7 w/days including breakfast 4 w/ends	Format requires output to include 'regular and identifiable Welsh language programming'
Radio Pembrokeshire	Pembrokeshire	Town and Country Broadcasting	13.07.2025	10 w/days 4.including breakfast. 5.4 w ends	
Smooth Radio Wales	Wrexham and Chester	Global	04.09.2016	4 hours, must be produced in Wales	AM Service, also on DAB
Smooth Radio Wales	Cardiff and Newport	Global	31.12.2019	4 hours, must be produced in Wales	AM Service, also on DAB
The Wave	Swansea area	UTV Radio	29.09.2021	10 w/days 6. including breakfast. 7. 4 w/ends	Format requires music by Welsh artists to be featured at least weekly.
Swansea Sound	Swansea Area	UTV Radio	29.09.2021	4 hours, must be produced in Wales	AM service (also carried on DAB) Wales' first commercial station - on air 30.09.1974. Format requires at least 12 hours a week of Welsh language programmes.
Radio Hafren	Newton and mid Wales area	Wrights Radio Relay	Ceased broadcasting on 11.02.2015	n/a	AM Service, no longer on air. Formerly known as Radio Maldwyn
Valleys Radio	South Wales Valleys	UTV Radio	Ceased broadcasting on 30.04.2009	n/a	AM Service, no longer on air
Sunshine Radio	Herefordshire and Monmouthshire	Sunshine FM Ltd.	13.12.2019	10 w/days 8. including breakfast. 9. 4 w/ends Independent station	

Notes

- Bridge FM and Nation Hits can share all programming. Locally-made programming must be produced within the licensed areas of Swansea, Bridgend, Carmarthenshire or Pembrokeshire, or Nation Radio covering South Wales.
- Capital North Wales Coast and Wrexham Chester can share all local programmes subject to satisfying the character of service requirements.
- Radio Pembrokeshire, Radio Ceredigion and Carmarthenshire/Scarlet FM may be share all their local programming, subject to satisfying each station's format character of service.
- A separate service of programming/advertising may be broadcast for Scarlet FM.
- Smooth Radio Wales: All programmes may be shared between the two Smooth stations in Wales.

Town and Country Broadcasting



As Wales' only indigenous radio group, Town and Country Broadcasting owns and operates seven commercial radio services in Wales: Nation Radio, Bridge FM, Nation Hits, Radio Pembrokeshire, Radio Ceredigion, Radio Carmarthenshire and Scarlet FM. It employs 50 FTE staff, including five journalists, along with 24 casual promotional staff and around 10 contractor presenters, working out of four locations in Wales, covering an audience of 1,728,000[49], with a weekly reach of 325,000. The Group has an overall market share of 6.2% in Wales, with 6.9 average listening hours per week.

Although the Group's total turnover is not disclosed, it delivers over 85% of its radio revenue from local clients. According to the Group, in 2015 it has experienced significant double digit revenue growth due to the emergence of Nation Radio within the Cardiff marketplace. The Group recently acquired the London/Swedish based radio engineering company, RadioscapeFactum. It also has shareholdings in three of the five DAB local multiplexes serving Wales.

The Group's stations have a licence requirement to broadcast around 10 hours per day during weekdays of local programming, among the highest levels in Wales. However, in practice, almost all output for the Group's stations is locally based content, representing over 95% of programming originating from Wales. The only programming delivered from outside Wales is the Big Top 40 Chart Show, broadcast for three hours on Sundays and Sky News bulletins broadcast at certain times and on certain stations at the top of the hour. The public files for the Group's stations can be viewed at Ofcom's web site, which carry details of the Groups' local output per station[50].

Fig 45:

Station	FM Coverage	Weekly Reach	Reach %	Market Share %
Radio Pembrokeshire	100,000	41,500	42	20.3
Radio Ceredigion	79,200	19,800	25	7.8
Scarlet FM/ Radio Carmarthenshire	129,500	30,500	24	9.3
Bridge FM	128,500	37,400	29	11.9
Nation Hits	471,000	39,000	8	1.7
Nation Radio	1,508,000	179,000	12	2.8

Radio Pembrokeshire's impressive 20.3% market share is partly due to limited competition from other commercial radio stations in the county. By contrast, Nation Hits serving Swansea, operates in a more crowded radio market with strong competition from The Wave and Swansea Sound (operated by UTV Radio). The Groups has staff at four locations:

Fig 46:

Location	Number of staff
St Hilary	EFT 20,
Bridgend	EFT 6
Llanelli	EFT 5
Narberth	EFT 19

Community Radio

Community radio was introduced following legislation, in order to introduce a new tier of radio broadcasting in the UK, focused specifically on community engagement. Stations are not for profit and focused on delivering social gain. The community radio sector in Wales has grown from eight stations on air in 2008 to ten stations in 2015. This number would have been eleven, but one station, XS (formerly Afan FM) went into voluntary liquidation in December 2011 and was closed down.

Another service Radio Beca, had been awarded a licence in May 2012 with the aim of providing a mainly Welsh language service. Normally community radio services are licensed to serve a 5km radius but in this case, as the station was serving a linguistic community of interest, Ofcom allowed the station to serve a far wider territory covering the communities of Carmarthenshire, Ceredigion and north Pembrokeshire. Community station are normally expected to start broadcasting within two years of being awarded a licence. However, Radio Beca failed to meet this target and although the station was granted several extensions the service was unable to get on air. Ofcom eventually withdrew the licence offer in May 2015.

Community radio, delivered primarily by volunteers, faces its own challenges in securing public funding from cash strapped local authorities and other public sources. Financial sustainability for community stations has always been an issue. When community radio began in the UK, in 2004, the Community Radio Order, the legislation which governed the sector, prevented community stations form raising more than 50% of their income from commercial sources. But there were further restrictions on community stations whose transmission areas overlapped by greater than 50% with a small commercial stations serving fewer than 150,000 listeners. In such cases, these community stations were not able to raise any commercial income and in practice this meant that stations serving north and west Wales, such as Point FM, Tudno FM and Mon FM could not raise any commercial funding.

Recently, following a DCMS consultation, reforms to the Community Radio Order have now been implemented by Parliament[51], allowing all stations to raise at least £15,000 from commercial sources and further amounts are allowed up to 50% of the station's total income. The stations in Wales have started to work together and share best practice via the Wales Community Radio Network (WCRN). With the exception of Radio Cardiff, all the stations signed up to a joint response, produced by WCRN, to the DCMS consultation on community radio.

Fig 47: Community Radio Stations On Air in Wales

Station	Area Served	Licence expiry date	Licensee	Notes
Bro Radio	Barry, Vale of Glamorgan	30.03.2019	Vale of Glamorgan Broadcasting Community Interest Company	General service mixture of locally relevant speech and music
Radio Cardiff	Cardiff	07.10.2017	Radio Cardiff Limited	Station serves the minority ethnic communities of Cardiff Bay
BRFM	Brynmawr	17.10.2017	BRFM Ltd.	General service mixture of locally relevant speech and music
GTFM	Pontyprydd, RCT	31.12.2020	GTFM South Wales Ltd	General service mixture of locally relevant speech and music
Radio Tircoed	Tircoed Forest Village, North Swansea area	30.11.2018	Tircoed Village Trust	General service mixture of locally relevant speech and music
Mon FM	Anglesey	11.07.2019	Menter Mon Cyf	Bilingual station, English/Welsh, broad range of programmes
Radio Glan Clwyd	Bodelwyddan	09.05.2019	Glan Clwyd AM Ltd	Based at Glan Clwyd Hospital AM station
Tudno FM	Llandudno area (especially Tudno and Mostyn wards)	11.07.2018	Llandudno Community Radio Ltd	Bilingual station, English/Welsh, broad range of programmes
Point FM	Rhyl area	23.03.2020	Radio Elwy Point FM Ltd	General service with some Welsh language content
Calon FM	Wrexham area	03.02.2018	Calon Communications Limited	Station based at Glyndwr University. General service mixture of locally relevant speech and music

1.3 Internet and Broadband

1.3.1 Availability and Take-Up

Superfast Cymru

In July 2012, The Welsh Government signed an agreement with BT, following a public tender process[52], for the delivery of superfast broadband to 96% of premises in Wales by spring 2016, with a minimum speed of 24 Mbit/s. A significant number of premises will be able to access speeds in excess of 30 Mbit/s and at least 40% of premises within the intervention area[53] will benefit from speeds in excess of 100 Mbit/s.

The £425 million project is funded by a £220 million investment by BT along with a total public sector investment of £205 million, which includes European Structural Funding of £89.5 million, (£80 million of which is Convergence funding) UK Government funding of £56.9 million and Welsh Government funding of £58.6 million. The Welsh Government has also tendered for an 'in-fill' project[54] to supply the remaining 4% of premises with a superfast broadband service, in partnership with Broadband Delivery UK (BDUK).

By July 2015, more than 480,000 homes and businesses in Wales (79%) had gained access to fibre broadband as a result of the Superfast Cymru programme (combined with the existing commercial roll-out). 655,000 premises were within scope of the project[55], but in a Ministerial Statement on 7 July, the Welsh Government announced that it had been extended to include a further 42,000 premises with the completion date for this additional roll out set for June 2017[56]. The Statement added that:

- A high speed wireless contract will bring superfast broadband to 2,000 more premises in business parks and industrial estates across Wales by Summer 2016.
- BT "Fibre on Demand", a business-focussed ultrafast broadband technology, will be available by the end of summer 2015 to the majority of premises in Wales.
- A replacement for the Access Broadband Cymru scheme, which provided grants for premises in broadband not-spot areas, with a new scheme, using a range of technologies.

Fig 48: Broadband Penetration (Take-up) in Wales

Year	2006	2008	2014	2015
% premises	42	45	71	78

Source: Ofcom CMR, 2008 and 2015 (2014/15 figures include mobile and fixed broadband access.).

Fig 49: Premises with Access to Superfast Broadband[57]

% premises	2014	2015
Wales	58	79
England	80	84
Scotland	64	73
N. Ireland	95	77
UK	78	83

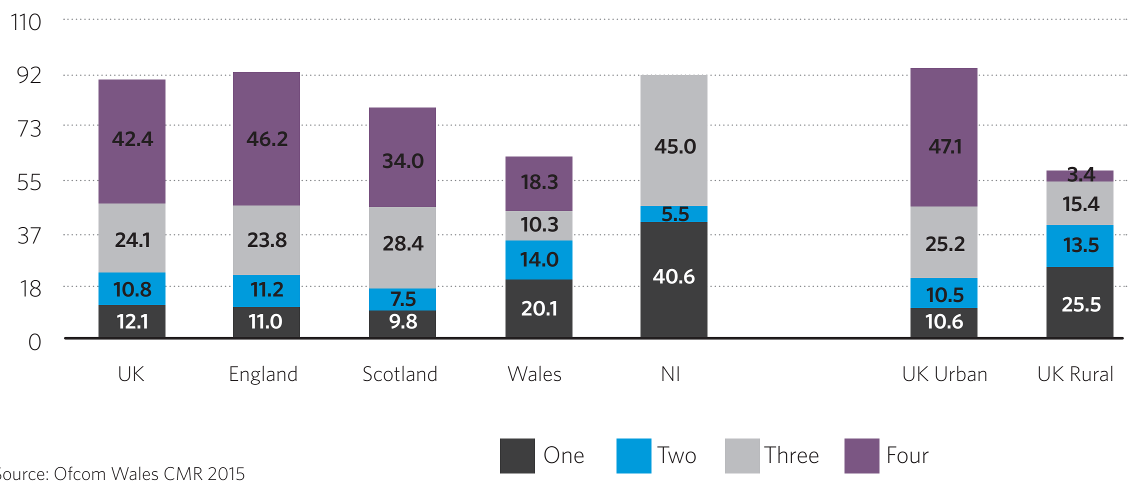
Source: 2015 Ofcom CMR

Mobile Broadband

Mobile broadband services are currently mainly delivered in Wales either via WiFi or via 3G and 4G mobile services (with 2G services providing voice and text serves). Wi Fi is a short range technology, providing connectivity in small spaces, for example in public areas such as cafes, restaurants, arts centres and bus/train stations while 3G and 4G services provide coverage in wider geographic areas known as cells. The UK currently has one of the most competitive and mature mobile markets in the world.

According to Ofcom, outdoor coverage of 3G services reached 97.9% of premises in Wales (via at least one provider) with 67% of premises able to access services by all four providers, compared to the UK average of 88%. Outdoor coverage of 4G services, which offer significantly higher speeds and data rates than 3G, currently remains limited at around 62.8% (compared to the UK average of 89.5%). Wales currently has the lowest availability of 4G services across the UK, but all four Mobile operators are committed to increase indoor coverage in Wales. O2's 4G licence stipulates that it should provide indoor coverage of at least 95% by the end of 2017[58].

Fig 50: 4G Premises Outdoor Mobile Coverage, by Number of Operators



Source: Ofcom Wales CMR 2015

While mobile roll coverage overall has significantly improved in Wales in recent years, pockets of poor service continue to exist, particularly in rural mid Wales. For example, there have been recent press reports regarding poor coverage of EE's network in the Newtown area, where problems may have arisen due to the consolidation of the existing transmitter infrastructure, following the merger of Orange and T-Mobile to form EE[59]. Along with other organisations, Ofcom's Advisory Committee for Wales (ACW) has campaigned for emergency roaming to be introduced in the UK, enabling anyone to call 999 even if there is no signal available from their own mobile provider. Eventually, emergency roaming was introduced for mobile calls across the UK in 2009[60].

Consumer bodies have has also campaigned for general call roaming to be introduced in the UK, although this has been resisted by the industry to date. However, more recently the operators have reached agreement with DCMS and Ofcom reduce the number of areas where it is impossible to make voice calls or send texts via their services[61].

1.4 Press, Online and Interactive Media Content

The transition from print to online, first noted in our 2008 Audit, has continued apace and, arguably, has been a more radical shift than that from linear television viewing. Print circulations of Welsh newspapers have dropped sharply – like newspapers the world over – but online usage has, in many instances, risen just as sharply. Broadcasters now have to deliver the written word, while newspapers are now prioritising their digital platforms and increasingly include audio and video content.

The print products of the newspaper groups remain relevant since they are vehicles for display advertising and, in general, tend to generate up to 90 per cent of their advertising revenues. The Western Mail and Daily Post, long regarded as the main indigenous morning newspapers in the south and north respectively, have seen continued decline in their print circulations – more than halving in the case of the Western Mail, and by a third in the case of the Daily Post. The three evening papers in south Wales have also seen a halving of their circulations.

Fig 51: Circulation of National All-Wales Papers (Daily and Evening)

Title	2008 Circulation	2013 Circulation	2015 Circulation	Change %
Western Mail	37,576	25,898	17,815	-52.6
Daily Post	36,432	30,606	24,485	-32.8
South Wales Echo	46,127	31,009	18,408	-60.1
South Wales Argus	28,457	22,314	12,671	-55.4
S Wales Evening Post	51,329	38,364	27,589	-46.3
Wrexham Leader (Wrexham, Flint-shire and Chester)	21,180	15,497	13,653 (as at 20 Dec 2013)	-35.5
Metro (South Wales)	27,695	25,531	25,950	-6.3%

Source: 2008 Audit, Wales Yearbook 2013, ABC Circulation. Note, Wrexham Leader is no longer registered with ABC Circulation. Print only, excluding on-line. (% change calculated from 2008 to 2015)

These reductions in the print circulations of Welsh newspapers are in line with what has happened in UK-wide newspapers, and in the rest of the world.

Fig 52: Circulation of UK Daily Papers read in Wales

Title	2007 Circulation	2015 Circulation	Change %
Daily Mirror	1,554,000	777,597	-50
The Sun	3,043,000	1,772,043	-41.8
Daily Express	765,000	415,156	-45.7
Daily Mail	2,294,000	1,505,058	-34.4
The Times	636,000	368,802	-42
Financial Times	452,000	65,908	-60.7
The Guardian	371,000	168,743	-54.5
Daily Telegraph	894,000	473,243	-47.1
Independent	245,000	57,638	-76.5

Source: 2008 Audit, ABC Circulation (UK only, excluding the Republic of Ireland)

This decline has been more than matched by the growth in usage of newspaper online sites, many of whom have huge followings. In June 2015 ComScore ranked the top 20 UK Digital Media sites as follows. It is interesting that, taking the Trinity Mirror group as a whole – the Daily Mirror and its regional titles - it ranked 13th, above The Guardian at 15th and the Telegraph Media Group at 19th. Trinity Mirror's ranking may rise further consequent on its purchase in October 2015 of Local World titles that will double the number of its regional titles from 84 to 167.

Fig 53: ComScore Top 20 UK Digital Media Properties Unique Users – June 2015 / UK, Desktop – age 6+; Mobile – age 18+

		Unique Visitors (000)	% of total digital population		
		Total digital population	Desktop only	Multi-platform	Mobile only
	Total Internet Audience	47,933	23%	71%	5%
1	Google Sites	46,368	28%	66%	6%
2	Facebook	40,816	22%	53%	25%
3	BBC Sites	40,584	30%	30%	40%
4	Amazon Sites	38,111	29%	30%	40%
5	Microsoft Sites	37,615	46%	39%	14%
6	eBay	32,391	30%	37%	33%
7	Yahoo Sites	31,114	32%	37%	31%
8	Apple Inc.	27,700	30%	14%	57%
9	Mail Online / Daily Mail	27,393	25%	21%	54%
10	Sky Sites	26,658	21%	16%	63%
11	Wikimedia Foundation Sites	25,666	38%	24%	38%
12	Twitter	24,565	26%	20%	54%
13	Trinity Mirror Group	24,355	24%	12%	64%
14	Mode Media	23,262	36%	16%	48%
15	The Guardian	21,919	29%	16%	56%
16	TripAdvisor Inc.	21,574	32%	19%	49%
17	Linkedin	21,075	23%	17%	60%
18	AOL, Inc.	19,785	33%	22%	44%
19	Telegraph Media Group	18,931	30%	15%	55%
20	WWW.GOV.UK	17,205	51%	16%	33%

Source: ComScore MMX Multi-platform

In Wales the figures for online usage of the main sites are also substantial, and raise the prospect of a more level playing field between the BBC and Trinity Mirror in news consumption than has been the case when comparing linear television viewing and print readership levels in the past. This will be accentuated by Trinity Mirror's acquisition of the Local World titles, giving it control of the three Welsh newspaper online sites listed below.

Fig 54: Unique users, main indigenous online sites in Wales

	Daily	Weekly	Monthly
BBC Wales (Eng lang.)		3,480,000	
BBC Wales (Welsh Lang)		89,000	
ITV Wales			487,000
WalesOnline	257,813		4,688,191
Daily Post	75,570		1,367,755
S. Wales Evening Post	56,433		1,144,907

Source: BBC / ITV / ABC Circulation

For purposes of comparison, in March 2008 the WalesOnline site (then labelled icwales.co.uk) claimed 683,062 unique users, while for 2006-07 BBC Wales claimed 960,000 weekly unique users. The most recent figures above represent a growth of 262% for the BBC Wales site since our 2008 audit, but a growth of 586% for the WalesOnline site, albeit that the base lines were a year apart. The figure for WalesOnline rose further in the subsequent six months.

