

Ken Skates AC / AM

Y Dirprwy Weinidog Diwylliant, Chwaraeon a Thwristiaeth
Deputy Minister for Culture, Sport and Tourism



Christine Chapman AM
Chair
Communities, Equality and Local Government Committee
National Assembly for Wales
Cardiff Bay
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Llywodraeth Cymru
Welsh Government

Dear Christine,

8th December 2015

During my appearance before the Communities, Equality and Local Government Committee on 18 November I agreed to send further information on a number of the issues discussed. I have done so below and in the items attached.

As you will see, prior to my appearance I had already provided to the Committee some of the evidence which I have been asked to provide again here. It was clear to me from our discussion on 18 November that some Committee members were either unaware of this or had not found an opportunity to study my written evidence.

To take the action points in order:

- **The Welsh Government's views on whether the BBC has responded adequately to the King Report recommendations;**

Effective democracy relies on informed decisions by citizens. Wales has limited news coverage and too few voices, leaving most people dependent on UK news outlets that lack coverage of Wales. The news media provide insufficient or inadequate coverage of Welsh issues and events. Most Welsh people have no easy access to the information and context needed to evaluate the success or otherwise of Wales' institutions, or indeed, to understand the basic features of devolved government in the UK.

Although there is evidence that there have been improvements in the coverage of devolved political issues in Wales since the King Report, the Welsh Government remains very concerned about the continued lack of coverage of Wales on network news. It is very difficult to get coverage for Wales on mainstream news programmes such as *Today*.

The recommendations of the King report are also relevant to ITV network news and Channel 4 news and it is vital that these channels appropriately represent the devolved nations. In our response to Ofcom's consultation on its third Review of Public Service Broadcasting earlier this year, we again urged Ofcom to reflect this in

its analysis of Public Service Broadcasting. Ofcom did not provide details about this in its response to the consultation but we will continue to remind Ofcom and the broadcasters about the importance of appropriately reflecting the devolved nations and we will continue to monitor developments.

- **Details of the work of, and outputs from, the Welsh Government's Broadcasting Advisory Panel;**

The Welsh Government's Broadcasting Advisory Panel was created in 2012 and advised the First Minister and Welsh Ministers on the governance and regulation of Public Service Broadcasting and the need to protect and maintain specific Welsh cultural, linguistic, economic and democratic interests.

The Broadcasting Advisory Panel provided advice on the full range of broadcasting issues during its 18 month tenure and set out suggested priorities for the Welsh Government's engagement on broadcasting matters over the next few years, for the First Minister's consideration.

The Panel's advice has already added significant value to our engagement with the broadcasters themselves, and to our ongoing, robust dialogue with Ofcom and the UK Government on broadcasting matters, including Ofcom's PSB review, the BBC Royal Charter review and the need for an assessment of PSB post-devolution.

The Broadcasting Advisory Panel's report to the First Minister is attached for information.

- **Correspondence relating to the Welsh Government's call for S4C's budget to be protected;**

Since the Comprehensive Spending Review in 2010, the Welsh Government has consistently expressed its ongoing concern to the UK Government about the impact that further funding cuts will have on S4C. This was reflected in the Welsh Government's response to Ofcom's consultation on its third review of Public Service Broadcasting earlier this year, and in our detailed response to the UK Government's BBC Charter Review consultation - which I provided to you, in full, before my appearance. It has also been reflected in a number of items of correspondence, including the First Minister's letter on 12 October to the Secretary of State for Culture, Media and Sport.

These are attached for your information.

- **The funding for BBC Alba and its comparison with funding for S4C;**

For 2015-16, BBC ALBA received funding of £12.8m from the Scottish Government, £1m from the UK Government and an additional £9m from the BBC.

For 2015/16, S4C received funding of £6.7m from the UK Government and £75.25m from the BBC via the licence fee.

However, as I said when I was asked about this, it is meaningless to simply compare the funding for BBC ALBA and S4C. We are different countries and the demands

and requirements of the audiences in Wales and Scotland are not the same. I would not wish to benchmark S4C against BBC ALBA (or vice versa).

