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Welsh Affairs Committee

English Language Television Broadcasting in Wales

Eleventh Report of Session 2008–09

*Report, together with formal minutes, oral and
written evidence*

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The Welsh Affairs Committee

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Summary

This Report was prompted by a high degree of concern amongst Welsh MPs about the cuts being undertaken by ITV Wales, particularly in relation to news output and current affairs. Our timing was influenced by the need to respond quickly and by the fresh developments in government policy, which are spelt out in the *Digital Britain Final Report* published in June. That report covers a range of issues including policy on telecommunications, intellectual property, broadcasting and the Internet. In a separate Report we will be addressing the issue of digital inclusion and the challenges facing Wales in this regard, but in this Report, we concentrate only on the issue of English-language broadcasting with an emphasis on news output.

Because of the sustained drop in advertising revenue for television, it seems inevitable that there will be further cuts in output unless alternative finance can be made available, and we sought evidence both on the nature and the impact of changes in the independent television market, which have been accelerated by the recession. This has raised considerable concern about the potential lack of diversity in the provision of television news in English for an audience in Wales. At present the BBC provides a wide range of news and current events programmes on radio and on television in English, complemented by television programming from S4C and radio broadcasting by BBC Radio Cymru for the Welsh speaking audience. But it seems probable that viewers will effectively have no choice in English language television news broadcasting in Wales from 2010, largely because of the financial difficulties facing ITV.

There is a deficit in the broadcasting of non-news television programmes for an English speaking audience in Wales. Again the BBC and S4C provide a range of quality programming for the 20% of the population who speak Welsh, but the outlook for locally-produced and locally-focussed programming other than that broadcast by the BBC is bleak for the 80% English speaking audience in Wales.

The Government must urgently consider the lack of specifically Welsh broadcasting services for English-speakers in Wales, and identify ways to address the shortfall.

In the past the majority of television production has been based in London and the south east of England. Wales's share of the rest of the production is disappointingly low. We warmly applaud the BBC's commitment to moving a significant amount of its programme production out of the south east of England, and its development of a drama centre near Cardiff. However, there seems little prospect of other English language broadcasters providing a market for arts, drama or children's programming produced in Wales unless some creative and innovative means of encouraging such developments is found.

1 Introduction

1. We undertook this short inquiry in response to significant concerns about the provision of English language programmes for the television audience in Wales. The future status of English-language television broadcasting in Wales has been raised in Ofcom’s Second Public Service Broadcasting Review *Putting Viewers First*¹ and in reports published by the Broadcasting Committee of the National Assembly for Wales² and the Welsh Assembly Broadcast Advisory Group.³ The Government has commented on this issue in *Digital Britain Final Report*.⁴

One of the five objectives in *Digital Britain* is: “UK content for UK users: content of quality and scale that serves the interests, experiences and needs of all UK citizens; in particular impartial news, comment and analysis”.⁵

2. Ofcom published its second Public Service Broadcasting Review, *Putting Viewers First*, on 21 January 2009. It made recommendations on “what we believe is required to fulfil a vision of diverse, vibrant and engaging public service content enjoyed across a range of digital media, which complements a flourishing and expansive market sector”.⁶ Its four top priorities were:

To maintain the BBC’s role and funding for its programmes and services at the heart of the overall system.

To support investment in and wide availability of high quality original programming and UK and international news, by positioning the Channel 3 and Channel 5 services as commercial networks with a limited public service commitment, with modest licence benefits balanced by appropriate obligations on a sustainable basis.

To plan now to ensure the supply of a choice of high quality news alongside the BBC in the devolved nations and English regions. This should include developing proposals for a new approach based on independently funded news consortia.

To ensure there is a financially robust alternative provider of public service content alongside the BBC, with Channel 4 at its heart, preferably based on partnerships, joint ventures or mergers, with the scale necessary to sustain effective delivery of public purposes across digital media. A new remit, governance and accountability will be essential.

1 *Ofcom’s Second Public Service Broadcasting Review: Putting Viewers First*, Ofcom, 21 January 2009

2 *The Future of Public Service Broadcasting in Wales*, Broadcasting Committee, National Assembly for Wales, July 2008

3 *Communication and Content: the Media Challenge for Wales*, Report for the Minister of Heritage, Welsh Assembly Broadcast Advisory Group, November 2008

4 Department for Culture, Media and Sport and Department of Business, Enterprise and Regulatory Reform *Digital Britain: Final Report*, Cm 7650, June 2009

5 Department for Culture, Media and Sport and Department of Business, Enterprise and Regulatory Reform *Digital Britain: The Interim Report*, Cm 7548, January 2009

6 *Ofcom’s Second Public Service Broadcasting Review: Putting Viewers First*, Ofcom, 21 January 2009

It concluded that “Decisions on many of these matters are needed within the next year, as the current model of commercial public service broadcasting is clearly no longer sustainable”.⁷

3. In a report published last year the Broadcasting Committee of the National Assembly for Wales raised concerns about the situation of English language television broadcasting in Wales.⁸ In addition a report prepared for the Welsh Assembly Government Minister for Heritage at the National Assembly for Wales,⁹ said:

This is a once in a generation opportunity to define what should be the appropriate scale and range of English language television provision for Wales, as well as to ensure continued plural provision of well-resourced journalism.

The National Assembly for Wales Communities and Culture Committee agreed “that longer-term alternative funding and commissioning structures must be found to ensure the continuation of PSB [Public Service Broadcasting] provision.”¹⁰

4. These reports indicate a substantial shrinking and disaggregation of the commercial television sector in the UK and the possible contraction of public service obligations as a consequence. We therefore announced our inquiry which focussed on three key themes:

- plurality in the provision of news in English for viewers and listeners in Wales;
- the cultural deficit in the broadcasting of Welsh culture in English for an audience in Wales, particularly in drama, light entertainment and music and arts; and
- the geographical imbalance of production in UK broadcasting.

We held one oral evidence session on 5 May 2009 when we took evidence from Ofcom Wales, S4C, ITV and the BBC. On 19 May 2009, during the Committee’s separate inquiry into digital inclusion, we took the opportunity to ask Lord Carter of Barnes, Parliamentary Under-Secretary of State for Communications, Technology, and Broadcasting, about the future of English language television broadcasting in Wales. We invited written evidence on this inquiry and received 9 submissions, which are appended to this report.

7 *Ofcom’s Second Public Service Broadcasting Review: Putting Viewers First*, Ofcom, 21 January 2009

8 *The Future of Public Service Broadcasting in Wales*, Broadcasting Committee, National Assembly for Wales July 2008

9 *Communication and Content: the Media Challenge for Wales*, Report for the Minister of Heritage, Welsh Assembly Broadcast Advisory Group, November 2008

10 National Assembly for Wales Communities and Culture Committee Inquiry Report *Public Service Broadcasting in Wales*, June 2009

2 Plurality in the provision of news

5. The provision of an alternative voice to that of the BBC in television news broadcasting in English for a Welsh audience is under particular threat. Sustainable news services and a plurality in the provision of news services in English for a Welsh audience have been identified in the recent report by Ofcom¹¹ and in the UK Government's *Digital Britain Final Report*¹² as being essential, though presenting challenges:

[The BBC's partnerships in kind are welcome] But on their own they may well be insufficient to meet the scale of the challenge facing public service provision, particularly in Nations, regional and local news where rival news agendas and journalistic inquiry are central to pluralism¹³

It will also be important to examine whether the proposals [for a partnership between the BBC and ITV] can represent a sustainable basis to provide regional news in the longer-term. Even with the BBC partnership, there will be continued pressures on ITV plc to reduce its investment in regional news and rely increasingly on BBC resources. This may present risks to the quality of output and also to the choice of news provision which is valued by viewers and important for our democracy.¹⁴

6. In 2009, ITV Wales will produce 4 hours of national news a week, including *Wales Tonight* and bulletins throughout the day and at weekends.¹⁵ In its report, the Welsh Assembly Government Broadcasting Advisory Group concluded that: "Plurality in the provision of news is essential to avoid a near-exclusivity of reporting of Wales by the BBC, and in order to access different audiences".¹⁶

7. All the evidence we have received indicates that there is significant risk to plurality in the provision of news in English for viewers and listeners in Wales; *Digital Britain Final Report* acknowledges "The Government believes that the market alone will not provide plurality in the ownership, commissioning, editorial and production of public service content that remains essential. That is particularly true of news."¹⁷ In evidence submitted to the Committee on the threat to the 'second voice' in news broadcasting, Ofcom said: "the situation is quite grave".¹⁸

8. The rapid downward trend in English language broadcasting in Wales and in particular the difficulties facing ITV mean that the BBC will soon become the only provider of television programmes for an English-speaking audience in Wales. S4C

11 *Ofcom's Second Public Service Broadcasting Review: Putting Viewers First*, Ofcom, 21 January 2009

12 Department for Culture, Media and Sport and Department of Business, Enterprise and Regulatory Reform *Digital Britain: Final Report*, Cm 7650, June 2009

13 *ibid*

14 *Ofcom's Second Public Service Broadcasting Review: Putting Viewers First*, Ofcom 21 January 2009

15 Ev 35

16 *Communication and Content, the Media Challenge for Wales*, Report for the Minister for Heritage, Welsh Assembly Government Broadcasting Advisory Group, November 2008

17 Department for Culture, Media and Sport and Department of Business, Enterprise and Regulatory Reform *Digital Britain: Final Report*, Cm 7650, June 2009

18 Q3

provides a comparable alternative service for the 20% of the population who speak Welsh and English but there is a serious threat to the range of programming available to the 80% who speak only English.

ITV licence

9. In part, the current problems in provision of plurality in news provision are a result of ITV's financial difficulties. In its written evidence to us ITV stated "This year, ITV is facing one of the most severe economic challenges in its history"¹⁹ and added:

We have noted with interest Ofcom's proposal for a new contestable funding arrangement for regional news from 2011, and we believe that Government should take rapid steps to implement it. Indeed, given the economics of ITV's Channel 3 licences, we believe that Government should consider implementation even more rapidly than Ofcom suggests—from as soon as possible in 2010.²⁰

ITV confirmed in oral evidence that ITV may stop providing a regional news service as soon as 2010.²¹

Partnership between ITV and the BBC

10. One option to assist in the future sustainability of regional news is a partnership proposal between ITV and BBC. On 12 March 2009 the BBC and ITV signed a Memorandum of Understanding to help deliver cost savings for regional news on ITV1.²² The possibilities include co-location of ITV and BBC regional news centres and bureaux, sharing technical facilities and resources and pooling some of the video pictures gathered by BBC crews for use in ITV's regional services. The BBC's view is that the partnership would be:

...a long term important contribution, certainly not as a stopgap just for a year or something like that, no. We would see it as a long term contribution to enabling provision of news at a regional and local level across Wales but across, obviously, the English regions as well, whether through ITV production or whoever.²³

However, ITV acknowledged that partnership with the BBC would not necessarily provide a sustainable, independent second news service, saying "the options with the BBC would not, in the short term or the long term, provide a sustainable service".²⁴ In its submission ITV adds "The partnership would also raise serious editorial concerns around the scheduling of ITV's regional news bulletins".²⁵

19 Ev 35

20 *ibid*

21 Q64

22 Joint press release from the BBC and ITV, 12 March 2009

23 Q92

24 Q66

25 Ev 35

11. We appreciate that editorial independence could well be compromised by any substantial sharing of facilities by ITV with the BBC, unless careful and sophisticated arrangements can be designed in order to separate news-gathering and operational considerations from the commissioning of programming and editorial responsibilities. However, there has been little real evidence of competition between ITV News and BBC News in Wales, leading to serious differences or diversity in news coverage. The proposed partnership between ITV and BBC may have some merit, but would not necessarily guarantee genuine plurality and diversity for the long term.

S4C

12. The situation in Wales is complicated by the presence of S4C as a public corporation funded in part by the Government. S4C provides a range of non-news programmes, including children's programmes, for the Welsh speaking audience. At present it also broadcasts English-language programmes from Channel 4 at times of day when it is not being used for Welsh-language programmes. When all terrestrial broadcasting in Wales becomes digital, this English-language element of S4C's output will disappear.²⁶

13. In response to Ofcom's review, S4C submitted a proposal for a News Pilot. Under the News Pilot, S4C would appoint a news provider or providers by means of an open and contestable tender process. S4C would deliver and manage the tender, and appoint the news provider. The news service would be broadcast on ITV Wales. Costs would be met by additional public funding. In evidence to us Ofcom said "Whether the proposal from S4C is the one that is taken forward by DCMS is not really a question for us, but what is important to viewers in Wales, as in other parts of the UK, is that a way of maintaining plurality in news provision is found and is found quickly. When we talk about 'quickly' what we mean is by next year".²⁷

14. Following publication of the Government's *Digital Britain Final Report*, the Department for Culture, Media and Sport has issued a consultation seeking "views on the proposal to provide top-up funding for news consortia through a contained, contestable element to be introduced to the next licence fee settlement in 2013 and on alternative sources of funding".²⁸ This may open up the possibility of other suppliers submitting proposals, given that there is now some indication from the Government on how the news pilots would be funded.

15. There has been some criticism that parts of S4C's submission to Ofcom, detailing the proposals for the News Pilot, were redacted for publication. For example the National Union of Journalists argued:

26 Ev26; *Communication and Content, the Media Challenge for Wales*, Report for the Minister for Heritage, Welsh Assembly Government Broadcasting Advisory Group, November 2008

27 Q11

28 Department for Culture, Media and Sport, *Consultation on sustainable, independent and impartial news in the Nations, locally and in the regions*, Press Notice June 2009

It is not currently possible to form a view on which policy should be followed in ensuring choice and plurality for the citizens of Wales and the rest of the UK for the following reasons:

S4C have refused public access to much of their proposals for English and Welsh language news services...

We are concerned that S4C's secret submission to Ofcom PSB 2 might be adopted by the *'Digital Britain'* inquiry with a pilot scheme based on the proposal, despite the absence of any meaningful consultation.²⁹

16. We recognise that in tendering situations companies may wish to keep commercial information confidential. **However a proposal which would involve S4C becoming the recipient of additional public funding needs to be subject to public scrutiny and examination by this Committee in particular. We cannot accept a situation in which proposals of such significance are kept secret and we strongly recommend that the Department for Culture, Media and Sport require their publication in full. Such proposals have the potential to affect adversely the current arrangements between the BBC and S4C. Indeed, any such arrangement would require a significant change in S4C's governance arrangements. These issues are therefore not matters for S4C to address alone. It follows that any new partnership between ITV and S4C would require serious public debate and scrutiny.**

17. We would have welcomed an opportunity to consider other proposals for alternative English language television news services for consideration alongside that submitted by S4C; but we did not receive any evidence indicating that there is at present any serious competition to the S4C proposal.

18. **The problem of plurality of news services in English for the English-speaking audience in Wales is immediate but we recognise that existing plurality has not generally delivered competition in news coverage, nor helped to drive up news quality although it may have prevented standards slipping. S4C's experience and established history in Wales, together with its practical propositions, may be the way forward but any involvement in English-language broadcasting could well compromise S4C's core Welsh language role and cannot be supported in advance of a review of S4C's governance which fully takes account of such a proposal. On the other hand, additional Government support for the public service broadcasting to the English speaking majority should not be jeopardised because of the public funding already directed to Wales through S4C.**

19. **In *Digital Britain Final Report* the Government noted that "convergence is blurring the distinction between audio-visual and text in broadcasting, print, online and cross different platforms".³⁰ The availability of news from these diverse sources, together with the news provided by local radio stations, should be seen as potential providers of**

29 Ev 36

30 Department for Culture, Media and Sport and Department of Business, Enterprise and Regulatory Reform *Digital Britain: Final Report*, Cm 7650, June 2009

plurality in news provision, rather than considering the S4C proposal to be the only option.

Democratic deficit and devolution

20. Much of the evidence submitted to us stated that there is an identifiable democratic deficit in Wales. The BBC:

...agrees that Wales faces a growing 'information gap', characterised chiefly by:

The high penetration of London-based print media, and a weakening indigenous newspaper market;

The declining contribution of ITV Wales across English language news and non-news provision; and

The generally poor portrayal of Wales across UK PSB and commercial networks, which the BBC is addressing through a substantial increase in targets for network TV production from the nations.³¹

The Report of the Welsh Assembly Government Broadcasting Advisory Group concluded that:

The democratic and cultural deficit described in this report is of sufficient seriousness for it to command a very high level of priority and urgency in the formulation of Government policy, as it considers the future of PSB.³²

21. In his evidence, Lord Carter of Barnes, Parliamentary Under-Secretary of State (Communications, Technology, and Broadcasting), said:

...I believe it is a truth that is identifiable, that the role of independent competitive media alongside the BBC in the nations, particularly where there are devolved governments, is particularly important because it does fuel democratic debate and discussion, and it gives a competition of voices on very important issues.³³

22. Our witnesses argued that the need for more than one voice in the provision of news services in English is even greater since devolution of powers to the National Assembly for Wales. Ofcom supported this view:

In the ten years where we have had devolution, where perhaps it has been paramount for the nation to have a national Wales conversation, for there to be pan-Wales programming that people access and talk about, we have not had that. It is incredibly serious for Wales and it is something that we have underlined at every point.³⁴

31 Ev 20

32 *Communication and Content, the Media Challenge for Wales*, Report for the Minister for Heritage, Welsh Assembly Government Broadcasting Advisory Group, November 2008

33 Uncorrected transcript of oral evidence taken before the Welsh Affairs Committee on 19 May 2009, HC 305-vii, Q445

34 Q13

23. In our view there is an existing ‘democratic deficit’ in the Welsh media, which is likely to be exacerbated by a decline in plurality. This is of particular concern as there will be a general election within the next year, the period in which Ofcom has said “the situation is quite grave”.³⁵

24. Whatever the solution, it is essential that the ‘information gap’ in Wales is addressed promptly, and the people of Wales given access to a range of news sources. We believe that much of the coverage of political debate in Wales by both ITV Wales and BBC is of relatively poor quality. This will not be addressed merely by maintaining plurality of service, but the loss of television news and current affairs programming on ITV Wales could make the situation even worse.

Funding

The Government acknowledged in *Digital Britain Final Report* that

The Government believes that the market alone will not provide plurality in the ownership, commissioning, editorial and production of public service content that remains essential. That is particularly true of news. It is important for civic society and democracy for people to have a range of sources of accurate and trustworthy news at all levels, local, regional and in the Nations as well as UK-wide and international news that is guaranteed, beyond market provision. The *Digital Britain* consultation suggested this may be also true of children’s content.

[But] it is evident that changes in the marketplace arising from audience fragmentation, ever-increasing inventory in the market and the impact on advertising price structures from the enormous growth in online advertising mean that commercially-provided local and regional news and news in the Nations, across all media – radio, newspapers, online and television – is facing an acute challenge. Unaided, there will be a substantial diminution in the range and quality of sources of commercially provided local, regional and Nations news.³⁶

25. The Government accepts that funding sources need to be identified to meet the shortfall from broadcasting franchises and advertising revenues, but that “In the current public expenditure climate further calls on the Exchequer could not be contemplated, even if it were appropriate for Government to fund news in the UK directly”.³⁷ The Government’s proposal is that “The funding therefore needs to come in some form from the existing public investment made through the Television Licence Fee, either directly or indirectly.”³⁸

26. We note that the Government

35 Q3

36 Department for Culture, Media and Sport and Department of Business, Enterprise and Regulatory Reform *Digital Britain: Final Report*, Cm 7650, June 2009

37 *ibid*

38 *ibid*

...will be open to other ideas and proposals in the consultation period which meet the objectives of maintaining a strong, independent BBC, while providing a sufficiency of sustainable contestable funding to support public service content, particularly in local, regional and Nations news.³⁹

Radio

27. The Committee did not take evidence on the provision of English language radio programming in Wales, although we acknowledge that there is considerable diversity in the provision of news on national and local radio in Wales. The Committee will comment further on radio provision in Wales in its Report on Digital Inclusion in Wales.

28. It is beyond the scope of our inquiry to comment on plans for the use of the licence fee, but we note that the Government has acknowledged that the issue of funding for plurality in news and non-news provision in the nations must be addressed, and we hope this will be the subject of widespread debate.

29. Listeners in Wales who speak both Welsh and English have access to a range of news sources in both languages on radio and television, but it is clear that the options available to the English-language audience will be seriously limited if ITV Wales' news services are curtailed. We are greatly encouraged by the fact that the *Digital Britain Final Report* addresses the broader issues of lack of plurality in the provision of news and current affairs at the level of the nations and regions as well as making reference to the issues in terms of local broadcast news and information. Whilst the report does not address the specific problems of Wales in terms of the Welsh and English languages, it does provide a way forward in terms of plurality of television news provision. The same is true of the Department for Culture, Media and Sport's consultation document.⁴⁰ We therefore recommend that the Government urgently considers the growing information gap for the English speaking audience in Wales and identifies the necessary sources of funding to provide a second high quality English news service in Wales should ITV prove unable to maintain its service, as seems likely.

39 Department for Culture, Media and Sport and Department of Business, Enterprise and Regulatory Reform *Digital Britain: Final Report*, Cm 7650, June 2009

40 Department for Culture, Media and Sport, *Sustainable independent and impartial news; in the Nations, locally and in the regions*, 30 June 2009

3 Cultural deficit

30. The evidence we have received has highlighted that there is almost a complete lack of alternative non-news television programming produced in Wales for an English-speaking audience. In its evidence ITV said “ITV Wales produces 1.5 hours of non-news programming, which is mostly current affairs and a weekly arts programme”.⁴¹ ITV said that

...there is a funding issue in the future for non-news programmes on ITV. Because of the question where is the money going to come from ITV cannot afford to carry on funding those programmes because the old commercial model is broken, and that threat is probably more to non-news than to news.⁴²

31. Ofcom agreed that there was a threat to ITV, but thought it unlikely that ITV would provide the necessary slots, or periods of time in their schedules, to allow any general non-news programming supplied by other providers. Mr Rhodri Williams, Ofcom’s Director for Wales said, “I do not think we are ever going to go back to the days when there were four and a half hours of general programming [for Wales] available within the ITV schedule. I do not think that is a possibility at all”.⁴³ He added “These are challenging circumstances the like of which we have not seen in Welsh broadcasting since television first came to Wales”.⁴⁴

32. The Government raises the specific issue of children’s programming in *Digital Britain Final Report*:

What is clear is that, based on the evidence produced by Ofcom and others, including respondents to the *Digital Britain Interim Report*, there is widespread agreement across Government, Parliament, regulators and consumers that there is a market failure that needs to be addressed, despite the large volume of programming currently available (30 dedicated channels).

That is because the reality is that fewer than one in five hours of children’s programming broadcast is made in the UK, with less than 1% made up of new UK originations.⁴⁵

33. English-speaking Welsh children also need access to programmes which reflect their culture. S4C provides a range of popular programmes for Welsh-speaking children, but in Wales this genre is neglected by English-language television broadcasters other than the BBC. We heard no evidence to suggest that there is any prospect of a change in this situation.

41 Ev 35

42 Q73

43 Q21

44 Qq15 - 16

⁴⁵ Department for Culture, Media and Sport and Department of Business, Enterprise and Regulatory Reform *Digital Britain: Final Report*, Cm 7650, June 2009

34. We were given some indication that S4C are looking at possibilities in the area of non-news television programming for the English-speaking audience in Wales. S4C said “we have been looking at all possibilities in terms of programming”,⁴⁶ but we heard no convincing evidence that there will be any short-term increase in provision of non-news English-language television programming produced for a Welsh audience. Statements such as these are unconvincing and as with S4C’s news proposals any such changes would require major changes in the governance of S4C.

35. The Government has recognised a UK-wide cultural gap in its *Digital Britain Final Report*

The emerging gaps in market provision are concentrating in particular on News in the Nations, regionally and locally, on material for older children including online content, and hard factual and documentary. Ofcom in their Statutory Review also identify other potential gaps, such as high-end drama and original comedy and satire and more generally, content that falls under the banner of innovative. However, in an era of limited funding, it is critical to distinguish between where plurality is desirable and where it is essential and to focus public intervention on the latter.⁴⁷

36. We consider that the situation is even more stark in Wales, where the evidence we have received has highlighted that there is almost a complete lack of alternative non-news programming produced in Wales for an English-speaking audience.

37. Our colleagues on the National Assembly for Wales Communities and Culture Committee also expressed their concern about the portrayal of Wales in the network

We recommend that Ofcom holds the main PSB providers to minimum targets of network output from Wales of 5% of qualifying output.

Progress towards this should be monitored by Ofcom, the Assembly Government, and the National Assembly for Wales

We recommend the Welsh Assembly Government commissions an annual assessment of the portrayal of Wales on network output by each of the main PSB broadcasters (BBC, ITV, Channel 4, S4C and Five), including news provision⁴⁸

38. The BBC produces a range of high-quality non-news broadcasting on television as well as radio but there is clearly no likelihood of this being increased substantially to fill the gap that seems likely to arise from the projected reduction in the output of ITV Wales. We appreciate that there needs to be a balance between addressing the needs of audiences in the other Nations—and indeed the needs of the Regions of England—and meeting the needs of audiences in Wales. Nevertheless it is a simple fact that, in terms of broadcasting in Wales, the need to address Welsh-language requirements places additional burdens on any broadcasting budget. This has been recognised by successive Governments as has been

46 Qq 49 - 56

47 Department for Culture, Media and Sport and Department of Business, Enterprise and Regulatory Reform *Digital Britain: Final Report*, Cm 7650, June 2009

48 National Assembly for Wales Communities and Culture Committee Inquiry Report *Public Service Broadcasting in Wales*, June 2009

demonstrated most specifically in the support enjoyed by S4C and Radio Cymru. The emergence of gaps in market provision as a result of the drop in ITV's income have been recognised in general terms in *Digital Britain* and in the DCMS consultation paper, but we seek reassurance that the needs of the English-language audience in Wales are fully understood. **We believe that it is important to address quite explicitly the need to protect the provision, range and development of non-news broadcasting for those in Wales who are not Welsh-speaking rather than to assume that they are catered for adequately.**

4 The geographical imbalance in TV production in the UK

39. Most television programmes are made in London and the south-east:

In 2006 the five terrestrial channels broadcast 15,738 hours of UK first-run network programming (excluding News). London accounted for 11,023 (70%) of these hours, with the English Regions contributing 4,408 hours (28%), Scotland 183 hours (1.2%), Wales 106 hours (0.7%) and Northern Ireland 18 hours (0.1%).