It is clear from the data that the Trinity Mirror sites are emerging as the main competitor to the BBC as a Welsh national online platform. This will be accentuated if the online sites of the Local World titles are consolidated with the WalesOnline site as seems logical. In the two and half years since April 2013, Wales Online's average monthly unique users figure has increased fourfold, while the number for Wales-based IP addresses has increased fivefold.

Fig 55: Wales Online monthly unique users

	Total	Total within Wales
April 2013	1,378,199	323,084
October 2013	1,715,773	445,097
October 2014	3,519,975	1,005,758
October 2015	5,749,016	1,623,760

Source: Omniture

Media Wales, Trinity Mirror's south Wales division that runs WalesOnline, claims that the figure for unique users in Wales may be understated, as the servers for many organisations are based outside Wales and throw up IP addresses outside Wales. This throws up one of the key issues about audience measurement in the online world. The statistical debate is also underlined by the fact, unlike the newspaper sites, the BBC does not publish that the BBC monthly unique users figures.

The growth of online usage is illustrated by the following figures for the BBC Wales site over the last three years, despite a leveling off in 2014-15. These are weekly averages.

Fig 56:

BBC Cymru Wales website	2012/13	2013/14	2014/15
Average weekly unique browsers, BBC Wales online	2,680,000	3,650,000	3,480,000
Average weekly unique browsers, BBC Welsh language online	35,000	40,000	89,000

Source:

There has been similar growth in the use of ITV Wales' digital news service over a three-year period, albeit at a much lower level than either the BBC or WalesOnline. The number of monthly unique users for Welsh news content is up by 277% to 487,000.

Fig 57: ITV Wales Digital News Reach

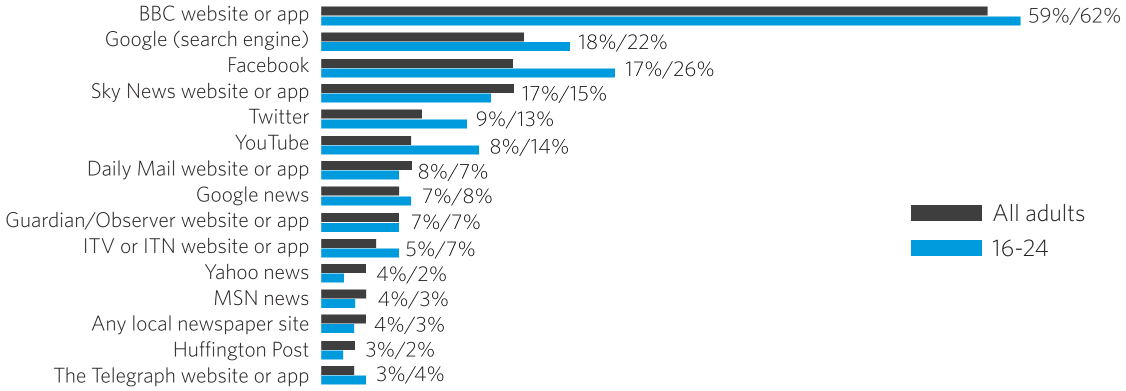
	2013 (Jan-Dec)	2014 (Jan-Dec)	2015 (Jan-Jun)
Average unique visitors (monthly)	129,000	285,000	487,000

Source: ITV Cymru Wales supplied data

Research by Ofcom for the Communications Market Report shows that, across the UK, reach for the BBC website or app was the highest of all online UK news sources.

This chart illustrates the extent of that dominance, with 59% of the population accessing the BBC news site and 62% of the population aged between 16 and 24.

Fig 58: Reach of websites and apps for news consumption: 2014



Source: Ofcom news report 2014. 41% of UK adults use the internet for news; Q5e) Thinking specifically about the internet, which of the following do you use for news nowadays? Base: All who use internet for news (1029), 16-24s (219); only sources with an incidence of over 3% are shown; 'Aggregators' includes Google News, MSN News, Yahoo News, AOL News, Feedly, Flipboard, plus any other sites nominated by respondents; 'Social media' includes Facebook and Twitter; 'Search engines' include Google and any other search engine nominated by respondents

However, an important factor is the route used to get to the BBC site. For instance, a report by the Carnegie UK Trust published in October 2015 said that 27% now name Facebook as their top source of local news. Social media represent an alternative route to a story, other than direct access to originating site. Carnegie UK said that 69% of UK internet users have visited websites or downloaded apps for news about or events in their local community.

The BBC Wales investment in online has been as follows:

Fig 59: BBC Cymru Wales Online Spend

	12-13 £k	13-14 £k	14-15 £k
News	1442	1658	1634
Cymru Fyw	0	150	399
Sport	419	451	508
Total Online News & Sport Spend	1862	2259	2541

Figures released by the BBC in May this year show that **Cymru Fyw** BBC Wales' Welsh-language digital user base increased significantly since launching in May 2014, from a base of just under 10,000 to an average of nearly 30,000 users. April 2015 was Cymru Fyw's most popular month during this period with more than 33,000 unique browsers visiting the site each week. There had also been a growth in BBC Radio Cymru's podcasts over the same period with more than 35,000 podcasts downloaded in February this year, reaching an all-time high in March with 46,749. The top three podcasts were **Beti a'i Phobol**, **Pigion** (highlights for Welsh learners) and **Stori Tic Toc** - a bedtime story for children broadcast every Sunday night at 7pm.

Use of S4C's Online Services

In its 2014/15 Annual Report, S4C notes that use of its online services across the UK has increased by 31% during the year, across all its platforms including Clic (the S4C online TV player), BBC iPlayer (which now carries S4C programmes), TV PLayer and TV Catch-Up, with over 5.7 million viewing sessions during the year. The presence of S4C's content on the iPlayer is according to the report, "*..a clear indication of the benefits of the new partnership between S4C and the BBC*". The introduction of S4C as a channel onto BBC iPlayer last year led to an average of 110,000 weekly viewing sessions to the service so far in 2015.

Clic viewing sessions have increased by 232% since 2013/14 including a 6% increase to viewing of S4C's events coverage on the platform. There was also a 57% increase in the total number of apps developed by S4C for use on iOS and Android devices, with a total number of 318,190 downloads. The Cyw app, aimed at pre-school and younger children, was downloaded 180,697 times.

Local, Wales and UK Press

There are differing estimates of just how many local newspapers have closed in recent years. A recent report by the Carnegie UK Trust claims that 180 have closed since 2005. According to the National Union of Journalists, 150 local papers have closed in the UK since 2008 as the big local media groups, Trinity Mirror, Newsquest and Johnston Press have cut costs due to declining advertising revenue. Two of these companies – the exception is Johnston Press - operate in Wales. Meanwhile ownership continues to consolidate.

Trinity Mirror plc is the most significant newspaper owner in Wales, and dominates the main centres of population (other than Newport). Under the Media Wales umbrella it owns the Western Mail, South Wales Echo, Wales on Sunday and a chain of local weekly papers in the south Wales valleys. It also owns the Daily Post in North Wales. In October 2015 its purchase of Local World gave it ownership of the South Wales Evening Post, the Llanelli Star and Carmarthen Journal.

Trinity Mirror's purchase of Local World was announced as this report was being finalised. The acquisition of Local World – in which Trinity Mirror already had a 20% share – valued the company at £220m. Local World was a company formed in 2012 through a merger of DGMT's regional newspaper division, Northcliffe Media, and Illife News and Media that owned titles mainly in the Midlands and the south of England. It was reported that the deal might need clearance from the competition regulator. The enlarged group will own 13 of the top 20 regional titles in England and Wales, accounting for nearly 30% of the market.

Trinity Mirror's Chief Executive, Simon Fox, said the deal would "create an organisation of scale, with the talent and financial capacity to invest and adapt to the rapidly changing media landscape. It is a vote of confidence in the local press and its future." However, it was also stated that the deal would deliver £12m in savings in the second full year. Earlier this year Trinity Mirror had disclosed that it intended to double its savings target for the year from £10m to £20m.

Newsquest, that owns 200 titles across the UK controls the South Wales Argus in Newport and a number of other local weekly titles in Monmouthshire (Monmouthshire Free Press), Pembrokeshire (Western Telegraph), Carmarthenshire (South Wales Guardian) Barry and Caerphilly.

Tindle Newspaper Group, that claims to be the largest family-owned newspaper group in the UK, owns five weekly newspapers in Wales, the Abergavenny Chronicle, Brecon and Radnor Express, Cambrian News, Tenby Observer and Glamorgan Gem.

NWN Media – formerly North Wales Newspapers – owns a portfolio of titles in North Wales, Shropshire and Herefordshire, including The Leader that circulates across Wrexham, Flintshire and Chester and four other weekly paid-for titles.

Fig 60: Local Newspapers: South East Wales

Title	Circulation July - Dec 2007	Circulation to Dec 2013 - 14	Ownership	% Change
Abergavenny Chronicle	8,794	n/a - not registered with ABC http://www.aberga-venny-chronicle-to-day.co.uk/	Tindle Newspapers	n/a
Barry and District News	6,755	5,227	Newsquest (Wales and Gloucester) Ltd	-22.6
Campaign Caerphilly, Ystrad Mynach & Bargoed	27,895	22,991 http://www.cam-paignseries.co.uk/news/ Caerphilly edition merged with Blackwood	Newsquest (Wales and Gloucester) Ltd.	-17.6
Campaign Blackwood, Risca & Newbridge	13,528	13,096 (June 2008 - no longer registered with ABC). Blackwood edition merged with Caerphilly	Newsquest (Wales and Gloucester) Ltd.	- 3.2
Campaign, Pontypridd, Porth, Mountain Ash Llantrisant	21,884	n/a (no longer regis-tered with ABC). Pontypridd edition ceased	Newsquest (Wales and Gloucester) Ltd.	n/a
Celtic Weekly Group	73,772	29,693	Trinity Mirror Group	- 59.8
Glamorgan Gazette (Bridgend, Valleys)	21,504	9,094	Trinity Mirror Group	- 57.7
Cynon Valley Leader	10,137	3,250	Trinity Mirror Group	- 67.9
Merthyr Express	17,138	6,615	Trinity Mirror Group	- 61.4
Pontypridd and Llantrisant Observer	11,429	6,067 (2013 - no up to date figures available)	Trinity Mirror Group	- 46.9
Rhondda Leader	12,500	4,432	Trinity Mirror Group	- 64.5
Gwent Gazette	11,495	2,880	Trinity Mirror Group	- 74.9

Title	Circulation July - Dec 2007	Circulation to Dec 2013 - 14	Ownership	% Change
Caerphilly Observer		Not registered with ABC. 10,000 newspapers distributed per fortnight, with 2-5% return rate.		
Free Press of Monmouthshire series	11,281	No longer registered with ABC		n/a
Glamorgan Gem	30,196	No longer registered with ABC		n/a
Monmouthshire Beacon and Merlin	5,286 (Independently audited)	Not registered with ABC		n/a
Penarth Times	6,183	4,132	Newsquest (Wales and Gloucester) Ltd.	- 33.2
The Barry Post	22,368	22,344 (June 2008 - no longer registered with ABC)	Trinity Mirror Group	n/a
The Bridgend Post	10,065	10,114 (July 2008 - no longer registered with ABC)	Trinity Mirror Group	n/a
The Cardiff Post	73,772	50,523 (July 2011 - no longer registered with ABC)	Trinity Mirror Group	n/a
Weekly Argus	34,670	18,586 (Dec 2012 - no longer registered with ABC)	Newsquest (Wales and Gloucester) Ltd.	n/a

Fig 61: South West Wales

Title	Circulation July - Dec 2007	Circulation to Dec 2013 - 14	Ownership	% Change
Swansea Herald	67,297	42,853 (July 2010 - no longer registered with ABC)	South West Wales Publications Ltd	n/a
Neath & Port Talbot Guardian	4,402	Not registered with ABC		n/a
Carmarthen Journal	22,245	12,488	South West Wales Publications Ltd	-43.9
Llanelli Star	15,699	9,943	South West Wales Publications Ltd	-36.7
Western Telegraph	27,183	13,806	Newsquest (Wales and Gloucester) Ltd	-49.2
Tenby, Narberth & Whitland Observer	6,935	Not registered with ABC		n/a

Title	Circulation July - Dec 2007	Circulation to Dec 2013 - 14	Ownership	% Change
Cardigan and Tivy-Side Advertiser	8,466	Not registered with ABC		n/a
Milford and West Wales Mercury	5,565	Not registered with ABC		n/a
South Wales Guardian	8,533	4,824	Newsquest (Wales and Gloucester) Ltd	-- 43.5

Fig 62: North West Wales

Title	Circulation July - Dec 2007	Circulation to Dec 2013 - 14	Ownership	% Change
Bangor/Anglesey Mail	10,687	Not registered with ABC		n/a
Holyhead and Bangor Mail	11,612	6,441	Trinity Mirror Group	- 44.5
Caernarfon and Denbigh Herald	15,465	Not registered with ABC		n/a
North Wales Chronicle	33,387	30,299 (July 2013 - no longer registered with ABC)	NWN Media Ltd.	n/a
North Wales Weekly News	22,959	9,533	Trinity Mirror Group	- 58.5
North Wales Series (Y Cyfnod, Corwen Times, Meirioneth Express)	6,000	Not registered with ABC		n/a

Fig 63: North East Wales

Title	Circulation July - Dec 2007	Circulation to Dec 2013 - 14	Ownership	% Change
Flintshire Standard	31,482	19,981 (Dec 2013 - no longer registered with ABC)	NWN Media Ltd.	n/a
Denbighshire Free Press	7,148	5,891	NWN Media Ltd.	- 17.6

Title	Circulation July - Dec 2007	Circulation to Dec 2013 - 14	Ownership	% Change
The North Wales Pioneer	30,522	25,295 (Dec 2013 - no longer registered with ABC)		n/a
The Rhyl, Prestatyn and Abergele Journal	30,287	26,028 (Dec 2013 - no longer registered with ABC)	NWN Media Ltd.	n/a
The Vale Advertiser	7,446	No longer registered with ABC		n/a
Visitor Series (Rhyl, Prestatyn, St Asaph and Abergele)	4,590	No longer registered with ABC		n/a

Fig 64: Mid Wales

Title	Circulation July - Dec 2007	Circulation to Dec 2013 - 14	Ownership	% Change
Shropshire Star (Mid Wales edition)	5,029	5,187 (to July 2006 - this edition is no longer registered with ABC, however the main edition serving the mid-lands, mid and north Wales, had a circulation of 32,370 to June 2015)	Express and Star Ltd	n/a
The Cambrian News	24,258 (Dec 2006)	No longer registered with ABC		n/a
County Times and Express (Montgomeryshire and Radnorshire)	17,442	13,598 (Dec 2013 - no longer registered with ABC)	NWN Media Ltd	n/a
Oswestry and Border Counties Advertiser	10,969	No longer registered with ABC		n/a
Brecon and Radnor Express	11,430 (June 2006)	No longer registered with ABC		n/a
Chronicle and Journal	2,738 (Dec 2006)	No longer registered with ABC		n/a

Hyper-Local/Community/Independent Media:

The loss of local newspaper titles and the reduction in the number of journalists, even in those titles that remain, has meant a net reduction in professional journalistic capacities. One estimate is that the number of journalists employed in south Wales dropped from almost 700 staff in 1999 to just 108 in 2013. This has meant a significant narrowing of the range of voices.

On the other hand, Cardiff University, that has established a Centre for Community Journalism, has mapped the growth of hyper-local sites across the UK. Joint research between the Centre and NESTA claims that there are 400 active hyper-local websites in the UK, compared with 1,045 local papers. 46 of these hyper-local sites are in Wales, implying almost twice what one would expect given Wales's population share.

The Cardiff / NESTA research also concluded that 48% of site owners have journalistic training or experience of working in the media, and that most sites are self-funded. Only 13% were found to generate more than £500 per month. However, it was also found that 72% of sites had joined in or supported a local campaign in the last two years and that 42% had a actually launched a campaign. 44% had carried out an investigation into a local issue, many of them by people with no formal journalistic training.

The decline in local newspapers has meant that 'black holes' have emerged in some areas e.g. Port Talbot (which stimulated the development of the Port Talbot Magnet in response). The Port Talbot Magnet, Caerphilly Observer and the Pembrokeshire Herald are examples of 'hyper-local' news operations that have had a significant impact in their local areas.

There is a significant input from professional journalists, albeit that some are contributing on a voluntary basis. For instance, the Port Talbot Magnet was launched as a website in 2009 following the closure of the Port Talbot Guardian. It is a social enterprise dedicated to developing an online news network for Port Talbot. It is run as a cooperative with a Board comprising eight professional journalists who volunteer their time. It has recently established a print edition which it distributes to 20,000 homes each month. It also offers a postal subscription service for people living outside the area.

The Caerphilly Observer, that began as a website in 2009 and added a print edition in 2013, has a more conventional business structure. It Editor and Publisher, Richard Gurner, a professional journalist, is the sole shareholder. He and one other journalist work full-time, with one other part-time employee dealing with advertising sales. The launch of the print edition was assisted by Caerphilly Council who contributed around £2,500 to cover 80% of the print costs of the first four editions. It has been self-funding since. It distributes 10,000 free copies per fortnight, and claims that returned copies are running at only 3-5%. It won the title of Community outlet of the year in the 2015 Wales Media Awards.

The Pembrokeshire Herald says that it sells around 6,000 copies each week, and that an Advertising Standards Agency audit put its readership last year at 17,000.

Concentrating mainly on local information, these sites can sometimes generate important stories. Launched two years ago by Tom Sinclair, the Pembrokeshire Herald recently uncovered unlawful payments made as part of a tax avoidance scheme to the county's former Chief Executive. According to Sinclair, '*for the previous thirteen years there was no real news coverage of the important issues in our county.*" The Caerphilly Observer won an award for Scoop of the Year for a story on the Welsh Ambulance Trust.

Hyper-local web sites and social media sites have developed across Wales, while some of the Welsh language community newspapers – *papurau bro* - have also tentatively ventured online. The Cardiff Centre has also created a directory of Welsh hyper local sites in Wales, and developed a set of on-line resources to assist local groups to set up and run their own hyper local sites. The Centre regards hyper locals as online news services pertaining to a "*small, geographically defined community*". However, it regards the term community media as being wider than hyper-local, and includes community radio and local television.