- **Figures relating to the production companies and supply chains that have benefited from moving production out of London to Wales;**

As reflected in Ofcom's third Public Service Broadcasting Review, since 2008 the volume of UK-wide network production made in the nations has been rising and production in London has fallen. In 2013, for the first time, less than half (49.4%) of first-run network programme hours were produced within the M25. In addition, in Ofcom's Communications Market Report for Wales 2015 it was noted that the proportion of first-run originated network production hours produced in Wales increased from 1.4% in 2013 to 1.8% in 2014. In addition, expenditure on first-run originated network production hours increased from 2.6 % in 2010 to 3.2 % in 2014.

The transformation in the Welsh drama business over the last decade has been remarkable. Following the BBC's decision to base *Doctor Who* at the new studio complex in Cardiff Bay in 2005, other productions based there such as *Torchwood* and *The Sarah Jane Adventures* helped build momentum.

Today Wales is a hive of activity for both domestic and international drama productions, with recent examples such as *Da Vinci's Demons* and *The Bastard Executioner*. An indication of the strength of Wales' appeal was that Pinewood decided to have their only studio outside London near Cardiff.

Another drama that takes great advantage of Welsh locations is *Y Gwyll/Hinterland*, which is made for S4C and the BBC by the Welsh production company Fiction Factory and shot in and around the Aberystwyth. This is one of a number of network productions - *The Indian Doctor* being another example, co-produced by Rondo Media - which are made in Wales, by Welsh companies, as a result of opportunities arising from a deliberate policy of moving production out of London.

Crucially, it is not only Welsh producers who have benefited. The opportunities this has provided for our supply chain companies to grow their businesses and employ more people in the sector are equally important for the long term. There are many and varied success stories here, which demonstrate the breadth of activity in our Creative sector as well as the vital roles our workforce play in enabling and supporting the productions that now come to Wales. They rely on all manner of award winning Welsh expertise and we have growing supply chains for post-production, costumes, make up and many other services. To give just a few examples:

- Andy Dixon Facilities has provided production vehicles (trucks, trailers and so on) for many productions, including *Their Finest Hour & A Half*, *Humans*, *The Bastard Executioner*, *You Me & The Apocalypse*, *Stella*, *Da Vinci's Demons* and *Dancing on the Edge*. The company has recently opened an additional office at Pinewood Studio Wales, significantly grown its workforce and more than doubled its turnover between 2007 and 2012.
- Bang Post Production, based in Cardiff, offers a full range of services covering sound, picture and Visual effects and recently won an Emmy for Sound on *Sherlock*.
- Real SFX, which also now has a base in Pinewood Studios Wales as well in Cardiff, provides special effects on *Doctor Who*, *Sherlock* and *Coronation Street*,

amongst others, and has won the BAFTA Craft Award for Physical Special Effects for two years running.

- Shadow Scaffolding is a great example of a company which has extended its established scaffolding business and now also provides rigging services for many of the major shows made in Wales, including *Doctor Who*, *Sherlock* and *The Bastard Executioner*.

The Welsh Government is fully aware of the economic impact of broadcasting. For example, independent research had shown that for every pound that S4C invests in content, it produces almost two pounds of added value to the Welsh economy. In addition it has been reported that over the course of the production of *Y Gwyll/Hinterland*, the combined effect of the direct, indirect and induced rounds of spending equate to an estimated £1,040,000 spent in Aberystwyth. This is very encouraging and shows what can be and is being achieved.

- **The representations the Welsh Government has made in respect of the proposed changes to the Terms of Trade between public service broadcasters and independent producers;**

This was reflected in the Welsh Government's response to Ofcom's consultation on its third review of Public Service Broadcasting earlier this year, and in our detailed response to the UK Government's BBC Charter Review consultation - which I provided to you, in full, before my appearance.

- **The correspondence relating to the Welsh Government's concerns regarding the July 2015 licence fee changes.**

This was reflected in our detailed response to the UK Government's BBC Charter Review consultation - which I provided to you, in full, before my appearance.

In addition, I attach the letter the First Minister sent to the Secretary of State for Culture, Media and Sport on 10 July 2015 enclosing the cross-party statement on broadcasting.