Total spend on UK first-run network programming (excluding News) is estimated at £2.2 billion in 2006, with London accounting for £1.4 billion (65%). The English Regions contributed £705 million in 2006 (32%), with Scotland accounting for £39 million (1.8%), Wales for £23 million (1%) and Northern Ireland for £3 million (0.1%). London accounted for 69% of spend in 2004 and 2005.⁴⁹

40. The imbalance of television production across the UK was noted in evidence submitted to us. Equity said “The latest available figures for the production across the UK as a whole would seem to endorse the view that there is an imbalance and on current trends it is growing not narrowing”.⁵⁰ It added:

The Nations and Regions Report issued by PACT, the independent producers’ association, in November 2008 shows that of the 5929 hours produced out of London in 2007 by the five main broadcasters, only 413 were produced in the three nations and the share in Wales was 99 hours. This represented a fall of 20 hours from 119 the previous year. ITV1 failed to source any network programmes from Wales for the second year running.⁵¹

We note that since the publication of the PACT report quoted by Equity, the imbalance is being addressed by the BBC, including a major shift of production to Salford.

41. Alun Davies AM, Chair of the National Assembly for Wales’ Broadcasting Committee which reported on the future of public service broadcasting in Wales in July 2008, says in his submission to the Committee: “Despite the presence of a strong independent production sector in Wales, there are few major commissions or productions made in Wales”.⁵² Equity noted the BBC’s commitment to increasing production in Wales, but commented that “Commissioning in the nations by the other main broadcasters however remains a cause of concern.”⁵³

42. In our recent inquiry into Globalisation and its impact on Wales we were impressed by the quality of independent production in Wales.⁵⁴ 35% of the hours commissioned for

49 *The Production Trend Report for Out of London*, Producers Alliance for Cinema and Television (PACT), January 2008

50 Ev 31

51 *ibid*

52 Ev 30

53 Ev 31

54 Welsh Affairs Committee, Second Report of Session 2008-09, *Globalisation and its impact on Wales*, HC 184

English-language programmes by BBC Wales are from the independent sector.⁵⁵ However we did not receive any evidence to lead us to believe that such levels of commissions for Welsh producers, or indeed any at all, will be made for English-language programming by other broadcasters.

43. ITV did not rule out commissioning work from Welsh producers, but said that ITV commissioned on the basis of a meritocracy,⁵⁶ and “we certainly would say to any independent producer in Wales we are open for business, we want good ideas and if they are good ideas that will do good business for ITV1 or any of the ITV digital channels we will be delighted to hear them”.⁵⁷ ITV thought that the reason for the imbalance was “there is the S4C market and BBC Wales do commission a lot in Wales, so there is much more opportunity available for producers in Wales than in other parts of the country”.⁵⁸

44. Channel 4’s spend in Wales is small, £0.3 million in 2008. In its written evidence Channel 4 recognised that there are “specific strategic issues affecting production in the devolved nations” and detailed their commitment to strengthening their role by “spending at least 3% of total programming expenditure in the nations by 2012” and “establishing a Nations Pilot Fund of £1million to address the lack of critical mass in the production sector in the devolved nations.”⁵⁹ While these efforts are welcome, the effect for Welsh producers is likely to be limited.

45. The BBC broadcasts a wide range of programmes which are made in Wales. In its evidence the BBC said:

BBC Wales has become a centre of excellence for drama, factual and music programming for the BBC’s TV networks, producing programmes such as Doctor Who, Tribe, Torchwood, Sarah Jane Adventures, Amazon (produced for BBC Wales by Indus Films), Merlin (produced for BBC Wales by Shine) and many other shows.⁶⁰

Ms Clare Hudson, Head of Programmes, English language, BBC Cymru Wales, said “some of the things that I am certainly most proud of and the most successful things that BBC Wales has done over the last few years have been local commissions”.⁶¹

46. The BBC Trust has identified a target of 17% of production to be moved to the Nations by 2016:

In 2008, the BBC Trust announced that, by 2016, at least 17% of all network TV production will be commissioned from the nations. As part of this plan, BBC Wales aims to double its share of network production to at least 5% by 2012. Last month, the BBC announced that the BBC One network drama *Casualty* would relocate to

55 Q116

56 Q79

57 Q80

58 Q81

59 Ev 26

60 Ev 20

61 Q104

the Cardiff area as part of the corporation's plans to further strengthen drama production in Wales.⁶²

47. The BBC is rightly proud of its drama studios complex in the Cardiff area:

At the peak of production, BBC Wales' drama studio complex is home to more than 400 artists, writers, editors, technicians, designers and producers. The success of BBC Wales' network production has enabled more long-term talent planning. From the outset, BBC Wales was determined to showcase and develop the brightest and most creative Welsh talent, rather than just importing experienced production staff from elsewhere.⁶³

48. We are pleased with the BBC's commitment that "For Wales one of their specialist areas that they will be building is drama; the build is not alone on *Casualty* growth, that is in order to create a drama community of real substance but it comes on the back of five years ... where BBC Wales has enjoyed enormous success in terms of drama through *Dr Who* and *Torchwood*".⁶⁴

49. BBC Wales' growth in production in Wales is encouraging. We also note ITV's interest in Welsh producers, but in view of their current financial situation we are not optimistic that ITV will be in a position to commission a significant amount of new work from any source. Although the BBC's development in Wales is welcome, we note that it is to some extent at the expense of other regions, for example *Casualty* is being re-located from Bristol.

50. We hope to see further movement of TV production for all channels from the south east of England to the regions and nations, but we also hope not to see a concentration of activity in south east Wales, at the expense of the rest of Wales. We welcome the BBC's commitment that "we will endeavour to commission as much as we possibly can from areas outside Cardiff if the ideas are there and if the companies are there to make them".⁶⁵ We encourage all commissioners of programmes to consider the whole of Wales when planning their production activities.

62 Ev 20

63 *ibid*

64 Q114

65 Q113

5 Department for Culture, Media and Sport's Consultation

51. On 30 June 2009 the Department for Culture, Media and Sport announced a consultation on *Sustainable independent and impartial news; in the Nations, locally and in the regions*. We are therefore taking this opportunity to respond to the questions asked in that consultation as follows:

Question 1: Do you agree that securing plural sources of impartial news for the Nations, locally and in the regions should be a key priority?

52. The Committee will be submitting a copy of this Report to the Department as its contribution to the consultation. It is clear from our inquiry that securing plural sources of impartial news for the Nations must be a key priority. The situation in Wales is critical as ITV's financial difficulties means television viewers will effectively have no choice in English-language television news broadcasting in Wales from 2010. There is an acknowledged democratic deficit in Wales demonstrated by a lack of quality coverage of political issues.

Question 2: Do you agree that sustainable, impartial news in the Nations, locally and in the regions is likely to require some top-up public funding?

53. From the evidence we received it looks extremely unlikely that the provision of quality sustainable, impartial news in Wales in the current climate will be met by commercial sources alone, indeed it seems likely that the issues facing commercial broadcasters means that the current situation is likely to decline even further. The Government must therefore urgently consider the lack of services for English-speakers in Wales and identify sources of funding to address the shortfall.

Question 3: Do you agree that the Television Licence Fee should be used to support impartial news in the Nations, locally and in the regions in addition to BBC services?

Question 4: Do you agree that any funding within a contained contestable element of the television licence fee not required for impartial news should potentially be available to fund other forms of essential public service content, or should such funding be limited to news?

Question 5: Are there alternative funding mechanisms that you believe would deliver the above objectives more effectively?

Question 6: Do you agree with the proposal to set a maximum percentage of Television Licence Fee revenue which could be set aside as a contained contestable element?

Question 7: Do you agree that amending the BBC Agreement could provide the necessary protection to the BBC's future funding and independence?

Question 8: Do you agree that the use of any contained contestable element within the Television Licence Fee should be restricted to the public purposes set out in the BBC Charter?

54. The Committee did not take evidence on the future use of the licence fee, as it was outside the remit of our inquiry. However we will carefully consider the Government's response to the consultation, in particular to decisions made regarding broadcasting for all audiences in Wales.

6 Conclusion

55. We are deeply concerned about the current and future status of English-language television broadcasting in Wales, particularly in the provision of news. It is clear to us that plurality is under serious threat and that unless the outlook for ITV's finances changes viewers will effectively have no choice in English-language news broadcasting in Wales from 2010. The Government must urgently consider the lack of services for English-speakers in Wales and identify sources of funding to address the shortfall. We are disappointed that the lack of diversity provided for the English speaking Welsh audience has not been identified by the Government, and that there were no concrete proposals along with funding options in the *Digital Britain Final Report* to meet the short term identified need.

Conclusions and recommendations

Plurality in the provision of news

1. The rapid downward trend in English language broadcasting in Wales and in particular the difficulties facing ITV mean that the BBC will soon become the only provider of television programmes for an English-speaking audience in Wales. S4C provides a comparable alternative service for the 20% of the population who speak Welsh and English but there is a serious threat to the range of programming available to the 80% who speak only English. (Paragraph 8)

Partnership between ITV and the BBC

2. We appreciate that editorial independence could well be compromised by any substantial sharing of facilities by ITV with the BBC, unless careful and sophisticated arrangements can be designed in order to separate news-gathering and operational considerations from the commissioning of programming and editorial responsibilities. However, there has been little real evidence of competition between ITV News and BBC News in Wales, leading to serious differences or diversity in news coverage. The proposed partnership between ITV and BBC may have some merit, but would not necessarily guarantee genuine plurality and diversity for the long term. (Paragraph 11)

S4C

3. A proposal which would involve S4C becoming the recipient of additional public funding needs to be subject to public scrutiny and examination by this Committee in particular. We cannot accept a situation in which proposals of such significance are kept secret and we strongly recommend that the Department for Culture, Media and Sport require their publication in full. Such proposals have the potential to affect adversely the current arrangements between the BBC and S4C. Indeed, any such arrangement would require a significant change in S4C's governance arrangements. These issues are therefore not matters for S4C to address alone. It follows that any new partnership between ITV and S4C would require serious public debate and scrutiny. (Paragraph 16)
4. The problem of plurality of news services in English for the English-speaking audience in Wales is immediate but we recognise that existing plurality has not generally delivered competition in news coverage, nor helped to drive up news quality although it may have prevented standards slipping. S4C's experience and established history in Wales, together with its practical propositions, may be the way forward but any involvement in English-language broadcasting could well compromise S4C's core Welsh language role and cannot be supported in advance of a review of S4C's governance which fully takes account of such a proposal. On the other hand, additional Government support for the public service broadcasting to the English speaking majority should not be jeopardised because of the public funding already directed to Wales through S4C. (Paragraph 18)

5. In *Digital Britain Final Report* the Government noted that “convergence is blurring the distinction between audio-visual and text in broadcasting, print, online and cross different platforms”⁶⁶. The availability of news from these diverse sources, together with the news provided by local radio stations, should be seen as potential providers of plurality in news provision, rather than considering the S4C proposal to be the only option. (Paragraph 19)

Democratic deficit and devolution

6. Whatever the solution, it is essential that the ‘information gap’ in Wales is addressed promptly, and the people of Wales given access to a range of news sources. We believe that much of the coverage of political debate in Wales by both ITV Wales and BBC is of relatively poor quality. This will not be addressed merely by maintaining plurality of service, but the loss of television news and current affairs programming on ITV Wales could make the situation even worse. (Paragraph 24)

Funding

7. It is beyond the scope of our inquiry to comment on plans for the use of the licence fee, but we note that the Government has acknowledged that the issue of funding for plurality in news and non-news provision in the nations must be addressed, and we hope this will be the subject of widespread debate. (Paragraph 28)
8. Listeners in Wales who speak both Welsh and English have access to a range of news sources in both languages on radio and television, but it is clear that the options available to the English-language audience will be seriously limited if ITV Wales’ news services are curtailed. We are greatly encouraged by the fact that the *Digital Britain Final Report* addresses the broader issues of lack of plurality in the provision of news and current affairs at the level of the nations and regions as well as making reference to the issues in terms of local broadcast news and information. While the report does not address the specific problems of Wales in terms of the Welsh and English languages, it does provide a way forward in terms of plurality of television news provision. The same is true of the Department for Culture, Media and Sport’s consultation document.⁶⁷ We therefore recommend that the Government urgently considers the growing information gap for the English speaking audience in Wales and identifies the necessary sources of funding to provide a second high quality English news service in Wales should ITV prove unable to maintain its service, as seems likely. (Paragraph 29)

Cultural deficit

9. We believe that it is important to address quite explicitly the need to protect the provision, range and development of non-news broadcasting for those in Wales who

⁶⁶ Department for Culture, Media and Sport and Department of Business, Enterprise and Regulatory Reform *Digital Britain: Final Report*, Cm 7650, June 2009

⁶⁷ Department for Culture, Media and Sport, *Sustainable independent and impartial news; in the Nations, locally and in the regions*, 30 June 2009

are not Welsh-speaking rather than to assume that they are catered for adequately. (Paragraph 38)

The geographical imbalance in TV production in the UK

10. We hope to see further movement of TV production for all channels from the south east of England to the regions and nations, but we also hope not to see a concentration of activity in south east Wales, at the expense of the rest of Wales. We welcome the BBC's commitment that "we will endeavour to commission as much as we possibly can from areas outside Cardiff if the ideas are there and if the companies are there to make them".⁶⁸ We encourage all commissioners of programmes to consider the whole of Wales when planning their production activities. (Paragraph 50)

Conclusion

11. We are deeply concerned about the current and future status of English-language television broadcasting in Wales, particularly in the provision of news. It is clear to us that plurality is under serious threat and that unless the outlook for ITV's finances changes viewers will effectively have no choice in English-language news broadcasting in Wales from 2010. The Government must urgently consider the lack of services for English-speakers in Wales and identify sources of funding to address the shortfall. We are disappointed that the lack of diversity provided for the English speaking Welsh audience has not been identified by the Government, and that there were no concrete proposals along with funding options in the *Digital Britain Final Report* to meet the short term identified need. (Conclusion)

Formal Minutes

Tuesday 14 July 2009

Members present:

Dr Hywel Francis, in the Chair

David T C Davies
Nia Griffith
Alun Michael

Albert Owen
Hywel Williams

Draft Report (*English language television broadcasting in Wales*) proposed by the Chairman, brought up and read.

Ordered, That the Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 55 read and agreed to.

Summary agreed to.

Resolved, That the Report be the Eleventh Report of the Committee to the House.

Ordered, That the Chairman make the Report to the House.

Written evidence was ordered to be reported to the House for printing with the Report, together with written evidence reported and ordered to be published on 5 May.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned until Thursday 16 July at 9.30 am

Witnesses

Tuesday 5 May 2009

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Mr Rhodri Williams , Director, Wales, Ofcom, Ms Sue Balsom , Content Board Member for Wales and Mr Hywel Wiliam , Head of Broadcasting and Telecommunications, Wales, Ofcom	Ev 1
Mr John Walter Jones , Chair, S4C Authority and Ms Iona Jones , Chief Executive, S4C	Ev 5
Mr Michael Jermey , Director of News, Current Affairs and Sport, and Mr Elis Owen , National Director, ITV Wales	Ev 9
Mr Mark Byford , Deputy Director-General, BBC, Ms Menna Richards , Director, BBC Cymru Wales and Ms Clare Hudson , Head of Programmes, English Language, BBC Cymru Wales	Ev 13

List of written evidence

1	Memorandum submitted by the BBC	Ev 20
2	Memorandum submitted by Channel 4	Ev 26
3	Memorandum submitted by Alun Davies AM	Ev 30
4	Memorandum submitted by Equity	Ev 31
5	Memorandum submitted by the Institute of Welsh Affairs	Ev 33
6	Memorandum submitted by ITV	Ev 35
7	Memorandum submitted by the Wales Executive Council of the National Union of Journalists	Ev 36
8	Supplementary memorandum submitted by the National Union of Journalists	Ev 40
9	Memorandum submitted by S4C	Ev 40
10	Supplementary memorandum submitted by S4C	Ev 42

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First Report	Cross-border provision of public services for Wales: Further and higher education	HC 57
Second Report	Globalisation and its impact on Wales	HC 184 –I, II
Third Report	Proposed National Assembly for Wales (Legislative Competence) (Agriculture and Rural Development) Order 2008	HC 5
Fourth Report	Work of the Committee 2007-08	HC 252
Fifth Report	The provision of cross-border health services for Wales	HC 56
Sixth Report	Proposed National Assembly for Wales (Legislative Competence) (Social Welfare) Order 2009	HC 306
Seventh Report	Legal Services Commission Cardiff Office	HC 374
Eighth Report	Potential Benefits of the 2012 Olympics and Paralympics for Wales	HC 162
Ninth Report	The proposed National Assembly for Wales (Legislative Competence) (Welsh Language) Order 2009	HC 348
Tenth Report	Cross-border provision of public services for Wales: Transport	HC 58
Eleventh Report	English Language Television Broadcasting in Wales	HC 502
First Special Report	The proposed draft National Assembly for Wales (Legislative Competence) (Housing) Order 2008: Government Response to the Committee's Seventh Report of Session 2007–08	HC 200
Second Special Report	Cross-border provision of public services for Wales: further and higher education: Government Response to the Committee's First Report of Session 2008-09	HC 378
Third Special Report	Proposed National Assembly for Wales (Legislative Competence) (Agriculture and Rural Development) Order 2008: Government Response to the Committee's Third Report of Session 2008-09	HC 410
Fourth Special Report	Globalisation and its impact on Wales: Government Response to the Committee's Second Report of Session 2008-09	HC 538
Fifth Special Report	The National Assembly for Wales (Legislative Competence) (Social Welfare) Order 2009: Government Response to the Committee's Sixth Report of Session 2008-09	HC 605
Sixth Special Report	Legal Services Commission Cardiff Office: Government Response to the Committee's Seventh Report of Session 2008-09	HC 825

Session 2007-08

First Report	Energy in Wales: follow up inquiry	HC 177
Second Report	The proposed Legislative Competence Order in Council on additional learning needs	HC 44
Third Report	Work of the Committee in 2007	HC 325
Fourth Report	The proposed National Assembly for Wales (Legislative Competence) Order in the field of social welfare 2008	HC 257
Fifth Report	The proposed draft National Assembly for Wales (Legislative Competence) (social welfare and other fields) Order 2008	HC 576
Sixth Report	The provision of cross-border health services for Wales: Interim Report	HC 870
Seventh Report	The proposed draft National Assembly for Wales (Legislative Competence) (Housing) Order 2008	HC 812
First Special Report	The proposed Legislative Competence Order in Council on additional learning needs: Government response to the Committee's Second Report of Session 2007-08	HC 377
Second Special Report	Energy in Wales – follow-up inquiry: Government Response to the Committee's First Report of Session 2007-08	HC 435
Third Special Report	The proposed National Assembly for Wales (Legislative Competence) Order in the field of social welfare 2008: Government Response to the Committee's Fourth Report of Session 2007-08	HC 715

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First Report	Work of the Committee in 2005-06	HC 291
Second Report	Legislative Competence Orders in Council	HC 175
Third Report	Welsh Prisoners in the Prison Estate	HC 74
First Special Report	Government Response to the Committee's Second Report of Session 2006-07, Legislative Competence Orders in Council	HC 986

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First Report	Government White Paper: Better Governance for Wales	HC 551
Second Report	Proposed Restructuring of the Police Forces in Wales	HC 751
Third Report	Energy in Wales	HC 876-I
Oral and written Evidence	Energy in Wales	HC 876-II
Fourth Report	Future of RAF St Athan	HC 1129
Fifth Report	Current Restructuring of the Police Forces in Wales	HC 1418
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First Special Report	Government Response to the Committee's Second and Third Reports of Session 2004–05, Manufacturing and Trade in Wales and Public Services Ombudsman (Wales) Bill	HC 433
Second Special Report	Government Response to the Committee's Fourth Report of Session 2004-05, Police Service, Crime and Anti-Social Behaviour in Wales	HC 514
Third Special Report	Government Response to the Committee's First Report of Session 2005-06, Government White Paper: Better Governance for Wales	HC 839
Fourth Special Report	Government Response to the Committee's Second Report of Session 2005-06, Proposed Restructuring of the Police Forces in Wales	HC 1431
Fifth Special Report	Government Response to the Committee's Third Report of Session 2005-06, Energy in Wales	HC 1656
Sixth Special Report	Government Response to the Committee's Fourth Report of Session 2005-06, Future of RAF St Athan	HC 1657
Seventh Special Report	Government Response to the Committee's Fifth Report of Session 2005-06, Current Restructuring of the Police Forces in Wales	HC 1695

Oral evidence

Taken before the Welsh Affairs Committee on Tuesday 5 May 2009

Members present

Dr Hywel Francis, in the Chair

Mr David Jones
Alun Michael
Albert Owen

Mark Pritchard
Hywel Williams
Mark Williams

Witnesses: **Mr Rhodri Williams**, Director, Wales, **Ms Sue Balsom**, Content Board Member for Wales, and **Mr Hywel Wiliam**, Head of Broadcasting and Telecommunications, Wales, Ofcom, gave evidence.

Q1 Chairman: Good afternoon and welcome to this session of the Welsh Affairs Committee dealing with English language broadcasting in Wales. Could you for the record introduce yourselves, please, to the Committee?

Mr Williams: Good afternoon. I am Rhodri Williams, Ofcom's director in Wales.

Ms Balsom: I am Sue Balsom and I am the content board member on Ofcom for Wales.

Mr Wiliam: I am Hywel Wiliam, head of broadcasting and telecommunications for Wales, for Ofcom.

Q2 Chairman: What services can English language speakers in Wales expect to receive under the public service broadcasting regulations?

Mr Williams: The pertinent answer to that is less than they have been receiving in the past. If I can wind back to about 1982 when S4C was formed, the positive benefits of the establishment of S4C were not only for Welsh speaking viewers and those who wanted to watch programmes in Welsh in Wales and beyond but for the population of Wales as a whole because the slots that were vacated in the BBC1 Wales and the HTV Wales schedule, as it then was, became available for more programming in the English language. For many years, I think it would be fair to say that what was produced and the quality and variety of what was produced was on the increase. It is a subjective matter but probably around 1999 saw the high water in terms of what was available in English on both BBC1 and 2 Wales and on ITV. Since then there has been a slow decline which has most recently accelerated and that has led to a diminution of the output that has been available in particular on ITV1 in Wales and that is something that of course we flagged up in our first review of public service broadcasting back in 2004 and more recently in our second review of public service broadcasting that was concluded earlier this year. By now, audiences in Wales are missing out on the volume of programming that was available and also on the variety of programming that they have been used to in the past.

Q3 Mark Williams: You have talked about the acceleration of the problem. How immediate is the threat to the second voice in news broadcasting?

Ms Balsom: When Ofcom produced its first PSB review some four or five years ago, there was a lot of scepticism about the forecasts in that as to how rapid the decline might be given the unsustainability of the commercial model in particular for public service broadcasting, namely ITV. Since then, certainly as reflected in our PSB two most recently, people have come to acknowledge that those forecasts were indeed not only correct but in fact the change in the decline has accelerated faster than we could have predicted at the time. The situation is quite grave. We focused here in the earlier question on ITV. There has also been a diminution in English language programmes for Wales by the BBC in that we did previously have the 2W digital channel which also now no longer exists, although of course the BBC does still produce programmes in English on both BBC1 Wales and BBC2.

Q4 Hywel Williams: There has been some criticism, particularly from the NUJ that S4C's submission on public service broadcasting was confidential. Is this appropriate given that S4C are the recipients of public funds to provide public service broadcasting?

Mr Williams: It is a straightforward question as far as we are concerned. In all the many consultations that Ofcom undertakes—and there are very many of those as you will know on a wide variety of subjects—it is the norm that people can request that either their whole submission or a part of their submission is submitted confidentially. That is a decision for the body making the decision and, even within the context of PSB, most of the submissions made by the commercial broadcasters—I do not only mean ITV; if we compare with Ulster Television in Northern Ireland or STV in Scotland—were made confidentially. I think it is perfectly appropriate that that happens and it is a decision for the body submitting the evidence. If we are requested to keep a submission confidential, that is what we do. Obviously when we came to writing the report, what we attempted to do was to encapsulate in our report the key elements of the submission. I think we did that and did it accurately. Of course subsequently S4C have published an edited version of their submission. That is not a problem for us in any shape or form.

5 May 2009 Mr Rhodri Williams, Ms Sue Balsom and Mr Hywel William

Q5 Hywel Williams: Have you responded to bodies such as the NUJ directly apart from the reports? There is a feeling that this process seems rushed, some people think.

Mr Williams: My office has not responded directly to the NUJ because we have had no direct communication from them. We have shared platforms together and answered questions in public debates. During the course of the PSB review, we have held many public debates in Wales, as we have been very keen to engage as many people in this process as possible. In terms of the speed of the decision making, our view would be that it is certainly not too soon because the pace of change in the industry has been, if anything, greater than we first forecast. People criticised us back in 2004, saying that we were putting the cart in front of the horse and were worrying too much about this, but as it turns out the decline in advertising revenue has been greater and sooner than we anticipated. Therefore, as our chief executive made clear when he was speaking at the DCMS local media summit here last week, his exact words were that we can no longer afford to put a resolution to regional television—that of course includes national television in Wales—on hold. I do not think we are making a mistake by moving too soon.

Q6 Alun Michael: I am puzzled by that reply. Do the public not have a right to know what the evidence is that is coming to you? Should you not be protecting the interests of the public? Does it not look bad for Ofcom to be colluding with broadcasters to be secretive?

Mr Williams: As I said, in terms of all our consultations—

Q7 Alun Michael: I know what you said but that is open to question.

Mr Williams: It is the way in which we undertake our consultations.

Q8 Alun Michael: Should it be?