The mapping resource is available for anyone who is interested in the hyper-local sector in Wales. New sites are invited to e-mail or tweet the university at us@C4CJ. Current hyper-local and social media sites in Wales mapped by the Centre are:

South Wales Central:

- Pobl Caerdydd: Twitter: @PoblCaerdydd (2,253 followers), Facebook: facebook.com/poblcaerdydd (973 likes)

- Roath Cardiff: Twitter: @roathcardiff (9,913 followers), Facebook: facebook.com/roathcardiff (786 likes)

- Tongwynlais: Twitter: @mytongwynlais (775 followers), Facebook: facebook.com/mytongwynlais (516 likes)

- Grangetown Cardiff: Twitter: @grangecardiff (1,473 followers)

- Fairwater Post: Twitter: @FairwaterPost (18 followers)

- Whitchurch Village: Twitter: @WhitchurchV (2,550 followers) Facebook: facebook.com/WhitchurchVillage/ (7,137 likes)

- Canton Pontcanna: Twitter: @CantonPontcanna (4,420 followers)

- Llandaff North Post: Twitter: @LlandaffNorthP (27 followers)

- Rhiwbina Info: Twitter: @RhiwbinaInfo (1,191 followers)

- Radyr Post: Twitter: @RadyrPost (15 followers)

- Splott Notice:Twitter: @SplottN0tice (196 followers)

- Rhondda People: Twitter: @rhonddapeople (473 followers) Facebook: facebook.com/rhonddapeople (365 likes)

- Aberdare Online: Twitter: @AberdareOnline (2,619 followers) Facebook: facebook.com/groups/aberdareonline (1,141 members)

- Tafod Elai:

South Wales East

- Caerphilly Observer: Twitter: @CaerphillyObsvr (3,662 followers) Facebook: facebook.com/caerphillyobserver (4,852 likes)

- Cwmbran Life: Twitter: @CwmbranLife (364 followers) Facebook: facebook.com/cwmbranlife (4,861 likes)

South Wales West

- Port Talbot Magnet: Twitter: @LNPTMagNet (1,432 followers)
  Facebook: facebook.com/porttalbotmagnet (1,700 likes)

- FYI Neath: Twitter: @FYIneath (1,028 followers)
  Facebook: facebook.com/fyineath (560 likes)

- Pennard Blogger: Twitter: @PennardBlogger (381 followers)
  Facebook: facebook.com/pennardblogger (2 likes)

- Gower News: Twitter: @News4Gower (305 followers)

- Llanelli Town: Twitter: @LlanelliTownCom (987 followers)

- Papur Bro Llais: Twitter: @PapurBroLlais (245 followers)

Mid and West Wales

- Pobl Aberystwyth: http://poblaberystwyth.com/
  Twitter: @PoblAberystwyth (647 followers)

- My Welshpool: Twitter: @mywelshpool (2,462 followers)

- My Newtown: Twitter: @my_newtown (1,924 followers)

- FYI Brecon: Twitter: @fyibrecon (1,561 followers)
  Facebook: facebook.com/fyi.brecon (1,545 likes)

- Way-on-Hye: Twitter: @wayonhye (1,343 followers)
  Facebook: facebook.com/wayonhye.org (360 likes)

- FYI Talgarth: Twitter: @fyitalgarth (384 followers)
  Facebook: facebook.com/pages/fyitalgarth (323 likes)

- Brecon Beacons: Twitter: @Brecon_News (7,183 followers)

- Papur Bro Clonc: Twitter: @Cloncyn (419 followers)

- Trefeurig: Twitter: @Trefeurig8 (294 followers)

- Glo Man : http://gloman.blogspot.co.uk/

- Papur Pawb: Facebook: facebook.com/groups/134899543213568/ (27 members)

- Papur y Cwm: Facebook: facebook.com/pages/Papur-y-Cwm/212562395507839 (31 likes)

- Y Garthen

North Wales

- Wrexham: Twitter: @Wrexham (17,800 followers)
  Facebook: facebook.com/wrexhamdotcom (11,799 likes)

- Deeside: Twitter: @DeesideDotCom (2,592 followers)
  Facebook: facebook.com/deesidenews (58 likes)

- Bae Colwyn

- Abergele Post: Twitter: @AbergelePost (174 followers)
  Facebook: facebook.com/pages/AbergelePost/146721705380111 (98 likes)

- Llanfyllin

- Papur Dre: Twitter: @papurdre (834 followers)
  Facebook: facebook.com/papurdre

- Eco'r Wyddfa

- Llais Ogwan

- Y Bedol

The Cardiff / NESTA project set out 30 recommendations including

- Offering hyper-local publishers the opportunity to sell credited content to the BBC

- Ensuring hyper-local publishers are considered as suppliers for statutory notices (which amount to £45 – £50 million advertising spend a year) and local health campaigns

- Encouraging large technology companies such as Google, Facebook and Twitter to support community news providers by making their content more discoverable

- Calling on the NUJ to provide accreditation and recognition to publishers

- Urgent clarification from politicians and regulators on the new press regulation regime and its potential impact on community news providers

Welsh Language newspapers/magazines

Our previous audit in 2008 noted that the small size and dispersed nature of the Welsh speaking community meant that very few, if any, Welsh language publications could survive without the support of wider organisations or some element of public funding. This remains the case today, with publications and a host of cultural organisations working with the Welsh language receiving grant support from the Welsh Government – often via the Welsh Books Council (WBC). In April 2012, the Welsh Government took over responsibility for promoting the use of the Welsh language and administering grants in support of the language from the former Welsh Language Board.

The WBC makes grants under the following headings:

- Individual literary Books
- Revenue grants to publishers of literature
- Advances and Fees to authors and illustrators
- Marketing grants
- Grants to cultural periodicals
- Grants to small literary magazines
- Grants towards marketing literary titles or groups of titles.

In 2013-14 it distributed a total of £1,846,500 to Welsh language books and magazines, including games and electronic material (such as e-books) as well as the online news service spun out of the magazine *Golwg*. It distributed a total of £747,825 towards the publishing of English language books and magazines.

Papurau Bro in Wales

The Welsh language *papurau bro* can be regarded as among the first community based hyper-local publications, established largely during the 70s as community based not-for-profit ventures run by volunteers. The cover price and advertising income is used to finance these papers, which typically have press runs of no more than around 2000 copies, but they also receive financial support from the Welsh Government.

In January 2013, the Minister with responsibility for the Welsh language at that time, Leighton Andrews AM, announced that 50 *papurau bro* papers would receive support for the period from 2013 - 2016 of £85,310 per year, each paper receiving between £800 and £1,870 each, reflecting the number of issues published. This was an increase of £11,237 a year compared with the budget available in 2012/13. The grant was part of an allocation of funds made to organisations that promote and facilitate the use of the Welsh language, which amounted to £3,557,347, (an increase of £89,703 on the 2012/13 budget).

Papurau Bro Annual Allocation, Welsh Government, 2013-16:

- Y Gloran - £1,700
- Glo Man - £1,700
- Clonc - £1,700
- Yr Angor (L) - £1,700
- Pethe Penllyn - £1,700
- Y Rhwyd - £1,700
- Yr Arwydd - £1,700
- Tafod Elai - £1,700
- Clochdar - £1,700
- Yr Odyn - £1,870

– Dail Dysynni - £1,700
– Seren Hafren - £1,870
– Y Tincer - £1,700
– Y Pentan - £1,870
– Lleu - £1,870
– Wilia - £1,700
– Y Gambo - £1,700
– Nene - £1,700
– Y Glorian - £1,700
– Yr Angor (A) - £1,700
– Y Cardi Bach - £1,700
– Yr Ysgub - £1,870
– Y Dinesydd - £1,700
– Llais - £1,700
– Papur Pawb - £1,700
– Llais Aeron - £1,700
– Llais Ardudwy - £1,870
– Y Ffynnon - £1,870
– Papur Menai - £1,700
– Y Ddolen - £1,870
– Y Bigwn - £1,700
– Y Glannau - £1,700
– Dan y Landsker - £1,200
– Y Garthen - £1,700
– Cwlwm - £1,700
– Y Lloffwr - £1,700
– Papur y Cwm - £1,700
– Y Clawdd - £1,200
– Eco'r Wyddfa - £1,870
– Y Barcud - £1,700
– Y Fan a'r Lle - £800
– Llais Ogwen - £1,870
– Clebran - £1,870
– Goriad - £1,700
– Papur Dre £1,700
– Yr Hogwr - £1,700

- Yr Wylan - £1,870
- Papur Fama - £1,700
- Plu'r Gweinydd - £1,870
- Tua'r Goleuni - £1,700

Digital and Interactive

In his 2008 report *The Heart of Digital Wales: a review of the creative industries for the Welsh Assembly Government*, Prof. Ian Hargreaves warned, in relation to digital media, that "*without a stronger performance in this area, the success of the whole creative industries strategy will be in jeopardy.*"

There are some indications that this warning has been taken on board. With support from S4C Digital, Cardiff-based Thud Media have produced a number of interactive apps targeted at children (Toot's Harbour, Llan-er-gollen etc) and a history app incorporating archive from BBC Wales, ITV Wales and S4C (The Dragon and the Eagle / Y Ddraig a'r Eryr). BBC Wales has also produced its own enhanced e-book (Dylan Thomas and the Road to Milk Wood) . The Welsh Government has helped to fund The Flitlits / Y Sbridion. A thriving interactive games sector has emerged with an annual Development Show organized by Games Wales.

Apart from making printed books digitally available, Welsh book publishers do seem to have been reluctant to venture into producing enhanced e-books with interactive features (as exemplified by UK publishers like TouchPress and Nosy Crow). A report for the WBC - *Publishing Children's Books in Welsh* - suggests a need for initiatives in this area. It emphasises the need for individual publishing companies to hold discussions with the main producers of digital material in Wales, specifying S4C and the companies that provide programmes for S4C, and suggests that the WBC lead and co-ordinate such discussions. Practitioners have suggested this initiative could be extended to Welsh publishers publishing in English and to ITV Wales and BBC Wales.

The report also refers to the WBC offering an app-creating plan for Welsh publishers and suggests a workshop/browsing session for publishers on the subject of apps.

S4C Digital Fund

The S4C Digital Fund launched in 2012 offering £1m a year in commercial investments over 4 years. The fund "*aims to support new creative products and services across digital platforms, devices and channels with the goal of enriching S4C's offer to its audiences and generating a commercial return*". Thus far it has invested in four broad areas of digital production:

Apps that support television broadcasts

- Gwylltio app/Go Wild (Rantmedia)
- Llefydd Sanctaidd/Holy Places (Cwmni Da)
- Dyma Fi.tv (Cwmni Da)
- Dwylo'r Enfys (Ceidiog/Rantmedia)

Interactive books and media

- E lyfrau Animoolz e-books (Wales Interactive)
- E-lyfr Teulu bach Nantoer e-book (Unigyrw Cyf)
- The Dragon and the Eagle (Bait Studio)
- The Visor (Glasshead)

Games for online, apps, and consoles

- Creature Battle Lab (Dojo Arcade)
- Children of Dôn (Utinni Games)
- Master Reboot (Wales Interactive)
- Great Gatsby & Franenstein (Oyster World)

Other technologies that support programme making and broadcasting

- S4C Clic Facebook App (Microcosm)
- MobiGuide (Moilin)
- Speech recognition technology (Canolfan Bedwyr)

There has been no indication yet of whether the fund will continue when it comes to an end in 2016.

Welsh Government Welsh Language Technology and Digital Media Fund

In 2013, the Welsh Government announced an action plan for Welsh Language Technology and Digital Media as a sub-strand in order to fulfil elements of its Welsh language strategy. As well as promotional activities, lobbying technology companies and good practice support, the plan specifically set out to "*encourage the development of new Welsh-language software applications and digital services*", and "*stimulate the creation, sharing and consumption of Welsh-language digital content*".

In order to fulfil this aim, it allocated £250,000 a year over three years of grant funding. It has funded several digital media projects including an online Welsh language Twitter-based news aggregator, hyper-local media development through Cardiff University, and several other apps and software products which either support or incorporate digital media.

Welsh Government Digital Development Fund

Launched in 2011, and extended in 2013, the Digital Development Fund forms part of the Creative Industries Sector Plan. The fund "*provides support for new creative products and services to exploit across multiple digital platforms and international markets. The fund is not intended to be used for start up investment, early stage research and development only projects, or for the digitisation of non-commercial creative products.*"

1.5 Audience Attitudes to Media Provision in Wales

Although there has been a significant amount of academic qualitative research[68] about audience attitudes and perceptions in Wales, there is little independent quantitative data available. However, the broadcasters conduct regular audience research[69] and Ofcom collects annual data on the performance of the public service broadcasters which includes audience perceptions.

Assessing Delivery: Purposes and Characteristics of Public Service Broadcasting

Section 264 of the 2003 Communications sets the purposes of Public Service Broadcasting (PSB) and as part of its first PSB Review, Ofcom held a public consultation and developed range of PSB purposes and characteristics to provide a detailed description of public service broadcasting.

PSB purposes

Purpose 1:
Informing our understanding of the world - To inform ourselves and others and to increase our understanding of the world through news, information and analysis of current events and ideas

Purpose 2:
Stimulating knowledge and learning - To stimulate our interest in and knowledge of arts, science, history and other topics, through content that is accessible and can encourage informal learning

Purpose 3:
Reflecting UK cultural identity - To reflect and strengthen our cultural identity through original programming at UK, national and regional level; on occasion, bringing audiences together for shared experiences

Purpose 4:
Representing diversity and alternative viewpoints - To make us aware of different cultures and alternative viewpoints, through programmes that reflect the lives of other people and other communities, both within the UK and elsewhere

Characteristics of PSB Content

High quality - well-funded and well produced

Original – new UK content rather than repeats or acquisitions

Innovative – breaking new ideas or re-inventing exciting approaches, rather than copying old ones

Challenging – making viewers think

Engaging – remaining accessible and attractive to viewers

Widely available – if content is publicly funded, a large majority of citizens need to be given the chance to watch it

Trustworthy – ??

During the first PSB Review Ofcom developed a new approach to assessing the effectiveness of the public service broadcasters, taken together, in delivering PSB, including an audience tracking survey to evaluate audience opinions, as well as broadcaster spend, output and viewing data. The aim was to provide a common basis for understanding the delivery of PSB, and resulted in the publication of the PSB Annual Reports.

The PSB Annual Reports sets provide an evidence base for assessing the delivery of PSB, showing how PSB is being achieved in the UK as a whole and also the contributions of the individual PSB channels. For example, the Ofcom PSB Annual Report 2013 stated that audiences continue to value PSB programming, with the Ofcom PSB Tracker showing high importance of PSB purposes and characteristics, particularly Purpose 1 - 85% of adults thought UK news programmes are trustworthy and 78% highly rated 'regional news programmes' for providing, 'a wide range of good quality news about my area'.

The reviews of PSB carried out by Ofcom in 2005 (First) and 2009 (Second) foreground concerns and priorities in this area which carry through into the Third review, published this year.

Audiences in the Nations and the English regions place high value on regional news and plurality of news provision. Their next greatest concern is that there should be adequate representation of the nation's life and culture, as expressed in Ofcom's Second PSB Review:

> 9.38 The primary concerns in the devolved nations beyond news are the future of programmes which reflect the life and culture of each nation, and production from and portrayal of the nation within UK-wide services

Representation on the network is highly valued. As the First Review puts it:

> 3.7 Viewers also want to see their nation or region reflected on network television, and for television to serve as a window on the geographical diversity of the UK. In the devolved Nations, both programming for the Nations and UK-wide network representation serve social purposes as well as providing information and entertainment – viewers say such programmes show their nation is being taken seriously.

However, the type of representation is important:

> 3.20 Viewers tell us that they value representation of their region on network TV, a finding confirmed by our most recent research in the Nations (although audiences in the Nations are also concerned about misrepresentation, and some feel that their local accent or culture is often portrayed in an atypical or awkward way on network TV). The distinct needs of the devolved Nations are clearly recognised from Ofcom's audience research.

> 3.48 The distinct cultures, histories and interests of Scotland, Wales and Northern Ireland are unable to be fully reflected in UK-wide programming alone. They require a continued level of dedicated programming to ensure local audiences have adequate access to TV that reflects their own identities.

> 3.50 ... taken as a whole, our and others' research indicates that viewers in the devolved Nations show greater interest in dedicated provision than those in England

The following points selected from a summary in Ofcom's First Review are representative of persistent concerns and views:

- Viewers are concerned about the dominance of the major political and economic centres in regional news coverage and support more localised services.

- In other genres, (*i.e. other than news*) viewers prioritise social affairs journalism – either as documentaries or current affairs programming...

- Viewers value regular and largely peak-time scheduling for regional programmes, although some in the workshops were concerned that this might entail losing convenient access to network programmes.

- The majority prefer fewer, higher-quality programmes, which can compete with network offerings, to a greater volume of lower-budget output.

- A considerable majority of viewers in our quantitative survey think representation of their nation on network TV is ultimately more important than nation-specific provision.

- Language provision is particularly important in Wales, but felt to be well covered by S4C.

- Participants in our workshops agreed that such UK-wide representation is vital, but they were concerned about misrepresentation or stereotyping in network portrayal, and stressed that network representation should be an addition to, not a substitute for, dedicated provision.

The challenges to Wales of weakening provision in print were recognised in the Second review:

> 9.60 There was a general recognition, in Ofcom's consultation responses, of the importance of maintaining plurality in news coverage of Wales. This is particularly important, given the sparse news provision in print and other media. Many also pointed to the importance of ensuring that English language non-news programming for Wales continues to be produced outside the BBC, sourced from a range of providers.
>
> 9.80 Ofcom recognises that production from and portrayal of each nation and region of the UK on UK networks is a vital concern.

In the Third review Ofcom took its consideration of the Nations and regions further in publishing a dedicated paper: "*Public Service Broadcasting in the Internet age: The Nations of the UK and their regions*".

This was prompted by the devolutionary process and the burgeoning of internet services. The findings show increased awareness among the public of the significance of portrayal of a Nation or region:

> 1.10 Our audience research suggests that the importance people place on their Nation or region being portrayed fairly to the rest of the UK has increased across the UK since 2008. In recent years the constitutional settlement for the Nations of the UK has come under intense political scrutiny, while there has been increasing discussion of the role of the regions of each Nation in their political and cultural life. The importance to people that they are provided with high quality news about their Nation or region has been rising across the UK since 2008. Following the 2014 independence referendum in Scotland, and the subsequent announcement by the new UK Government of plans for further devolution across the UK, this is likely to pose a considerable challenge to the PSB system's ability to meet audience needs in the UK as a whole and in the Nations and their regions individually
>
> 1.31 Ofcom's Advisory Committee for Wales emphasised in its response to the consultation that Wales is served less comprehensively, outside the BBC, than any of the other UK Nations, with weaker print media and commercial radio services offering a reduced challenge to the BBC in terms of a plurality of voices.

Wales is typical of the Nations and regions in showing an increased sense of the importance of plural, local news.