- **Other Issues**

Governance – Welsh representation

When I appeared before the Committee I was asked to comment about the Welsh Government's position on proposed changes to BBC management and governance arrangements, including our support for the current Trust being replaced by a unitary board and a new, standalone regulator. I was specifically referred to the role played by the current BBC Trustee for Wales and the point was made that some members of the Committee were unclear about how our proposal would fundamentally change things.

I was surprised by this comment, as the impact of these proposals was explained in detail in the written evidence I submitted prior to my appearance, specifically in our response to the DCMS consultation. We were clear about the importance of the role played by the current Trustee, who chairs the Audience Council for Wales – and also about the limitations currently placed upon her influence that need to be removed. As

we said in our response, under a unitary board structure there remains a central role for audience or broadcasting councils across the UK and it is important that Wales and the other nations are fully represented. The Chairs of the audience or broadcasting councils should be non-executive members of the unitary board, so that they have a voice in decision making at the most senior level. The fact that the views of current audience councils can be entirely ignored by the BBC Trust, if it so chooses, is a key drawback of the existing arrangements.

We were also clear that any changes to the governance or regulatory arrangements of the BBC should fully reflect the reality of devolved government in the UK. As such, the board of the new regulator should include a member responsible for representing the interests of each of the devolved nations, including Wales; the relevant devolved Government should lead on the appointment of their national representative.

Charter Review - Memorandum of Understanding

During the Committee meeting there was a discussion about the Charter Review Memorandum of Understanding (MOU) and in particular how it compares with the MOU developed in Scotland and the role of the National Assembly in developing a further Memorandum.

Once again, this was explained in detail in the written evidence I submitted prior to my appearance and was discussed during the Committee meeting itself. However, I think it is important to explain again to the Committee the background to this issue and to stress that Wales is not being treated less favourably than Scotland.

As previously explained, because of the timing of the Charter review process (which was set by the UK Government) a decision was taken to develop an initial MOU that would formalise the Welsh Government's role now, so we could participate actively in the review process from the outset. It also commits all signatories to work with the National Assembly for Wales to develop a second MOU, which will supersede the first. It will retain commitments from the first MOU and formalise both the National Assembly's role in ongoing scrutiny of the BBC and the related duties that will be placed on the BBC - to provide annual reports and statements of accounts to the Welsh Government and the National Assembly for Wales and to appear regularly before the relevant Assembly committee(s). These will be comparable to those already included in the Scottish MOU.

Welsh Government officials are already discussing this with officials from the Presiding Officer's office and DCMS. This second MOU should therefore be agreed and in place well before the next BBC reporting round in 2016.

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Deputy Minister for Culture, Sport and Tourism

First Minister's Advisory Panel on Broadcasting in Wales: Conclusions and Recommendations.

The Broadcasting Advisory Panel (the Panel) was appointed by the Rt. Hon Carwyn Jones AM, the First Minister of Wales in September 2012, to advise the Welsh Government on how to deliver the Public Service Broadcasting (PSB) needs of Wales and its people.

Broadcasting is a reserved matter and is likely to remain so for the foreseeable future. However, broadcasting at UK and Wales levels is a fundamental part of the Welsh cultural, social and political landscape. The significance of broadcasting to our emerging devolved life is such that new arrangements have to be found, within the existing constitutional settlement, that allow the interests of Wales to be debated, understood and argued for.

1. Timescale

Over the next 2-3 years there are key decisions to be taken relating to broadcasting and regulatory arrangements in the UK and in Wales, in particular:

- strategic and logistical decisions are expected by most PSBs in Wales;
- the DCMS-led consultation on media ownership and plurality; and
- BBC Charter renewal.

In addition, we await:

- formal responses from the Welsh Government and then the UK Government to the findings of the Silk Commission on Devolution;
- further scrutiny of Ofcom's role by DCMS, following its recent consultation on Ofcom's powers and subsequent, failed attempt to implement changes that would have weakened Ofcom's PSB duties;
- a further review of PSB by Ofcom (which would not have occurred had the DCMS proposals been successfully implemented);
- the outcome of the recent BBC/S4C Operating Agreement;
- the outcome of the new Channel 3 licence for Wales; and
- the outcome of the referendum on Scottish independence.