Mr Williams: If we insisted that all evidence was made public, it would severely restrict the ability of people responding to our consultations to be open and honest about what they told us because they would be—

Q9 Alun Michael: They are not being open and honest if they are being secretive.

Mr Williams: There are certain occasions where commercial confidentiality plays a part and it is perfectly reasonable that, if requested to keep those matters confidential, that is what we should do. I do not think it would be appropriate for us to decide when, specifically having been asked to keep something confidential, we should then make it public.

Q10 Alun Michael: I think that is deeply open to question. The news service would be broadcast on ITV Wales. Is that going to be viable in view of the

fact that ITV cannot guarantee a news service in the longer term? What is the point of ITV Wales if it cannot provide that news service in the longer term?

Ms Balsom: In terms of the submission to Ofcom, it is quite common that the BBC which is also a public service broadcaster and publicly funded, sometimes has cause to submit confidential responses and papers and indeed other broadcasters such as Sky. In this context, I do not think it is an unusual process. Your question about the service that may or may not be proposed by S4C in terms of news provision for English language is perhaps one which obviously you will be addressing presumably later to S4C. In PSB two, we were very concerned to encourage all manner of broadcasters and content providers who might help address the deficit that we have been speaking about earlier. We are not privy to the details of that sort of proposal that S4C may be dealing with at the moment but we would be interested as a regulator to see what does come forward, whether it is from S4C, ITV or indeed any other party that may help address the deficit that we are all most concerned about.

Q11 Albert Owen: The proposal is for the joint ITV/S4C to provide the alternative news service for English language in Wales. If they do not do it, who does? Who are these other interested parties?

Mr Williams: I referred earlier to the speech that Ed Richards gave here last week. The proposal is that what is established throughout the UK are what we describe as independently funded news consortia. I do not think it is a matter for us to be prescriptive as to who should participate in that but it can be owners of local media services that already exist. It can be new entrants into the market. What is clear and what is important as far as we are concerned is that ITV have made it clear that they will allow someone to provide a news service on the slot on channel three when they have vacated it. The priority as far as we are concerned is to ensure that those news services do in fact continue. Whether the proposal from S4C is the one that is taken forward by DCMS is not really a question for us, but what is important to viewers in Wales, as in other parts of the UK, is that a way of maintaining plurality in news provision is found and is found quickly. When we talk about “quickly” what we mean is by next year.

Q12 Albert Owen: S4C is not the only show in town?

Mr Williams: Not necessarily, no. The BBC have already made some suggestions about how they might work in partnership with ITV. They would not be sufficient on their own to fulfil the deficit. I think there is clarity and unanimity around that, but there might be other ways. Of course in other parts of the UK—for instance in Manchester—the Guardian Media Group might well be an organisation that would be interested in doing the same sort of role in what was known as the Granada area. It is an open process as far as we are concerned, not a closed one.

Mr William: The point about ITV is that they provide reach and impact. The ITV service will reach a larger proportion of audiences in Wales. That is the

5 May 2009 Mr Rhodri Williams, Ms Sue Balsom and Mr Hywel Wiliam

vehicle that would carry the news programming and therefore have effective reach in terms of the audiences.

Q13 Mr Jones: There is almost a complete lack of programming produced in Wales specifically for the English speaking audience, apart of course from news programmes, which is surprising and rather disturbing considering the availability of Welsh talent which is not getting an audience. How do you feel that this cultural gap could best be addressed?

Mr Williams: If I go back to my earlier answer, when there was a wider range of programming available than there is now, it is certainly true that there is the talent there to maintain a programme service. I think that is something that has been quite clearly answered over recent years. There are two issues as to where that talent is then seen. Some of it has to do with whether it is seen on the UK network. There have been recent moves by the BBC in particular to improve on that so that programmes are featuring people from Wales made by production companies based in Wales, produced in Wales for the network. That is a part of that, as we see programmes like *Gavin and Stacey* for instance as an example of a programme that features Wales to a large extent being seen on the network. As far as programmes made in Wales for a specific Welsh audience are concerned, the difficulty, as we flagged up in our report, is that the funding that has been there over the years to maintain that outside of the BBC is no longer there. The surplus, if you like, that existed within ITV is no longer there. That is not a result I do not think of current economic circumstances. The ITV system as we have known it over the years would also be unsustainable even under benign economic conditions. The future looks bleak in that respect. It is difficult to see from where the money would come to fund that kind of content. On the one hand what digitalisation has brought to Wales and to other parts of the United Kingdom is an ability for people to produce their own content and to have it available on the internet. What it has lost is the financial resource to be able to fund that content creation. I do not think we have any easy answers as to where that money might come from in future.

Ms Balsom: I think this is a real concern. It is one that has been there since Ofcom has been established but of course it is amplified in the case of Wales because we have a very different kind of pattern of press coverage as well. In the 10 years where we have had devolution, where perhaps it has been paramount for the nation to have a national Wales conversation, for there to be pan-Wales programming that people access and talk about, we have not had that. It is incredibly serious for Wales and it is something that we have underlined at every point. As Rhodri says, the answer really has to be found in terms of what funds could be found to pay for that additional content. We are also looking to *Digital Britain* which we understand will be published in June and we hope that there may be some answers in that. We do not have the answers at the moment.

Q14 Alun Michael: Most of us here are part of the 20% of the Welsh population who speak Welsh and are well catered for by the BBC and S4C. Who in your opinion will provide the corresponding programming for the 80% of the Welsh population who are consumers only of English language programming?

Mr Williams: In future that programming will be provided on BBC Wales, on BBC1 Wales and on BBC2 Wales and we would hope that there would be an alternative service available on ITV produced by an independent news consortium, to give it that label.

Q15 Alun Michael: That is in reference to news only?

Mr Williams: It is to news only. It might be possible, if ITV were willing to provide some other slots in their schedule, for possibly some current affairs programming or other kinds of general programming, but that would be very much a decision for ITV to take as to whether it made economic sense for them to be able to provide that and of course whether there were the funds available to fund the programme creation to put anything into those slots.

Q16 Alun Michael: Not very likely?

Mr Williams: To be perfectly honest, I do not think it is very likely beyond that, no. These are challenging circumstances the like of which we have not seen in Welsh broadcasting since television first came to Wales.

Q17 Alun Michael: Is there a role for S4C in that regard or would that dilute or undermine their core mission?

Mr Williams: When the submission from S4C came in as regards playing a role in the provision of news service in Wales, that was one which we very much welcomed. Clearly, if you are looking to find an alternative provider of television news outside of the ITV system, albeit to be broadcast within the ITV schedule, then there are substantial advantages to be gained from using an existing structure, an existing organisation, which has the experience and the ability.

Q18 Alun Michael: You did not see it as diluting S4C's mission in terms of news. What about non-news?

Mr Williams: There has been no suggestion from S4C that they would provide anything beyond news. There has been no suggestion either from the direction of government. Lord Carter, when he came to Cardiff recently to meet with stakeholders, was very clear that he did not think there would be any additional government funding available for non-news programming. That is really not somewhere we have gone on that.

Q19 Alun Michael: Can you foresee a situation in which the BBC will be the only provider of general programmes in English for a Welsh audience, with the exception of local radio obviously?

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Ms Balsom: I think that is a very real possibility. It is one that we have flagged up consistently. We do not have the answers because obviously, going back to earlier points, it depends on the funding. What we have said consistently is that the ITV model for providing those sorts of programmes is no longer economically viable and therefore it begs the question what would replace that in the form of non-news regional programming outside of the BBC.

Q20 Alun Michael: As long as the quality is good, does it matter, or are you passionate believers in competition?

Mr Williams: We certainly are in that respect passionate believers in competition. We believe that competition leads to a better quality of product. It is fair to say that during the many years that this debate about the future of public service broadcasting in Wales has been undertaken, Menna Richards, the controller of BBC Wales, has been very, very clear in her support for the maintenance of plurality for that very reason. She says that she needs to have competition to the BBC. I think it is inevitably a retrograde step if we end up in a position where the only way to make programmes for the English speaking audience in Wales, however good it is at any particular point in time, is via the commissioning and production facility of the BBC itself.

Ms Balsom: I think your question goes to the heart of plurality. I do not think many politicians would be happy if there was only one voice. ITV historically has reached a very different audience to that of the BBC. I think it is a question of audiences rather than competition and how they are best served in terms of plurality of voices.

Q21 Hywel Williams: We have already been talking a little bit about ITV providing slots for Welsh news in English. Mr Williams, you spoke a moment ago about the possibility of other slots being available for non-news programming. Perhaps I am a bit dull but why would they do that if they have empty slots? Would they not be tempted to fill them with the latest reality shows or whatever?

Mr Williams: Obviously a very careful decision would need to be made by ITV as to whether it made sense economically from their point of view or not. In the evidence that they gave recently to the Culture and Communities Committee of the National Assembly for Wales, that was discussed. It can be described no better than that the door was left open for the possibility of other slots being available. For instance, if we look at the use that is currently made of the *Tonight with Trevor McDonald* slot, that is a slot that is no loss in one sense to the viewer in Wales because much of the material in the programme is not directly relevant to those in Wales. It is replaced with *Wales This Week* which is of high quality, is particularly relevant to citizens and consumers in Wales and also is very popular with audiences. It is not too difficult to imagine the possibility of some slots. Clearly, it is limited in its scope. I do not think we

are ever going to go back to the days when there were four and a half hours of general programming available within the ITV schedule. I do not think that is a possibility at all. A possible limited number of slots would, for the reasons that Sue alluded to earlier, be beneficial.

Q22 Mark Williams: Can I turn to programming for children? You have alluded in your PSB final statement that there is a need to address the needs of a younger age range. What provision of programme is there available for English speaking children? We are aware obviously of the advances made in terms of programming for Welsh speaking children. What provision is available and how can that provision be improved?

Mr Williams: In terms of content created in Wales specifically for a Welsh audience, there is no provision. Historically, children's programming has been provided by the networks, by ITV, by the BBC and to a lesser extent, for the older age group at least, by Channel 4. Channel 5 is now showing an interest in this as well. There has never been an indigenous production of children's programming in Wales for Wales. I do not think there is any likelihood that it is going to start any time soon either.

Q23 Mark Williams: When you said in that statement, "... we believe there is clear public interest in addressing the needs of this age group through a competitive funding model, if funds are available", what did you have in mind?

Mr Williams: What we had in mind there was the fact that there has been a similar decrease in investment in children's programming across the board in the UK as there has been in general programming in the nations and the regions. The same problems that we have been discussing so far this afternoon in relation to news and general programming in Wales apply in exactly the same manner to children's programming across the board in the UK.

Q24 Albert Owen: You will be aware that the Welsh Assembly Government's advisory group has suggested that there would be a Wales media commission, a broadcasting commission for Wales. Do you think this would help to close that cultural deficit that you are talking about?

Mr Williams: It depends. That has to do with the structure. What it does not answer is: is there any money there to actually fund the programme production? Clearly, if money becomes available to fund programme production, a structure will need to be put in place. That seems to be a perfectly acceptable and reasonable proposition for a way of managing it, but I think it is a second order question. It is entirely dependent on there being some money available in the first place to actually fund programme production. If it turns out that the only programming we are talking about is news programming in Wales, I suppose people might doubt the need for a new institution simply to look after the needs of a single strand of news

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programming. If there was more money available, a wider range of programmes being produced, it would make sense. It would be necessary to have a structure to look after it. Whether that is the one that government thinks is appropriate is not really—

Q25 Albert Owen: You are agreeing with it in principle. If the cash is there and it is broader than just news, Ofcom Wales will support it in principle?

Mr Williams: It is certainly one of the proposals that would be on the table for discussion. As there are with many of these questions, there are other ways of doing it. That is not the only way. That would be something for government to decide ultimately.

Mr Wiliam: Our own advisory committee also recommended a very similar proposal. Another issue for such a body would be carriage. Besides paying to produce the programmes, you would also have to decide where you would negotiate for them to be carried and broadcast. Again, the question of how you effectively reach a wide audience needs consideration as well.

Q26 Albert Owen: Can I move on to another suggestion that there should be a dedicated English language channel in Wales. Do you think this is realistic and again would there be funding issues?

Ms Balsom: I think perhaps you may have answered your own question there. If there were to be another channel, money would be absolutely essential to fund not only the production but also the carriage. In a sense, we need a decision from government about that. It is not something that Ofcom could will because we do not have the means to will the money that goes with it. I certainly agree it would be rather desirable.

Q27 Albert Owen: But not realistic unless there is solid funding?

Ms Balsom: I think that is probably the case, yes.

Q28 Hywel Williams: I have always held that English is a Welsh language since some activities that I was involved in, in the early eighties. How confident are you broadly that in five years' time broadcasting in Wales will reflect that social reality, given that it does not do so to any great extent at present?

Mr Williams: The honest answer to that is that the provision of content related services in English, in Wales, is under threat in all areas, not only those which we are responsible for. It is clearly the case in television broadcasting, as we have discussed this afternoon. If you look at what is happening in the radio sector, we find that those radio stations operating in most parts of Wales are under similar pressure with a move of advertising revenue from traditional media to the internet. It is having the same effect on local radio and I think we are seeing it in the written press as well. I think we see it on what I could describe as the regional level, *The Daily Post* and *The Western Mail*, but it is also evident in the local newspaper market as well. That indeed is one of the reasons why we are currently undertaking a review of local media provision within the UK to try and see what are the needs of audiences in terms of local media provision, what kinds of services could be provided and where sources of funding might come from in the future. It is certainly the case that the production of content that relates exclusively to Wales is under threat. In the old days, the surplus that came from advertising, from a commercial model, in the press, in radio and in television allowed us to produce content that was unique to Wales. The source of that funding is disappearing and is disappearing quickly.

Chairman: Can I thank you for the evidence you have given to us today and also for the written evidence you submitted earlier? It was very helpful in preparing for this session. If you feel that there are some points that have not been sufficiently explored, we would be very happy to receive a further memorandum from you.

Witnesses: **Mr John Walter Jones**, Chair, S4C Authority, and **Ms Iona Jones**, Chief Executive, S4C, gave evidence.

Q29 Chairman: Good afternoon. Welcome to the Welsh Affairs Committee. For the record, could you introduce yourselves, please?

Mr Jones: John Walter Jones, Chairman of the S4C Authority.

Ms Jones: Iona Jones, Chief Executive.

Q30 Chairman: Could I ask about this new idea of a news pilot project? What kind of discussions did you undertake on your proposals on the pilot project prior to submission to Ofcom?

Mr Jones: As an authority, we were charged with responding to Ofcom's request for new ideas in terms of public service broadcasting in Wales. We looked at how we can make a contribution to the

debate on what became, in news terms, plurality—which I will move on from this afternoon and then refer to it as “choice” because I have difficulty getting it out of my mouth—and regional news programming from Wales. Obviously we look at how S4C could make a contribution because Ofcom was after ideas regarding who can make a contribution and then we discussed what we could do, led by useful ideas from staff at S4C. I am pleased to say that those ideas were met with enthusiasm by several parties outside S4C when we submitted them. I think we did what we were charged with doing as a public service broadcaster and as an authority by responding to a process and we came up with an idea. As to the details, I will let Iona enlighten you on where that idea has now landed.

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Q31 Chairman: Could you elaborate? With whom did you have the discussions?

Mr Jones: We discussed it internally. We did not go out to consultation. We did not feel the need for that because they were looking for ideas and it was our ideas that we submitted to Ofcom.

Ms Jones: It is important to emphasise that, even though discussions were mainly focused on internal reporting to the authority, those discussions were informed by Ofcom's research, the work that the National Assembly undertook in relation to the subject back in June of last year and the general tenor of the debate. The proposal emerged from our understanding of the circumstances facing Welsh broadcasting.

Q32 Alun Michael: Why was S4C's submission to the Ofcom review of public service broadcasting made confidential? I was wondering whether Ofcom should have allowed that. Surely it is totally inappropriate for a body that is in receipt of public funds, especially when putting forward a proposal that would imply more public funds coming in its direction?

Mr Jones: We took the decision because it was an option we got. We never said that we would not make the document public at some stage.

Q33 Alun Michael: Is it now public as a whole?

Mr Jones: Indeed.

Q34 Alun Michael: In its entirety?

Mr Jones: No. We have taken out certain sentences and words we felt it would be judicious to remove. The document is almost in its entirety now public knowledge but we felt, at that point in time, that we were allowed by Ofcom rules to submit the document—

Q35 Alun Michael: Ofcom blame you by saying that you wanted it to be confidential and you blame them by saying —?

Mr Jones: No. I am saying that we responded to the rules of the game. I am certainly not blaming anyone. I emphasise that I certainly never said as chair that we would not make the document public. It is now public.

Q36 Alun Michael: It will be available to the Committee in its unredacted form?

Mr Jones: No, in its redacted form.

Q37 Alun Michael: We will not know what it is we do not know?

Mr Jones: Exactly.

Q38 Alun Michael: That is wonderful. Are you worried about diluting or weakening S4C's core mission?

Mr Jones: No.

Q39 Alun Michael: Or possibly undermining other broadcasters in Wales?

Mr Jones: No, not at all, because we have said from the outset that, in submitting the idea regarding news and the future, nothing that S4C submitted would be at the expense of its core duty under statute—i.e., the Welsh language programming. Nothing at all will dilute that in future.

Q40 Alun Michael: You see no danger of that whatsoever?

Mr Jones: No, I do not. I would not allow anything to dilute that mission and duty which S4C has. We made that perfectly clear as an authority from the outset.

Q41 Mark Williams: The new service would be broadcast on ITV Wales. Given the threats to a regional news service and the concerns that ITV could not guarantee a service in the longer term, how viable is the suggestion?

Ms Jones: In the proposal we did not specify ITV Wales as being the only option. Given that ITV Wales has the capacity to reach an audience of significance and can deliver impact, ITV Wales would be the obvious carrier in the first instance. We are very focused on trying to deliver something for the longer term. It is not about solving ITV's problems *per se*; it is about trying to find a resolution for broadcasting in Wales for the future. Therefore, the pilot which we are working on does not preclude any other carrier over the longer term. Initially, I think the consensus is that ITV Wales would be the obvious place to continue to provide such a service.

Q42 Mark Williams: If it is obvious in the first instance, you acknowledge though the concerns more generally about regional news broadcasting and it could be a short term prospect?

Ms Jones: In terms of distribution on ITV, yes.

Q43 Mark Williams: Who are the other people you are talking to post ITV, if you like?

Ms Jones: That is a little bit of a crystal ball gazing scenario.

Q44 Mark Williams: You talk about options.

Ms Jones: There could be other means of distribution on Freeview for example if capacity was made available for this purpose.

Q45 Hywel Williams: Did you consider at all the possibility of sharing facilities in order to cut costs to facilitate the reduction of English language?

Ms Jones: I think it is worth emphasising that S4C does not make anything in-house. We have been very actively promoting the production sector, as you will know. Therefore, we do not have any production capacity to share with others. That would be something which would have to be done in partnership with the production sector. We are of course mindful of the fact that we need to be very hard on our overheads. We run a company with 4.2% overhead so we are quite lean and effective but obviously it is our duty to explore any possible areas of efficiency. The news proposal is one way in which

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we can use our business structure to apply it to another service and find the kinds of cost efficiencies which hopefully derive from that.

Q46 Hywel Williams: What are your plans in respect of *Newyddion*?

Mr Jones: The Welsh language news side and the ideas there are something we thought we ought to look at. In fact, we are duty bound to look at it under the partnership agreement with the BBC. There is nothing new at all in saying that we will discuss with the BBC the future in news, as we discuss with them all other programming that they supply to S4C. It is allowed under the partnership agreement and in fact I have a meeting with the chairman of the BBC Trust next week to take the discussion forward.

Q47 Hywel Williams: Can you give the Committee any idea what your plans are and what your opinions are?

Mr Jones: I cannot because I cannot tell you what Iona has lined up in terms of light entertainment, music, sport or anything else. It is in the same category of discussion with the BBC I will be discussing with Michael Lyons. Obviously there are implications possibly wider than other genres in terms of news but I have also made clear that I would not wish to see anything happening in terms of Welsh language news output which might have a knock-on effect on Welsh language news in general. I do think there is an opportunity here to look at the Welsh language news which has been supplied by one supplier for over 25 years. There is nothing sacrosanct in the fact that it comes from the BBC. It is an option but it is up for discussion.

Q48 Albert Owen: This point has been regularly debated in the past. There is nothing new in the fact that there is this crisis in public service broadcasting and *Newyddion* has been raised as an issue.

Mr Jones: What is new now is that, for the past three years, we have had the partnership agreement with the BBC. It never existed before. The nature of the debate, if you like, is somewhat different in the last three or four years than it has been over 22 and a bit years. The fact that discussions now do take place on a regular basis and I think it is positive. In that context we will be discussing news with the BBC. There are changes which are about to appear on screen and they have come forward because of those discussions which do take place on a regular basis.

Q49 Mr Jones: The memorandum you submitted says that among Welsh speaking viewers of the channel, S4C is perceived to be the strongest performing channel in relation to providing the best music, sports and documentaries from Wales and Wales based events. How do you think that excellent provision in the Welsh language can be matched for the large English speaking audience?

Mr Jones: We certainly do not wish to make programmes for Welsh speakers only. I want the programmes of S4C to be as accessible as possible to the widest possible audience. We do that in several ways. The first point obviously is the quality of the

programming. If people do not enjoy what we are dishing up, they are not going to watch it in any language. That is vitally important and we have proved in the last three or four years that quality counts. In terms of access, with subtitling and all the other kinds of technology available to us, we can widen that access. Now of course you can get S4C outside Wales. It is not simply the Welsh audience which is the S4C audience because even in London and other points to the west, north, south and east of Wales you can see S4C programming. That is something we welcome because you get more bang for the buck. Audiences migrate from the box in the corner to other means of accessing their programming. Now it is the viewer who is king. He or she decides when they view things. My main concern is that they will want to watch S4C and do watch S4C wherever they are and whatever platform they want to use to get that access.

Q50 Mr Jones: Subtitling for an English speaking audience is obviously not as satisfactory as productions in the English language. The largest part of the population in Wales is monoglot English, 80%, as we have heard. Do you not feel that they are missing out to a large extent in terms of this excellent programming?

Mr Jones: I think you have to go back to the role and duty of S4C in statute, which is providing Welsh language programming for its audience. In providing those programmes, I would like people to have access to the programming. Our duty is to provide programming in Welsh for the audience.

Q51 Mr Jones: To quote the Act, which is always the last refuge of the scoundrel, your core remit is to provide a broad range of high quality and diverse programming in a service in which a substantial proportion of programmes consists of programmes in Welsh. What would you define “substantial” as meaning?

Mr Jones: Substantial in terms of the peak hours that would be in Welsh.

Q52 Albert Owen: We have heard the answer to this from Ofcom but I would rather hear it from yourselves. Does S4C have any plans to develop English language programmes other than in news?

Mr Jones: Damned if I do; damned if I don't. If I say no, I give you the wrong answer. If I say yes, I give you the wrong answer. Yes, we have been looking at all possibilities in terms of programming. I repeat what I told Alun Michael. The core business is the Welsh language programming. Nothing will dilute that in any shape or form. If we can help others by providing programmes, either by subtitling or what have you—we talk about it in terms of children's programming. What contribution can we make in terms of children's programming? That is a pat on the back for S4C because the idea has come not from within S4C alone but from outside S4C. Therefore obviously people think that what we are doing is something which we could share with others and others could benefit from the experience of S4C.

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Q53 Albert Owen: Ofcom were wrong so you obviously have not had discussions with them.

Mr Jones: I could not quite hear what they were saying.

Q54 Albert Owen: I made a note that there were no plans but you have said there have been discussions.

Mr Jones: No. It is a possibility.

Q55 Albert Owen: No firm plans but a possibility?

Ms Jones: S4C is absolutely not in the business of going into production. We will remain a commissioning broadcaster. In relation to children, you will know I am sure that Ofcom made reference to the fact that S4C is a significant player in children's programming in their first report for PSB two and identified the possibility that Welsh language programming could be reversioned in English. Having taken the strategic decision to invest in children's programming, we took that view on board. We will and are working with independent production companies to see what we can do in that area. The fact of the matter is that S4C does not hold the English language rights, so it would be very much a decision for the production companies as to whether they wish to start exploiting this material for the purposes of other broadcasting media. We are obviously very involved in children's programming and we are looking to see what we can do to facilitate the voice of the production sector in that particular genre.

Q56 Albert Owen: If that discussion was to change into plans on the lines that you are talking about, how would you envisage that to be funded?

Ms Jones: In relation to the children's programming in the same way as news, which is by means of the new contestable fund which Ofcom have recommended to government and *Digital Britain* have identified in their interim report.

Q57 Albert Owen: Moving on to children's programmes, you believe there is a gap there that you can fill when it comes to English language. Is that what you are saying?

Ms Jones: Given the fact that Wales, uniquely I think in the UK, has a very strong reputation built over 25 years in this particular genre of programming, it seems to us that there is a great business opportunity as well as a cultural opportunity at this moment in time. We will do everything we can to work in partnership with our production companies to see what we can deliver on what is an opportunity for them.

Q58 Albert Owen: You can see great improvement in this and I understand that. Have you been discussing this with the BBC? Is this part of the ongoing, regular discussion you have with the BBC?

Ms Jones: As part of the strategic partnership which the chairman referred to, we have asked the BBC to provide more programming in the area of children's programming, which has happened in the form of *Mosgito*. *Mosgito* is now a very excellent

contribution to our children's schedule and that is the kind of discussion that we are able to have under the terms of the strategic partnership. Yes indeed.

Q59 Hywel Williams: Can I ask again about *Newyddion*? I appreciate your earlier answer that you are unable or unwilling to share everything that you have been thinking about *Newyddion*. If *Newyddion* was changed or perhaps provided by somebody else, can I tempt you to speculate about the knock-on effects on the BBC's ability to produce English language news programming from Wales? I am going to ask this question of the BBC as well, by the way.