> 22.22 Respondents from all three devolved Nations noted the importance of indigenous language services to PSB provision and the independent production sector, highlighting in particular the role the S4C plays in supporting Welsh independent producers. Respondents also emphasised the role played by this content in broadening the range of genres provided by non-network programming, as both BBC and Channel 3 production for Wales is focused on news and current affairs.
>
> 2.23 Ofcom's PSB Tracker shows that audiences in all the UK Nations attach a high degree of importance to PSB portraying their Nation or English region fairly to the rest of the UK; Northern Ireland audiences rank first among the UK Nations in considering this to be important. While audience opinions on importance vary by Nation, there is considerably less variation in satisfaction with delivery, where less than half of the audiences in each Nation say they are satisfied.
>
> 2.24 Satisfaction scores for all Nations have improved across the period, except in Wales, where they remained stable: Northern Ireland improved to 45% satisfaction in 2014, the highest level of any nation, as well as the largest improvement. Scotland has also seen a significant increase in satisfaction since 2008. However, this is the PSB purpose where the largest gaps remain between perceived importance and satisfaction with delivery.
>
> 2.25 Ofcom's 2015 research into audiences' perception of the representation and portrayal of their nation or region on the main five PSB channels showed that this is an issue for some audiences, although generally not as stark as protected characteristics such as ethnicity or disability. Audience's views on positive and negative portrayal are likely to be more divergent in the devolved Nations than in the UK overall or in the English regions. Fewer respondents from Wales and Northern Ireland thought that people from their nation were neutrally portrayed, while in Scotland and Northern Ireland, many more respondents had an opinion on the tone of portrayal of people from their Nation. Given this relative polarity of views in the devolved Nations, respondents from Northern Ireland were more likely (at 26%) to think that people from their nation were negatively portrayed.
>
> 2.26 However, audiences in Scotland, Wales and Northern Ireland were more likely than in any other area except London and the South East to think that people from their nation were portrayed positively. Indeed, at over 30%, respondents in Wales and Northern Ireland were ahead of respondents in London and the South East (26%) in considering that people from their nation were portrayed positively. Among respondents in Scotland this measure stood at 25%. Twenty per cent of respondents in the North of England considered that people from their region were negatively portrayed; this is the highest proportion across the UK (above all other English regions and the devolved Nations).

For the BBC Audience Council, Wales, in its Annual Review 2014 – 2015[70], representation on television was one of its main concerns.

It noted audience concerns about genre variety on television:

> At each and every audience outreach event hosted by the Council it is told of the high regard in which the public holds BBC Wales' TV programmes made for audiences in Wales. The Council shares the public's deep concern that the volume of non-news opts programming is becoming ever thinner. As Ofcom's latest Communication Market Report for Wales observes

- “Wales was the only nation that saw a reduction in first-run originated output year on year, down 3% on 2012. Over the five-year period since 2008 the number of hours of first-run originated programming (from all broadcasters) for Wales fell by almost a quarter (23%) to 923 hours in 2013”.

The Audience Council expressed serious concern about portrayal and representation:

The Council recognises that serving the nation in a meaningful way through on-screen portrayal, and reflecting it to itself by exploring contemporary issues in news, factual, comedy and drama programmes, remains one of the biggest challenges facing BBC Wales. The Council agrees that BBC Wales’ decision to prioritise news and sport in its English language TV output for Wales was the correct decision.

It believes that the lack of providers of other news of Wales means that this was the correct decision and is reassured that BBC Wales TV News reaches just over half of all adults in Wales each week. However, it remains a matter of deep concern that this decision is having such a significant impact on other genres, and in particular on drama and comedy.

The Council remains concerned however at the lack of the portrayal of Wales on UK-wide BBC TV with 7 years having now passed since the last major portrayal of Wales in UK drama through Gavin and Stacey and Torchwood. It also welcomed the consistently high appreciation scores of BBC Wales TV programmes produced in Wales for Wales. It feels serious concern however that the volume of output, beyond the core news services, is becoming ever thinner in all genres and that quality is being maintained only as a result of creative partnerships, such as the one with S4C to produce Y Gwyll-Hinterland. As noted above, the Council remains concerned at the continued impact of the BBC’s DQF savings on the quality and breadth of content and output.

It will continue to pay close attention during the year ahead to what audience members tell it about their perception of the impact of savings on the realisation of this Purpose and on the BBC’s output across all platforms. In particular, the Council will consider the breadth and volume of English language TV programmes produced in Wales for audiences in Wales, since the Council is regularly told by audience members about the importance they place on seeing themselves reflected in the BBC’s programming and content.

The Council specifically tackled representation thus:

Representing the UK, its nations, regions and communities: The Council is strongly supportive of the excellent programmes produced at the BBC drama production facility in Roath Lock, Cardiff Bay, and is encouraged by the increasing number of commissions produced there which contribute to this Purpose. However, there remains the clear challenge of increasing the number of drama productions which reflect particular places and communities across the UK and properly reflecting the variety and diversity evident in society across Wales and indeed the whole UK. In this context it is a matter of concern to the Council that the greatest Purpose Gap in the Trust’s Purpose Remit Survey in Wales related to this purpose score at -12.

The Council was encouraged that 61% of the Welsh speakers questioned as part of the Purpose Remit Survey felt “the BBC supports my minority language” and considers that a contributor to this perception could have been both the launch of the BBC Cymru Fyw Welsh language app, and the availability of all S4C’s programming on the BBC iPlayer from November 2014 – both of which have been warmly welcomed by the public at ACW audience outreach events.

Bringing the UK to the world and the world to the UK: The most significant insight afforded by the Council’s audience outreach activity in relation to this Purpose, has been the welcome given to the closer cooperation between the domestic BBC and World Service news teams, which the public tell Council has significantly improved the breadth and depth of the news coverage from outside the UK.

According to Ofcom's research for its third PSB Review, the generation gap between younger and older audiences appears to be getting wider, with significant differences in opinion, attitude and habits towards PSB and television more generally. Ofcom notes that the 'connected generation' appears to be watching less television, taking these online viewing habits with them as they age

In particular, young people in particular no longer appear to distinguish between PSB and non-PSB channels[71],

"*Viewers still value the PSB purposes highly and support the PSB characteristics. However, our research shows that in a world of increasing choice, the PSBs are losing some of their distinctiveness. This is particularly true among younger and tech-savvy consumers, who no longer appear to distinguish between PSB and non-PSB channels. They believe that a wide range of organisations are producing content delivering the PSB purposes and characteristics. Rather than PSB or non-PSB content they distinguish between "good" and "bad" content.*[72]"

- For younger people in particular, the PSB portfolio channels, which are not legally classified as PSB channels, are viewed as equally important as the main channels.
- For some, the ability to access content whenever, wherever and on every device is increasingly an expectation rather than a desire.
- People continue to want to see their favourite long-running programmes (such as soaps and flagship entertainment shows).
- A key benefit of the the PSB system is that it enables and encourages the delivery of innovative and creative programming, particularly for the BBC and Channel 4 whose remit requires innovation, creativity and experimentation. The research suggests that there has been a big increase in audience numbers that expect original and innovative programming, rather than more 'tried and tested' formats.
- Use of the Internet for news has increased significantly, particularly for younger people, who are three times more likely to get their news online.
- Compensatory technological factors providing convenience and flexibility, such as ease of use of personal video recorders, HDTV and the ability to use catch-up services have contributed to an increase in audience satisfaction regarding PSB services.

But while the overall impression is positive there are audience concerns over the PSBs ability to reflect different cultures and diversity across the UK. According to the Ofcom research, only 46% of people across the UK are satisfied that the PSB system delivers programmes that show different kinds of cultures within the UK,

"*Older audiences in the nations feel that more could be done to ensure programmes reflect their local and national identities. This is contrasted by younger adults in the nations who say it is more important for PSB channels to represent diversity at the level of different groups and communities present throughout the UK, such as specific ethnicities, religions, socio-economic groups and sexual orientations.*"

Fig 65: Importance and delivery of PSB portrayal purpose, by nation: 2008-2014

It portrays my region / Scotland / Wales / Northern Ireland fairly to the rest of the UK		2008	2009	2010	2011	2012	2013	2014	
Wales	Importance	68%	70%	68%	71%	72%	71%	69%	
	Delivery	40%	37%	39%	44%	41%	43%	42%	
Scotland	Importance	66%	69%	74%	70%	68%	77%	72%	
	Delivery	31%	29%	29%	38%	39%	49%	43%	▲
Northern Ireland	Importance	77%	71%	79%	76%	74%	81%	79%	
	Delivery	32%	33%	36%	44%	42%	46%	45%	▲

▲ Significantly higher than 2013 ▲ Significantly higher than 2008
▼ Significantly lower than 2013 ▼ Significantly lower than 2008

Source: Ofcom PSB Tracker, 2008-2014, UK adults aged 16+ Notes: base : all watching at least one channel asked about, regularly or occasionally; 2008 n=975, 2009 n=997, 2010 n=969, 2011 n=474, 2012 n=454 , 2013 n = 454, 2014 n= 457; Slightly amended wording of some statements since 2011: previous wording: 'Its (regional)/ news programmes for people in Scotland/Wales/NI provide a wide range of good quality news about my area/ Scotland/Wales/NI"; 'It portrays my region/Scotland/Northern Ireland/Wales well to the rest of the UK

The chart above shows that in terms of delivery and importance people are less convinced that the PSB system portrays their country to the rest of the UK than viewers in Scotland and Northern Ireland.

Importance of Television News

Ofcom research conducted in 2013/14 suggests that Television is the most-used platform for news, with 75% of UK adults saying they use TV as a source of news although there was a small decrease in this figure since 2013 (78%)[73]. Research evidence in a report commissioned by ITV and published in June this year suggests that television is the news medium with which audiences are still most satisfied and the medium that is considered to be the most trustworthy, accurate and informative[74].

Fig 66: Importance of News Sources 2007 -2014

	% choosing TV as main/most important source			% choosing internet as main/ most important source		
All adults	2007	2014	Change	2007	2014	Change
Finding out news about what's happening in the UK	67%	53%	-14%	4%	28%	+24%
Finding out news about what's happening round the world	68%	52%	-16%	6%	30%	+24%
Adults 16-34						
Finding out news about what's happening in the UK	61%	38%	-23%	5%	45%	+40%
Finding out news about what's happening round the world	61%	35%	-26%	8%	50%	+42%

Source: Ofcom PSB Research, 2014. Notes: 2,026 interviews with UK adults aged 16+, August 2014; 2,260 interviews with UK adults aged 16+, October – December 2007; Q: Which of these is your most important source for this content (2014) / Which of these is your main source for this content (2007)?

The provision of news is also important in the nations. From 2008 to 2013, the percentage of viewers (measured by the Ofcom PSB tracker) who considered it important for the PSBs to provide news programmes of high quality for Wales increased from 78% in 2008 to 82% in 2013, falling back slightly to 80% in 2014. The percentages are even higher in Scotland and Northern Ireland.

Fig 67: Importance and Delivery of PSB News Purpose by Nation 2008 - 2014

Its regional news programmes provide a wide range of good quality news about my area		2008	2009	2010	2011	2012	2013	2014	
Wales	*Importance*	78%	73%	76%	82%	82%	82%	80%	
	Delivery	57%	48%	48%	64%	63%	69%	69%	▲
Scotland	*Importance*	73%	68%	80%	78%	79%	84%	81%	▲
	Delivery	46%	42%	44%	57%	61%	66%	66%	▲
Northern Ireland	*Importance*	82%	75%	82%	84%	85%	87%	87%	
	Delivery	56%	54%	55%	72%	71%	74%	77%	▲

▲ Significantly higher than 2013 ▲ Significantly higher than 2008
▼ Significantly lower than 2013 ▼ Significantly lower than 2008

Source: Ofcom Third PSB Review Source. PSB Tracker, 2008-2014, UK adults aged 16+
Notes: base : all watching at least one channel asked about, regularly or occasionally; 2008 n=975, 2009 n=997, 2010 n=969, 2011 n=474, 2012 n=454, 2013 n = 454, 2014 n= 457; **Slightly amended wording of some statements since 2011: previous wording: 'Its (regional)/ news programmes for people in Scotland/Wales/NI provide a wide range of good quality news about my area/ Scotland/Wales/NI"; 'It portrays my region/Scotland/Northern Ireland/Wales well to the rest of the UK.

S4C Media Panel

In April this year, S4C established a media panel in order to increase understanding of how Welsh television services are used in Wales. Panel membership is open to anyone living in Wales, who is over 16 but they must not be working in the media industry in Wales. Panel Members are asked to complete a short survey every week, which asks about the member's activity during the previous week, including the programmes they viewed on S4C via TV and online. Details of the answers give are confidential and participants earn a reward for every survey completed, which include shopping voucher credits, donations to charity or funds for community projects. The panel was only established earlier this year and there are no results available as yet.

1.6 Industry Initiatives: Employment, Diversity and Training

An issue for the media industry in Wales that deserves greater attention is the diversity of the workforce, and the inherent recruitment and training issues.

Employment and Diversity

Ethnicity

Less than 1% of those working in the creative industries in Wales come from a BAME (Black Asian Minority Ethnic) background despite the fact that they represent 4% of the population in Wales and 15.2% in Cardiff. Creative Skillset argue that, despite pledges made to the Cultural Diversity Network by the main television employers, the increase in informal recruitment has led to a decline in the BAME percentage in recent years.

A recent speech by Rhodri Talfan Davies, Director of BBC Wales, (16/03/2015) commits BBC Wales to bringing about positive change in this area. Addressing the All Wales Equality Conference, he said "*If we are to perform at our best, we need to break new ground and overthrow the old orthodoxies*."

Acknowledging that the BAME figure for employees at BBC Wales was just 3%, he spoke of a recent tenfold increase in traineeships/apprenticeships to 25 - 2% of the workforce - and the appointment of two new members of staff to focus on Editorial Diversity and Workforce Diversity, with the expressed aim of improving the broadcaster's output and making it more reflective of contemporary Wales. In this way it would also raise awareness of diversity issues among current employees. Figures given to the Creative Diversity Network by BBC Wales provide targets for BAME employment of 3.5% by 2017.

At ITV Wales 2% of the 95 staff are from BAME backgrounds. It has recently launched three new apprenticeships and one is from a BAME community. The broadcaster's Open Newsroom is targeted at the BAME community with the aim of increasing the number of BAME applicants and there is now a policy of screen monitoring with a view to, "more accurately reflecting our diverse audience." ITV Wales's Social Partnership initiative includes helping independent production companies to focus on how "they crew up, cast and even canvas for studio audiences."

Disability

Of those working in the media in Wales, 5% identify themselves as being disabled. Although this is equivalent to the percentage in the UK overall, it is possible that, as Wales has the highest percentage of disabled people in the UK, their representation in the media should be higher.

BBC Wales says it will be liaising with a wide range of bodies working in the field of disability. The figure for disability was 4% in 2012 and a target of 5.5% has been set for 2017. In 2014 S4C won the Creative Diversity Network's award for Best Onscreen Representation of Disability for the documentary **Fy Chwaer a Fi** made by Bulb Films.

Gender

According to Creative Skillset's 2012 Employment Census of the Creative Media Industries[75], of those working in the creative media industries in Wales, 34% are women. This compares with 40% in Scotland and the two highest rated areas, North London and the Northwest of England at 50%. The percentage of female employees at BBC Wales and ITV Wales is exactly the same in both organizations, 48.4%.

General

The BBC and ITV monitor their staff composition. BBC staff are encouraged to undertake the online diversity training module and managers attend training to counter unconscious bias. The BBC says that increasing use is made of social media to alert people to work experience opportunities and that this is raising application rates across the board. Workforce diversity staff will visit schools across Wales to talk at assemblies to Year 11, 12 & 13 pupils.

S4C's 2014 report on equality and diversity states that it "*is committed to promoting and integrating equality of opportunity within all aspects of its business*" but, although its Equality and Action Plan provides information for 2012, none is available for subsequent years. S4C says this is because it now has fewer than 150 employees, and is "no longer required to report on staff composition." We would question whether this is an acceptable stance for a publicly funded broadcaster.

However, it should be noted that S4C is due to update its Equality Action Plan and it currently reports annually on its Diversity Plan in its Annual Reports[76]. Of the posts advertised by S4C externally, many equal opportunities forms were received and on average they were completed by 80% of applicants. Of these 61.5% were women and 38.5% were men. 96% noted that they come from a white British background and 4% from another white background. 1% of applicants disclosed that they had a disability. However, S4C claims that it is not possible to receive equal opportunity monitoring forms for roles advertised internally or through an agency.

In the area of on-screen portrayal, S4C explains that its content and commissioning team works with producers to promote a positive image of equality and diversity across as wide a range as possible of S4C's programmes and content. The broadcaster is currently establishing a framework to monitor a sample of its content on a regular basis to ensure that it reflects the community and viewers that it serves. S4C's commissioning team also works with partners in the production sector to ensure that their own activities are consistent with S4C's commitment through their regular meetings with the sector. It also encourages the sector to adopt good practice guidelines, and all relevant information is made available on the S4C production website[77].

Creative Diversity Network

The Creative Diversity Network (CDN) is a forum, paid for by its member bodies. Its role is to bring together organisations that employ and/or make programmes across the UK television industry to promote, celebrate and share good practice around the diversity agenda, which also includes disability. Current members of the CDN are BAFTA, BBC, Channel 4, Channel 5/Viacom, Creative Skillset, PACT, ITN, ITV, Media Trust, S4C, Sky and Turner Broadcasting. The CDN seeks to engage and empower the industry to drive change and understand the business case for wider representation and inclusion.

One of its key initiatives is Project Diamond, a new diversity monitoring system, being implemented by BBC, ITV, C4 and Sky and due to be launched later this year. This, "will collect the diversity data of all those involved in making a programme commissioned by British broadcasters on-screen and off-screen. Project Diamond will enable detailed diversity statistics to be generated, tracked over time and benchmarked within and between broadcasters." S4C is currently not part of Project Diamond.

Training - Creative Skillset Cymru

Creative Skillset Cymru supports the creative industries in Wales to develop skills and talent. It is part of the UK body, Creative Skillset, which was originally one of 20 Sector Skills Councils established in the UK and licensed by the UK Government. The Councils operate as independent, industry-led, UK-wide organisations that aim to address skills needs within and across sectors.

The funding process for Sector Skills Councils changed in April 2012 with all UK Government funding made contestable, so that the Councils now have to bid into various funds, with developed proposals, such as the EIF (Employer Investment Fund), Universal Services and the EOP (Employer Ownership of Skills Pilot). Creative Skillset has been successful in bidding to all these UK Government funds. Creative Skillset's original function of being a 'licensed sector skills council' has fallen away and effectively it is now a UK wide private sector organisation, primarily representing the creative industries, including employers, freelances and the trade unions.