Mr Jones: I do not really think I want to speculate because it is part of the discussion which we need to have with the BBC. I would stress that having that discussion in no way calls into question the level of the service we have had from the BBC since S4C first went on air. It is just part and parcel of the ongoing, general discussions with the BBC about a particular strand—i.e., news. I appreciate that there are sensitivities regarding this particular strand but the fact that we are having the discussion in terms of the strategic partnership agreement is something that must and would happen. It just so happens that those discussions are now taking place at a time when there are other issues regarding regional news also taking place, but they are separate.

Ms Jones: We have been very clear from the outset in trying to identify a solution for Wales for the future, in terms of news, that we were not going to do that if it in any way diminished news provision in Wales. If what we are proposing would result in a loss for Wales, obviously it is not a proposal which merits any further consideration. In the discussion with the BBC we are very clear that we are in the business of trying to protect and build, not to dismantle.

Q60 Chairman: At the risk of being tedious, just to clarify finally this question about your submission to Ofcom, would it be the case that the reason why you released an edited version was simply because of commercial sensitivity?

Mr Jones: Yes.

Chairman: It has taken us a while to get that out. Had you said that at the beginning it might have been helpful.

Q61 Alun Michael: It might be helpful for S4C to reconsider their decision on this and, at the very least, to provide the Committee with a note explaining their decision to redact elements from the submission.

Mr Jones: If it helps the Committee, by all means, yes.¹

Q62 Chairman: I think that would be extremely helpful. Is there anything that you would like to say which you feel has not been said from your side? Is there anything that you would like to say finally before we move on to other witnesses?

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Mr Jones: No. I just want to thank the Committee for the opportunity. I hope that we have answered your questions. If anything else comes up in your deliberations, please do let us know and we will elaborate in writing.

Chairman: That is extremely helpful. Could I thank you once again for coming today and for your earlier written evidence? Once again, if there is anything else that you would like to add, we would be delighted to receive it.

Witnesses: Mr Michael Jermey, Director of News, Current Affairs and Sport, and Mr Elis Owen, National Director, ITV Wales, gave evidence.

Q63 Chairman: Good afternoon, welcome to the Welsh Affairs Committee; for the record could you introduce yourselves, please?

Mr Jermey: I am Michael Jermey, Director of News, Current Affairs and Sport for ITV.

Mr Owen: I am Elis Owen, National Director for ITV Wales.

Q64 Chairman: Thank you very much. Thank you for your memorandum, and could I begin by referring to your memorandum? You suggest there that ITV may not be in a position to provide a regional news service as soon as 2010; is this the case specifically for Wales?

Mr Jermey: It is the case specifically for Wales but it also applies to the other licences in the English regions.

Q65 Chairman: If ITV cannot supply this service from next year will any other broadcasters, do you believe, be in a position to supply a news service for English-speaking viewers in Wales in that short timescale?

Mr Jermey: Can I clarify what we mean by an inability to supply? We believe that during 2010 our licences in England and Wales become what the economists call “going negative” and by that we mean that the costs exceed the value of the licences, an issue that we flagged very clearly to Ofcom. We want to be a constructive part of the solution for the continuation of national news in Wales and regional news in England. The constructive part we believe we can play in that is providing the slots on the ITV1 schedule for regional and nations news to continue; we do not believe that we can continue to fund it to the order that we do today, which is £55 million plus a year, and we want to engage constructively with government and with Ofcom in finding a solution. We are not talking about taking our bat and ball away and not being of assistance to something which we think is important to society, we think Ofcom’s own analysis, some of which you have heard today, is right and that the economic model under which regional and nations news has been supported for 50 years is now broken and a new model needs to be found urgently.

Q66 Albert Owen: The recent press release by both ITV and BBC stated that they were looking at options about discussing the possibility of partners and interested parties, and you said about providing slots. What discussions have you had on how sustainable this would be for regional news and what are the options that you are looking at?

Mr Jermey: The options with the BBC would not, in the short term or the long term, provide a sustainable service. We did a thorough piece of work with the BBC to see whether there were enough signatures between the two services to find a sustainable solution. It would obviously have been ideal if, by sharing studios and by sharing some technology, enough money was released to keep the current service going. At the end of that thorough piece of work we reached the conclusion that by around 2016 it would liberate £7.1 million of savings across England and Wales, set against the current cost of £55 million plus. We put all that work into the public domain so that people were clear where we were and we made it clear that it delivered too little and too late for it in itself to be a solution to the problem. We have since said that we think Ofcom’s conclusion that a form of public funding and a contestability model is a more sensible way to ensure plurality continues.

Q67 Albert Owen: There are no plans for the BBC and ITV to continue looking at options.

Mr Jermey: We are happy to engage in discussions that seem sensible with anybody at any point. In a sense it probably makes most sense for *Digital Britain* to reach its conclusions before we know what areas should be discussed about X and I think a partnership with the BBC and the provider of regional news on ITV1 could at some point in the future play a part in a solution, but it is not in and of itself a solution for providing plurality of regional news.

Q68 Albert Owen: Because this is an immediate problem and we are talking about 2010 you need a model that can deliver straightaway do you not?

Mr Jermey: We need a funding solution in 2010. It would be possible to have some form of transitional arrangement—you may be able to get to a fully contestable model a bit further down the line and want to find an interim solution and, as I have said, we would be very happy to engage with Ofcom and with government in finding those solutions. We do not want to leave a void in regional news if it can possibly be helped.

Q69 Mr Jones: Given the financial constraints you have already outlined is it not inevitable, perhaps, that ITV will be compelled to take extensive material from the BBC and what effect do you think that that would have on the plurality of the news service in Wales?

Mr Jermey: That depends on whether there is another funding solution. If Government and Parliament were to decide that there should be a funding solution to ensure plurality a BBC partnership would not necessarily be part of that, if it were felt that plurality would be better preserved without it. In a sense it is worth us all remembering that through the provision of analogue spectrum over 50 years the public purse has supported plurality of regional news. In a sense, therefore, before answering the question as to whether taking BBC pictures would undermine plurality one needs to know what economic and commercial model you are operating under. If you are operating under one where there was a form of public funding but also a desire that there was some shared material I do not think it depends on where you draw the lines. If you shared material from press conferences or from routine events—as indeed sometimes on occasions happens now under pooling arrangements—I do not think that would critically undermine plurality. If it meant that the BBC and ITV were only able to cover the same news agenda and the same stories then there would be a serious concern.

Q70 Mr Jones: What if you had the same video pictures?

Mr Jermey: The same video pictures on all stories in a day would be undesirable; the same video pictures on what we call sometimes non-competitive events—you know such and such is happening at 11 o'clock in the morning, you both send one camera and then you can put your own impartial interpretation on those events. That would not be a danger to plurality so it depends slightly where you decide to draw that line.

Q71 Mr Jones: What about, for example, the coverage of events such as the G20 demonstrations?

Mr Jermey: In the case of G20 it is quite obvious that having more than one camera and more than one news organisation out there gathering news meant that we as the British public got a fuller picture of the event. Covering G20 with only one camera would have undermined plurality.

Mr Owen: We regularly share material now with BBC Wales for the majority of royal visits, Welsh Assembly pictures, conferences in Wales and sports events even we share pictures. It is done on a regular basis but does not threaten plurality. If we are after our own stories, in particular for ITV Wales, or if BBC Wales are after their own stories they will do it separately.

Mr Jermey: I guess the answer is that at the extreme 100% sharing would seriously undermine plurality, at the other extreme sharing 5%, 10% or 15% of routine events probably would not.

Q72 Hywel Williams: You have referred already to a competitively funded model from 2011 in your submission. How would you be involved in that as ITV if that came to pass?

Mr Jermey: We could be involved in a number of ways. I certainly do not think that we could be pitching to provide the service and be involved in the

commissioning of it; we are more likely to want to be a co-commissioner of the service, that the programming would be appearing on ITV1 and we would have a continuing interest in an editorial relationship with the people making the programme. There are benefits—and this may apply more to England than to Wales—in the English regions being in some form connected and being able to do some programming together, and that to a degree applies to Wales as well, and ITV1 can help facilitate that. I also think that there is vast experience and talent amongst the staff of ITV Wales and we would hope that they could be part of the solution moving forward, so it depends a little bit on what mechanism gets put in place as to the role that we can play, but our argument is essentially that the economic model is broken, we can no longer continue to fund but we want to be part of the solution to ensure that plurality continues.

Mr Owen: Because we have a track record of 50 years of providing news in Wales you would have thought the expertise of the staff there could be fully utilised in the future.

Mr Jermey: But we have no narrow economic interest in it.

Q73 Mark Williams: Turning away from news coverage your memorandum says that ITV Wales currently produces only an hour and a half of non-news programmes each week; how safe is even that small amount and how sustainable is your weekly arts programme for instance?

Mr Owen: Non-news is in the same position as the news service in that the old model of funding non-news and news programmes on ITV is more or less broken. The cost of making news and non-news programmes is now more than the benefit of the licence itself this year, so we have the same problem with non-news and news. News obviously, from all the reports we have seen from Ofcom and all the research we have seen, is a priority for our viewers and so the thrust of the whole debate is to save news programming. We do an hour and a half of non-news in Wales—it is down from a peak of about seven hours back in 1999/2000—and we do more news in the nations than we do in the English regions and that news is mostly in peak time with current affairs programmes and arts programmes and some documentary programmes at peak or near peak time, but I make no bones about it that there is a funding issue in the future for non-news programmes on ITV. Because of the question where is the money going to come from ITV cannot afford to carry on funding those programmes because the old commercial model is broken, and that threat is probably more to non-news than to news.

Q74 Mark Williams: You have alluded in the news area to the need for some interim arrangements and some longer term ones, but can you foresee a time when the BBC will be the only provider of general programmes in the English language to a Welsh audience?

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Mr Owen: As Ofcom alluded to earlier on there is that possibility. I would hope as a programme maker in Wales that that does not happen, but unless a new financial model is found for the future of programmes outside the news—the news is being discussed much more fully than non-news—there is that possibility. I would hope it does not happen, but in the end it is how do you fund those programmes.

Q75 Mark Williams: Could you just outline some of the alternatives to that? As gloomy a prognosis as that is, what are the alternatives to ensure that the 80% of the Welsh population who speak English are not disadvantaged?

Mr Owen: It is very hard to see a commercial alternative at the moment which would bring funding in to fund those programmes. It would have to be some form of public funding or it may be sponsorship of programmes at some point in the future, so there are many things you could look at. The other question is where do you put those programmes? They only work on ITV1 in Wales at the moment because they are next to *Coronation Street* etc and you get big viewing figures. If you went to other channels I am not sure whether it would work anyway.

Mark Williams: Thank you.

Q76 Albert Owen: Can I just come in on this? I am very concerned about what is happening, as are many Members here, with the democratic deficit as well. We have seen the print media contract so that are very few owners and a narrow choice there. Do you see this happening in Wales? When you say “we want to provide a vehicle” unless you are given an alternative view is that not bad for democracy in Wales?

Mr Jermey: It probably is bad for democracy and it is something that we have warned about for some years. We are a commercial broadcaster, we need to make a return for our shareholders. Mr Owen and I have worked in public service broadcasting within the commercial sector for a very long time, we know the value that these programmes add to society and the value that our viewers see in them, but the economics are very clear. For years this form of programming was supported by the exchange of analogue spectrum in return for a cheque to the Exchequer and the provision of programming. That model is broken; if society wants it to continue beyond what the market can provide there needs to be some form of funding, funding is the absolutely key issue here. We then as a responsible commercial broadcaster with a sense of the heritage of this programming are happy to go to considerable lengths to try and help us be part of that solution, providing news slots—Ofcom correctly analysed our position on slots for non-news programmes. It is a more difficult area, there are issues of opportunity cost and so forth and I am not in a position today to say that we would do it, but equally we have not utterly ruled that out, we would be happy to engage in a debate and so I think the characterisation of

having left the door ajar is probably right. This is an issue, as your question alludes to, that goes well beyond what ITV as a commercial broadcaster can do and goes back to what sort of society do we want to be, what form of plurality do we want in our broadcasting, what new mechanisms need to be put in place fairly urgently to replace mechanisms that worked very well for 50 years but have absolutely conclusively broken down.

Q77 Albert Owen: The model has broken down but could you not take some responsibility for the fact that the whole media has changed relatively quickly and you have not been changing as quickly as that has? There are websites and various other media outlets and ITV has been traditional this 50 years, we have done things one way; is that fair criticism?

Mr Jermey: I am not sure that it is entirely fair. Everybody in the media probably has to put their hands up and say things have moved very quickly and we have done our best to adapt and adjust. Our programming certainly is not the same as it was 10 or 15 years ago and if you look at a very successful programme like *Wales Tonight* it has the ability to interact with the audience through the internet, to get a response from viewers, to use viewer video, to have established a website—we are changing the technology but we intend later in the summer to re-launch that so that it reaches out to viewers and offers things in different ways. We have modernised and have been adaptable. It is also relevant that if you look at the audience figures for *Wales Tonight* and indeed the audience figures for the news in English regions at six o'clock, they are remarkably robust. It is a form of programming that, despite the knowledge universe, still attracts a lot of viewers.

Q78 Albert Owen: But it does not attract advertising.

Mr Jermey: It attracts advertisers rather less, you are right, it is a demographic which it is vitally important television serves properly; it is a slightly older demographic than advertisers are after, but the essential issue is not whether it is an attractive demographic, it is the sheer cost of making nine versions across England and Wales with 15 different regional footprints. The cost is considerable, it always has been considerable, and the means to pay for it has disappeared.

Q79 Hywel Williams: Can I ask you not about news production but general programmes and particularly network programmes on ITV. Mr Owen referred earlier on to the talent that is available in Wales and I should declare an interest in that there is a certain amount of television production in my own constituency of Caernarfon, but ITV does not seem to commission network programmes from Wales at all; why is that, given the amount of talent and expertise that we have?

Mr Jermey: The simple answer is that ITV commissions on the basis of a meritocracy, does not ask where people come from or where the idea comes from and is open to ideas from anywhere. We did a

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bit of a survey a year or so ago on this; I cannot remember the precise numbers but we got very, very few offers from Wales, which slightly surprised us. We are open for business, we are keen to have good ideas pitched to us, whether they come from England, Scotland, Wales, Northern Ireland or any other part of the British Isles.

Q80 Hywel Williams: I am not here on behalf of the BBC of course but when the BBC take a conscious decision, say, to shift production of *Casualty* over from Bristol to Cardiff, you produce many, many programmes in London so have you ever considered taking a conscious decision to shift that sort of programming? I do not think you can do *Coronation Street* in Cardiff by the way.

Mr Jermey: It is a different sort of decision for the BBC in that if you are in receipt of £3.6 billion of public money you can, to a degree, play a part in regional and national industrial policy. We are not in receipt of public money and believe that the best solution for our business is to be a meritocracy and take the very best ideas. The revival if you like in the television sector in Wales may throw up more ideas and ITV may be one of the beneficiaries of that, and we certainly would say to any independent producer in Wales we are open for business, we want good ideas and if they are good ideas that will do good business for ITV1 or any of the ITV digital channels we will be delighted to hear them.

Q81 Hywel Williams: Can you speculate as to why producers from Wales then do not bombard you with wonderful ideas for programmes?

Mr Owen: There are other markets obviously in Wales compared to areas such as Scotland, there is the S4C market and BBC Wales do commission a lot in Wales, so there is much more opportunity available for producers in Wales than in other parts of the country. That may be one of the reasons why.

Q82 Hywel Williams: So possibly producers are not hungry enough?

Mr Owen: It has been stated in the past that maybe Welsh independent news is too inward-looking, but that has changed certainly in the last three or four years with the growth of bigger companies; companies now are looking outside Wales and are bidding for commissions from elsewhere. It is quite a heartening sign.

Q83 Hywel Williams: Can I ask you a question about your archive material, which is an interest of mine, because identity is based not just on the current discourse but also on our history. HTV and latterly

ITV have huge amounts of programming, which I find very interesting but perhaps is not such a turn-on for people at 11.30 at night when Arfon Haines Davies comes on with his programme, but I find it riveting. Can you just tell me, what is likely to happen to all of that as ITV becomes more of a London-centric outfit?

Mr Owen: You are quite right, we have an archive that goes back more than 50 years, to 1958, which is quite a good catalogue of what has happened to Wales over that period. At the moment the archive makes some money for us because we actually make some in-house programming and series for S4C using that archive, so there is a commercial value to that archive. That archive remains within ITV Wales and there is no plan as far as I know to move it from ITV Wales.

Q84 Mr Jones: Mr Jermey, the issue of funding obviously is key to our discussion and we are all aware of the country's economic difficulties at the moment. Does ITV Wales cast covetous eyes on the model enjoyed by S4C?

Mr Jermey: The model that S4C have proposed for the funding of news?

Q85 Mr Jones: The funding model it is enjoying at the moment.

Mr Jermey: A direct grant from DCMS. ITV has said throughout this debate that we do not want to be the recipient of direct public money and that remains our position. No, we do not want to have a grant from central government *a la* the S4C model, we would prefer public money from whatever source that comes to go to an organisation that has the provision of regional news directly in mind and our contribution can be the provision of the slots. We think that the people at ITV regional news and a lot of the assets could be very helpful in making a smooth transition to the new world, but we are not asking for direct funding.

Mr Jones: Thank you.

Q86 Chairman: Could I thank you for your evidence today and the earlier written evidence, which was very helpful in preparing for your session. Do you feel that you have covered all the points you wish to make or is there anything you wish to add?

Mr Jermey: Just to thank you for the invitation and to say that we are delighted that the Committee is considering this area and if there is any further information that you want after today we will be very happy to provide it.

Chairman: Thank you very much. Could the witnesses from the BBC now come forward, please?

Witnesses: **Mr Mark Byford**, Deputy Director-General, BBC, **Ms Menna Richards**, Director BBC Cymru Wales, and **Ms Clare Hudson**, Head of Programmes, English language, BBC Cymru Wales, gave evidence.

Q87 Chairman: Good afternoon and welcome to the Welsh Affairs Committee and this particular evidence session on English language broadcasting in Wales. For the record could you introduce yourselves, please?

Ms Richards: Yes, good afternoon. My name is Menna Richards and I am a Director at BBC Wales.

Ms Hudson: Good afternoon, I am Clare Hudson, I am the Head of English Language Programmes at BBC Wales.

Mr Byford: Good afternoon, I am Mark Byford, Deputy Director-General of the BBC.

Q88 Chairman: The acoustics are not brilliant in this room so please do not be afraid to raise your voices. Thank you for your written evidence. If I could begin, you refer in the written evidence to what you call Wales facing “a growing information gap” which I presume is a euphemism for a democratic deficit. How would you fill that gap?

Ms Richards: One of the issues that the BBC has to deal with is that a number of organisations in Wales are facing decline of different kinds. London-based print media particularly, no longer have correspondents in Wales and certainly the indigenous newspaper market is declining. We know about the difficulties facing ITV Wales, we have already heard from them, and the difficulty that the BBC faces in Wales is that we are by far the most substantial organisation in Wales and there is an expectation that we should automatically fill the gap left by others. Clearly we have some significant and wide-ranging responsibilities and we are, by dint of developing our services, trying to provide as rich a mix as possible, but to expect the BBC simply to fill the gap is not a realistic position for the BBC to take.

Q89 Chairman: Do you want to add to that?

Mr Byford: I would obviously agree with Menna Richards on that. As Menna has said (a) the marketplace for Wales is changing and, (b) the BBC remains absolutely firmly committed to information provision within that democratic system/purpose, firmly committed to news and current affairs coverage and political coverage but also in a wider offering of genres that meet audience needs. As well as what we offer we have also said to ITV that there are things that the BBC can and would want to do in terms of partnership, particularly around facilities, particularly around some core news provision, covering undisputed pictures if you like, where we can be more efficient and more effective together by coming into partnership that may help support the continuation of plurality of provision and provision by an ITV or a Channel 3 providing regional news, but we never say that the BBC’s partnership alone would be the sole reason why that could continue, it would be an important contribution.

Q90 Chairman: Given what ITV has said today and what they wrote in their evidence do you think that you are almost at a position where the BBC is likely to be the only credible provider of English language news in Wales?

Mr Byford: I hope no; I absolutely hope not. The BBC recognises that for the equality of its own provision it is good if not essential that it has competition in terms of provision of news and current affairs as you say within television and also in radio. That is why we have been keen to offer what we can within that partnership framework because we think that plurality, as has been recognised by the Ofcom review and has been recognised by other reviews into public service broadcasting, is good for the audience.

Chairman: Thank you. Mr Hywel Williams and then Mr Albert Owen.

Q91 Hywel Williams: Can I then ask you, therefore, we heard Mr Jermey earlier on explaining quite frankly that ITV’s intention is to be a broadcaster unlike the BBC and, like any other commercial organisation, essentially with their eyes on the bottom line. The BBC does not see things in that sort of way but you do have a duty towards the people of Wales to reflect the variety of events and news in Wales, that is how you see things I believe.

Ms Richards: Yes. Clearly what BBC Wales tries to do as well as providing that core service of coverage of news and current affairs and politics across all our services—television, radio and online—is that we strive to make sure that audiences are well-served by the programmes that we produce given the resources available. The whole range of output—arts and music, drama, comedy, entertainment, sport—the BBC offers all of those to audiences in Wales and the important thing for us to recognise is that there are certain things that audiences in Wales will only get from broadcasters in Wales, and that is a reflection of Welsh culture, Welsh history and the kinds of things that we have addressed with series like *Coal House* and *Coal House at War*, recognising that what we do is very particular and that we address the particular interests of audiences in Wales. We also produce very successful network productions, of course, and that is the other side of the coin; the key thing for us is to make sure that audiences in Wales are as well-served as possible.

Q92 Albert Owen: Can I go back to this partnership that Mr Byford was talking about with ITV? They have acknowledged the difficulties that they have got; do you see this partnership as being a long term remedy or do you see it as a stopgap until a new model is found? Quite frankly they said their model is broken, so are you just propping them up for a while?

Mr Byford: I see it as a long term important contribution, certainly not as a stopgap just for a year or something like that, no. We would see it as a long term contribution to enabling provision of news at a regional and local level across Wales but across, obviously, the English regions as well, whether through ITV production or whoever.

Q93 Albert Owen: How would it work in practice? Would you be sharing studios? We have talked about the fact that there are certain occasions, Royal visits

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et cetera, where you do share now but what new partnership delivery would you be giving and how would it work?

Mr Byford: The overall context obviously is that you want to retain plurality of provision so the last thing you want to do is be doing everything on the BBC, that is self-defeating for the very thing that you are trying to do. What we have looked at with ITV is the ability to use facilities—that is everything from studios through to satellite trucks, news-gathering—where if the investment in those facilities can be shared rather than each having separate facilities, that can help them to save money. On the content that will be limited because of the very drive for wanting to provide complementary services but there are outputs where we both would be going to the same venue, doing the same interview, using the same facilities and in those, in the way that we do, as you say, pool facilities now, we think that we can extend that and yet still retain the distinctiveness of the output. The key is that ITV will still have its own journalistic team, it will still have its own editorial levers, it will be driving its own agenda, it will be using that content in the way that it wants to do to provide plurality of choice, but where there can be use of facilities that benefit them we are happy to contribute. In Wales there is a specific challenge that is different to the discussions we have had in English regions where, because of the provision of Welsh language news services as well as English language services, the ability to use a joint gallery is more limited. Where we can share and it makes sense we will.

Ms Richards: Just to add to that, maybe we have not been very clear that there are different circumstances in Wales to those in the English regions and therefore, as Mark says, we do not propose to be sharing a gallery and a studio with ITV necessarily, partly of course because of the provision of *Newyddion* on S4C but also because of the particular issues around the absence of plurality in Wales. We want to make absolutely certain that the journalistic endeavour is entirely separate and that the editorship is entirely separate.

Q94 Albert Owen: I am not convinced that choice will not be damaged by this arrangement because we have all acknowledged that ITV is in trouble and they have got rid of a lot of their journalists and those skills, so it will be a BBC-dominated partnership and it is very difficult then to have that choice.

Mr Byford: That is not the driving force of it or the aim. The first is to recognise the marketplace that ITV faces and Mike has put forward to you the economic challenge that they face. The BBC recognises that too. The BBC says that it understands the importance of news at both network and regional level for audiences—it is hugely important to them, both as consumers and citizens—and as I said at the start of the session the BBC thinks it is actually good, not just for the citizen but for the BBC to have competition. Where can we help contribute? If it damages the BBC output why would we want to do it, so one thing is that BBC

services will still remain strong. The second is that in the partnership it enables and contributes to that requirement on ITV to be able to have an economic model of providing that news that is more beneficial than where we are today. We have never said it solves it, but we say it is an important contribution to it, because it has been looked at around facilities in the main, such as satellite trucks—taking as read what Menna Richards said about certain gallery and studio provision not being the same for Wales—and where those things are actually about the engine room of news rather than the editorial content, we think it makes sense for us to be able to share and we have come to a memorandum of understanding with ITV because they do agree that these discussions could be fruitful and they make sense. The editorial content itself, other than limited pool, will be generated in the agenda and in the drive of the content by ITV. Clearly they have been making reductions in their overall services across England and Wales; what we hope is that by this contribution it helps them to be able to continue—or a provider through ITV—for the long term.

Q95 Mr Jones: Briefly, Mr Byford, I have to say that I share Mr Owen's scepticism about the model that you have outlined. It seems to me that the discretion as to, for example, what events to cover will be exercised under this model by the BBC. There will certainly be editorial divergence as between the BBC and ITV but effectively the decision as to which events are newsworthy and should be covered in the first place will be made by the BBC will it not?

Mr Byford: The mistake is to think that each morning the BBC will be deciding what the coverage is that they will do with ITV and then there will be a very limited level of production done by them or whoever is the supplier, for their programming. That is not the case. The driving force has been about the sensible stewardship and use of facilities plus recognising, as someone who has been involved in regional news for 30 years, that there are some areas of content where it makes absolute sense for both the BBC and ITV to not have duplicate coverage and be able to share because in that coverage it is actually non-contestable in its distinctiveness. It could be an interview with one person outside of a council building, done by the same crew, could be given for both, but ITV themselves as well as the BBC will have their own editorial teams in place wanting to provide their own distinctive agenda and the majority of their content will be done by themselves.