Creative Skillset Cymru (CSC), receives some core funding from Creative Skillset, with other financial support provided through specific projects such as the Skills for the Digital Economy Programme (which ended June 2015) which was supported by S4C, TAC, the European Social Fund (ESF). The management team in Wales is supported by National Advisory Board for Wales, originally established in summer 2008. Chaired by Rhodri Talfan Davies, Director of BBC Wales, it is arguably the only cross-sector industry advisory Board that exists in Wales, where both industry, trade associations, sector support organisations, the education sector and government come together to inform and develop effective skills and training strategies and programmes for the sector.

Creative Skillset Cymru aims to influence and shape policy, ensuring quality and by securing investment for companies and individuals to become the best in their field. It has a significant track record of delivery in campaigning for and raising investment in skills for the Creative Industries in Wales working across film, television, radio, fashion, animation, games, visual effects, textiles, publishing, advertising and marketing communications.

Through Creative Skillset these sectors collectively research their skills gaps and shortages, draw plans of action, develop new qualifications and training programmes and - where relevant – agree on collective solutions, supported by models of co-investment using the Creative Skillset sector training levies and other direct industry contributions to co-invest with government (Wales and UK-wide) and European funding.

Creative Skillset research highlights a vast range of skills gaps and shortages across the creative industries in Wales. These include:

- business skills and commercial acumen
- accessing international markets and co-production
- craft and technical skills - including
    - computer programming,
    - computer/software development
    - knowledge of new technology and platforms
    - CGI compositing and storyboarding
    - finance skills including production accountants and managers
    - leadership and management skills at senior level
    - sales and marketing skills.

It also highlights the challenge of ensuring that students leaving further and higher education in Wales have the right skills for industry. Creative Skillset's role is to address and tackle some of these deficiencies and over the years has established a significant range of industry led skills development programmes. For example, between 2010-2015, it delivered its Skills for the Digital Economy Programme, investing £2.3m to train over 1,000 individuals working primarily in creative and digital media. This also secured £1m of direct industry funding from S4C and the trade association Teledwyr Annibynnol Cymru (TAC). The programme led to significant positive economic impacts on both companies and freelancers[78].

Since 2013, the industry in Wales has also been able to access Creative Skillset's UK-wide Skills Investment Funds (SIF), with over £1.3m secured for the creative and digital media sectors in Wales to date – all matched by industry directly - securing £2.6 in total. The SIF is made up of DCMS support and training levies secured from those sectors that qualify for new tax reliefs in film, high-end TV, children's programming, games, VFX and animation, which are all managed by Creative Skillset.

In 2014, Creative Skillset produced a further iteration to its workforce surveys[79]:

"This report provides a summary of the results from Creative Skillset's Creative Media Workforce Survey, which was carried out in Autumn 2014. It summarises responses to questions covering all stages of respondents' careers in the creative industries, from education and work experience prior to entering the industry to the training and skills needs they currently have. This fifth survey means trend data is now available for the creative media going back to 2003.

"The report also looks at the differences between those with permanent contracts and those working 'freelance', (defined as those on contracts of 364 days or less in their current or most recent role) as well as covering diversity indicators such as age and disability and comparing of findings between gender groups and different ethnicities. It is important to note that the survey does not aim to produce a definitive data on ethnicity and gender breakdown of the creative media workforce. This data is available from Creative Skillset's 2012 Employment Census of the Creative Media Industries (please see www.creativeskillset.org for details).

"Among the new areas covered by the Creative Skillset Workforce Survey were questions asking respondents to state their sexual orientation and the type of school they attended. These are useful additional indicators as to the extent of diversity within the creative media industries.

"The digital sector referred to in this report includes anyone self-identifying as working in digital media, web development, digital design, software development, mobile development, user experience or social media. In addition to this summary report, a series of sector reports have been produced for television (including analysis of TV sub-sectors), film production, VFX, games, animation, radio and cinema exhibition."

Creative Unions Learning Together (CULT)

CULT Cymru (Creative Unions Learning Together) is a three year project funded through the Welsh Government's Wales Union Learning Fund and managed by BECTU. The current project ends in March 2016. Learning requirements are identified via the CULT Cymru learning survey, trade unions, union learning contacts, employers and partner organisations. Along with BECTU, CULT Cymru has provided financial and in kind support to a BFI Network Wales event in March aimed at BAME workers and a similar event in August provided for Women Directors and Producers.

Notes

1 Plans, agreed at European level to free up further UHF spectrum for mobile broadband will eventually require migration of multiplex frequencies from the 700Mhz band to the 600Mhz band.

2 http://www.s4c.cymru/e_press_level2.shtml?id=665

3 Research findings for an Overlap Viewing project were published in the 2007 Communications Market Report for Wales. The research suggested that fewer than one in ten households (8%) that received analogue and digital terrestrial services received services only from England.

4 http://www.bbc.co.uk/news/uk-politics-12220187

5 In May 2012, Ofcom invited applications for 21 local areas. In total, 57 applications were received to run local TV services in 19 areas, along with four applications for the local multiplex.

6 http://comux.co.uk/about-us/

7 http://www.madeincardiff.tv/

8 http://www.madetelevision.com/

9 http://licensing.ofcom.org.uk/binaries/tv/local-tv/cardiff/final_BLC_decision_Cardiff.pdf. In Year 2 and subsequent years 37 hours of first run and 21 hours of repeats will be broadcast each week.

10 http://downloads.bbc.co.uk/aboutthebbc/reports/pdf/futureofthebbc2015.pdf

11 You Tube claims that eight of the top ten 'celebrities' followed by teenagers in the US are YouTube creators, not mainstream Hollywood stars or musicians. These 'celebrities' are often individuals that older people have never heard of.

12 Ofcom PSB Data

13 A consultation on this issue has recently been launched by the European Commission. "Online Platforms and the EU Digital Single Market", http://www.parliament.uk/business/committees/committees-a-z/lords-select/eu-internal-market-subcommittee/inquiries/parliament-2015/online-platforms/

14 Ofcom's Digital Day Research, 2014

15 Ofcom news release, 2 July 2015

16 Ofcom PSB Review 3, Data Annex, 4.13, page 43.

17 Ofcom PSB Review, Data Annex, 1.11, page 1,

18 Ofcom PSB Review

19 For the first time this new Channel 3 Licence granted by Ofcom specifically covers Wales only (and no longer includes the West of England). Under the terms of the licence, which runs until 2024, ITV Wales provides 4 hours/week of news and 1.5 hours of current affairs and other programmes per week for Wales, the majority screened in or near peak.

20 s351 and s352, Communications Act 2003

21 Source: Ofcom / broadcasters. Spend excludes Gaelic and Welsh language programming but includes some spend on Irish language programming by the BBC; this does not account for total spend on BBC Alba or BBC spend on S4C output.

22 This new arrangement required a change in the 1990 Broadcasting Act which was eventually implemented in Section 31 of the Public Bodies Act 2011. It represented a 24.4% cut in funding over 4 years, equivalent to a 36% cut in real terms.

23 http://www.bbc.co.uk/wales/info/sites/management/pages/s4c.shtml

24 http://downloads.bbc.co.uk/annualreport/pdf/2014-15/BBC-FS-2015.pdf. (See page 17 of the statement.)

25 Para 2, page 101, S4C Annual Report 2014/15.

26 BBC statutory hours for S4C are per calendar year; BBC's financial contribution for S4C statutory hours are reported by financial year in BBC accounts but are reported by calendar year in the S4C Annual Report.

27 p33 S4C Annual Report and Accounts, covering the 15 month period to 31 March 2014.

28 http://downloads.bbc.co.uk/aboutthebbc/wales/review_wales_2015.pdf

29 http://www.s4c.cymru/abouts4c/annualreport/acrobats/s4c-annual-report-2015.pdf

30 http://www.bbc.co.uk/bbctrust/our_work/services/programme_supply/network_tv.html

31 http://stakeholders.ofcom.org.uk/binaries/broadcast/reviews-investigations/TV-production-sector-review-terms-of-reference/terms-of-reference.pdf

32 http://www.tac-cymru.co.uk/home/

33 http://www.pact.co.uk/about-us.html

34 Of the 90 companies, 48 were TV independents, 37 Radio and 5 online.

35 http://stakeholders.ofcom.org.uk/broadcasting/guidance/programme-guidance/reg_prod/

36 From 2008 IWA Audit, quoting a report on S4C's Impact on the Welsh Economy, 2002-2006.

37 http://downloads.bbc.co.uk/aboutthebbc/insidethebbc/howwework/reports/pdf/bbc_economic_impact_2013.pdf

38 As a result of this change £6.7 million of staff payroll costs for finance staff based in Wales were allocated to London even though these staff were located in Wales; had these costs been allocated to Wales in 2011/12 GVA in Wales would have been approximately £288 million, similar to the level in 2009/10.

Notes

39 https://www.s4c.co.uk/keynote/pdf/e_s4c-future-of-welsh-language-broadcasting.pdf

40 https://www.s4c.co.uk/keynote/pdf/e_s4c-future-of-welsh-language-broadcasting.pdf

41 BBC Cymru Wales Annual Review 2013-14

42 Ofcom 2014 CMR, Wales p 58

43 http://www.bbc.co.uk/news/uk-wales-24229743

44 https://www.gov.uk/government/publications/digital-radio-action-plan

45 http://www.theguardian.com/media/2013/dec/16/digital-radio-switchover-2020-ed-vaizey

46 The station format requires that locally-made programming must be produced within Wales but that all programmes may be shared with other AM stations in the Smooth network in Wales.

47 Radio formats can be viewed at http://licensing.ofcom.org.uk/radio-broadcast-licensing/analogue-radio/

48 In some cases where there are arrangements for shared programming, depending on the station's format these may be restricted to stations broadcasting in Wales.

49 Source: RAJAR

50 http://www.ofcom.org.uk/static/radiolicensing/html/radio-stations/analogue/analogue-main.htm

51 All community stations in Wales will now be able to raise up to 50% + £15,000 from commercial sources. Previously Mon FM, Tudno FM, Point FM and Radio Glan Clwyd were unable to raise any income through sponsorship or advertising.

52 The process included an Open Market Review and a State Aid Consultation

53 The areas defined in Wales, via a State Aid Consultation process, where it was deemed that the market alone would not provide affordable superfast broadband services.

54 Superfast Cymru Infill Project, State Aid Public Consultation,3 June 2014

55 http://www.superfast-cymru.com/news/2015/may/superfast-broadband-reaches-across-caerphilly-county

56 http://gov.wales/newsroom/businessandeconomy/2015/10355452/?lang=en

57 Combined Virgin Media cable and Openreach/Kcom fibre broadband availability

58 Ofcom Communications Market Report, 2014 ,p88

59 http://www.bbc.co.uk/news/uk-wales-mid-wales-34394877

60 http://consumers.ofcom.org.uk/news/connecting-citizens/

61 http://www.bbc.co.uk/news/technology-31094389

62 http://www.bbc.co.uk/mediacentre/latestnews/2015/cymru-fyw-digital-boost#heading-english-language-version

63 Mairwen Jones 2014, sections 13.6, 13.8 and 13.14

64 http://www.s4c.cymru/e_press_level2.shtml?id=675

65 http://www.s4c.cymru/digital/e_digital-fund.shtml

66 http://gov.wales/topics/welshlanguage/publications/welsh-language-technology-and-digital-media/?lang=en

67 http://gov.wales/topics/businessandeconomy/sector/creative-industries-sector/digital-development-fund/?lang=en

68 For example, Blandford, S. Lacey, S. McElroy, R. and Williams, R. *Screening the Nation: Wales and Landmark Television*, (2010) commissioned by the BBC Audience Council for Wales and Blandford, S. and McElroy R. (vol.3, 2013), 'Memory, television and the making of the BBC's *The Story of Wales*', special issue, European Television Memories, of *Journal of European Television History and Culture* and McElroy, R. and Williams, R. (2011) 'The Appeal of the Past in Historical Reality Television: Coal House at War and its audiences', *Media History*, 17 (1), pp.79-96.

69 For example, BBC Cymru Wales see, http://downloads.bbc.co.uk/aboutthebbc/wales/review_figures_2015.pdf. The S4C Annual Reports include details of S4C's Appreciation ratings and Image Tracker Surveys.

70 http://www.bbc.co.uk/bbctrust/who_we_are/audience_councils/wales/wales_annual_review/wales_annual_review_2014_15.html#heading-audience-council-wales-report-on-bbc-performance-in-wales-2014-15

71 Public Service Content in a Connected Society, Ofcom, 15 December 2014

72 1.14 Public Service Content in a Connected Society, Ofcom, 15 December 2014

73 News Consumption in the UK, Ofcom 2014

74 "News where you are: the future role of nations and regions news in the UK", ITV Plc, June 2015

75 http://creativeskillset.org/assets/0000/5070/2012_Employment_Census_of_the_Creative_Media_Industries.pdf74

76 http://www.s4c.cymru/abouts4c/diversity/pdf/Report-on-the-effectiveness-of-equality-and-diversity-policies-and-training.pdf

77 www.s4c.cymru/production

78 http://wefo.gov.wales/publications/guidance-and-publications/Publications14-20/monitoringevaluation/projects/sfdeinterimevaluation/?lang=en

79 http://creativeskillset.org/assets/0001/0465/Creative_Skillset_Creative_Media_Workforce_Survey_2014.pdf

2015 Wales Media Audit

Section 2: Policy Implications

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Issues arising from the Media Audit Data Conclusions and Recommendations

1 The need for a media audit

The IWA's 2008 Media Audit of Wales was conducted when digital switchover was imminent and just as Ofcom was embarking on its second review of public service broadcasting. That second review had been brought forward from 2010 because Ofcom judged that 'in some areas change has occurred even more rapidly than anticipated.' Since then the pace of change has, if anything, accelerated.

Digital switchover is complete in television. The marketplace is, by now, significantly larger and more complex. The means for distributing and receiving audio, video and written can seem an impenetrable jungle in which Wales struggles to retain the visbility it once had in a simpler, ordered garden. Funding that necessary visibility in this more complex world is challenging. The implications of the banking crisis of 2007-08 for the public finances are fully evident, even if still hotly debated, and Ofcom has, this year, completed its third review of public service broadcasting.

Wales has also changed. Devolution to Wales has also 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.

The new, distinct Welsh polity – albeit one overwhelmingly attached to the union – has a pressing need for media that can perform three 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.

iii to enable Wales to represent itself to the rest of the UK

Our successive audits have compelled us to the view that these functions are inadequately discharged across the media as a whole. Hence the continuing need to monitor change.

Our purpose now, as in 2008, has been:

- to document the current shape, content and usage of public service broadcasting in Wales
- to present an accurate picture of the way in which newspapers and the internet service public needs
- to describe ways in which Welsh circumstances differ from the rest of the UK and to assess the significance of those differences
- to bring into focus some of the questions most pertinent to Wales in the development of media policy.

In many ways it has been depressing to record an intensification of some of the weaknesses that were identified in 2008, although at the same time technological development has brought many improvements and retains a sense of promise, even if it is not yet fully realised. In this climate it is a matter of concern that whereas the 2008 audit was funded by the Welsh Government, this current audit, of a crucially important facet of our social existence, has had to be carried out by volunteer effort. This is especially disappointing given the final reflection of the 2008 report that, sadly, merits repeating, completely unchanged, seven years later:

> *"The bulk of this audit of the state of the media in Wales has been undertaken in a very short time – fewer than three months – with limited resources. Nevertheless, it has brought together in one place many strands of information that have not been easily accessible to the public, civil servants or politicians. We do, however, see it as the beginning of a process rather than the end. We believe that further, more detailed studies are warranted in several areas and that more regular monitoring of media activity and trends in Wales is called for if we are to stay ahead of the debate and stand some chance of shaping policy.*
>
> *"It is surprising how much of the information contained in this report is only nominally in the public domain. There is no place in Wales – despite the existence of several academic centres of media study – where this information is drawn together on a continuing basis or commented upon. For instance, there is no trade magazine that scrutinizes the industry in Wales or analyses the circulations of newspapers or the ratings of broadcasters contemporaneously. It is possible for considerable change to take place within broadcast services without the public or the politicians noticing. The scale of investment or the mix of broadcast programmes can change, and some genres can disappear altogether without it getting onto the public radar. We need to keep ourselves better and more consistently informed"*

It is true that the Welsh Government established a Broadcasting Advisory Panel, as a subsidiary of its Creative Industries Panel, but we are not aware that it put in train any of the processes that were called for in the IWA's 2008 report or in recommendations made by a National Assembly Task and Finish group. The Broadcasting Advisory Panel no longer exists.

It is essential that the Welsh Government becomes fully engaged in media issues as healthy media are a *sine qua non* of effective democracy and a vital civic culture. We cannot have have an open, self-critical and successful society without them, particularly given the pace of change. This is a field in which Wales has a profusion of talent. We must guarantee the platforms and the resources to exercise them and to connect with the Welsh public.

For these reasons the Welsh Government should establish a Media Advisory Panel under independent chairmanship, with a remit to monitor media trends in Wales and to commission studies. There is also an onus on academic departments to create a more coordinated approach to contemporaneous monitoring and research of media developments here. A Media Advisory Panel and academia should work together on these matters.

Recommendations:

1. The Welsh Government should establish a Media Advisory Panel under independent chairmanship, with a remit to monitor media trends in Wales and to commission studies as necessary.

2. The panel should work with relevant academic departments to ensure a coordinated approach to contemporaneous monitoring of and research into media developments.

2
The English Language Television Service for 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%)[80]. 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%.

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.

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

The information conduit

In the introduction to this section we referred to the three functions of the media in a developing Welsh polity – providing a two-way conduit of information, providing a full reflection of Welsh society to itself, and representing Wales to the rest of the UK. We address television first, as it remains so central to our everyday lives.

Public service broadcasters have assumed a particular importance in delivering a news service to Wales, since newspaper coverage of Wales has been much more limited than in either Scotland or Northern Ireland. Coverage of Wales by London-based newspapers is minimal. Unlike Scotland, none of the UK newspapers produce and market a Welsh edition. London-based titles represent 85%-90% of print newspaper sales in Wales. Welsh purchasers of London-based titles are consuming a view of politics, policy and public services that is framed almost entirely by circumstances in England, having no regard for different circumstances in Wales

The circulations of indigenous Welsh newspapers have declined sharply, as has the number of journalists that they employ. But they have also grown large compensating online audiences. Arguably, the total reach of the newspaper online sites in Wales, exceeds the historic readership levels of indigenous newspapers in the pre-digital world. 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.

Although the transition from print to online in the newspaper world, is now well advanced, as yet it is impossible to see whether or when this could bring a turnaround in the financial model that would allow a growth in the journalistic resource. We consider below ways in which that might be helped. In the meantime, there is no escaping our continuing need for strong public service broadcasters – a need that is stronger in Wales than in the Scotland or Northern Ireland.

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-finance 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, although the latter has grown its audience significantly.

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, *Wales at Six*, has increased from 17% to 19.8%. Since 2006-07 its average audience 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.