Q96 Mr Jones: I understand that, but there can be some major events where plurality is required, not only in terms if you like of the commentary or in terms of the editorial approach, but also in terms of the physical coverage. I mentioned, as you probably heard, to a previous witness the G20 as a prime example where certainly it would have been impossible to have proper plurality of coverage simply by having one camera crew there.

Mr Byford: It is never envisaged at all that that would be the model. Obviously that is network coverage for UK-wide use, this is about a Wales level

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and an English regions level, but the driving force of the majority of the content will be still done by the BBC for the BBC and for the ITV production by them. Where it makes sense to reduce cost because in those limited areas it does not make sense in the context of plurality and distinctiveness—it is just the same material—on an international level we are doing that with different broadcasters and we are doing that in some pooled materials now, it is not a new thing. It is extending that so that we can still retain distinctiveness and yet be as efficient and effective as we can and help support them to still be in the game.

Q97 Hywel Williams: Can I just pursue that for a moment. I have always been struck by the contrast between Welsh language news production in Wales and the English language production in Wales, one being essentially national production of international stories whereas English language news for Wales often seems to be national or regional. With the example of the G20 I assume that *Newyddion* carried pictures on the G20 and I wondered if *Wales Today* would have. If you are looking for a fully developed English language service for Wales would we not be in a position to say something similar to *Newyddion* wanting to carry the details would get the pictures from the BBC. That is one of the points that David Jones was making.

Ms Hudson: It is important to remember that *Newyddion* is providing the only news in Welsh for the Welsh-speaking audience. Whilst if you are watching BBC ONE on a Wednesday night you will have the UK and international news at six o'clock followed by *Wales Today* if you are watching S4C *Newyddion* needs to provide a mixed news agenda. They are different vehicles for different audience needs and I do not think there is an exact parallel in talking about those two services.

Mr Byford: Obviously *Newyddion* as well has the ability to utilise BBC material at international or UK-wide level as well as doing stories within Wales and that does not change in any way from these partnership proposals with ITV.

Q98 Hywel Williams: Before you arrived I did ask John Walter Jones and Iona Jones to elaborate a little on S4C's stance on the future of *Newyddion* alas with absolutely no success, I am afraid. I just wondered, given that in your memorandum you say that the BBC management believes that the proposals of S4C to no longer broadcast *Newyddion* "risks reducing the value and impact of existing PSB provision in Wales"—I assume with a dramatic effect on the use of English language version—would you like to elaborate a little bit on your views on this possibility?

Ms Richards: BBC Wales, as some of you will know, has produced Welsh language television news for many, many years, predating S4C by several decades. It is part of the BBC's absolute core mission to produce Welsh language television output including news but since S4C was established clearly *Newyddion* has been carried on S4C. The clear concerns are around what does this mean for

audiences if the BBC were no longer to produce Welsh language news? The service *Newyddion*, provided by the BBC, carried on S4C, is very highly regarded by audiences. Its audience has grown indeed in recent years to such a degree that S4C have asked the BBC to produce more news bulletins during the day, which we begin from next month, so there are clear concerns about what it would mean for Welsh language audiences if the BBC were not to continue to provide *Newyddion*. There are also concerns around the implications of that for BBC Wales' news operation because clearly there are economies of scale and synergies between *Newyddion* and Radio Cymru news, and indeed *Newyddion* and *Wales Today*, so there are some quite significant financial issues, but principally it is the service and the value that the BBC provides to audiences in the Welsh language because the BBC's core public purposes around sustaining citizenship are largely about news. The BBC has a responsibility to fulfil those public purposes in the Welsh language and I believe does so effectively for the service of audiences through *Newyddion*.

Q99 Mark Williams: Turning now to what has been described by some as the cultural deficit, you alluded to the success of the BBC ONE network in promoting Wales. Could you elaborate a little bit more about some of the quality drama and other products which are aired in Wales for the English-speaking Welsh audience?

Ms Hudson: Certainly. On BBC ONE and BBC TWO Wales we aim to offer a range of genres, as Menna said earlier. In drama we have had a long-running series called *Belonging* which not only has been much-loved by the audience but also has been a fantastic crucible for some of the talent that we now see working on network television programmes as well. This autumn we are going to be launching a new drama for audiences in Wales on BBC ONE in peak time. That is produced by an independent production company headed up by Tony Jordan, who has been behind some of the biggest successes of BBC television drama, but using a whole range of emerging writers, many of them from Wales, and next year we will be unveiling a new drama which has been written by two local Welsh writers, one of whom has worked on *Dr Who*, under the mentorship of Russell T Davies, so there has been a fantastic synergy between what we are doing on network and what we are doing locally. We have a whole range of arts programmes, arts documentaries, and we aim to cover a number of cultural events and music events across Wales. Coming soon we have the *Cardiff Singer of the World* competition, which is not just a network television project, it is online, it is on radio and it will be on BBC TWO Wales every night soon after that night's competition has finished.

Q100 Mark Williams: What about children's programmes for English-speaking Welsh children; what programmes are available and how could they be sustained?

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Ms Hudson: We have over the years managed to come up with some of the most creative projects in terms of children's television. Just in the last few weeks we have had going out on air *Teletales*, a project which has actively involved children in generating the content themselves in drawing the backdrops and in performing the parts. That has been a co-commission with CBeebies, the BBC's young children's channel, and we have also been able to produce that in another format for S4C. Prior to that we produced *Bobinogs*, which had a very successful run both on CBeebies and on BBC Wales. Obviously there is not limitless resource for providing programmes for children, but we are very committed to developing the talent to do that.

Q101 Mark Williams: I detect in your memorandum some frustration that the increasing costs of production and in particular the challenging financial climate has restricted your ability to do more.

Ms Hudson: Indeed. If you had the controller of BBC ONE sitting in front of you she would be saying the same thing. There is always more drama, in particular drama and comedy, that one would like to commission. It is such a popular genre, such a powerful genre for driving portrayal, for driving exploration of contemporary society, but it is also the most expensive genre, so one has to make difficult decisions and difficult choices, but even within those constraints we are managing to produce two new dramas over the next 18 months.

Q102 Mark Williams: There is not a significant cultural deficit in your view but there is still a deficit nonetheless for Welsh viewers.

Ms Hudson: Deficit is a relative term. As I say, I would love to be able to commission more drama, I would love to be able to commission more comedy because they are much-loved genres but I also think that a comedy like *Gavin & Stacey* which is a network commission is hugely popular in Wales and hugely valuable to our audiences in Wales.

Ms Richards: If I could just add, because of course we have radio services as well as television services one of the advantages in BBC Wales is that we can develop talent across radio and television. It works both ways; it is quite interesting. Ruth Jones of *Gavin & Stacey*, her radio presenting debut was on Radio Wales but equally writers who are developing and honing their skills on radio will, I hope, eventually have an opportunity to work in television.

Q103 Hywel Williams: You are making annual efficiency savings of 3% up to 2013; is that likely to affect English language programming for audiences in Wales?

Ms Richards: The efficiency savings that BBC Wales in common with every part of the BBC has to make mean that we clearly have to be as imaginative as possible in the way that we deliver those savings in order to protect content and output where possible, but inevitably there are significant financial pressures on the BBC and we have to recognise, as

Clare was saying earlier, that if we had limitless resource we would do more, but realistically that is not the position; it is not the position for us and it is not the position for any other part of the BBC. The important thing as far as we are concerned is to recognise that where we place that investment is the genre of programming that delivers most to audiences and we, for example, will be investing more in peak time on BBC ONE because that is where we will reach the biggest audience. Some of you will know that 2W has been merged with BBC TWO; what that has allowed us to do is to invest greater resource in peak time on BBC ONE rather than on BBC TWO which means a bigger audience and more people get to see sport and *Coal House* and music. Clearly there are constraints; there are difficulties for all of us but we need to husband those resources as effectively as we can so that audiences get the best possible service.

Q104 Albert Owen: I just want to advance this network versus Welsh reality if you like. You are admitting that BBC TWO Wales failed in many ways, that is why you had to merge it, it was this standalone let us see Welsh reality and it did not work because your priority is, as you said, on getting the big network ones. You have the resources to do it, you get bigger audiences *et cetera*, it has to be. I hear what you say about the talent coming through, but a reflection of Welsh life has been lost because of very welcome, successful productions like *Dr Who*.

Ms Richards: I am sure Clare will answer that but can I just be clear about 2W? 2W came to an end for technical reasons. Once digital switchover happens it is impossible for us to run 2W and BBC TWO Wales so we have merged them, but the distinction you are making is different from the one I was making. I was talking about local output; it is not a question of BBC Wales' resource going into network production; that is not how it works. BBC Wales' resource is for local output; the commissioning of network production brings additional resource in its wake and perhaps Clare would say a bit more about that.

Ms Hudson: I suppose what I would like to say is that some of the things that I am certainly most proud of and the most successful things that BBC Wales has done over the last few years have been local commissions. You only need to look at the success of *Coal House*, the biggest investment that BBC Wales has ever made in a factual series and of higher value than many of the things that we make for network, to see the level of commitment that we have. I spend a great deal of my time thinking as creatively as I can, with the people who work in my team, about how to reach audiences in Wales with projects that they will not just sit and watch, but that they will value and remember and appreciate for many years to come. The most recent one was a season we did on childhood called *What Are We Doing to Our Kids* which has had a phenomenal impact on the audience, in particular on younger people. Network television I think is fantastically important for a whole range of reasons, not least because the audience values it greatly in Wales when

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we do great things on network, but also because if you want the best possible talent and the best possible creative culture you want to be able to say to your people that there many different canvases that you can paint on; you can do it all here, you can work on radio, you can work online, you can work on television, and if you want to have the best people you want to have the best possible range of places where they can do their good work.

Q105 Albert Owen: Is this big network draw dumbing-down some of the things that the BBC has traditionally done?

Ms Hudson: Dumbing-down?

Q106 Albert Owen: Yes.

Ms Hudson: Do you have any examples of that?

Q107 Albert Owen: What I am saying is if you want to attract young people and you say “Come and work for the BBC and be part of *Dr Who*” that is an attractive proposition for young people entering the media world. You say about resources, that you have difficulty getting resources for the kind of programmes that you are very proud of and it is easier to get something for a wider network audience. That is the point I make and I thought you were making that very point, if you do not mind me saying that. You seemed to be saying how good it was, how easy it was and how you have got the success to carry on being the network provider.

Mr Byford: If I may, Chairman, I think what Menna was saying was that she wanted to do both.

Q108 Albert Owen: But there are not the resources for both.

Mr Byford: There are limited resources for network programming, it is not as though there is an endless stream of money for network programmes, not just from BBC Wales but from everywhere. What Menna understandably wants to do is to provide the range of genres for Welsh viewers and listeners through the television output for Wales and Radio Wales for English language speakers, which as she said across news and current affairs, entertainment, sport, some limited drama, factual programming and real richness means that the BBC remains absolutely committed to a broad range of genres that provide that richness for audiences, as well as building its network present in drama, in factual, and that has been the story for Wales and that is what makes it a creative success, recognising that the marketplace we have discussed today means that there are pressures outside of the BBC as well that mean we have certain responsibilities and contributions that we think we can make to the wider marketplace.

Q109 Albert Owen: If I could move on the BBC Trust has identified a target of 17% of production to be moved out to the nations. Does BBC Wales have a figure for what it wants to achieve?

Ms Richards: The way the BBC Trust has apportioned the 17% is broadly by population, so for Wales that would be a minimum of 5%. That

would mean that we would double our network production over the course of the next few years, but we are ambitious to do more than that of course.

Q110 Albert Owen: It is currently 2.5%.

Ms Richards: It is around 2.5%.

Q111 Albert Owen: Has it been growing to that or has that been a steady 2.5%?

Ms Richards: It has grown significantly in the last four or five years with the success of *Dr Who*, *Torchwood*, *Sarah Jane Adventures* and a huge range of factual output from *Tribe* to *Top Dogs* that was on BBC TWO last week.

Q112 Albert Owen: Carry on.

Ms Richards: Yes, I am happy to do so.

Mr Byford: It will grow from that.

Ms Richards: It will. The intention is that it will grow. The BBC has just announced that *Casualty* will move from Bristol to Cardiff, *Crimewatch* is moving to Wales, partly because of the strength of the factual department in Wales. The 5% I am very glad to say has been described by the Chairman, the Director-General, the Deputy Director-General as a floor and not a ceiling and that is a very important phrase because our ambitions are to grow beyond the 5%.

Mr Byford: In the earlier evidence from ITV as well I noticed that they said obviously we have commitments as a public broadcaster but they want the best creative ideas from wherever, and of course we do. These are guides and frameworks; nothing would give me or Menna more pleasure than that is actually a floor and that creatively the best ideas are flying from wherever, but there are certain commitments that we want to make. If the ideas mean that you can insert genres and build on that, then that is good.

Ms Richards: The other important aspect of this is the linkage between what we produce for BBC Wales output locally and what we produce for network. What Clare described earlier as the crucible for talent, the way in which people can move back and forth between local production and network production, gives people a whole range of extra skills, of new opportunities to develop their careers in a way that was probably unheard of even 10 years ago.

Q113 Albert Owen: One other question—and I know I have raised this on a number of occasions in previous inquiries we have had as well—to benefit the whole of Wales is not just coming from the capital of England to the capital of Wales; do you have plans for that 5% to be distributed throughout Wales so that talent in different areas and localities can benefit from it?

Ms Richards: In response to the question, which you quite properly challenge us with regularly, we have always made it clear that we will endeavour to commission as much as we possibly can from areas outside Cardiff if the ideas are there and if the

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companies are there to make them. On this we have got something coming up quite soon on Bodnant Gardens, for instance.

Ms Hudson: The local commissioning is very much part of developing capacity. The series on Bodnant Gardens, which is actually a co-commissioning between myself and BBC TWO Network, is being made out of Bangor by the team there. We have also just commissioned an independently made series set in North East Wales, so we are constantly looking to grow talent in other places but we have to understand that we do also need to develop capacity. That is why *Casualty* is moving to South Wales so that the people working on *Casualty* can work within a drama community. We would hope that they will be moving back and forth between *Dr Who* and *Casualty* and all the other dramas that we are making, so you have to make difficult choices about where you want to source these things but there is always an eye on how we can develop capacity in other parts of Wales and not just in South East Wales.

Ms Richards: If I could just add to that, the BBC is moving a significant part of its operation to Salford and there are significant opportunities there for independent production companies based in North Wales.

Q114 Mr Jones: If I could just develop the discussion, please, about the growing importance of Cardiff as a centre for drama production, both Ms Richards and Ms Hudson have mentioned that *Casualty* is relocating there from Bristol. Is this not, however, a question of one region benefiting at the expense of another region? I notice the dynamics that prevail within the BBC; why for example not relocate a drama production from, say, London where as I understand it there is enormous pressure at the moment? I am not thinking about *EastEnders* but I am sure there must be some other similar productions.

Mr Byford: Firstly, the framework that Menna has brought to you about the growth in the nations is the overall strategic framework for the BBC. For Wales one of their specialist areas that they will be building is drama; the build is not on *Casualty* growth alone, that is in order to create a drama community of real substance but it comes on the back of five years, as you know only too well, where BBC Wales has enjoyed enormous success in terms of drama through *Dr Who* and *Torchwood*.

Q115 Mr Jones: I am just wondering how Bristol feels about it.

Mr Byford: Bristol presumably will not feel utterly delighted at it but will recognise what we are trying to do strategically which is to build an overall drama community within the South Wales area. The *Casualty* site was up for renewal and it therefore made sense for us to look strategically at where we are building that strength in drama across the whole of the UK and we are concentrating in this area through Cardiff. But it will not just be things moving

from London or things moving from Bristol, it will be also the growth within BBC Wales and the independent community in Wales.

Q116 Mr Jones: Ms Hudson, you touched upon this but as you may know the Committee recently completed an inquiry into Globalisation and its Impact upon Wales, and we remarked how impressed we were by the quality of independent production within Wales. What is the BBC doing, apart from the examples you have just given, to encourage the growth of independent production within Wales and to bring it forward?

Ms Hudson: A whole range of things from commissioning—at my level 35% of the hours that I commission for BBC Wales are from the independent sector, at least 35% and they have the potential then to bid for another 5%—and projects on the scale of something like *Coal House* or some of the things that we have done recently on childhood allow an independent to grow their creative skills and their creative ambition. Also on network there have been a number of moves to ensure that we provide the kind of creative support that independents are going to need, so just in the last two weeks I now have working partly in my team but partly in the London network production team a new factual executive whose whole job is to focus on the independent sector in Wales and to support them to do the best they can in terms of pitching and getting network commissions. That will allow us to develop talent and to develop a more powerful partnership with the independent sector. Then there are a number of other schemes which the BBC is running, including a series producer training programme which supports indies as well as in-house people to become more effective as executive producers, and there is another scheme called the XM25 scheme which the BBC is running which is trying to make sure that independent companies based outside London get access to the best possible intelligence and understanding of what network requirements are. On a whole range of fronts, therefore, we are doing what we can to make sure that independents are in a very fair position to get some of this network growth that we have been talking about.

Q117 Chairman: We have come to the end, although I am tempted to ask a question about partnership that will open up a whole set of other questions. Could I suggest to you, however, that in all partnerships there is a power relationship and it is always a challenge for those of us on the outside to suggest that it is an unequal partnership. What we can see at the moment is that it appears to be an unequal partnership; could you express your view about that? What I see really is that in economic terms—although it is perhaps not an appropriate word—it is a kind of duopoly and instead of plurality we actually have the possibility of a suffocating situation with two parties coming together with not necessarily different or conflicting

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approaches which would create a healthy tension and create competition. What is your observation on that?

Ms Richards: You mean the BBC and ITV news partnership.

Q118 Chairman: Yes.

Ms Richards: We have been at pains to explain that we recognise some of the issues that you raise and it is absolutely not the BBC's intention, as Mark has described, to do anything other than try and support ITV in the way that we believe is most appropriate through this partnership, which has been agreed in principle with ITV in order to ensure that audiences in Wales continue to get plurality. It is interesting that when Members talked earlier about these issues if you are a viewer of *Wales Tonight* on ITV or *Wales Today* on the BBC you will see that many of the same stories are covered; that is the nature of a news programme. However, there is very, very little overlap between the audiences. *Wales Tonight* has its own loyal audience and *Wales Today* has its own significant loyal audience, so it is important to recognise within all of this that there are audiences out there who wish to see the continuation of ITV, certainly would wish to see the continuation of the BBC, but it is far from wanting to offer some kind of homogenous news service to audiences in Wales who clearly, from what we understand already, are looking for different things.

Mr Byford: I would just say, Chairman, as well that there is always a danger in any partnership of dominance. That is the very last thing that the BBC wants to do and it is contributing ideas to where ITV or any economic model of provision on Channel 3 could have reductions in costs sensibly by sharing with the BBC around its facilities. The sharing of content is hugely controversial; as a first stance people say why will you be sharing content if you want plurality, but we recognise—both parties recognise—that there are areas where we can sensibly share, and in a memorandum of understanding you need two partners to sign. ITV have themselves said this can make sense for them as a contribution to their long term provision of regional news and we agree with that, but we recognise that without a partner themselves saying “Yes, this makes sense and we want to play ball” it will not work, so it is the offer from the BBC and we hope it will be taken up.

Chairman: You will appreciate that this Committee of politicians comes to this subject with a healthy scepticism and we look forward to the way in which the BBC and ITV portray this particular session on the news. With that little challenge I will now declare this session closed. Could I thank you all for your evidence and for your written evidence. Again, as I said to all other witnesses, if you feel there is something that we have not covered we would be delighted to hear from you. Thank you.

Written evidence

Memorandum submitted by the BBC

1. EXECUTIVE SUMMARY

- The BBC recognises the significant challenges facing English language public broadcasting in Wales across news and more general programming.
- The BBC agrees that the continued provision of both news and general programming is essential in Wales in order to fully reflect the diverse experiences and interests of audiences in Wales.
- The BBC is committed to providing high-quality English language television programming for audiences across Wales. In 2008–09, BBC Wales broadcast approximately 750 hours of English language programming on BBC ONE Wales and BBC TWO Wales, costing £23.6 million.¹ Approximately 850,000 viewers in Wales watched this output each week.
- In parallel, the BBC has announced plans to double network production in Wales over the coming years. In 2008–09, BBC Wales produced 113 hours of network television.
- The BBC is working with a range of partners to explore ways of harnessing the BBC’s organisational scale and funding stability to bring benefits to the whole sector and to offer even greater value to audiences.
- Our aim is to develop a package of proposals that could help enable ITV to retain its English language national news service in Wales. We are making good progress in our discussions with the broadcaster and have already signed an agreement in principle with ITV.
- Both parties are clear that a partnership can only succeed if it maintains both the existing plurality of output for audiences, and the editorial independence of both newsrooms.
- The BBC believes the role of regional news or non-news programming within the remit of the “second UK PSB provider” suggested in the UK Government’s *Digital Britain* report should be explored more fully.

2. THE CHALLENGES FACING PSB IN WALES

The BBC recognises the significant challenges facing English language public broadcasting in Wales across news and more general programming.

It agrees that Wales faces a growing “information gap”, characterised chiefly by:

- The high penetration of London-based print media, and a weakening indigenous newspaper market;
- The declining contribution of ITV Wales across English language news and non-news provision; and
- The generally poor portrayal of Wales across UK PSB and commercial networks, which the BBC is addressing through a substantial increase in targets for network TV production from the nations.

3. BBC CYMRU WALES ENGLISH LANGUAGE BROADCASTING

3.1 Introduction

Ofcom’s PSB review highlighted the continuing importance of strong news and general English language programming for audiences in Wales. BBC Wales and ITV Wales have provided a broad range of non-news output in Welsh and English over recent years, and the reach and impact of these programmes at least matches that achieved by national news services such as *BBC Wales Today*.

The BBC agrees with the many who have argued that the continued provision of high impact English language non-news output is essential in Wales in order to fully reflect the diverse experiences and interests of audiences here. Not only does it draw significant audiences, this programming plays a central role in the cultural life of the nation.

Sections 3.2–3.4 outline three key areas of BBC Wales English language programming: English language television programming produced solely for audiences in Wales, network television productions made in Wales for the BBC’s UK television networks, and our programming on BBC Radio Wales.

¹ Provisional expenditure only—audited figures for 08/09 will be published in July

3.2 *BBC Wales television programming for audiences in Wales*

BBC Wales commissions a range of English language programming for audiences in Wales—across all major genres. This output is broadcast on BBC ONE Wales and BBC TWO Wales. The programmes are produced by a mix of in-house teams and a range of independent production companies.

These programmes complement and supplement the network BBC programmes scheduled on these channels by offering more relevance and greater portrayal of Wales, past and present. The aim is to provide viewers in Wales with a diverse range of programming that collectively captures the Welsh experience. Each week, approximately 850,000 viewers in Wales watch this output.² Without this significant and diverse contribution, we believe Wales would face a significant cultural and social deficit.

BBC Wales’ “local” programmes include *BBC Wales Today*, *Week In Week Out* (current affairs), *X-Ray* (consumer), *Dragon’s Eye* (politics), *Coal House* (history/entertainment), *Belonging* (drama), *Iolo* (nature), *High Hopes* (comedy) and *Scrum V* (club rugby).

In 2008–09, BBC Wales broadcast approximately 750 hours of English language programming on BBC ONE Wales and BBC TWO Wales, costing £23.6 million.³ As a result of the lower than expected licence fee, it should be noted that BBC Wales, like the rest of the BBC, is expected to deliver annual efficiency savings of approximately 3% per annum between 2008 and 2013.

Table 1

HOURS OF ENGLISH LANGUAGE PROGRAMMING BROADCAST ON BBC ONE WALES AND BBC TWO WALES IN 2008–09

	<i>BBC One Wales</i>	<i>BBC TWO Wales</i>
Arts and Music	2	12
Current Affairs	31	0
Drama	4	0
Education	0	4
Entertainment	5	0
Factual	43	25
News	290	0
Parliament	0	83
Sport	29	177
Repeats	28	17
TOTAL	433	316

Alongside the current financial challenges, BBC Wales also has to strike a balance between the audience’s demand for strong Welsh television output in major evening slots and their enduring appetite for major network BBC programming. Contrary to some reports, BBC Wales has enormous scope to schedule programming across BBC ONE Wales and BBC TWO Wales. But it is a task that has to be handled with some sensitivity and skill. Viewers in Wales do not just switch on BBC ONE or TWO to see programmes about Wales: they also want to see network hits such as *The Apprentice*, *The One Show* and *Spooks*. BBC Wales’ responsibility is to get this mix right on behalf of our audiences.

3.2.1 Journalism

Journalism is the cornerstone of our English language television service. *BBC Wales Today* bulletins are seen by 1.2 million viewers each week in Wales,⁴ and weeknight audiences at 6.30pm average more than 250,000.

Wales Today has journalists based in all corners of Wales, delivering a comprehensive and authoritative daily news and sports service all year round.

In addition to our daily news service, BBC Wales places current affairs at the heart of the television schedules. During the last year, a number of high profile stories have been given greater exposure through *Week In Week Out* investigations. Recent issues covered include an undercover expose of poor hygiene standards of cleaning in several hospitals (with the related risk of increased infection) and a powerful report on a recent outbreak of e-coli in South Wales schools.

Dragon’s Eye, *am.pm* and *The Politics Show* ensure that political matters in Wales are reflected accurately and extensively and that there is ample room for challenging debate.

² BARB: weekly reach 2008, 15mins consecutive

³ Provisional expenditure only—audited figures for 08/09 will be published in July

⁴ BARB: Average weekly reach in 2008 to all *Wales Today* bulletins (based on 3 mins consecutive)

3.2.2 Sport programming for audiences in Wales

BBC Wales' coverage of domestic and international rugby (Magners League, EDF Anglo-Welsh Cup, RBS Six Nations and the Autumn Internationals) attracts some of Wales' largest audiences. We offer an essential and comprehensive service that is highly regarded for its authority and quality by audiences across Wales. Clearly, this output relies heavily on our ability to secure sports rights in a highly competitive market.

The passion for rugby among audiences in Wales is perhaps best illustrated by the fact that Wales achieved the highest share of viewing for all Six Nations matches in 2009, regardless of whether Wales were actually playing.

Our multi-platform *Scrum V* brand is at the heart of our coverage. Live rugby dominates Friday nights on BBC TWO Wales and we migrate to BBC ONE Wales during the Six Nations in response to audience demand.

Scrum V is now recognised as one of the BBC's most successful year-round multi platform brands: it is central to our sports coverage in Wales, not only on TV but on Radio Wales, the red button and online.

Sport Wales has also become a well-established addition to our sport portfolio. The peaktime Friday night programme, broadcast on BBC TWO Wales, provides lively coverage across the whole spectrum of sport in Wales. Part of its remit is to cover sports which do not routinely receive significant TV exposure, including a range of women's sports, extreme sports, surfing and free running.

3.2.3 Documentary and factual programming for audiences in Wales

BBC Wales' output for audiences in Wales journeys far beyond journalism. Our objective is to provide a range of programming that engenders debate, celebration, entertainment and reflection of life in 21st century Wales.

Increasingly, our strategy is to target investment at high profile and distinctive projects that are able to make a real impact in a crowded and fragmented digital market, and provide a unique insight into the cultural and social life of Wales. As part of this strategy, we are increasing the number of broadcasts in peaktime hours on BBC ONE Wales in order to maximise audience impact. A number of recent projects embody this commitment.

Coal House and its sequel *Coal House at War* provided audiences across Wales—and across the generations—with the opportunity to explore our common heritage and history, and the changing nature of community life. Each series took three families back to experience the respective realities of mining life in 1927 and 1944. By developing the project across BBC ONE Wales, BBC Radio Wales and online, we were able to harness the combined scale of BBC Wales' portfolio of English language services to deliver a deep and interactive experience for audiences.

The response was phenomenal: some 60% of viewers in Wales followed the series and it prompted a wide-ranging debate about the changing role of families and communities.

More recently, BBC Wales' childhood season *What Are We Doing to Our Kids?* explored a range of contemporary social issues, including parenting, poverty and inclusion. As part of this season, the BBC ONE Wales series *Changing Lives* saw teenage siblings swap homes for a week, exposing contrasting approaches to discipline, diet and housework. And a peaktime documentary, *One Family in Wales* (presented by Political Editor Betsan Powys), highlighted the often corrosive impact of poverty on childhood and levels of personal aspiration. A quarter of a million viewers in Wales saw this challenging and powerful programme on BBC ONE Wales.

This commitment to contemporary, high impact programming also inspired the recent BBC ONE Wales series *Hospital 24/7*. Broadcast across a single week in January 2009, BBC Wales captured life at the University Hospital of Wales over an intense seven day round-the-clock period. The result was a powerful portrait of the work of the dedicated teams who save and improve the lives of patients every day of the week. In a similar vein, *Somebody's Child* (broadcast in 2008) examined the intimate stories of vulnerable children and teenagers through the work of Barnardos Cymru.

3.2.4 Drama programming for audiences in Wales

With the high production costs of drama and a challenging financial climate, our local contribution in this area over the last few years has been more limited than we would choose. Undoubtedly, drama has an extraordinary power to connect with audiences on an emotional level, and to explore the nature of family, work, community in a way which embeds itself in the psyche long after the series is over.

For the past eight years the BBC Wales' Valleys drama *Belonging* has attracted a large and loyal following on BBC ONE Wales. It has also provided a springboard for a number of talented artists, including Eve Myles—now star of *Torchwood*. Now in its final year, *Belonging* will be followed by two new local series.

The first, *Crash!*, will be broadcast this autumn on BBC ONE Wales. It focuses on the lives of a group of young medics and is written by a range of new and exciting writing talent led by Tony Jordan, who was the co-creator of *Life on Mars* and has worked on long running serials such as *EastEnders*. The second project,

The Fabulous Baker Boys, is being written by Gary Owen and Helen Raynor (who has been writing for both *Doctor Who* and *Torchwood*). *Doctor Who* supremo Russell T Davies is playing a key role in the development of this drama series.

It is important to underline the importance of local drama production in our programme portfolio. Many of our recent network successes owe a great deal to the development of local talent through programmes such as *Belonging* and *Pobol y Cwm* (produced by BBC Wales for S4C). Writers, directors, production and on-screen talent have all made the journey from local BBC productions in Wales to the UK network stage.

3.2.5 Arts and Music programming for audiences in Wales

BBC Wales seeks to offer a range of arts coverage to appeal to different audiences—from the unashamedly popular and celebratory (such as a profile of the winners of last year’s *Last Choir Standing* competition—Only Men Aloud) to the more cerebral and exploratory (including a film by Welsh novelist James Hawes about Franz Kafka). Our *On Show* strand has also explored the tradition of woollen mills in Wales, and the work of impressionist painter Alfred Sisley (designed to coincide with an exhibition of his work at the National Museum and Gallery of Wales).

Over many years, BBC Wales has reflected most of the major cultural festivals of Wales in its English language output, as well as staging a few of its own. In the latter category is Proms in the Park which has been held in Swansea for seven years. The BBC National Orchestra of Wales offers a world-class performance in an outdoor setting, accompanied by a range of high profile singers, with some elements of the concert forming part of the BBC’s *Last Night of The Proms* programmes. The whole event is then broadcast on BBC TWO Wales.

Every two years, we also stage the international competition *BBC Cardiff Singer of the World*. This event is covered on BBC FOUR and the final is transmitted on BBC TWO across the UK. Local audiences in Wales also get the benefit of a nightly magazine programme showing the highlights of that evening’s performance with comment and analysis from a lively panel of contributors.

3.3 BBC Wales network production for UK audiences

3.3.1 Summary

Alongside this “local” output for audiences in Wales, BBC Wales has become a centre of excellence for drama, factual and music programming for the BBC’s TV networks, producing programmes such as *Doctor Who*, *Tribe*, *Torchwood*, *Sarah Jane Adventures*, *Amazon* (produced for BBC Wales by Indus Films), *Merlin* (produced for BBC Wales by Shine) and many other shows.

In 2008, the BBC Trust announced that, by 2016, at least 17% of all network TV production will be commissioned from the nations. As part of this plan, BBC Wales aims to double its share of network production to at least 5% by 2012. Last month, the BBC announced that the BBC ONE network drama *Casualty* would relocate to the Cardiff area as part of the corporation’s plans to further strengthen drama production in Wales.

Doctor Who, which is produced at studios near Pontypridd, has been sold to 37 countries, including the US, China, Germany and France. Its sister show, *Torchwood*—which is centred on Cardiff—has also been an international hit, with sales to 17 countries.

At the peak of production, BBC Wales’ drama studio complex is home to more than 400 artists, writers, editors, technicians, designers and producers. The success of BBC Wales’ network production has enabled more long-term talent planning. From the outset, BBC Wales was determined to showcase and develop the brightest and most creative Welsh talent, rather than just importing experienced production staff from elsewhere.

3.3.2 Overview of output

BBC Wales’ contribution to network has been focused on three key genres: drama, music and factual. The drama offer has been centred on the development of *Doctor Who*, *Torchwood*, and *The Sarah Jane Adventures*—all of which have been produced and overseen by former Head of BBC Wales drama Julie Gardner and executive producer/lead writer Russell T Davies. The most recent success, *Merlin* (produced by Shine), was executive produced by the in-house BBC Wales team, and involved extensive input from both Russell and Julie. Later this Spring, *Torchwood* will begin its third series, moving from BBC TWO to BBC ONE.

BBC Wales’ music contribution has included coverage of major events and competitions including *BBC Cardiff Singer of the World*, *Legends* for BBC TWO and BBC FOUR, and the *BBC Young Musician of the Year 2008* competition (held at the Wales Millennium Centre).

The factual department was responsible for the ground-breaking BBC TWO documentary/adventure series *Tribe* presented by Bruce Parry. He returned to the screens recently in the network series, *Amazon*: a project produced by Cardiff-based Indus Films for BBC Wales. Following the success of *Tribe*, the factual department is currently collaborating with the Natural History Unit and the Factual team at BBC Bristol

on a major new anthropology project, *Human Planet*, which is expected to air in 2010. Other current in-house projects include *Last Chance to See* with Stephen Fry and *Top Dogs* with John Simpson, Sir Robin Knox-Johnston and Sir Ranulph Fiennes—both series for BBC TWO.

BBC Wales' factual output extends from consumer films—for BBC ONE's *The One Show*—to successful observational series such as *A Year At Kew* (three series were broadcast), *The Museum* (about the British Museum) and *The Trees That Made Britain*. Forthcoming network projects include *Bodnant Gardens* and *Museum of Life*.

Radio BBC Wales produces radio programmes for the BBC's network services—Radio 1, Radio 2, Radio 3 and Radio 4. The volume of these commissions has been relatively constant in recent years and covers drama, music, features and religion and includes performances by the BBC National Orchestra of Wales. Network commissions have provided a platform for a range of Welsh writers, including Gwyneth Lewis, Gillian Clarke and Owen Sheers. BBC Wales' recent network output includes a specially written episode of *Torchwood*, broadcast as part of Radio 4's season to mark the switch-on of the Large Hadron Collider at CERN in Geneva. This has led to a further commission for a *Torchwood* series for Radio 4.

New Media The BBC Wales new media team has become BBC Vision's primary centre of excellence for network multi-platform drama output. Recent productions include websites for *Doctor Who*, *Merlin*, *Sarah Jane Adventures*, *Life on Mars* and *Ashes to Ashes*. The team has also developed ground-breaking factual websites, including *Tribe*, *Amazon* and *Last Chance to See*.

3.4 BBC Radio Wales

In addition to our television commitments, BBC Wales also broadcasts Wales' only English language national station for Wales, BBC Radio Wales.

Radio Wales offers high-quality news and information services throughout the week, with all-speech breakfast and drivetime programmes (*Good Morning Wales* and *Good Evening Wales*).

In addition, BBC Radio Wales also provides a wide range of general programming, including comedy (eg *The LL Files*, *Those That Can't*), drama (*Aberystwyth Mon Amour*), religious affairs (*All Things Considered*), current affairs (*Eye on Wales*), business (*Wales @ Work*), science (*Mousemat* and *Science Café*), rural affairs (*Country Focus*), history (*Past Master*), arts (*The Arts Show*, *Phil the Shelf*) and politics (*Called to Order*).

The station has enjoyed an unrivalled track record in attracting Welsh talent to the airwaves. Both Ruth Jones (from *Gavin and Stacey*) and comedian Rhod Gilbert made their radio presenting debuts with *Radio Wales*.

BBC Radio Wales is the most popular indigenous radio station in Wales—with more than 430,000 listeners each week.⁵ Listeners typically tune in for approximately eleven hours each week. On average, it ranks as the third most popular station in Wales overall after BBC Radio 2 and BBC Radio 1.

4. PROTECTING NEWS PLURALITY IN WALES

News for the nations and regions has, rightly, been a particular focus of attention throughout the PSB Review debate. A plurality of nations and regional news suppliers is an important democratic safeguard, and the pressures facing commercial providers are intense.

In response to this potential democratic deficit, the BBC has been exploring ways that its own infrastructure and facilities could be used to support provision beyond the BBC.

The BBC has developed a comprehensive and detailed partnership offer around nations and regional news. The partnership proposal has been shaped by a number of key tests, including that it should:

- Not undermine the delivery of the BBC's public purposes and the quality of its news output.
- Be significant enough to help maintain the sustainability of regional news.
- Have sufficient flexibility to enable the evolution of regional news as technologies and audience behaviours change.
- Not undermine news plurality and distinctiveness.
- Be sufficiently simple to ensure workability.
- Bring benefits to the PSB system greater than any cost to the BBC.

We have developed a partnership proposal with significant input from ITV plc, and have now reached broad agreement, including a Memorandum of Understanding, on the nature of collaboration on the ground and the benefits it could deliver. This partnership model would also be flexible enough so that its benefits could be transferred to other providers of regional news over time, were obligations to change.

⁵ Rajar 2008

The proposed partnership, as presently configured, would enable ITV to access a proportion of the infrastructure and resources necessary for its regional and nations television news services from the BBC. It is envisaged that ITV would co-locate with the BBC in eight centres in England and Wales. However, in Wales, gallery and studio areas would remain entirely separate to ensure that BBC Wales could continue to provide both English and Welsh language news output.

One part of the proposal would create a facility which would enable ITV's regional news programmes to share a proportion of basic raw material gathered by the BBC's regional news teams. ITV would contribute raw material to the picture facility. Exclusive stories and features would not be pooled to preserve the distinctiveness of both parties' regional news output.

Under the proposed model, all other editorial and journalistic staff and resources would remain separate to maintain distinctiveness and plurality. The BBC remains of the view that a partnership-based solution is the best way to maintain plurality in regional news, maximising the value of the BBC's long-term investment in infrastructure and facilities around the UK and increasing the efficiency of public investment.

5. A PARTNERSHIP WITH THE WIDER CREATIVE SECTOR IN WALES

In parallel with the development of the proposal outlined above, the BBC is also exploring the potential for a broader-based partnership with the creative community in Wales to develop a new integrated hub for content production.

The current discussions have been prompted by the shortcomings of the BBC's existing accommodation at Llandaff, and the pressing need to increase production capacity in order to achieve the BBC Trust's targets for increased network TV production from the nations over the coming years (these plans include the recently announced relocation of the TV drama *Casualty* to Wales). The benefits of the proposed development could flow well beyond the walls of the BBC.

Despite the current economic challenges, we believe there is a real opportunity to create a new powerhouse of media production and innovation in Wales, using the BBC's presence as a catalyst for change and regeneration that will bring new opportunities to talented individuals all over the country.

The vision BBC Wales is currently pursuing builds on the model of public-private development currently underway at Salford in North West England, where a range of partners, including the BBC, are developing an integrated media campus. It holds the prospect of bringing together on a single site a wide range of creative partners, including:

- Public service and commercial broadcasters.
- Independent producers for local and network programming.
- Academic institutions.
- Media training bodies.
- Facilities houses (eg set design, effects and costume).

Again, the ambition is to leverage the scale and stability of the BBC—this time as an “anchor tenant” with a sustainable base of production—in order to maximise the creative, technical and infrastructure synergies across the sector. If realised—and significant financial challenges remain—we believe it could represent a real step-change in the development of Wales' creative economy.

In developing these proposals, the BBC is already receiving significant support from the Welsh Assembly Government and local authorities, as well as broadcasters and indigenous independent producers. The BBC Executive will evaluate BBC Wales' detailed proposals shortly.

This model has the potential to build on a range of successful creative partnerships developed by BBC Wales over recent years in response to our growing portfolio of network productions. Over recent years, the BBC has successfully partnered with a number of agencies, including Skillset and Cyfle, and leading higher education institutions, including the Royal Welsh College of Music and Drama, to identify and develop the right production talent and skill sets for television production.

6. LORD CARTER'S *Digital Britain* REPORT

Lord Carter's recent *Digital Britain* report also raises the prospect of a range of other potential institutional partners being able to play a role in strengthening English language PSB provision in Wales should ITV decide to withdraw from regional provision.

A second UK PSB The outline proposal in Lord Carter's report to create a long-term and sustainable second UK public service organisation providing competition to the BBC raises important questions, and potentially offers significant opportunities, for Wales.

The *Digital Britain* report lays out a number of policy objectives for plural provision in the UK, including the provision of “a wide range of voices and talent from across the whole United Kingdom.”

The paucity of network production from Wales on Channel 4 and ITV has attracted significant criticism in Wales over recent years. In 2007, Channel 4 and ITV spent just 0.2% and 0.1% of their respective network production budgets in Wales (compared to the BBC's 2.6%).⁶

Within a reconstituted second UK PSB, the opportunity may exist to address and strengthen this commitment significantly, in order to better serve audiences across the UK nations.

The role of regional news or non-news programming within the remit of the second PSB has not been explored, but if ITV wishes to withdraw from regional provision, it might prove a viable option. We would also contend that a defined commitment to regional provision within the remit of the second UK broadcaster might, in turn, strengthen its ability to discharge any network production commitments to the nations.

S4C's news proposals The Digital Britain report also refers to S4C's proposals for an English-language news service for Wales. We welcome S4C's contribution to the debate in Wales, and we recognise that the S4C Authority—although currently a Welsh language broadcaster—may well have a part to play in protecting English language provision in Wales should ITV decide to reduce its commitments in Wales.

As part of its proposal, however, we understand that S4C is proposing it would no longer broadcast the BBC's Welsh language news service, *Newyddion*. BBC management believes the loss of *Newyddion* would risk reducing the value and impact of existing PSB provision in Wales—in both the Welsh and English languages. Any further discussions regarding the future supply of BBC news to S4C will take place within the framework of the Strategic Partnership between the BBC Trust and S4C Authority.

Related news and information providers The BBC also notes *Digital Britain's* commitment to review the current merger regime within local media provision, and believes that the potential opportunities for partnership and production synergies between regional broadcast, digital media and print providers merit further investigation.

As *Digital Britain* recognises, this route “has the advantage that it could bring in other news-providers from related media who can offset their news-gathering and production costs across a range of outlets, not just commercial television”.

The BBC agrees with DCMS that any new arrangement for securing English language news plurality in Wales may create opportunities for synergy that would deliver additional value to audiences.

The current economic and structural difficulties facing English language news media in Wales stretch well beyond television, and it would seem appropriate to focus the benefits of any synergy on helping to secure, and potentially, strengthen this wider provision, including print, online and commercial radio. In Wales, this might involve partners such as Trinity Mirror—who already have a significant journalistic and online presence in Wales—and Real Radio (which has recently secured an all-Wales FM licence for the first time).

April 2009

Memorandum submitted by Channel 4

1) Channel 4 was launched in 1982 with a clear mission to provide an alternative public service offering to the BBC and to fulfil a specific remit largely focused on innovation, creativity and diversity—providing programming catering for minority interests otherwise not well served by the mainstream public service broadcasters. Channel 4 is a network broadcaster with no opt-out functions, and is therefore dedicated to producing programmes for the UK as a whole. Nonetheless, given its key role as a major investor in the UK's independent production community and in reflecting the UK's cultural diversity, Channel 4 has a significant role to play in supporting production across the nations and regions of the UK and in reflecting the diversity of the UK's culture across its output.

CHANNEL 4'S CONTRIBUTION TO CREATIVE INDUSTRIES OF UK

2) As a publisher-broadcaster, Channel 4 plays a pivotal role in supporting creativity in television and other parts of the creative economy, by commissioning content from production companies across the UK. This has a significant impact on the wider economy: analysis from a Channel 4 commissioned PWC report suggests that the overall economic impact of Channel 4 could be worth up to £2 billion in UK Gross Value Added in 2006, and could support up to 22,000 jobs spread across the creative economies of the UK.⁷

3) Channel 4 does more than any other broadcaster to support independent production across the nations and regions. Channel 4's licence requires a minimum of 30% (by both volume and spend) of original commissions to be sourced from companies based in the nations and regions. Channel 4 has consistently met this quota, investing more than £1 billion since 1998.⁸ According to the latest Pact data, Channel 4 sourced more independent production from the nations and regions than any other channel in 2007.⁹

⁶ Ofcom Communications Market Report 2008

⁷ *The impact of Channel 4 on the UK independent sector, creative industries and the economy*, PriceWaterhouseCoopers, 2007

⁸ *Channel 4's contribution to the nations and regions*, EKOS, 2007

⁹ *Production Trend Report 2007*, Pact, October 2008

4) In addition to commissioning, C4 has a wide range of off-screen initiatives aimed at offering strategic support to companies based outside London—including a ring-fenced development fund for out of London companies, training and talent development programmes and broader partnership and sponsorship initiatives. According to a 2007 report commissioned from Channel 4 by EKOS, only Channel 4 has a clear and sustained strategy to support independent production across the nations and regions: “*Channel 4 seems alone amongst the main PSBs in articulating within its nations and regions strategy the role of the broadcaster within a wider creative economy.*”¹⁰

WALES, CHANNEL 4 AND S4C

5) Channel 4’s role in Wales has been unique, largely due to the historical position of S4C, which has always held the analogue space used by Channel 4 in the rest of the UK. Analogue reception of Channel 4 is unavailable to the vast majority of Welsh homes, and therefore Channel 4 has not had the status of a network broadcaster in Wales.

6) S4C, and the national importance of maintaining the Welsh language, has had a significant and unique impact on the production sector in Wales, creating a strong local broadcasting market which has protected and encouraged the growth of companies specialising in Welsh language programming. This has provided a strong and secure base from which several Welsh independents have been able to grow their businesses by acquiring other companies—Boomerang have bought Welsh companies Fflic, Alfresco, Mwinci and Apollo Television over the last three years, and Tinopolis bucked market trends by buying the London-based TV Corp, ensuring that the company now has a wide portfolio of companies in a range of genres, headquartered in Llanelli. Tinopolis is now one of the top 10 independent companies in the country. The intervention of S4C has therefore helped to create a strong indigenous production base that is unique amongst the devolved nations.

7) Channel 4 has historically worked very closely with S4C, by making its network schedule available to the channel, which is then shown “time-shifted” in Wales. This schedule includes many of Channel 4’s most popular programmes—such as *Hollyoaks*, *Deal or No Deal*, *Countdown*, *Skins*, *The Paul O’Grady Show* and *Location, Location, Location*—as well as popular imported content, such as *The Simpsons* and *Friends*. Not only does Channel 4 provide S4C with more hours of programming than any other network, no other channel provides their most commercially popular programming in this way.

8) Most recently, Channel 4 has worked with S4C to make joint bids for HD capacity. The first proposal, approved by Ofcom, will allow Channel 4 to launch an HD simulcast across England, Scotland and Northern Ireland by late 2009, with S4C providing a simulcast of its service in high definition in Wales. An additional joint bid has also been made for the fourth HD stream, which becomes available in 2011–12. This new channel would provide the 15 hour Film4 service in HD, combined with an S4C branded service of up to six hours (from 7am to 1pm) of HD children’s programmes in both English and Welsh versions. The remaining hours would be used to deliver on-demand content. This bid is currently being considered by Ofcom.

9) Digital Switchover will be completed in Wales in 2010. Following this, the current status of both S4C and Channel 4 will change, as there will no longer be any analogue TV broadcasting in Wales. As we move into the digital age, Channel 4 is keen to explore further partnership opportunities with S4C, including working to develop a joined-up strategy to strengthen the Welsh independent sector.

CHANNEL 4’S WORK IN WALES

10) In addition to its historical relationship with S4C, Channel 4 has also developed direct relationships with the Welsh production community. Based on available data, Channel 4 commissioned 15 projects in Wales with a combined value of £2.6 million from 1998–2007, and in 2008 Channel 4’s network spend in Wales was £0.3 million.¹¹ The commissions have fallen into two key genres—factual entertainment and sport, and include programmes from *Freesports on 4* to *Hay On Wye 2006*.

11) Boomerang and Green Bay have also benefited from investment and in-kind support from Channel 4 in partnership with the Welsh Development Agency (valued at £225,000), which enabled them to employ business development staff.

12) As a network broadcaster, Channel 4 is able to reflect the lives and experiences of people from all parts of the UK to a pan-UK audience. Channel 4 seeks to ensure that Wales—just like the other Nations and regions—is represented within many of its most popular programmes, including *The Big Art Project*, *Come Dine With Me*, *Ramsay’s Kitchen Nightmares* and *The Wild Gourmets*.

13) The *Big Art Project* is a cross-platform project giving communities the opportunity to commission major works of art from prominent international contemporary artists. Cardigan was one of the seven communities chosen from 1,500 applications to work with curators and artists to create their own public art

¹⁰ *Channel 4’s contribution to the nations and regions*, EKOS, 2007

¹¹ *Channel 4’s contribution to the nations and regions*, EKOS, 2007

commission. The team selected the innovative Mexican-Canadian multimedia artist Rafael Lozano-Hemmer to develop a new public artwork for Prince Charles Quay, which is aimed at encouraging tourists to the area by creating a new, attractive and unique public space. Cardigan will be featured in a prime-time programme about the project, to be shown in May 2009.

14) Furthermore, Channel 4's commissioning structure gives Welsh producers opportunities to contribute their expertise and showcase their content on national and international platforms. One recent example of this is Film4's "*Hunger*", a story about Northern Irish politics that was post-produced in Wales in partnership with the Welsh IP Fund—and which has garnered international critical success, including awards at the Cannes and Venice film festivals.

CHANNEL 4'S ASPIRATIONS FOR THE DEVOLVED NATIONS

15) In March 2008, Channel 4 launched "*Next On 4*", a strategic blueprint articulating Channel 4's role in the digital age. As part of this review, Channel 4 recognised that there were specific strategic issues affecting production in the devolved nations, and "*Next on 4*" contained specific commitments on strengthening the role of Channel 4 in the nations, including:

- spending at least 3% of total programming expenditure in the nations by 2012 (a 50% increase from its 2007 nations spend); and
- establishing a Nations Pilot Fund of £1 million to address the lack of critical mass in the production sector in the devolved nations. 75% of this fund has now been allocated to companies, including some based in Wales, and the focus of its spend will be finding returning series in genres such as drama, comedy and factual entertainment.

16) In addition to these broadcast-related commitments, "*Next on 4*" sought to acknowledge the changing nature of public service content by announcing 4iP—a three year £50 million pilot fund for projects that deliver publicly valuable content on digital media platforms. Recognising that digital media and technology hubs have often emerged away from traditional broadcasting centres, 4iP has had a regional dimension from its outset, and through a network of regional funding partners and dedicated commissioning managers based across the UK (in Birmingham, Glasgow and Sheffield), 4iP will seek to develop new digital talent wherever it is from.

17) 4iP aims to have a catalytic affect on digital media companies across the UK, and presents a significant opportunity for the Welsh production sector. Channel 4 is keen to involve Wales in 4iP more strategically, and is currently in discussions with the Welsh Assembly over potential partnership opportunities for the second phase of 4iP.

18) While these are already substantial investments, Channel 4 has recently announced a set of additional initiatives to grow the production sectors of the devolved nations further. This includes appointing a commissioner, based in Channel 4's Nations and Regions office, who will have a specific remit to commission programmes from companies in Scotland, Northern Ireland and Wales, as well as ring fencing a number of slots in all of Channel 4's key programming strands (including *Dispatches*, *Cutting Edge*, *Comedy Lab* and *Comedy Showcase*) for companies from the nations. Welsh company Boomerang are already on course to develop a programme for the Comedy Lab strand.