ITV Wales's output appears to be guaranteed until 2024, although given ITV plc's improved financial performance, it could plainly afford to do more in the non-news field in Wales, and should be encouraged in that direction. Its investment in online has also been 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 myriad of 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.

This is around the same level of increase that was demanded by the Welsh Government's Broadcast Advisory Group in 2008, based on the restoration of value lost up to 2013. Cuts since 2013 and scheduled up to 2016-17 would justify an even higher figure.

Recommendations:

3. In assessing Welsh needs pluralism must 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.

4. Investment in the BBC's services in Wales should be increased by at least £30m per annum, ideally by an increase in the licence fee but, if not, then by a reprioritisation of the BBC's funding.

3
Welsh Language Television

The advent of multi-channel television at the turn of the millennium posed challenges for S4C, not all of which have been faced by 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, (when the bulk of its funding transferred from the DCMS to the BBC Trust (and the licence fee). There has also been a reduction in the spend on the separate statutory 10 hours a week supplied to S4C by BBC Wales since the founding of the channel in 1982. This 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. 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.

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.

Recommendations:

5. S4C's funding must be sustained if it is not to be pushed into a cycle of decline.

6. 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.

7. S4C and BBC Wales must, however, maximise their collaboration across radio and television, without losing the distinctiveness of each others' services.

8. 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. The criteria should include the necessity of transferring to HD transmission.

4
Network Television and Wales

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. Indeed, 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 Vision 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 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 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.

Recommendations:

9. The BBC should create a funding and commissioning system that devolves a significant tranche of network funding, so that commissioners in the nations can have the freedom to bring other cultural perspectives to bear, to improve 'portrayal' and so diversify the output.

10. Channel 4 should lay its annual report before the National Assembly for Wales, including detail of its implementation of the 'out of England' quota in each of the other nations.

5
Provision of HDTV versions of Wales' PSB channels

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. If BBC Wales is to extend its programme service for Wales, it will need to make greater use of BBC2, so 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 part of S4C's cost-saving exercise. This is no longer a tenable situation, 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.

Recommendations:

11. BBC2 Wales should be transmitted as an HD service as soon as possible.

12. S4C must be enabled to provide its broadcast service in high definition. 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.

6
Radio: Digital switchover and the end of 'local' content

Recent years have seen a significant improvement in DAB coverage in Wales, but DAB coverage of 65% of the population for all services, including our two national radio services – BBC Radio Cymru and BBC Radio Wales - still lags behind the 87% coverage that the BBC's UK radio services have enjoyed in Wales from the earliest days of DAB development.

This extension of coverage has boosted set ownership in Wales, with more than four in ten households now owning at least one receiver (just below the UK average of 44%)[81].

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.

A radio news solution for commercial and community stations

In terms of content and audience there are at least two significant issues facing radio in Wales: declining local news provision in commercial services, and the unbalanced audience demographics of the two national radio stations, BBC Radio Cymru and BBC Radio Wales.

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.

The existing regulation also currently protects jobs and the economic impact of local services by ensuring that, broadly, stations are based in the areas they serve. Local businesses also use radio as an affordable advertising medium despite the fact that some radio groups do not allocate very much local airtime, preferring to carry UK wide campaigns that offer greater revenue. Looking to the future, the regulatory requirement for stations to be based in a locality, even if a group of stations operate out of a single hub, is important, as it would otherwise be possible to provide 'local content' for Wales from anywhere in the UK.

81 Ofcom Wales CMR, 2014 p71

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's 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.

Wales also needs to consider other possible solutions to the problem of declining local news provision in local radio. For instance, if it becomes clear that the London based radio groups are not interested in providing news for Wales, is there a case for a new digital radio news service to be developed for Wales? Commercial stations operating in Wales are generally profitable and the best commercial FM frequencies in Wales still have significant market value.

The Welsh Government is already a part funder of community radio. It has the locus, therefore, to undertake, in partnership with Ofcom, a feasibility study into a radio news service for the commercial and community radio sectors, building on the concept of an independently financed news consortium (IFNC) devised by Ofcom some years ago as a possible solution to regional news on television. This could be provided through a relatively modest contestable fund. The study should also embrace the potential for alliances between radio and 'hyper-local' online news sites, that are growing in number in Wales.

The news output of such a consortium could be carried on both the commercial and community radio stations in Wales. However, it is unclear whether Ofcom could mandate carriage of the IFNCs content on the commercial radio networks available in Wales without some change in legislation.

Making fuller use of existing BBC Wales news assets

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 5, and almost none at all on Radio 1 and Radio 2, 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 radio networks.

Taking both these recommendations together – for commercial and community radio and BBC Radio – we could find a way of extending public knowledge of Welsh news to a much more diverse audience, perhaps also prompting a healthy reduction in our current heavy dependence on the BBC in radio listening.

Where 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.

Recommendations:

13. The effectiveness of DAB coverage in different parts of the UK should 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.

14. Radio regulation in Scotland, Wales and Northern Ireland, should be devolved to the Ofcom Advisory Committees in each nation, operating under the overall umbrella of Ofcom.

15. The abandonment of local content requirements for DAB services should be reconsidered.

16. The Welsh Government and Ofcom should collaborate to explore the feasibility of a radio-based Independently Financed News Consortium for Wales. This should include consideration of participation by commercial and community stations as well as hyper-local news sites.

17. The BBC should provide an opt-out news service BBC Radio 1 and BBC Radio 2.

18. Some part of the additional funds for BBC Wales should be devoted to strengthening its radio output and creating a flexible mix of on-demand radio output.

7
Adapting to the next digital phase

1-click access to Welsh output

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 migrating away from linear TV - especially among the younger generation - 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."*

PSB sites

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 online 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 a separate iPlayer service for BBC Wales, visible on the main iPlayer site's home page. This would make all output made for the Welsh audience available in one place.

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, Ffilm Cymru Wales. 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.

This is an area where the Welsh Government could get involved, by stimulating interest in developing such a service among Wales' creative industries.

EPG prominence and Smart TV Apps

In the shorter term, it is essential that the current EPG system continues to give prominence to nations' services. In return for providing PSB services, broadcasters currently receive a number of benefits including access to spectrum, a prominent position on electronic programme guides (EPGs) together with, in the BBC's case, funding from the licence fee and, in S4C's case, from both the licence fee and the UK Government.

Prominence on EPGs is an important incentive, particularly for the commercially funded PSBs. But its importance is likely to decline as viewers move away from linear TV towards video-on-demand apps that by-pass the EPG altogether. Users of Smart TVs can now use apps to go directly to their content or service of choice, for example Netflix, Now TV or Amazon Prime.

In order to deliver audiences for advertisers - a central objective of commercial television - app prominence on Smart TVs will become more important than EPG prominence. This trend has important implications for the visibility and accessibility of programmes and services made for audiences in Wales.

The 'gatekeeper' role of Smart TV makers and service providers

In theory, the Internet/world wide web is an open platform and it is possible to access media content through a range of connected devices including laptops, tablets and smartphones. Despite the huge increase in ownership of tablets and smartphones, more recently viewer preference has begun to shift away from smaller devices back to televisions, possible driven by easier access to VOD content due to the development of Smart TVs and services such as Apple TV that enable content from other devices to be displayed on the main screen. The Smart TV is emerging as the device of choice for 'lean back' viewing of long form audio visual content.

Although possible in theory, it is difficult in practice to browse the web in an open fashion on a Smart TV. The gatekeepers determining prominence are now, not the traditional broadcasters but set manufacturers and network operators. Smart TVs enable viewers to watch TV services delivered via broadband, but we should be aware that the manufacturers manage this access by creating a 'walled garden' environment.

All sets sold in the UK offer access to the BBC iPlayer, but for example, Sony Smart TVs do not currently provide access to the ITV Player and All 4. Consumers can also access smart TV functionality via a host of other internet-enabled peripheral devices such as BluRay DVD players. But again it is the manufacturer that decides on the services they provide. Apple TV, provides a host of TV and video on demand services, but it does not include any UK PSB catch-up services, although Netflix and Now TV are available as standard.

It is true that users of Apple TV can view content on their TVs streamed from other Apple devices such as iPhones or iPads, which enable Apps from all the PSBs to be uploaded. But should the service we can access in Wales and the UK be determined by corporations based in California or the far east?

This 'gatekeeper' role exercised by the manufacturers was not envisaged by the 2003 Communications Act and is effectively unregulated. However, it might be possible for the UK Government, possibly in tandem with the EU, to enforce minimum trading regulations on the set manufacturers who wish to sell into European markets, to require them to carry and offer the PSBs apps on each Smart TV platform. If such regulation were possible, it might also offer a way to secure prominence for the PSBs in this new online environment, as an alternative to EPG prominence.

Given the profusion of television services today, it is more essential than ever that programmes and services for Wales, or that matter any other smaller national or regional services, are not placed at a disadvantage in this Smart TV world.

Recommendations:

19. The Government should support the BBC's proposal for an interactive online service for Wales.

20. Separately and/or integrated with the inter-active online service the BBC should create a separate iPlayer service for BBC Wales, also accessible on main iPlayer site's home page. This should act as an aggregator for all content made specifically for the Welsh audiences.

21. Government and Ofcom should explore options for new sources of revenue that could support a contestable production fund whose output would be accessed via the PSB app.

22. A similar approach should be adopted for radio.

23. The UK Government and the devolved administrations, together with the European Commission, should institute an urgent review of current regulations and legislation to ensure that international manufacturers can guarantee a level playing field for public service broadcasters at the sub-national level.

24. In return for gaining prominence for the ITV Player app via Smart TVs, ITV plc, along with UTV and STV, should be mandated to give greater promotion and prominence to its nations and regions programming.

25. Convergence should be encouraged by furthering dialogue between book publishers and video publishers in Wales. Liaison between BAFTA Cymru, the Welsh Books Council and Creative Cardiff suggest a route by which this could be achieved.

8
Devolved decision-making and accountability

The right public service broadcasting solutions for Wales for the next decade will require advances to be made in funding, governance and accountability. These issues have been debated in Wales over a long period of time, as our review of policy development in section 3 makes clear. It is high time action was taken to create a more balanced division of funding and responsibilities between the centre and the smaller nations of the UK.

The regulation and governance of broadcasting is currently spread across two tiers – European and British. The UK's devolved territories are the missing tier. They need to find their place in this system. When we look further afield we see that the UK's media environment is far more centralised than in many other European countries – Germany, Spain and the Netherlands offer sharply contrasting examples.

While we recognise the sense of UK-wide regulation of broadcasting, and the strength that UK-wide organisations such as the BBC can represent, that does not mean that funding and governance cannot be better balanced and shared than at present. This must involve changes to the relationship of Scotland, Wales and Northern Ireland with the two primary organisations – Ofcom and the BBC.

As we have stated earlier it is imperative that the Welsh Government becomes more fully engaged in media policy. Some have advocated the devolution of some responsibilities in the broadcast field – such as responsibility for S4C. But we acknowledge that there is not a consensus in favour of such a proposal. As a minimum the accountability of the public service broadcasters within Wales should be formalised by obliging them to lay annual reports of all their activities relevant to Wales before the National Assembly.

Ofcom

The IWA's evidence to the Silk Commission pointed to "times when Ofcom's central decision making has not seemed to take full account of the strength of opinion [in the nations]". These would include its resistance to Scottish, Welsh and Northern Irish representation on its main Board, a premature acceptance of the erosion of ITV's regional services, and a failure to respond to Wales's distinct needs and circumstances in radio.

We welcome the fact that the UK Government has now agreed that the three nations should be directly represented on Ofcom's main board, as they have been on the BBC Trust and, before that, on the BBC's Board of Governors. Amongst other factors, Scottish, Welsh and Northern Irish representation will strengthen those voices concerned at poor mobile and broadband provision in parts of the country (including areas of England) where the market has been slow or reluctant to provide.

These appointments should be subject to a process of joint appointment by the DCMS and the relevant Minister in the devolved administrations.

We also share the view that the status of the Ofcom Advisory Committees in the nations should be upgraded, to allow them to play a more active role in developing public debate on Wales' needs in broadcasting and telecommunications, as well as performing a decision-making role in radio licensing.

These are fields in which crucial decisions are likely to be taken in the coming years, touching, for instance, on:

- the shape of commercial and community radio and local output requirements

- the place of the nations in converged broadcast systems
- ensuring competitive standards for advanced mobile systems in topographically difficult areas
- ensuring collaboration on roaming between mobile providers
- preventing the hoarding of spectrum, especially in marginal areas
- deciding where assignment of spectrum might be more appropriate than auction.

BBC Governance

As stated earlier in this document, we believe that the services of the BBC need to catch up with the changing nature of the British state. The same is true of the governance of the BBC. The present system provides for excessively centralised, cumbersome and opaque decision-making. 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.

A more federal BBC would, we believe, create a more responsive BBC in the nations, grounding it in the communities it is designed to serve, speeding decision-making, creating more room for innovation, and assisting the BBC to become more adept at the development of partnerships – something to which it aspires but seems to have more difficulty in effecting.

Recommendations:

We would endorse many of the recommendations that the IWA made, via the UK's Changing Union project, to the Silk Commission:

26. **Responsibility for broadcasting and media matters should be shared between the UK Government and the devolved administrations. We reject the notion that nothing in this field should be devolved unless everything is devolved.**

27. **The appointment of the Welsh Member of the BBC Trust (or its successor body) should be subject to the approval of the relevant Welsh Minister – in effect a joint appointment with the DCMS.**

28. Appointment of representatives of Scotland, Wales and Northern Ireland to the Ofcom Board should be subject to the approval of relevant Ministers in the devolved administrations – in effect a joint appointment with the DCMS.

29. The current Audience Councils in Scotland, Wales and Northern Ireland should be replaced by National Broadcasting Trusts, operating under the umbrella of the BBC Trust. The spirit and intent of this recommendation should be implemented whatever changes are made to the governance and regulation of the BBC centrally.

30. These National Broadcasting Trusts should be responsible for the shape and delivery of a national service licence, implying responsibility for the policy, content and allocation of resources for all services delivered solely for audiences in their respective countries.

31. The BBC, the S4C Authority, ITV Wales plc and Channel 4 should be required to lay before the National Assembly for Wales annual reports on all their operations relevant to Wales. The Welsh Government or a Committee of the Assembly should provide a response.

9
Future of the Welsh press, journalism and online

The decline of printed newspapers is a worldwide phenomenon, in which the indigenous press in Wales has taken its share of the pain. The question that we have to ask today is whether the ongoing transition from print to online news will deliver a better overall service to Wales, in terms of the journalistic function of scrutinising the workings of our society and reaching a sizeable portion of the Welsh public.

There is no doubt that print circulations have declined sharply – part and parcel of an international decline in newspaper sales. In Wales the Western Mail has suffered a 52% reduction in its daily circulation since 2008 to 17,815, the South Wales Echo, its sister paper, has fallen by 60% to 18,408. In North Wales the Daily Post has fallen by 33% to 24,485. From having a number of newspapers some decades ago selling between 80,000 and 100,000, the highest selling newspaper in Wales – the Swansea based South Wales Evening Post - can boast a circulation of only 27,589.

Many will argue that this is to concentrate on the past, not on the future. Newspaper proprietors can rightly point to their investments in online provision, and very substantial growth in the usage of those sites. Trinity Mirror's WalesOnline site, for example, counts its monthly unique users in millions - the latest figure not far short of six million. Alongside the BBC it looks set to become the most important online platform for Welsh news.

Two caveats have to be entered. The first concerns measurement, the second concerns journalistic capacity.

During this audit it has been interesting that there is no unanimity about measurement between broadcasters and newspaper owners. Newspapers emphasise monthly averages of unique users. The BBC relies on weekly averages. Its reservations about monthly figures are such that it does not publish them. There is, therefore, no agreed common currency. (The BBC and S4C also differ on the measurement of their television audiences). In the online world, which knows no boundaries, it is also difficult to get to a truly accurate figure about online usage within Wales. This is a crucially important missing fact that needs to be researched First, with online availability knowing no boundaries, it is impossible to tell how many of these 'unique users' reside in Wales. It is an important missing fact, that needs to be researched.

On the other hand, the figures for total unique users, for the sites of both broadcasters and newspapers, are extremely high – the total often being around 20 times larger than the figures for Wales alone. This is a phenomenon that needs interrogation, not in any spirit of criticism, but in order to arrive at accurate measures of the news consumption of the Welsh population.

There is one comforting fact that should not be missed and is a useful corrective to those who hark back to a golden age. The combined reach of the newspaper online sites in Wales each day, probably already exceeds the total daily readership figures for indigenous Welsh newspapers in the pre-digital world. In that sense the digital world has delivered a dividend. The question is, how is it used, how will it be used.

It has often been remarked that newspapers have forsaken 'analogue pounds for digital pennies'. Digital revenues still account for less than 10% of revenues despite the change in readership habits, although Media Wales claims to have done better than that in terms of its own digital revenues. This is partly the result of preference of advertisers for newspaper display advertising that is ill-suited to use on screens and mobile devices.

One effect of the strain put on the financial model of the newspaper industry has been a long, attritional paring away of the journalistic resource throughout the industry. Enders Analysis told the Leveson inquiry that 40 per cent of jobs in the UK regional press had gone in a five-year period. One research study calculated that the number of professional journalists in south Wales had declined from 700 in 1999 to 108 in 2013. It is not possible to validate that figure precisely, but the process has not stopped. It will require further study to determine the precise position regarding the number of professional journalists employed in Wales. Proprietors are coy about these figures.

Quite what this means for the quality and quantity of professional journalistic output in Wales is a more contentious matter. Trinity Mirror, the main newspaper company in Wales, can point to its considerable investment in online, and the creation of a company-wide data research unit that is undoubtedly a tool with huge potential, given the great lakes of accessible data produced by government at all levels and by other public institutions. It is also using data-driven analytical techniques to measure online reading habits with a precision that was impossible in the analogue world.

The use made of such data in shaping the journalism is not without its dangers, with the benefits of accountability and a greater understanding of the customer weighed against the temptation to a more mechanical journalism – editing by algorithm - geared to populist consumer demand rather than more elevated journalistic purposes. Proprietors argue that this danger is overplayed, and that their need to win audiences in the ABC1 social categories, in order to maximize advertising income, means that public service journalism will continue to make economic sense.

There may be some validity in that argument, although it is worth pointing out that, given the relatively small size of Wales and the shape of its economy, the number of people falling into the ABC1 category has never been high enough to enable any of our indigenous newspapers to position themselves higher than the middle of the market.

The greater concern must be for the reducing number of journalists. For instance, concern about the declining coverage of courts and local councils has been widespread in Britain, such that the BBC has recently proposed funding 100 journalists to plug the gap. There can be only two reasons for the gap: either that the media believe they cannot afford enough staff to carry out the task, or that the coverage of courts and councils is generally thought not to interest the public. In many ways we hope it is the former, as there are considerable dangers in allowing these important areas to be neglected. We need our democratic watchdogs. We also need independent newspapers to carry out the robust campaigning function that does not lie easily with the regulatory constraints that surround the public service broadcasters. The absence of such a capacity would represent a major loss not only to individual readers but to civil society as a whole.