19) Channel 4 believes that these plans will further incentivise commissioners to develop relationships with companies from the nations, increase Channel 4's investment in the nations by several million pounds and build a stronger independent production capacity in those nations.

CHALLENGES FOR CHANNEL 4

20) While these are significant ambitions, it is also necessary to understand how these nations commitments are balanced against Channel 4's other PSB and commercial obligations—including meeting existing contractual obligations across the board, maintaining its commitment to the growing creative economies of other regions outside London, investment in new talent, single documentaries and one-off dramas, as well as the significant financial pressures currently facing Channel 4.

21) In particular, it is important to emphasise that the success of these commitments is dependent on Channel 4 securing a sustainable funding solution as soon as possible. Despite consistently outperforming its competitors over the last five years, Channel 4's economic model is being undermined by increased competition and a structural shift in advertising revenues from TV to online, with Ofcom last year agreeing that Channel 4 is facing an annual deficit of up to £100 million by 2012 (excluding the costs of the additional "*Next on 4*" commitments outlined above). The Government is currently reviewing these structural challenges as part of its Digital Britain review, and it is important that Out-of-London commitments are understood within the context of these ongoing discussions over Channel 4's future.

22) This uncertainty over Channel 4's future funding, combined with the current economic downturn, is already leading to reductions in Channel 4's programming budget. In 2008 Channel 4 undertook a comprehensive efficiency drive—reducing headcount by around 30% and cutting its programme spend by more than £50 million across 2008 and 2009, and these cuts will impact across the board—including Channel 4's ability to invest in the nations and regions. For example, while it is only returning series that have the

kind of scale needed to significantly strengthen production in the nations, there is limited scope within the current budget to make a new returning series of the scale of *Deal or No Deal* or *Shameless* (both of which are produced outside London already).

23) It is also crucial to recognise that as a publisher-broadcaster, Channel 4 is entirely dependent on the existence of production companies with sufficient scale and capability to produce network content. While there are several hundred production companies based in England, and particularly in London, there is a much smaller number in the nations—Ofcom’s latest research found that 62% of independent companies are based within the M25 area, and just 6% were based in Scotland, 5% in Wales and 3% in Northern Ireland.¹² These companies are also likely to be significantly smaller—around half of companies with revenues of less than £5 million are based outside the M25,¹³ and therefore lack the scale generally needed to immediately deliver high-value returning series.

24) Channel 4’s dependency on independent production companies also means that, unlike the BBC, which recently announced plans to move its in-house series *Casualty* from Bristol to Cardiff, Channel 4 does not have production bases or facilities that it can move around the UK, and it cannot dictate to external suppliers where programmes should be made or where production talent should live and work.

CHANNEL 4 AND THE WELSH BROADCASTING ECOLOGY

25) Channel 4 has the potential to play an important role in developing and growing the Welsh production sector, and has a distinctive role in nurturing new companies and working with the digital media sector. However, the challenges outlined above, and Channel 4’s size relative to the BBC and ITV, highlight that Channel 4 is not large enough to grow and support the creative community in Wales by itself.

26) Whilst the BBC has located some in-house production to Wales, namely *Doctor Who*, their investment in the indigenous production sector has been limited. The current structure of the UK’s broadcasting landscape means that there is little broader benefit to the independent production sector in Wales from any increased in-house production at the BBC because these resources are not accessible to the rest of the sector. If, for example, *Dr Who* was being made by a Welsh independent, Channel 4 would be able to approach this company to potentially pitch to make a drama. In turn, this company would be in a strong position to build itself into a major UK force in the production of returning drama. As it is, there is a highly talented, highly skilled group of people working on a major drama in Wales who are exclusively tied to the BBC.

27) These limitations are a challenge for the sector as a whole, and it is important that Channel 4 works with other broadcasters, regional partners, national bodies and the independent sector on initiatives that tackle these challenges and build companies of scale. In 2008 Channel 4 partnered with Creative Business Wales, Skillset, BBC and ITV to develop a Talent Attraction scheme, aimed at bringing in executive producers and series producers with network experience to help companies secure larger commissions, and is keen to continue such partnerships in order to help build a stronger and more sustainable production sector in Wales.

28) Channel 4 believes that it can play an important role within the wider broadcasting ecology in Wales—with strong local media providing news and regional content, the BBC commissioning both in-house and independent production across a range of genres, S4C providing dedicated programming for Welsh audiences and Channel 4 nurturing new businesses by giving network slots to small companies and providing an international platform for innovative Welsh talent.

FINAL REMARKS

29) Channel 4’s ability to deliver its “*Next on 4*” ambitions to stimulate and grow production in the Nations is dependent on the Government’s Digital Britain process securing a sustainable outcome for Channel 4—one which will enable it to continue to invest in high quality content and to take creative risks. Recognising and sustaining this ecology is essential to the future of Welsh broadcasting, and—with the right policy decisions being put in place—Channel 4 believes it can and should have an essential role in supporting content creation across the UK, including in Wales.

30) However, as outlined in paragraph 21, the commercially funded public service broadcasters are currently facing major structural challenges, which are only being exacerbated by the current economic downturn. To put this in context, this has opened up a very substantial gap between the current fortunes of the BBC, which in 2009 has a guaranteed income of around £3.6 billion, and the combined UK TV advertising market, which is forecast to be up to £1 billion less than licence fee income this year.¹⁴ Traditionally the combined advertising income of the commercially funded PSBs has broadly tracked the level of licence fee funding, enabling these broadcasters to maintain competition for quality with the BBC. However, these economic challenges are eroding Channel 4’s ability to deliver its *Next on 4* ambitions.

¹² *The Communications Market 2008*, Ofcom

¹³ *ibid*

¹⁴ UK TV NAR forecasts 2009

31) Evidence over the past 20 years demonstrates that the market alone will not deliver the high levels of investment in original content across the whole of the UK that citizens and viewers consistently tell us that they want. We would, therefore, urge the Committee to recommend to Government that it ensures the necessary interventions are introduced via the Digital Britain process to support Channel 4 and sustain plurality beyond the BBC and S4C in Wales.

Memorandum submitted by Alun Davies AM

Thank you for the opportunity to submit my views to the Welsh Affairs Committee inquiry.

During 2008, I chaired the National Assembly for Wales' Broadcasting Committee which reported on the future of public service broadcasting in Wales last July.

My response addresses the three key themes of your inquiry:

Plurality in the provision of news in English for viewers and listeners in Wales

At present, both the BBC and ITV produce and broadcast a diverse range of news and current affairs programming for viewers in Wales. A range of bulletins complimented by investigative, political and consumer affairs programmes reflect issues of national concern to English language viewers in Wales alongside network-produced news from the UK and elsewhere.

It is my view that plurality in the provision of news in both the English and Welsh languages is essential to our democracy and to a healthy society. ITV have argued that the current economic situation and the progression towards digital switchover mean that they can no longer provide the same news and current affairs service into the future. This argument has been accepted by Ofcom.

The failure to guarantee this plurality into the future is not simply a market failure but is a failure of the current statutory framework and a failure of regulation.

Whilst I welcome future sharing of resources between the BBC and ITV, there must be a strong emphasis on each broadcaster to maintain editorial integrity and independence at all times. The strength of English language television news in Wales depends on competition between broadcasters to actively set the news agenda, provoking debate and reflecting stories that matter to a diverse range of audiences.

In terms of radio provision, the majority of commercial radio stations rely on a bought in service from IRN or Sky news radio to sustain their local news service, either by producing mixed news bulletins (combining local and national stories mainly during daytime) or broadcasting the bought in service and tagging on a local bulletin. Editorially, Welsh stories rarely make it onto the news agenda of IRN or Sky News. There is an acknowledged gap on local commercial stations of well produced local and UK/ international news content but little of national importance to Wales.

The cultural deficit in the broadcasting of Welsh culture in English for audience in Wales, particularly in drama, light entertainment and music and arts

It is very apparent that Wales and both its cultures are invisible on the UK TV networks. It is imperative that plurality is maintained within non-news programming so that English language viewers in Wales have a sense of place and an understanding of our heritage, maintaining our unique cultural diversity.

Ofcom has allowed the Channel 3 license holder to reduce programming commitments which has led to the reduction in the variety of programme strands. Where once ITV in Wales broadcast content reflective of the arts scene in Wales or programmes for young people, there is no longer such a requirement. This new imbalance amongst the public service broadcasters shifts the focus of providing cultural programmes onto the BBC, through TV and radio services in Wales.

This is wholly unacceptable. During my own inquiry, concern was raised with regard to the level of non-news content on ITV in Wales. Evidence suggests that Welsh viewers greatly appreciate non-news output both on the BBC and ITV. These programmes not only deliver cultural benefit to English language viewers but they support an important independent production sector, providing skills and boosting the economy across Wales. The Welsh Assembly Government recognises the creative industries sector in Wales as important to the Welsh economy now and in the future.

This situation is made worse by the failure of all the major broadcasters to reflect Wales and Welsh cultural values as a part of the mainstream broadcasting across all genres. Welsh people are not only deprived of seeing their daily lives, experiences or values on programming produced in Wales and for Wales, but they are also deprived of seeing this programming as a part of the overall UK broadcasting mix. All public service broadcasters have a responsibility to reflect the cultural diversity throughout the UK and at present this is not reflected on our screens. Again this is a failure of the current statutory framework and a failure of regulation.

The imbalance of production in UK broadcasting

Despite the presence of a strong independent production sector in Wales, there are few major commissions or productions made in Wales.

The National Assembly's Broadcasting Committee reviewed this position as a part of its report last year. Whilst public service broadcasters have undertaken a voluntary commitment to increase production outside of London, the actual proportion of such programming remains low. In my report we discovered that for example in 2006 and 2007, ITV failed to spend any of its out of London quota in Wales. Also in 2006, of the 8,231 hours of UK first run network programmes made by independent producers, only 60 hours were made in Wales.

All of the broadcasters who gave evidence during the Broadcasting Committee inquiry confirmed their commitment to increase production from Wales. It is my view that this will only be achieved through continued political and public pressure. I believe that UK broadcasters should do all they can to fairly reflect the diversity and richness of character of the whole of the UK. More needs to be done to build relationships between the independent production sector and UK broadcasters to create a synergy that actively promotes contemporary Welsh society.

Finally I hope that the Committee will also review the way in which broadcasting is structured in the UK and how it is regulated. Whilst the current economic situation provides a background to the inquiry it should not be used as an excuse for failures of regulation that have been apparent long before the recession. In my view we will never see an industry that is able to reflect the whole of the UK and will make high quality programming at centres throughout the UK until accountability and regulation is shared across the whole of the UK's devolved institutions.

The Assembly's Broadcasting Committee drew on much of the work of the Welsh Affairs Select Committee and its report on broadcasting published in 1999. In that report the Select Committee called for a positive and collaborative approach to the regulation and accountability of broadcasters where both Parliament and the National Assembly would play a constructive role. Many of the Committee's recommendations remain unrealised. The Assembly's Broadcasting Committee attempted to revisit some of these recommendations and bring them up to date to reflect the changes in the industry and the broadcasting environment in the intervening years. I hope that this new inquiry will also reflect on these recommendations.

I hope that you will take my comments as a positive contribution to your inquiry, and would be happy to come along and present them orally if you wish me to attend one of your evidence sessions.

April 2009

Memorandum submitted by Equity

INTRODUCTION

1. Equity is a trade union representing over 1,500 performers and other creative personnel who work across the whole spectrum of entertainment in Wales in both languages. Our members work in a range of media and the creative industries including visual broadcasts, sound recording and film. Members work predominantly in drama, comedy and entertainment programmes.

2. Equity therefore welcomes the Welsh Affairs Committee instigating this inquiry into English Language Broadcasting in Wales at a key moment for the industry.

KEY ISSUES: NEWS

3. In all our recent submissions to government both in Westminster and Cardiff, Equity has emphasised the need for plurality in the provision offered across all aspects of the media, and we would therefore join with our colleagues in the NUJ and BECTU in emphasising this need in news delivery on both television and radio. The absence of a national Welsh press makes the need for such a service in broadcasting more acute. The announcement in recent days that the BBC and ITV in Wales have signed a Memorandum for co-operative working is a forward step, but as the details have not yet been finalised, it is difficult to make informed comments at this stage. What is certain is that the number of jobs in the sector will continue to erode, and that raises consequential concerns over the quality and breadth of the service.

KEY ISSUES: THE IMBALANCE IN UK BROADCASTING

4. The latest available figures for production across the UK as a whole would seem to endorse the view that there is an imbalance and on current trends it is growing not narrowing.

5. The Nations and Regions Report issued by PACT, the independent producers' association, in November 2008 shows that of the 5,929 hours produced out of London in 2007 by the five main broadcasters, only 413 were produced in the three nations and the share in Wales was 99 hours. This represented a fall of 20 hours from 119 the previous year. ITV1 failed to source any network programmes from Wales for the second year running.

6. Against this background therefore, the announcement by Jana Bennett, the BBC's Head of Vision, last October to the Royal Television Society is to be welcomed. In her speech, which addressed specifically production outside the M25, she announced that by 2016 the amount of programming made in the nations would double. The BBC's spend in Wales would increase from 2.6% to around 5%. She particularly singled out drama and stated that, by 2016, she anticipated Wales would be home to 20% of the Corporation's output. She added that the amount of comedy would also double by 2012. This is clearly good news and builds on the undoubted talent base that has been created and fostered by the *Doctor Who* franchise.

7. Commissioning in the nations by the other main broadcasters however remains a cause for concern. The initial consultation from Ofcom in late 2008 suggested the possibility of nominating a specific spend by Channel 4 in the nations, but that proposal has not been followed up in the final recommendations issued in January 2009.

8. As highlighted above, ITV do not commission any network programmes from Wales, and this is a highly regrettable state of affairs. We now know that they are cutting back drama commissions extensively but it does not follow that Wales is automatically a "no go area" as far as ITV drama is concerned.

KEY ISSUES: THE CULTURAL DEFICIT

9. The announcement from the BBC of the increase in production, particularly in drama made in Wales, and its endorsement shortly afterwards by Mark Thompson in an address at the House of Commons in which he visualised a "drama village" in Wales, is welcomed by Equity, but the cultural considerations are worth exploring further.

10. A key element in that announcement for example, was that *Casualty*, the long running hospital drama, currently made in Bristol, should relocate to Cardiff. We have strong reservations about this proposal. The essence of the Jana Bennett speech was to promote the need to move programmes outside the M25. Bristol is outside the M25 and therefore it is not, in Equity's view, either productive or necessary to relocate a series that is already inextricably linked in the public perception with another part of the country. What we would wish to see is the development of new strands of drama in Cardiff.

11. In that context, Equity also believes that it is highly desirable that a proportion of the new drama reflects the country in which it is being created. There is very little drama (or light entertainment for that matter) which reflects contemporary Wales to the rest of the UK. Radio drama has a better track record in this regard, and one which television could emulate. Wales is one of the few parts of the UK that does not benefit from a regular drama series (ie "soap") reflecting the aims and aspirations of its citizens. The North West has "*Coronation Street*", the North East has "*Emmerdale*", the South has "*Eastenders*" and Scotland has "*River City*". Wales did develop this strand through "*Station Road*" on Radio Wales and "*Eileen*" on Radio Cymru, but both series were regrettably axed. The "*Station Road*" decision was particularly badly received by the creative community in Wales because the series was the only place in BBC Wales where new writing, acting and directing talent was being openly developed.

12. Beyond drama, there are other entertainment strands that could help to bridge the gap. S4C has been recording Welsh National Opera for some years but the recordings are seen only in Wales. Dance is a highly visual artistic enterprise which Wales does exceptionally well, and there is a vibrant Welsh comedy scene that is little known outside the live venues. The orchestral and choral traditions are equally highly regarded. *Cardiff Singer of the World* is a very successful series and one that should be built on.

13. The cultural workforce in Wales is alive and well. It simply needs a voice. There can be no doubt that there are high quality creative artists at work in Wales in 2009 on both sides of the camera, and they would relish any opportunity to make work for a wider audience.

WIDER ISSUES

14. Television drama as an art form is under great threat. The cutbacks at ITV in particular, and the reduction in commissioning by other broadcasters, are deeply worrying. So when the BBC talks of Wales making 20% of drama outside the M25 by 2016, it begs the question about how much that will actually amount to. Equity is hosting a major conference on this issue within the next two months and the perspective of the nations will be addressed. We shall also be giving evidence to the House of Lords Select Committee.

15. The virtual withdrawal of ITV from public service broadcasting obligations, and the reduction in PSB by Channels 4 and 5, mean that new ways of delivering these types of programmes in Wales needs to be found. This is an urgent matter. The Broadcasting Group, set up on behalf of the Welsh Assembly late last year by the Heritage Minister, chaired by Huw Jones, made recommendations around the need to consider a new PSB Fund of about £30 million (Communication and Content: A media strategy for Wales). This is the figure broadly accepted as the amount necessary to replace the public service output lost over the last five to 10 years. This would effectively fill the gap caused by the withdrawal of ITV Wales. Equity would recommend that we have a vigorous debate about where such a fund might be resourced, who might control it, what types of programmes it would commission, and where these might be seen. The recommendations of the recent OfCom Review on this matter state: "*Government should consider the case for specific approaches in each of the devolved nations for the delivery of public service content other than news. These should be assessed against competing priorities*".

Unless this debate does start soon, the momentum to re-establish a credible English language service that makes drama, entertainment, arts, current affairs and documentaries by Wales, for Wales, will be lost.

16. There has also been discussion with the BBC about what constitutes a regional or national production. There are a number of programmes “badged” as BBC Wales that have little or no connection. “*Life on Mars*” was the highest profile case in recent times, but of current output both “*Mistresses*” and “*Being Human*” are BBC Wales productions but are both filmed in England. We assume these count in BBC calculations as Wales based productions when they clearly are not, and this would therefore skew any production figures that the BBC produce. We feel that this situation should be clarified.

CONCLUSIONS

17. There are real grounds for optimism in the performing community in Wales about the future. The commitment by the BBC to create a “Centre of Excellence” for drama is positive and we will work with them to make it a success. In summary, we would put forward the following recommendations for the Committee’s consideration:

- a) The ambition of the BBC to achieve 20% of drama output in Wales should be encouraged as soon as possible, with 2016 being the latest possible date.
- b) OfCom should be urged to require Channel 4 to commission a minimum percentage of programmes in the nations, to complement the BBC.
- c) A plurality of news provision in English must be essential.
- d) There should be further in depth discussions involving the National Assembly to investigate the possibility of creating a PSB Fund through which drama, entertainment, current affairs and documentaries about Wales, for Wales can be financed and distributed.
- e) BBC Wales should be encouraged to commission more work that reflects Wales to the rest of the UK.
- f) All broadcasters and companies in Wales should be encouraged to work with Wales based talent in all facets of the production process.
- g) A Wales based contemporary continuing drama should be developed.
- h) Clear guidelines should be developed through Ofcom for what constitutes a “national” as well as a “regional” programme.

March 2009

Memorandum submitted by the Institute of Welsh Affairs

1. We greatly welcome the Committee’s decision to inquire into the present state and future prospects for English language television in Wales, since there are grounds for considerable concern about the current and future decline of English language television made for the Welsh audience.

2. We believe that this represents a major cultural crisis for Wales, and have addressed the issue in a publication—*English is a Welsh Language: Television’s crisis in Wales*—in which 17 contributors have set out a range of issues related to the English language service as a whole as well as the importance of particular programme genres. It will be published on 15 April 2009.

3. The capacity of television to reflect Welsh society back to itself is being severely diminished, and will diminish further unless government action is taken. There is a danger that, in the words of one contributor, a “mantle of invisibility” is about to be cast over Wales in terms of its presence on television. This process is entirely at odds with the current needs of Wales.

4. The IWA has welcomed many parts of both Ofcom’s final report on its review of public service broadcasting and Lord Carter’s interim report on Digital Britain. However, we have very serious reservations about its relegation of general programming in the English language to an optional provision to be decided “in the light of competing priorities”.

NEWS SERVICES

5. We note that both documents recognise that the case for securing an alternative news service to the BBC within Wales has been made, and that this can be secured by a combination of partnership arrangements between broadcasters and possible third parties, and additional public funding.

6. Partnership arrangements alone will not be enough to secure the quality of news service that Wales needs to serve the developing Welsh polity.

7. The uncertainty surrounding the future of ITV as well as ITV Wales’ position as a cost centre within ITV plc, leads us to believe that the best way of securing the news service is through an open contestable process, with ITV simply guaranteeing the slots for transmission. This would provide for much greater transparency. Such a process could also be applied to a wider range of programmes.

8. The proposal put forward by S4C for tendering a news service to be broadcast on ITV Wales has considerable merit. However, S4C's parallel proposal to dispense with the Welsh language news service provided by BBC Wales could have serious implications for English language television. The latter proposal should be considered not simply in the context of news provision but in terms of its impact on the whole ecology of Welsh broadcasting.

GENERAL PROGRAMMING

9. We regret that both documents—Ofcom and Carter—have created a false hierarchy between news and general programming made for the Welsh audience. News programming is not the only necessary, or even the truest reflection of our society, given the fundamental changes in the Welsh polity that have come about in the last decade.

10. Pluralism is not defined simply by securing two suppliers. The object of pluralism in broadcasting is to guarantee a range of expression. That is done not only by having more than one supplier, but also by guaranteeing a variety of programme form and purpose.

11. Even within the journalistic function greater range of expression is guaranteed by the existence, parallel with television news, of well-resourced current affairs programmes and well-resourced radio journalism rather than by merely proliferating television news programmes—programmes that can too often seem cloned.

12. True pluralism of expression expands exponentially if it is extended beyond journalism to dramatists, documentary makers, comedians, satirists and artists of all kinds.

13. Public support for this wider kind of pluralism is also necessary to ensure a more equitable dispensation for both the Welsh-speaking and majority anglophone audience in Wales. No arrangements for news provision should be agreed that would have any direct or indirect effect on either Welsh language or English language general programming.

14. We support the view of the Welsh Assembly Government's Broadcasting Advisory Group about the importance of enlarging the volume and range of general programming in the English language in Wales. We agree with its conclusion that "the current English language provision in these areas is not a defensible provision for a developed national community that brings to the table the sort of cultural legacy that Wales commands." Even the current inadequate provision is threatened both by ITV's withdrawal and from regional programming and financial cuts at BBC Wales.

FUNDING

15. Within the totality of funding—public funding and advertising—for public service channels across the UK, which now amounts to not far short of £3 billion, we do not believe that the funding support sought by the Assembly Government—c. £50 million—is an unreasonable amount to counter-balance the culturally homogenous 20 channels provided by the four UK public service television broadcasters.

GOVERNANCE

16. We support proposals put forward both by the Assembly Government and by Ofcom's own Advisory Council for Wales for the establishment of a Wales Media Commission. We would, however, go one stage further. We believe that such a commission should operate on a bilingual and multi-media basis, allowing for contestable funding across the whole range of media activity outside the BBC. It would subsume the S4C Authority.

17. We believe that this approach would be in line with the Assembly Government's policies on bilingualism, would avoid duplicating functions, would provide a critical mass of expertise within one organisation, and be an economical and flexible way of managing media development in Wales in a period of technological change. It would also allow for a holistic approach to the needs of both linguistic communities within Wales.

18. This need not jeopardise in any way the Welsh language service on S4C. The channel's programme funding could still be ring-fenced, even while providing a healthier separation of the management of the channel from the S4C Authority's regulatory functions.

19. The establishment of such a commission would give Wales a much stronger decision-making capacity in the media field while still operating within a UK framework.

RADIO

20. We are yet to be convinced that conditions can be created that would justify the migration of all radio in Wales to DAB. There is a need for a review of radio in Wales that takes full account of our topography, as well as the small scale and fragmented nature of the Welsh market. Successive reviews of the radio scene at the UK level have so far failed to do this.

BROADBAND

21. We welcome the proposal in the *Digital Britain* interim report for the creation of a universal service obligation for broadband delivery. While recognising that the universal provision of a 2Mbs service may be a practical starting point, we note that the report foresees that much faster speeds will be essential to preserve the UK's competitiveness. In that context the competitiveness of all parts of the UK must be secured as technology develops.

31 March 2009

Memorandum submitted by ITV
1. INTRODUCTION

1.1 Since ITV appeared before the Welsh Affairs Select Committee in 2008 to give evidence into Globalisation and its impact on Wales, there have been significant changes in broadcasting and ITV welcomes the opportunity to submit evidence once again.

1.2 Following the recommendations of Phase 2 of Ofcom's Public Service Broadcasting (PSB) Review, which was published on 21 January 2009, ITV regional news has been restructured, seventeen flagship news programmes have been reduced to nine with a substantial number of sub-regional opt-outs. Wales retains a stand-alone national news service and in 2009, ITV Wales will produce four hours of national news a week, including the flagship news programme *Wales Tonight* and its bulletins throughout the day and at weekends. ITV Wales also produces 1½ hours of non-news programming, which is mostly current affairs and a weekly arts programme. There is no guarantee that the present situation will carry on beyond 2010, which Ofcom reiterated in their PSB Review.

1.3 ITV wishes to continue broadcasting regional news but it has to be commercially viable.

1.4 This year, ITV is facing one of the most severe economic challenges in its history. In the first three months of 2009, advertising has declined by 20% and ITV has recently announced 600 redundancies. This is in addition to the 430 redundancies that were made last year due to the re-structure of the national and regional news services.

2. NEWS IN THE NATIONS AND REGIONS

2.1 ITV agrees with plurality of voice in news coverage and has supplied this for over 50 years in Wales with a regular national news service.

2.2 The Ofcom PSB Review and Lord Carter's *Digital Britain* Report outline various options for the sustainability of regional news in the future.

2.3 ITV is currently looking at all the options available and is in discussion with all possible partners and interested parties.