Given the ownership models that exist, the financial pressures on the press will remain challenging. Arguably, the newspaper industry is in a transitional phase and it is not yet possible to see when or whether it will find a model that allows for growth and the possibility of developing the consistent level of scrutiny that every corner of our newly empowered polity requires.

A sense of fatalism has crept into the debate on traditional newspapers, because public policy has few or no levers it can pull to improve the situation. Public policy cannot control changing consumer behaviours that are responding to technology. Even National Assembly committees that have looked at the newspaper sector have struggled to come up with recommendations that are other than peripheral.

A further factor is that there would almost certainly be both public resistance, as well as resistance from the press itself, to any notion of public sector support for the industry. This is in contrast to several European countries and, even more surprisingly, the United States (mainly at the individual state level) who have found various ways of assisting the sector. It has to be said that European experience is that various forms of subsidy have not been able to prevent the same kind of circulation decline that we have seen in the UK. Perhaps the mistake has been to try to shore up the old rather than help the new.

There is a model in the Welsh Government's support for the Welsh language news magazine Golwg, and its associated website. But it is difficult to see that being replicated for any English language publication, and not only because of possible complications about state aid.

The BBC and newspapers

In recent years there has been considerable tension between the BBC and the regional and local press who have argued that its online expansion is preventing the fulfilment of their own aspirations. The BBC argues with some force that it has not caused the decline in newspapers, as that decline has been even steeper in the US where there are no public service broadcasters. It says its current share of online news has fallen to 30% as the market has grown, but it does recognise that a gap has arisen in the coverage of public institutions at the local level and says it wants to be part of the solution and become 'a resource for others'.

It proposals comprise three elements:

a. Local accountability Reporting Service

This proposal would see the BBC funding 100 journalists to cover councils, courts and other public institutions, with the output available to the BBC and to other news organisations. It has been reported that the BBC has been in discussion with some newspaper groups, but it is not yet clear to us whether these 100 journalists would be employed by the BBC or would represent a service which local newspapers could bid to supply. Aside from the question of whether 100 would be sufficient to make an impact across the UK, it is difficult to see how local newspapers could be prevented from using such a service as an excuse for further reductions in their own staff. The law of unintended consequences again.

There are fewer objections to the other two proposals:

b. Shared Data Journalism Centre

The BBC says the objective here is to create a world class data journalism facility in partnership with a university, with its output openly available to all UK news organizations. Although there are newspaper groups – Trinity Mirror is one - with the scale necessary to have already done this for themselves, there is everything to be said for using the BBC's critical mass (not to mention its commitment to impartiality) to underpin the analytical capacity of the media as a whole.

c. News Bank

We would fully support the proposal that the BBC should make its regional video and audio content available for immediate use on the internet services of local and regional news organisations.

Hyper-local news

In this transitional phase - when the old commercial models seem to need palliative care, while the new models are unproven and shaky on their feet – the phenomenon of 'hyper-local' websites has drawn a lot of attention. Where capital has wobbled, social capital has come to the fore.

Cardiff University is a major centre for research into hyper-locals. Joint research by Cardiff's Centre for Community Journalism and NESTA points to both the potential and the limitations and vulnerabilities of hyper-locals. On the plus side, their report identified more than 400 hyper-local sites in the UK, with around 30 in Wales - an encouragingly high proportion of the total. Some, as in Port Talbot, are operating where traditional local newspapers have closed and there is no other media presence. There are others in Cardiff, Wrexham and Caerphilly.

Over and above the usual diet of community events, weather and traffic reports, 72 per cent of hyper-local publishers claimed to have joined or supported a local campaign in the last two years. 42 per cent had started their own campaigns. Almost half claimed to have uncovered controversial new information of civic issues.

On the downside most hyper-locals find their operations to be financially challenging, although some do generate enough income to pay their staff modest wages. Often staffed by a mix of voluntary and part-time contributors, with only a leavening of experienced journalists, many claim that lack of time is the biggest obstacle to expansion.

What could be done to encourage this sector? Recent research studies have provided plenty of ideas.

Financial support – The Media Standards Trust pointed to a total investment of £5m in the sector in the UK, mainly from organisations like NESTA, Innovate UK and the Carnegie Trust. In the United States, there has been investment of more than $400m.

The Media Standards Trust believes the UK Government's investment in local television is "technologically myopic, economically unsustainable, and highly unimaginative". It believes that the £15m currently being extracted from the BBC licence fee to subsidise local television should be switched instead to hyper-locals. It has also advocated setting up a challenge competition to develop local news services, with winners receiving between £10,000 and £250,000 depending on the type of product or service.

The Welsh Government should consider creating a challenge competition of this kind for Wales, administered either through the Arts Council of Wales or the Welsh Books Council.

Search Engine Optimisation (SEO) – Many of the hyper-local sites do not command the level of expertise needed to keep up with latest developments in SEO. Other technology companies with the right expertise should be encouraged to partner the hyper-locals. A more systematic advice service could be provided with government support.

Linkage – The BBC could do more to actively link to hyper-local content as well as purchasing material from the sector. The BBC could also open its archive to the hyper-locals as there would be no commercial threat in doing this.

Papurau bro - In Wales, we also need to address the future of the Welsh language *papurau bro*, that anticipated the hyper-locals by some decades. Cardiff University should be asked to devise a project to assist the papers to migrate to online, possibly in partnership with relevant hyper-local sites. This is also an area where the BBC could give additional assistance.

Hybrid solutions

We would add to this list the need to explore the possible linkage between hyper-locals and the community radio sector, and in some circumstances even the commercial radio sector. In Wales we have the paradoxical situation that some of the larger community stations are bigger than some of the smaller commercial stations. With commercial radio, community radio, and hyper-locals all under financial pressure, Wales is an obvious place to experiment with hybrid models.

Recommendations:

32. The Welsh Government and Ofcom should jointly commission a study of the future of local media in Wales to embrace commercial and community radio, local newspapers and hyper-local sites.

    The study should include consideration of

    – the future of FM and Medium Wave transmission in a DAB environment - local content requirements for DAB radio

    – the relationship between commercial and community radio and the possibility of hybrid models

    – the future of papurau bro

    – the likely impact of the BBC's proposals for a shared journalistic resource

33. The Welsh Government should create a challenge fund for the development of local services, administered by the Arts Council of Wales or the Welsh Books Council.

34. The BBC should make its regional and local audio and video content available to newspapers.

10
Employment diversity and training

Diversity

Wales's relatively low percentage of people from minority ethnic backgrounds has made it too easy for the sector to ignore the question of diversity in its workforce. We welcome the fact that the BBC and ITV monitor the composition of their staffs and are prepared to take positive action, but resolving this issue cannot be left to the big employers alone. Because there is no legal obligation on organisations comprising less than 150 staff to monitor their staff composition, it would be easy for trends to go undetected in what is a rather fragmented industry composed of many small companies.

We are surprised that S4C, in particular, should rely on the absence of a legal obligation, to justify not monitoring staff composition. As a publicly funded organisation it not only needs to monitor its own practices, it may also have a wider role to play in monitoring these diversity issues across the companies that it commissions. It would be best if the three public service broadcasters in Wales agreed on how they should monitor the situation within companies that it commissions.

Training

Creative Skillset Cymru believes that if growth within the sector is to continue there is also a challenge for the further and higher education sectors in Wales to ensure the industry relevance of their courses in creative media subject areas. Employers need to be part of the process of developing and delivering such courses.

Creative Skillset has developed various initiatives to try to tackle this issue. For example, it has established and piloted three new Apprenticeship programmes in Creative and Digital Media and Fashion and Textiles, which have delivered an 85% success rate in achieving future employment for those apprentices.

Over 150 apprentices have been trained thus far. It has other apprenticeships it wishes to establish but is hindered by lack of finance. It has also developed and introduced industry-led accreditation of further and higher education courses – awarding them an industry kite-mark called the Creative Skillset Tick. Through Creative Provision, it also ran an FE and HE tutor training programme offering industry-led mentoring to tutors across Wales.

However, Creative Skillset Cymru faces constant challenges, primarily in that it does not receive core or project financing from the Welsh Government. This affects stability and security in terms of what it can offer to the sector. It argues that this does not seem consistent with the Welsh Government's prioritisation of the creative industries sector or with its skills policy (the Skills Implementation Plan 2014) that encourages both industry and government to jointly co-invest in skills. We agree.

Recommendations:

35. S4C should resume immediately the monitoring of its staff composition.

36. BBC, ITV and S4C should agree on a method of monitoring staff composition across the sector and implement it as part of their standard commissioning procedures.

37. The Welsh Government should consult with employers in the sector and agree on a means of co-investing in skills and supporting Creative Skillset Cymru through core and/or project funding.

2015 Wales Media Audit

Annex 1: Review of Policy Development

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Introduction

The aim of this section is to set out and examine the main issues relating to the provision of media in Wales and to summarise the recommendations of key reports produced by:

- National Assembly for Wales
- Welsh Government
- Parliamentary Welsh Affairs Select Committee
- UK Government
- Department for Culture, Media and Sport (DCMS)
- Silk Commission
- St. David's Day Agreement
- Electoral Commission
- Ofcom (including the Advisory Committee for Wales)
- BBC Trust
- BBC Audience Council for Wales and
- IWA Media Policy Group between 2008-15

We have examined the issues raised in many of these reports, as well as relevant academic research. It is evident that a number of key issues keep re-emerging across this range of reports. These include,

- governance
- alternative media structures
- the provision of content for Wales
- the debate on whether responsibility for the media in Wales should be transferred in full or in part from the UK to the Welsh Government

We have also examined issues relating to the provision of journalism in Wales, taking in the debate back in 2009/10 regarding proposals at that time to establish Independently Funded News Consortia (IFNCs). We have studied reports on discussions about the licence fee and PSB funding and on the plurality of news sources in Wales, set in the context of Ofcom's Second Review of Public Service Broadcasting and the uncertainty at the time (2008/9) regarding the future of ITV Wales as a PSB.

Finally, the report notes the lack of prominence to the reporting of Welsh news on the UK networks and the portrayal of Welsh life through non-news programmes on the networks. While acknowledging that they are interrelated, we have also tried to separate out the issue of portrayal from that of network supply by Wales' creative industries.

List of Reports examined in chronological order:

- Electoral Commission (November 2003) *The National Assembly for Wales Elections 2003: The official report and results*, p. 3.
- Electoral Commission (September 2006), *Wales – Poll Position: Public attitudes towards Assembly Elections*, pp. 45-46.
- Broadcasting Advisory Group, Welsh Government (2008) *Communication and Content: The Media Challenge for Wales*.
- IWA (May 2008) Media Audit - *Media in Wales: Serving Public Values*,
- IWA (May 2008), The future of Welsh Broadcasting (*transcript of industry seminar*)
- National Assembly for Wales' Broadcasting Committee (July 2008) *The Future of Public Service Broadcasting in Wales*.
- Ofcom ACW (Dec 2008), 'Consultation Response to Phase Two of Ofcom's Second Public Service Broadcasting Review ' *Preparing for the Digital Future*.
- Ofcom (January 2009) *Ofcom's Second Public Service Broadcasting Review: Putting Viewers First*.
- Welsh Affairs Committee, House of Commons (January 2009) *Globalisation and its impact on Wales*, 2nd Report of Session 2008-09, Volume 1, London: The Stationery Office Limited.
- IWA (April 2009) *English is a Welsh Language: Television's crisis in Wales*
- Welsh Affairs Committee, House of Commons (2009) *Digital Inclusion in Wales*, Thirteenth Report of Session 2008-09.
- DCMS (June 2009), *Digital Britain*, Final Report.
- Welsh Affairs Committee, House of Commons (July 2009) *English Language Television Broadcasting in Wales*, Eleventh Report on Session 2008-09, London: the Stationery Office Limited.
- Ofcom (September 2009) 'Sustainable independent and impartial news; in the Nations, locally and in the regions' *Ofcom's public response to the DCMS Consultation*.
- IWA (September 2009) English language television for Wales (*response to Digital Britain report*)
- BBC Trust *BBC Strategy Review* (March 2010).
- Welsh Affairs Committee, House of Commons (May 2011) *S4C: Fifth Report of Session 2010-12*, London: The Stationery Office Limited.
- Electoral Commission (October 2011) *Report on the National Assembly for Wales General Election* 5 May 2011, p. 14.
- DCMS (Feb 2012) *Consultation on proposals to amend S4C's governance arrangements*
- Task and Finish Group, National Assembly for Wales (May 2012), *Communities, Equality and Local Government Committee*.
- IWA Media Policy Group (March 2013), 'Devolution and the Media', (Submission to the Silk Commission.
- Commission on Devolution in Wales, Silk II (March 2014) *Empowerment and Responsibility: Legislative Rowers to Strengthen Wales*.

- Moore, M., Media Standards Trust (October 2014) *Addressing the Democratic Deficit in Local News through Positive Plurality*.
- Channel Four (2014) 'Britain's Creative Greenhouse' Report and Financial Statements 2014
- Ofcom (2014) *Communications Market Report for Wales*.
- S4C (May 2014) Dyfodol Teledu Cymraeg - The Future of Welsh Language Television
- BBC (2015) *BBC Annual Report and Accounts 2014-15*
- BBC Trust (2015) *Wales Annual Review*.
- Crabb, S., HM Government (2015) *Powers for a Purpose: Towards a Lasting Devolution Settlement for Wales*, St David's Day Agreement.
- DCMS (2015) *BBC Charter Review: Public Consultation*, 16 July - 8 October 2015.
- DCMS (July 2015) *TV Licence Fee Enforcement Review*.
- S4C (July 2015) *2014/15 S4C Annual Report, p.13 and S4C (July 2014) 2013-14 S4C Annual Report*.

Governance and Accountability

Following on from 2008, there has been much public discussion about whether responsibility for broadcasting in Wales should be devolved to the Welsh Government, either in full or at least in part.

As has been noted[82], the weakening media provision in Wales and the reduced provision of public service broadcasting pose challenges for the Assembly and Government. In response some have suggested that responsibility for the provision of Welsh language television could be transferred from the DCMS to the Welsh Government. In 2013 the IWA Media Policy Group took the view that, "*the exclusion of the devolved administrations from any real power in the field of broadcasting and media does not accord with the spirit of devolution, and is no longer justified*". In its conclusion, it recommended that:

- Responsibility for broadcasting and media matters needs to be shared between the UK Government and the devolved administrations.
- Responsibility for S4C should be transferred from the DCMS to the Welsh Government, along with the current DCMS budget of £7 million (but outside the Barnett formula).
- The Chair and members of the S4C Authority should be appointed by the relevant Welsh Minister. [The Welsh Affairs Parliamentary Select Committee[83] asked the Government to consider the appointment to the S4C Authority of individuals of sufficient independence and stature, noting that the management team responsible for the day to day operation of the channel, should comprise only S4C personnel.].
- The appointment of the Welsh member of the BBC Trust should be subject to the approval of the relevant Welsh Minister – in effect a joint appointment with the DCMS [also recommended by the Broadcasting Committee[84], which additionally proposed that Wales' senior manager should be a member of the BBC's executive board].
- The current Audience Councils in Scotland, Wales and Northern Ireland should be replaced by National Broadcasting Trusts, operating under the umbrella of the BBC Trust. [The Silk Commission[85] recommended that National Broadcasting Trusts should replace the BBC's Audience Councils in the devolved nations and should have responsibility for policy, content and allocation of resources for all

services delivered solely for audiences in their respective countries].

- Representatives of Scotland, Wales and Northern Ireland should be appointed to the main board of Ofcom, and that their appointment should be subject to the approval of the relevant Ministers in each of the devolved administrations [also recommended by the Broadcasting Committee[86] and the Silk Commission[87]. In addition, the Broadcasting Committee[88] favoured a separate Memorandum of Understanding between the Welsh Government and Ofcom.].

- That responsibility for the development of local and community radio policy and licensing in Wales be transferred to the Ofcom Advisory Committee for Wales, suitably renamed.

- That responsibility within the Welsh Government for broadcasting and for Welsh language issues should be combined within a single culture portfolio. [Earlier, the Assembly's Task and Finish Group[89] proposed that the Welsh Government should make representations to the UK Government to include specific Welsh language duties for Ofcom in the Communications Bill.]

- That civil service support for the future broadcasting functions of the Welsh Government should be combined with the support functions in the creative industries and telecommunications fields[90]. [The Broadcasting Committee[91] suggested that the Welsh Government should develop a communications strategy to work collaboratively with broadcasters, regulators, specialist companies and higher educational institutions.]

Although the 2014 Silk Commission supported the Welsh Government involvement in the appointment of the Wales representative on the BBC Trust and on the Ofcom Board and the transfer of DCMS's S4C funding to the Welsh Government, it clearly stated that the regulation of broadcasting should remain the responsibility of the UK. This is now reflected in the St David's Day agreement:

> *2.8.3 The UK Government agrees that broadcasting should be regulated at the UK-level given the important role broadcasters play in the cultural life of the United Kingdom and the scale at which the sector operates in the digital age. But we also recognise the need for broadcasting to reflect the different national and regional identities within the UK, including, in Wales, the key role that Welsh language broadcasting plays in sustaining and developing the use of the language. […]*
>
> *2.8.6 The UK Government agrees that the interests of Wales in developing Ofcom policies could be strengthened further. This should be done by conferring a power on Welsh Ministers to appoint one member of the Ofcom board who is capable of representing the interests of Wales. The Welsh Ministers would be required to consult the Secretary of State before making the appointment. This would help ensure the board continues to function effectively as a whole*[92].

However, the UK Government did not accept the Silk Commission's recommendation that responsibility for S4C should be devolved to the National Assembly for Wales. As has been noted[93], the cuts at S4C and in the DCMS grant for that body was a critical point for debate about Assembly powers in this area. This is reflected in the Welsh Affairs Parliamentary Select Committee's[94] suggestion that the S4C Authority should appear annually before the relevant National Assembly Committee and that any future Broadcasting Bill should address the relationship between DCMS, Welsh Government and S4C. In response, Hugh Mackay (2015) favours the formal engagement of the Assembly with the work of Ofcom[95].

According to Section 33 of the 1998 Government of Wales Act[96], the Assembly may consider, and make representations about any matter affecting Wales including broadcasting. However, as noted by the Welsh Affairs Committee[97], it took a decade for "the National Assembly for Wales [to establish] its own scrutiny committee to consider the future of public service broadcasting in Wales".