2.4 One of the options would be a partnership with the BBC to help deliver cost savings for regional news on ITV1. On 12 of March, ITV and BBC signed a Memorandum of Understanding and will continue to discuss possible ways they can work together, aimed at securing a long-term future for regional news. Both ITV and BBC have stressed that a final agreement would need to maintain the editorial plurality of the news services and ensure the journalistic integrity of both broadcasters is preserved. In Wales, news teams could be co-located at a single broadcast site in Cardiff by 2015, although gallery and studio facilities would remain separate.

Such a partnership would offer valuable but modest cost savings to ITV's regional news: the partnership proposed by the BBC would generate a maximum of £7.1 million of annual savings to ITV by 2016, with savings starting from a very low level (around £1 million to £2 million per year) in 2011 and 2012. The partnership would also raise serious editorial concerns around the scheduling of ITV's regional news bulletins.

We have, therefore, reached the conclusion that the benefits of a BBC partnership would not be sufficient in itself to provide a viable, guaranteed future for news in the nations and English regions. A new mechanism is, therefore, needed to reflect the market reality that ITV cannot guarantee a regional news service for the longer term.

2.5 Ofcom have suggested a contestably-funded model. This could mean that ITV would provide slots for news within its schedule, while the news programmes would be provided by a third party, which would be chosen by a contestably-funded process. We have noted with interest Ofcom's proposal for a new contestable funding arrangement for regional news from 2011, and we believe that Government should take rapid steps to implement it. Indeed, given the economics of ITV's Channel 3 licences, we believe that Government should consider implementation even more rapidly than Ofcom suggests—from as soon as possible in 2010.

2.6 There is also an option suggested by S4C. Under this option S4C might appoint a news provider for an English language news service for whichever channel is the agreed carrier, probably ITV. ITV has had some discussions with S4C regarding their proposal, outlining their interest to address the issue of sustainability and plurality in the context of PSB in Wales. ITV and S4C have worked together for a number of years on successful programmes and projects and welcomes S4C's interest.

2.7 ITV is currently working with a number of different parties for a potential framework. However, while there are a number of options in which contestability might apply, ITV believe the continuing use of ITV's current journalistic and news gathering resources and skills are likely to contribute to any successful model. The success of regional news on ITV1 has been underpinned by its quality, sustained over many years. In commissioning any news service under contestability, ITV would want guarantees on quality in a number of areas. ITV see the deployment of ITV's current resources, possibly engaged by or supplied by a third party, as perhaps the clearest way of providing this guarantee.

March 2009

Memorandum submitted by the Wales Executive Council of the National Union of Journalists

SUMMARY

1. The NUJ urges Members of Parliament and other stakeholders to agree core principles, listed below, while considering proposals that emerge in the coming months to maintain plurality in the provision of news in English for viewers and listeners in Wales. We urge all parties to build on what is currently provided by our broadcast news services—across BBC Wales, S4C and ITV Wales rather than allowing the further decline—or collapse—of existing services. We also urge all stakeholders to consider these issues in the wider context of the deepening financial crisis in regional newspapers and the ongoing reliance of our Welsh online presence on traditional media news organisations.

2. It is not currently possible to form a view on which policy should be followed in ensuring choice and plurality for the citizens of Wales and the rest of the UK for the following reasons:

- S4C have refused public access to much of their proposals for English and Welsh language news services;
- Ofcom have yet to spell out in detail how their preferred option of a system of independent news consortia might work—or be financed—to ensure regional plurality across the UK;
- The proposed partnership to share nations and regions news resources between the BBC and ITV will save much less money than originally envisaged (just £7 million by 2016, rather than the £17–£25 million suggested by Ofcom in their PSB2 final report); and
- The Westminster government has yet to publish its plans for the future of broadcasting in *Digital Britain*.

3. However, we believe that agreement of core principles can guide the choices being made, in order to maintain and strengthen the choice of news and non-news programmes broadcast in Wales.

INTRODUCTION

4. The NUJ Wales Executive Council represent around one thousand professionals working in journalism, public relations and allied industries across Wales.

5. The WEC have authority to speak on behalf of members in Wales, and to decide policy on Welsh issues in consultation with the union's National Executive Committee and full time officers.

6. Much of this report is focussed on the overwhelming importance of plurality in a devolved nation. In Wales, plurality is even more important because of the low visibility of Welsh content in London-based media outlets, our struggling regional and local newspaper industry and an online media sector that relies predominantly on news teams working in traditional media for the bulk of its content.

7. We believe the need for action is urgent. Ofcom have noted that the costs of ITV maintaining their Wales licence are likely to exceed the benefits of PSB status during 2009. BBC Wales have suffered significant cuts to their programming budgets. In the print sector, Welsh newspapers are currently undertaking a further round of office closures.

THE CORE PRINCIPLES

8. Public service broadcasting in the UK is facing one of the biggest changes in its history. Competition for quality and choice for viewers at an all Wales level may come to an end. The long term funding of news services outside the BBC is in crisis. Radical solutions are needed. The NUJ believes that those solutions should be guided by clear principles to ensure that citizens have the information they need to make the decisions required in a vibrant, devolved democracy.

These principles should include the following:

The fundamentals

9. Agreement that Wales needs more than one source of universally available quality broadcast news and non-news programming.

10. Acceptance that the market is failing to provide this diversity—and is unable to do so in the foreseeable future.

11. Acknowledgement that further funding will be needed from a variety of sources, and that it should support not just news but also a range of non-news programming that reflects the cultural diversity and interests of our devolved nation.

12. Development of structures and systems that bring a fairer share of UK production to the devolved nations and regions.

13. Emphasise that any system of contestability that is introduced should involve a competition for quality, not just the cost-cutting that has done so much damage to quality journalism and programme making in recent years.

14. Encourage public discussion of the options being considered by government, regulators, broadcasters and other stakeholders for ensuring plurality of English language broadcasting in Wales. Public organisations in particular need to be open in their proposals to ensure accountability and transparency.

Build on what we already have

15. Acknowledge that in a period of limited financial flexibility, we should adapt and evolve what resources already exist within public service broadcasting and not commit to capital expensive projects unless they release efficiency savings that can be used to improve content. Complex re-organisation, bureaucratic administrative/supervisory systems or private sector profiteering should also be opposed.

16. Accept that the BBC and ITV Wales gain from considerable economies of scale by being part of wider groups. Our preferred option is for the development of all UK solutions for the supply of non-network news that can offer genuine plurality for audiences. Wales—or devolved nations solutions should be considered if such all-UK solutions can not be agreed/funded.

17. Agree that there is potential value in the ITV/BBC partnership proposals but that it offers only limited financial benefits (£7 million by 2016) so it is not a panacea—and that this must not undermine editorial independence.

Targets for the future

18. Maximisation of the “reach” of PSB content outside the BBC/S4C: ideally on Channel 3 for the foreseeable future, supported by a strong online presence to help signpost the way for our communities into the digital age.

19. Encouragement of systems that share PSB content that is created outside the BBC in a way that supports other news providers: eg, audio feeds of television news programmes available for use by community radio stations/exploration of “open content agreements”, etc.

20. Flexibility to adopt new systems of delivery as they gain popularity without abandoning the core principle of universality.

21. Maintain a quality information and content provision for the “digitally dispossessed”: the older, poorer and most deprived members of our society.

22. Provide financial stability for content makers to be able to invest in staff, technology and building long-term relationships with audiences and other partners.

Maximising the benefits for Wales

23. Ensure the economic benefits of any public investment are reinvested in the service to maximise the public benefit while minimising the cost.

24. Aim for a new public service broadcasting/content settlement that supports and promotes the economic and social interests of Wales in the wider world while ensuring that our citizens benefit from all the advantages of living in an informed democracy.

25. Accountability to the people of Wales through the democratic institutions in Wales and Westminster.

26. Embrace the challenge of creating something pioneering for Wales if there is not a UK-wide solution to demands for plurality across the nations/regions media.

OTHER ISSUES

Job creation

27. NUJ research has established that Welsh media employers have lost around 2,000 jobs in the last two decades with job creation in the industries tending to be small scale and short term. Without action, this is likely to continue. This sits in strong contrast with the many welcome initiatives that are designed to boost employment in the creative industries. We need to ensure that those people being trained in the many excellent courses have a chance of work in a sustainable media industry.

Audience demand

28. In their recent review of public service broadcasting, Ofcom found that: “dedicated news and other content for the devolved nations remains an essential requirement for any future model.” They also found that audiences in the devolved nations particularly value having access to alternative perspectives and different voices with 90% citing this as important. Research conducted for the National Assembly for Wales in November 2008 suggests that a third of television viewers in Wales mainly receive information about news and current affairs from ITV Wales.

Plurality and the digitally dispossessed

29. The Ofcom PSB report notes that ITV’s audience for news are likely to be older and poorer than those watching BBC news output. These viewers are also less likely to adopt new, internet-based technologies and less likely to actively seek out news and other public service content beyond the traditional sources. They make up a larger proportion of the population of Wales than in many other parts of the UK. They are on the losing side of the digital divide.

Contestability

30. Ofcom have argued that a competitive funding model would work best if it consisted of a small number of large ongoing contracts rather than many smaller contracts for individual programmes. We believe that there are substantial reasons why this might work in the provision of news for the nations and regions if it is possible to fund an all-UK solution (following existing ownership structures or via a parallel trust status). These are demonstrated in the current operation of ITV Wales News as part of the wider ITV News Group. They include:

- Ongoing high levels of popularity—Welsh news programming watched by more than three-quarters of Welsh viewers every week.
- Welsh non-news programmes such as *Wales This Week* and *The Ferret* regularly achieve higher audience shares than network current affairs programmes in the same slots.
- Existing all-Wales network of reporters/recognised and trusted faces.
- Cross fertilisation and economies of scale occurring from staff working on programmes for S4C such as *Y Byd Ar Bedwar*.
- Well established technical infrastructure and the latest broadcasting technology.
- Economies of scale as part of the larger ITV News Group (ING), eg training and career development, procurement of satellite and transmission systems, swapping of material between regions, network and breakfast news suppliers as well as Eurovision and the international video agencies.
- Ownership of an archive of film and video that has chronicled the development of Wales over the last fifty years.
- Recognised supplier of the range and diversity of quality video content that is designed to appeal especially to older and poorer parts of the community/the “digitally dispossessed”.

31. In the longer term, other organisations (newspapers/radio stations/independent programme producers) could bid for the opportunity to make news (and non-news) programming to appear on ITV if the channel maintains its mass-market appeal. This would open up a significant area of contestability along the lines suggested by Ofcom. However, in the shorter term, the existing system of an in house (or possibly Trust-based), ITV Wales news and programme making team offers many advantages.

32. Any model of competition for funding must also allow for the additional content needs and programme making abilities of the devolved nations. We would urge those involved in the reshaping of broadcasting to consider how an all UK model would serve the needs of the devolved nations and whether different solutions might be more appropriate to each of the nations.

33. Stakeholders considering options for competitive funding in Wales must also take into account Ofcom’s view on the subject: “The weakness of all competitive funding models is the cost involved in achieving anything like the reach and impact currently achieved by the ITV nations/regions network”.

34. The competitive element should be based on a competition for quality, not just price as cost cutting has been one of the main problems for the media in Wales in recent years.

Plurality

35. Ofcom research shows that 90% of viewers in the devolved nations believe that television is an important source of news about their nation. They also want plurality. The Ofcom consultation process sets out in abundant detail why that will need additional funding. In the last year, reviews of BBC and Channel 4 network news programming have highlighted the shortfall of news from Wales and the other devolved nations. In addition, Ofcom's first review of Public Service Broadcasting established that 85% of the daily newspapers bought in Wales are published in England. They do nothing to redress the balance.

36. Ofcom's research shows the overwhelming importance of maintaining a plurality of news on the existing BBC Wales and ITV Wales channels. When asking viewers for their main source of news about Wales the found the following pattern:

- BBC Wales 35%
- ITV Wales 26%
- Newspapers 10%
- Internet 10%
- Radio 5%
- Other 11%

37. This means that the news from ITV Wales is as important as newspapers, the radio and the Internet combined. It also demonstrates vividly that demand for online news in Wales still lags way behind traditional delivery mechanisms for this content.

The S4C proposal

38. As noted earlier, we are concerned that S4C's secret submission to OFCOM PSB 2 might be adopted by the "Digital Britain" inquiry with a pilot scheme based on the proposal, despite the absence of any meaningful consultation. We have several fears relating to the limited sections of the document that have been made public:

- The creation of a private commercial body to tender for and manage the service.
- The privatisation of S4C's news provision which has been extremely well produced by BBC Wales since 1982.
- The damage caused to the recently repaired relationship between S4C and the BBC.
- The confusion and dilution of S4C's role as a solely Welsh language broadcaster.
- The need for such a news service to be English language driven in its direction.
- The destabilisation caused to BBC Wales' English language news by the loss of "Newyddion" due to the integration and convergence across BBC Wales news in tv/radio and online services in Welsh and English.
- Uncertainty of the position for independent producers as a result of these changes.

Imbalance in production of UK broadcasting

39. Wales has recently benefited tremendously from winning major network projects such as in the field of drama at BBC Wales. They bring funding, kudos and vital opportunities to gain new experience and skills to Welsh broadcasting workers. However, major network productions should not confuse Welsh broadcasters as to their primary aim—serving the people of Wales with a high quality service of output about Wales. In addition, the vast majority of network productions sadly do not represent Welsh life to the rest of the peoples of the UK.

40. Wales is largely invisible on network programming. So shifting production from the south east of England should be seen as a cultural necessity as well as an economic one. As a result, the aim is not to win productions at the expense of other regions, such as the transfer of Casualty to Cardiff, but rather to devolve production from a culturally and economically over—dominant metropolis.

The cultural deficit in English language broadcasting

41. NUJ members are involved in the production of many programme types in addition to news. These include the arts, documentaries, current affairs, consumer programming, politics, sport etc. As a result we are acutely aware of the need for material which offers a broad view of Welsh life.

42. As we have outlined the Welsh people are unlikely to find many of their experiences represented on network programming with its increasingly metro-centric view which can at least partly be explained by the decline in broadcasting within the nations and regions.

43. Such cultural programmes in Wales have tended to suffer disproportionately during recent cutbacks (with for example drama on ITV Wales and the arts on BBC Wales both largely jettisoned during the present funding crises). They are key to Wales' understanding of itself and need to be restored.

CONCLUSION

44. Ofcom's survey work highlights the overwhelming public support for evolution of broadcasting systems (rather than more radical change) in the devolved nations. We echo Ofcom's conclusion on this issue: "Channel 3 has a symbolic value in the devolved nations, beyond its PSB provision and is seen to represent national identity in ways which other TV channels do not." The report also notes that viewers are attached to the stv, UTV and ITV Wales and did not think Channel 4 had "the capacity or expertise to fill the gap". We need to build on this public support along with systems that maintain BBC Wales and S4C as the cornerstones of public service broadcasting.

45. Wales is a young but growing devolved democracy. Yet our citizens face an increasing deficit of quality information about decisions being made in their name. Doing nothing is simply not an option.

March 2009

Supplementary memorandum submitted by the National Union of Journalists

We have already contacted you as to our concerns as to your short inquiry into English language broadcasting in Wales.

We are fearful that the agenda may be driven by S4C's evidence to OFCOM's recent PSB review. As you are aware that evidence has not to our knowledge been made fully available to the people of Wales or their politicians. That a public body—S4C—should be discussing the future of public service broadcasting in Wales yet refusing to release all of its submission to public scrutiny is highly worrying. Without full disclosure how are the electorate of Wales or their representatives to be able to judge decisions being made in this field of policy?

Your inquiry of necessity has had to be hurriedly organised due to force of circumstances. We responded under pressure to the tight timescale to your call for evidence. However, we had always presumed the opportunity would be given to us—and other civic bodies—to give additional oral evidence. This was especially necessary in a situation where we were—and are still—denied access to the full facts of the current situation.

We feel that the future of Welsh broadcasting needs to be decided upon in a full and open forum—despite all the pressures bearing down on our industry.

Can we therefore invite you to seek to draw out the terms of the S4C proposals in your oral hearings and aim for a strategy that builds on what we already have, both in BBC Wales, Newyddion and in ITV Wales rather than risking further damage to our existing structures for the sake of a less certain future.

April 2009

Memorandum submitted by S4C

S4C MEMORANDUM TO THE NATIONAL ASSEMBLY'S COMMUNITIES AND CULTURE COMMITTEE'S BROADCASTING INQUIRY

1. INTRODUCTION

1.1 S4C has been fully engaged with the Ofcom Review of Public Service Broadcasting (PSB)¹⁵ and the subsequent UK government *Digital Britain* project. As well as offering formal responses to the consultation it has given evidence to the National Assembly's Broadcasting Sub-Committee and the House of Commons Welsh Affairs Select Committee.

1.2 Ofcom's PSB Final Statement and Recommendations concluded in relation to the Welsh language that "S4C has achieved an established position in the UK's public service broadcasting landscape, raising the profile of the Welsh language and ensuring its widespread availability throughout Wales." S4C welcomed Ofcom's conclusions which confirmed S4C's central role as a significant public service broadcaster and which emphasised the need for continued government funding for S4C.

1.3 However, last year's review process highlighted the threat to the plurality of supply of PSB programming across the UK. It also identified particular issues facing the nations and outlined possible solutions.

1.4 The National Assembly's Broadcasting Sub-Committee reported in July 2008 that "... given the worsening pressures on English language broadcasting from Wales in Wales, and S4C's strong and secure funding, we believe that S4C should consider how its resources can aid the sustaining of English language public service broadcasting provision in Wales, including the sharing of facilities such as back office functions and transmission."¹⁶

¹⁵ Ofcom's Second PSB Review. Phase One: *The Digital Opportunity* (April 2008)
Ofcom's Second PSB Review. Phase Two: *Preparing for the Digital Future* (September 2008)
Ofcom's Second PSB Review. Final Statement: *Putting Viewers First* (January 2009)

¹⁶ <http://www.assemblywales.org/cr-ld7148-e.pdf>

1.5 S4C's core remit is to offer "a broad range of high quality and diverse programming in a service in which a substantial proportion of programmes consist of programmes in Welsh."¹⁷ In addition, S4C can undertake additional new activities subject to a Parliamentary Order.¹⁸

1.6 This memorandum outlines how S4C has responded to the four main areas of concern: news provision in the English language in Wales outside of the BBC, children's programming from and for the UK, the media literacy agenda and how best to develop training and skills across the creative industries. None of the suggestions S4C has made diminishes or undermines its commitment to high quality Welsh language PSB content.

2. NEWS IN THE NATIONS AND REGIONS

2.1 Identifying a means of securing sustainable news services and plurality of provision has been a key theme of Ofcom's Review and its importance is integral to the *Digital Britain* Interim Report.¹⁹

2.2 Ofcom's PSB Phase Two report stated that, "Provision of news and information for the devolved nations is an essential requirement for any future model of PSB, and is likely to need replacement funding."

2.3 Ed Richards, Ofcom's Chief Executive, told the National Assembly's Broadcasting Sub—Committee that "Responsibility for delivering such a service cannot be confined to one institution, however excellent. BBC Wales's services in Wales are answerable to one editor-in-chief for all services. The nature of plurality is that different voices and attitudes must be heard and that diversity rather than uniformity should characterise broadcasting in Wales."

2.4 Ofcom's PSB Final Statement and Recommendations noted the BBC's ongoing discussions with ITV over proposals to share news facilities in the nations and regions. However, it said that these proposals may not in the long term be a sustainable solution and it suggested that a series of "independently funded news consortia in the nations and regions based on secure funding and competitive tender processes..." could be established. It added, "News providers would enter a tendering process in order to create this non-BBC coverage..." The *Digital Britain* Interim Report concurred with Ofcom about the threat to news provision in the nations.

2.5 S4C made a proposal to Ofcom which sought to address the issues of sustainability and plurality in the context of PSB in Wales. The proposal was referred to in Ofcom's PSB Final Statement and was subsequently included in the *Digital Britain* Interim Report which noted that: "...S4C have put forward interesting outline proposals in relation to an English-language news service for Wales. We will work with S4C and other partners to establish whether this proposal could form the basis of a pilot project in Wales. The Government will also explore with the BBC, STV and UTV as well as other relevant possible partners how far similar pilot proposals could point a way forward for Scotland and Northern Ireland."

2.6 Following publication of the *Digital Britain* Interim Report discussions are being held with key partners relating to the S4C proposal and the proposed English language pilot.

2.7 S4C and the BBC are also exploring relevant issues within the framework of the Strategic Partnership.

2.8 Current discussions relating to the S4C proposal are being conducted so as to feed in to the *Digital Britain*—Interim Report consultation deadline of 12 March.

3. CHILDREN'S PROVISION

3.1 The provision of children's programming and services is another key area of concern highlighted by Ofcom and the *Digital Britain* Interim Report.

3.2 In 2007 Ofcom published a report titled "The Future of Children's Programming."²⁰ It stated there was a danger that the variety of children's programming was diminishing and that UK originated programmes for children were under threat. Ofcom concluded that "...there is no evidence that the market will fill the gaps left by falling investment in UK origination by the commercial PSBs."

3.3 S4C recognised this trend early on and, following a public consultation, launched a new service for pre-school children in June 2008. The Cyw service is available on S4C digidol between 0700 and 1330 every weekday and between 1400 and 1500 on Saturdays. It has been well received by children and parents alike and is also supported by online services.

3.4 Ofcom's PSB Phase One consultation, suggested that, "... there is some scope for S4C to play a broader role in helping to facilitate the wider exploitation of Welsh-language originated content for a broader English-speaking children's audience." Its PSB Final Statement concluded "...we believe that there is clear public interest in addressing the needs of this age group through a competitive funding model, if funds are available."

3.5 S4C continues to seek a means by which its current contribution in this critical genre can be enhanced.

¹⁷ Communications Act 2003 sch12. part 2

¹⁸ Communications Act 2003 sections 205 and 206

¹⁹ http://www.culture.gov.uk/images/publications/digital_britain_interimreportjan09.doc

²⁰ <http://www.ofcom.org.uk/consult/condocs/kidstv/kidstvresearch.pdf>

4. MEDIA LITERACY

4.1 The *Digital Britain* Interim Report highlighted media literacy as a key component for the UK's digital future. It noted that, "The necessary education, skills and media literacy programmes to allow everyone in society to benefit from the digital revolution will be a central part of the *Digital Britain* work and key to our success. We must ensure that being digital is within the grasp of everyone. If we do not, we risk leaving significant parts of our society disenfranchised and permanently behind the mainstream."

4.2 S4C was one of the first signatories to the UK Charter for Media Literacy and is committed to advocating and developing a media literate Wales and UK. It was a founding member of the Wales Media Literacy Network and has produced a Media Literacy Plan which outlines how it discharges its responsibilities. Listed below are examples of how S4C puts into practice the media literacy agenda in the provision of its services.

- In addition to its work with Digital UK, S4C will be implementing a multi media communications plan to ensure viewers understand the implications of digital switch over;
- S4C has shared its research on young people's attitudes to living their lives through the Welsh language with interested partners in the public and voluntary sector;
- It has produced booklets and held seminars to promote understanding of its access services so that everyone can enjoy S4C's services;
- S4C has collaborated with Media Education Wales on workshops for young people;
- It has worked in partnership with Bwrdd yr Iaith, the Welsh Music Foundation and BBC Wales to widen the understanding of the opportunities in the creative industries both for the professional and lay person; and
- S4C is holding a series of events throughout Wales to raise awareness of its new online services to Welsh learners—s4c.co.uk/learners.

5. SKILLS FOR THE FUTURE

5.1 Talent retention and skills development will be key to S4C's success going forward as well as for the future prospects of the creative industries in Wales. S4C believes that as a public service broadcaster it should be proactive in this field.

5.2 The UK and Welsh Assembly Governments have identified the creative industries as important growth areas and S4C's commitment to the training and skills agenda will help ensure the continued success and growth of this sector in Wales beyond the present economic downturn.

5.3 S4C works with Skillset²¹ and the independent production sector in identifying needs and promoting training and skills development. S4C requires production companies to present a training programme as a condition of each commission and co-ordinates the levy paid by the sector towards training provision. S4C also offers scholarships in the fields of sport, music performance and journalism.

6. CONCLUSION

6.1 The debate over the future of PSB has been long and complex. It is clear that no single solution will resolve all the issues highlighted by Ofcom.

6.2 S4C's contributions to the Ofcom Review have been based on its commitment to PSB, to the Welsh language, to Wales and most importantly to audiences.

Supplementary memorandum submitted by S4C

During the oral evidence session to the Committee on Tuesday 5 May 2009, the Committee Chair, Dr. Hywel Francis MP, asked whether the reason why an edited version of S4C's submission to Ofcom's Second Public Service Broadcasting Review and *Digital Britain's* Interim Report (the "Document") had not been published was simply because of commercial sensitivity.

S4C presented the document to Ofcom's Second Public Service Broadcasting Review in December 2008. The document was submitted in confidence as the Authority believed that it contained certain information of a commercially confidential nature. S4C's response to The *Digital Britain* Interim Report included a redacted version of the response to Ofcom of December 2008. This same information was provided to the National Assembly's Communities and Culture Committee's inquiry in March 2009 and to the Welsh Affairs Select Committee's current inquiry. The Document contained a small number of redactions. The redacted sections contain information that S4C still believes remain commercially confidential.

We note that public bodies, and public service broadcasters including the BBC, provide information to consultations in confidence. The Ofcom Content Board Member for Wales, Sue Balsom, told your Committee's inquiry that providing information in confidence like this was "not an unusual process".

²¹ Sector skills council for the creative media

Rhodri Williams, Director, Ofcom Wales, added that where submissions to Ofcom contain commercially sensitive information, “it is perfectly reasonable that, if requested to keep those matters confidential, that is what we should do”.

The S4C Authority originally considered the contents of the document and came to the conclusion that the document should be submitted in confidence. However, when appropriate, further information should be made available. This is what was done when the document was submitted to the *Digital Britain* Interim Report consultation.

S4C has provided the Committee with the published version of the document as part of its written evidence. Should the Committee require any further information, or require clarification of any of the points made in the Document, S4C will gladly provide such information to assist the Committee’s work.

May 2009