During 2012 the Assembly's Task and Finish Group[98] recommended that the Welsh Government should commission a review to map the media needs in Wales across all sectors, including existing and developing technologies. The Government accepted this recommendation, but there is no evidence that such an exercise has been conducted as yet. The Task and Finish group also recommended the establishment of an independent forum to advise on policy and matters across all sections of the media in Wales. Although this was rejected, the Welsh Government agreed to keep these issues under review. Instead, a Broadcasting Advisory Panel was established under the umbrella of the pre-existing Creative Industries Panel[99]. This panel did not publish any reports and it is not known what advice it has tendered to Ministers. It ceased to exist in 2013.

The Licence Fee and PSB Funding

Many of the debates about the licence fee have focused on how some of the funding destined for the BBC could be used for other purposes. At different points this has included the creation of contestable funds to promote programme making and content production outside the BBC (Contained Contestable Element of the Television Licence Fee) or facilitating the digital switchover (Digital Switchover Help Scheme and Marketing) and after the end of the process, proposals for how the under-spend should be used. The Broadcasting Committee (2008, Recommendation 13), for instance, suggested that some of this funding should be made available partly to fund PSB provision beyond the BBC and across different media in the UK[100].

In the *Digital Britain* (2009) report the UK Government confirmed its interest in funding Independent Funding News Consortia (IFNC) pilots between 2009-2012 and proposals for supporting funding a Broadband Universal Service Commitment[101]. Ben Bradshaw, the Secretary of State for Culture, Media and Sport during 2009-10, added that a 'small part' of the so-called 'digital switchover surplus' from the licence fee (c3.5%) would fund Channel 3 (IFNC) news pilots in Scotland, Wales and England[102]. The IFNC concept was abandoned by the new Coalition Government in favour of creating a tier local television stations.

In 2010, the newly elected Coalition Government also announced a new BBC partnership and funding model for S4C:

> *The Government announced in the licence fee settlement and Comprehensive Spending Review in October 2010 that the BBC would provide funding to S4C of £76.3m in 2013/14 and £76m in 2014/15, with the Government providing funding of £6.7m in 2013/14 and £7m in 2014/15. On 24 October 2011, the BBC Trust decided that subject to agreement on governance and accountability, it would provide the further following amounts of funding from the licence fee to S4C: in 2015/16 £75.25m and in 2016/17 £74.5m.*[103]

The Operating Agreement - subsequently agreed between the BBC Trust and the S4C Authority - aimed to secure S4C's editorial, operational and managerial independence, while ensuring the Trust could secure value for money for licence fee payers. This was confirmed by the two most recent S4C Annual Reports, which have included statements to this effect by the BBC Trust[104]. Responding to this issue, the Welsh Affairs Parliamentary Select Committee suggested[105] that the DCMS should work together with S4C and the BBC to minimise cuts to S4C's funding, increase its licence fee income (portion) and guarantee a long term funding formula.

Plurality and the Democratic deficit

In the years immediately following our previous media audit in 2008 much of the debate on plurality continued to be around English language news provision, particularly on television in Wales. This was mainly because of concerns that ITV could hand back its Channel 3 licence for Wales and the West of England. Analysis by Ofcom suggested that the costs associated with providing the Channel 3 service exceeded the financial benefits of holding the licence, which included the requirement to provide news, current affairs and other programmes for viewers in Wales. However, following Ofcom's Second PSB review in 2009, ITV agreed to maintain the Channel 3 service but with reduced public service commitments for ITV Wales[106]. As noted by the Welsh Affairs Parliamentary Select Committee, during 2009 it seemed likely that ITV would not be able to maintain its service[107]. Two years later, ITV promised to maintain the present level of programming for Wales recognising the value of national programming, [as the Broadcasting Committee[108] had recommended to Ofcom] and in 2014, ITV renewed its PSB licence[109], but following an Ofcom consultation in the run up to renewal, the new licence is specifically for Wales, and no longer includes the west of England.

Under the threat of ITV Wales' anticipated decline, both the Broadcasting Advisory Group[110] and Ofcom Advisory Committee for Wales[111] proposed the establishment of new Welsh-based funding bodies in Wales - the **Wales Media Commission** and the **Broadcasting Commission for Wales** respectively - with a shared responsibility for Wales within the UK framework and the capacity to respond to rapid technology changes.

The desire for new sources of funding is also evident in the Welsh Affairs Parliamentary Select Committee 2009 reports: *Digital Inclusion in Wales* asked for a Licence Fee consultation by the Government to identify sources for funding[112] and *English Language Television Broadcasting in Wales* urged the Government to consider the growing information gap for the English speaking audience in Wales and to identify sources of funding[113].

Both the proposed **Wales Media Commission** and the **Broadcasting Commission for Wales** aimed to support the creation of a new English-language channel for Wales. The Broadcasting Advisory Group suggested that S4C's characteristics of a national television service should inspire any future development of English-language television in Wales[114], but it clearly stated that S4C should continue as a predominantly Welsh-language broadcaster dedicated to its core purpose. This was also recommended by the Broadcasting Committee[115]. The Welsh Affairs Parliamentary Select Committee recognised the importance of retaining "*a multi-platformed, multi-media broadcaster/publisher, which is answerable to Welsh audiences, and commissions and broadcasts Welsh language content only*"[116].

In response to these concerns, many welcomed Ofcom's[117] 2009 suggestion of independently funded news consortia (IFNCs) as a good solution for addressing the 'democratic deficit'. The IFNCs were specifically targeted at Wales, Scotland and Northern Ireland [also recommended by the second PSB review (2008)] - "*as a new model for public service broadcasting, providing effective and healthy competition for the BBC*"[118]. However, on 8 June 2010, the then DCMS Secretary of State, Jeremy Hunt dropped the IFNCs plans in favour of superfast broadband and local television, despite Ofcom's[119] concerns of possible transitional financial issues for the Channel 3 licensees until IFNCs funding were secured[120]. As the Broadcasting Advisory Group suggested, competitive tendering aimed at providing plurality and enhancing programming in English from Wales could generate new thinking and new solutions[121].

Alongside the recommendations for a new funding body and English-language channel, there have been regular calls for an all Wales licence for ITV/Channel 3 by the following bodies:

- Ofcom Advisory Committee for Wales (Ofcom ACW Phase 1 and 2)[122],
- Broadcasting Committee (2008)[123],
- Broadcasting Advisory Group (2008)[124],
- National Assembly for Wales (2012)[125].

Although the *Digital Britain* White paper (2009) focused on issues of plurality of public service content, particularly in the nations in the digital age, it did not recommend removing the Channel 3 Licensees' obligations to provide news for the nations and regions before 2012[126]. However, it did consider the possibility of future discussions leading to the creation, in 2014, of a specific Channel 3 Licence for Wales.

Recent studies on plurality and the 'democratic deficit' in Welsh media have focussed on topics of community journalism and the rise of hyperlocals in Wales. However, as noted by Moore in a paper for the Media Standards Trust, "*there is a slowly growing network of hyperlocals, and many are performing important community and democratic functions, but the network is far from universal and is varied in both depth and quality. A 2013 study identified 496 active hyperlocal sites across the UK. These are not spread consistently across the UK. In the whole of Wales there are fewer than 30 hyperlocal sites.*"

However, the Centre for Community Journalism, Cardiff University has attempted to map the location and number of hyperlocal sites in Wales[127]. The map can be found at,

http://www.communityjournalism.co.uk/find-a-hyperlocal/

Moore goes on to argue that "*there is a window of opportunity for the UK government to seed, through a independently run competition, a flowering of innovation in news and information and civic technology at a local level, without spending a penny of taxpayers' money*". He suggests that as global emerging technologies advance, "*the opportunity for innovation and growth will decline as non-UK technology platforms further colonise local media space. As listings and advertising migrate further to Google My Business and Adsense, or to Facebook and its related mobile platforms, it will become harder for independent local media to thrive. The same local media provision will become heavily reliant on foreign delivery platforms.*[128]"

Provision of News and Current Affairs

In the absence of a dedicated national press in Wales and limited radio services, television historically filled the gap and developed as the main source of news for people living in Wales. 53% of respondents to Ofcom research cited television as their main source of local news followed by the Internet (13%) and radio/newspapers (12%)[129]. This issue has been discussed extensively in academic publications (O' Malley, 2005[130] and 2011[131]; Thomas and Davies, 2008[132]; Cushion *et all*, 2009[133]; Roberts, 2013[134]).

With the exception of ITV Wales' news provision, the BBC, through its radio and television services, is arguably the only institution and news provider of any real scale in Wales. The challenge has always been to maintain a sufficiently resourced competitor to the BBC and, ideally, encourage a range of voices to report and comment on the civic, cultural and political life in Wales. There is also a need to provide sufficient scrutiny of the actions of the Welsh Government, local authorities and other public bodies serving Wales. According to the Media Standards Trust, "*the number of professional journalists reporting on local news has plummeted in the last decade. There are now areas of the UK where there is virtually no professional news reporting at all. Local Councils now regularly go unattended and unreported.*[135]" This has become more evident as the pace and scope of devolution has increased, and the lack of coverage of Welsh life outside Wales has raised concerns about a 'democratic deficit', as well as the need to maintain plurality in broadcasting and radio in both news and non-news programmes.

Ron Jones, Executive Chairman of the Tinopolis group and Chair of the Welsh Government's Creative Industries Panel argued in 2011 that cuts by ITV and BBC in Wales, the lack of consultation on the DCMS proposals for local news consortia, S4C's increasing links with the BBC (S4C news is provided by BBC Cymru Wales) and the weak press in Wales were all factors that threatened democracy in Wales.

The 2011 Electoral Commission report recognised the problems with news reporting in Wales as part of its discussions about the lack of coverage of the Assembly elections[136], where many prefer to get their news from UK-based sources (nearly 90% of the population read London-based newspapers).

The Commission argued that coverage of National Assembly elections (2003, 2006, 2011) had been sporadic, of a poor quality[137] and treated by media as a 'second-order election'[138] than a general election. Although the Electoral Commission[139] undertook a multi-media public information campaign in Wales, using television, radio, online and print advertising to inform people about the 2011 National Assembly for Wales general election and the UK-wide referendum, the low prominence of the Assembly elections in the media continued to be an issue. According to the 2011 Electoral Commission report, this is partly due to the absence of national daily newspapers and a Welsh version of BBC Newsnight (unlike Scotland which has a dedicated version of the programme). During 2014, a campaign group made a call for Wales to get its own edition of Welsh-language and English-language Newsnight[140]. Additionally, the 2003 Electoral Commission report proposed that broadcasters should use more populist, tabloid and satirical style coverage of the Assembly elections to reach and attract younger audiences[141].

While BBC is the main source for news coverage and ITV retains its current audience, news and current affairs need to be better resourced, as recommended by the Broadcasting Advisory Group[142]. This is exacerbated by the absence of a competitive pan-Wales national press[143], which according to Hugh Mackay[144] is less feasible now than it was in 1996. Recurring rounds of redundancies and cost reductions have led to a sharp reduction in journalist posts and an increase in syndicated material[145]: "*In south Wales, for example, the number of editorial and production staff at Media Wales dropped from almost 700 in 1999 to 136 in 2010*" (Media Standards Trust, 2014, p. 7).

In response to the increasing journalist job cuts, the National Assembly for Wales (2012) recommended that the Welsh Government should engage with newspaper companies when jobs are to be lost or newspapers to be closed[146].

Recognising the issue of quality in journalism, the 2010 BBC strategy review[147] noted that part of the BBC's long-term strategy is to "*enhance the quality and range of journalism that reflects the whole UK through a portfolio of UK-wide, nations and local news services.*" This is reflected in the 2015 BBC Annual Report and Accounts:

> *Councils reported strong appreciation for locally produced TV output in Scotland, Wales and Northern Ireland, and in the English regions, welcomed investment and innovation in high-quality journalism regional current affairs and digital services.*[148]

BBC Cymru Wales is using updated technologies, including apps, to attract younger audiences. As Tony Hall's[149] (2015) speech in Cardiff notes, "*the Internet is changing audience habits*" and "*we must make the transition to an internet-first BBC, across all our genres and services*". BBC Wales' online news and sport services, for instance, attract around 4 million visitors per week across a range of devices (Hall, 2014)[150].

The Internet offers a platform to existing broadcasters and newspapers, allowing multiple voices and alternative media services to grow, enhancing plurality in the provision of information. While online newspapers and blogs have rapidly increased, newspapers and local groups have also increased the volume of content carried. Media Wales' WalesOnline.co.uk set up its own community news site for Cardiff - posting reports and activities online. Although many of these blogs are highly professional, one should not overestimate the quality of journalism of those sources as some of them are about lifestyle rather than news[151].

The Broadcasting Advisory Group argued that the interactive character of the Internet has increased the need to engage the public and the civil society in an open and deep discussion across all media about the development of journalism and the future of news and current affairs provision in Wales[152].

Although the BBC Audience Council for Wales (2014/15) recognises improvements in network news output, it is still concerned that news about Wales is not accurately portrayed in key UK's news programmes:

To give one example, the Council is particularly concerned at the possibility that audiences in Wales could be better informed about the NHS in England than the NHS in Wales as a result of BBC Network News' lack of attention to the latter.[153]

The paucity of Radio 2's coverage of Wales also raises concerns (BBC Audience Council for Wales, 2014/15).

Portrayal on UK Media, Network Supply and the Creative Industries

"*A nation needs its own fiction. It is for this reason that many countries have used fictional narratives to create a self-image*" (Castelló 2007: 49)[154].

In addition to the lack of Wales-based news, there is also an absence of non-news content about Wales in programmes produced by the London-based broadcasters [the need for broadcasting to reflect the different nations is now reflected in the St David's Day Agreement (2015)[155]]. It is important to distinguish between issues of portrayal of Wales on the networks and the need for broadcasters and independent producers based in Wales to secure network supply commissions. While the two issues are interconnected, the former is concerned with 'cultural inclusion', representing Welsh life to a wider audience, while the later is a matter of economic development.

As Tony Hall (2014) argues, "*the vitality of any nation must surely rest on more than its journalism*". The Broadcasting Advisory Group[156] (2008, p. 13) suggested that "*the main UK networks, including C4, must be incentivised to show programmes that retain a Welsh 'sense of place' alongside a wider appeal*". This was also recommended by the Broadcasting Committee[157].

The issue of representation has been discussed extensively in academic publications:

- Jewell, 2009[158];
- Blandford, 2010[159];
- Blandford and Lacey, 2011[160];
- Blandford and McElroy, 2011[161];
- McElroy, 2011[162]

In 2008, the Broadcasting Committee[163] recommended that ITV and Channel 4 should increase their network production targets from Wales. This was also proposed by the Broadcasting Advisory Group[164]. The Committee also recommended that Ofcom and the Welsh Government should set targets for all PSB channels[165] and encourage independent production in Wales[166].

The 2010 BBC strategy review[167] (2010, p. 15) committed to support the creative industries across the UK:

50% of network television programmes will be made outside London by 2016, with 17% made in Scotland, Wales and Northern Ireland. 40% of radio spend will be outside London by 2016. New creative centres of excellence across the UK [in North of England, Glasgow, Cardiff and Belfast] will in turn help to improve the way that the BBC reflects different parts of the country, as well as benefiting their surrounding areas.[168] [suggested by the Broadcasting committee[169]].

This is now reflected on the 2015 BBC strategy review:

"*The BBC continues to exceed its 2016 target of 50% out of London with 17% spent in Scotland, Wales* *and Northern Ireland. This is important because it brings economic benefits to the whole of the UK, and we have seen encouraging progress in creating sustainable creative economies outside London*[170]."

However, this strategy review signally failed to address the question of services within the nations. This led to a published correspondence (www.clickonwales.org 6.10.10) between the IWA and the then Chairman of the BBC Trust, Sir Michael Lyons.

The Broadcasting Advisory Group had earlier noted the need for a re-balancing between UK services and the nations (especially for ITV and C4) and suggested that its model of a Wales Media Commission would secure a richer diet of programming for Wales

The Broadcasting Committee (2008, p. 70) recommended that BBC's network production in Wales should also be opened up to the independent sector, rather than just to in-house BBC producers. It also *called* for an annual assessment and monitoring report of BBC's portrayal of Wales on network output by the Welsh Government

Ron Jones (2011) criticised the BBC's approach, noting that the choice of high cost drama and the absence of other genres creates an unbalanced television economy: "*the BBC could use its commissioning muscle in Wales and its route to market to operate more effectively than at present*".

According to the 2015 BBC strategy review,

"*the BBC was at the heart of national life in Wales throughout 2014/15, providing coverage of the Dylan Thomas centenary celebrations, Wales' success at the Glasgow Commonwealth Games, comprehensive live coverage of the Six Nations and Autumn International matches and wide-ranging analysis of the Scottish referendum and its implications for Wales. The Dylan Thomas season was the most ambitious cultural season ever produced by BBC Wales.*"[171]

However, the BBC's Audience Council for Wales (2014/15) is still concerned with the issue of portrayal of Wales on the wider BBC UK-wide Network[172].

The 2014 Channel 4's Annual Report also committed to support the creative industries across the UK:

While the TV production sector is highly London-centric, it is important that Channel 4's commissions come from companies based all over the UK. For only the second time since 2008, more than half of all first-run originations on Channel 4's main channel were sourced from suppliers based outside London. While there were declines in the proportions of out-of-London commissions on the main channel by both volume (down by 3 percentage points to 52%) and value (down by 3 percentage points to 43%), both figures are still higher than in any previous year going back to 2008.[173]

According to the report, although the total investment in Wales fell by 22% ('The largest component of expenditure in the Nations, £16 million, was spent in Scotland, 18% up on 2013. A further £4 million was spent in Wales, 22% down year-on-year. The remaining £1 million was spent in Northern Ireland, 59% down on the 2013 figure.'[174]), programming from Wales increased from 29 to 30 hours[175].

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The Silk Commission's Recommendations:

Number	Silk Commission's Recommendation
19	The regulation of broadcasting should remain the responsibility of the UK Government.
20	On the BBC, we recommend: a. the creation of a devolved governance body within the UK Trust framework with powers to provide oversight and scrutiny of BBC outputs in Wales; and b. the appointment of the representative of Wales to overall BBC governance body should be by formal agreement between the Welsh and UK Governments.
21	On S4C, we recommend: a. within the framework that the bulk of funding should continue to be met from the licence fee, responsibility for funding the public expenditure element of S4C should be devolved to the National Assembly for Wales; and b. in the meantime the appointment of the S4C Authority members by the UK Government should require Welsh Government agreement.
22	The interests of Wales should be represented on the Ofcom board through a board member with specific responsibility for representing Wales.
23	Public service broadcasters of specific content to Wales should provide an annual report on performance to the National Assembly for Wales, including more transparent data on trends in Welsh broadcasting output.

WISERD

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Annex 2: Members of IWA Media Policy Group

Members of IWA Media Policy Group

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- Geraint Talfan Davies
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- Hannah Raybould
- Hywel Wiliam
- Dr Jamie Medhurst
- Lee Waters
- Peter Edwards
- Dr Rhodri ap Dyfrig
- Dr Ruth McElroy
- Prof Emeritus Tom O'Malley
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