There is a real opportunity for the Welsh Government to influence decisions on broadcasting in Wales, but it must be grasped quickly - the window will be firmly closed once the BBC's new Charter is finalised in 2016.

2. Issues and Opportunities

There is a considerable amount of third party research into public service broadcasting in Wales and across the UK.¹ The Panel recognises the range of political, cultural and economic opportunities that broadcasting offers. In order to focus on delivery the Panel has confined its initial comments to five specific areas of concern:

1. Democratic deficit and an absence of plurality
2. Broadcast institutions and accountability
3. Language, culture and what makes Wales unique
4. Economic benefits
5. The PSB needs of Wales

2.1 Democratic deficit and an absence of plurality

Wales does not receive the public service broadcasting services it needs.

Uniquely amongst the devolved nations Wales has a relatively weak indigenous infrastructure for news via print media, coupled with a lack of significant coverage in UK media. This leads to an over-reliance on TV news services in Wales. Ofcom's Communications Market in Wales review for 2012² shows that 76% of people in Wales rely on TV for their news about Wales, and 71% for local news.

There is limited coverage of Welsh public life and society in UK newspapers and on UK broadcast services, which comprise the main media outlets in Wales. The portrayal of Wales in UK media does not reflect the cultural diversity and richness of the nation.

Effective democracy relies on informed decisions by citizens. Wales has limited news coverage and too few voices, leaving most people dependent on UK news outlets that lack coverage of Wales. Although there is evidence that there have been improvements in the coverage of devolved political issues in Wales since the King Report, this improvement is largely confined to the BBC. The news media provide insufficient or inadequate coverage of Welsh issues and events. Most Welsh people have no easy access to the information and context needed to evaluate the success or otherwise of Wales' institutions, or indeed, to understand the basic features of devolved government in the UK. As the BBC Audience Council for Wales notes in its Annual Report for 2012-13³:

¹ Annex 1 provides an illustrative list of some of the available evidence that the Panel has considered.

² Data taken from the Wales TV data charts available here:
<http://stakeholders.ofcom.org.uk/market-data-research/market-data/communications-market-reports/cmr12/wales/>

³ http://www.bbc.co.uk/bbctrust/who_we_are/audience_councils/wales/wales_annual_review/wales_annual_review_2012-13.html

“frustration remains that despite some progress, Network News is still failing to offer comparative information regarding.... policy and legal differences across the UK’s nations”.

The coverage of Welsh affairs still constitutes a very small percentage of the total news coverage available to the Welsh public, especially in the face of competition from UK-wide broadcasting, satellite and cable channels, 24 hour news channels and online news,

2.2 Broadcast Institutions and Accountability

The UK’s current devolution arrangements do not include satisfactory arrangements for the governance of PSB services. The new devolved governments are neither recognised nor represented. No broadcasting institution is directly accountable to the people of Wales.

Decisions about UK-wide media (such as BBC Charter renewal) are taken in Westminster, with little formal involvement or representation of a Welsh perspective. As a result the UK government often fails to consider the specific situation and needs of Wales or the other devolved nations when developing policy and strategy. For example, the recent DCMS consultation on media plurality⁴ made no mention of Wales, or of S4C.

Policy, in this sense, reflects coverage, with the Westminster government allowed to represent the public service broadcasting needs of the UK as a whole. This is unacceptable, as demonstrated by the ongoing weakening of PSB obligations to Wales post-devolution.

- The BBC and Ofcom are directly answerable to the UK government only.
- ITV, answerable to Ofcom, has negotiated an ongoing weakening of its PSB obligations to Wales post-devolution.
- Until 2007 the Chair of the Broadcasting Council for Wales (now defunct) was a full member of the BBC Board of Governors and was involved in key decision making. The Broadcasting Council was influential within the BBC, with responsibility for policy and control of services in Wales. It was replaced by the Audience Council for Wales which advises the BBC Trust on issues of audience interest. The Audience Council has identified issues that the BBC should address and we have used its evidence in this paper. However, the BBC Trust is not obliged to act on the Audience Councils’ advice, although its Chair is a BBC Trust Member.
- S4C is accountable to the Westminster Parliament through the Secretary of State for Culture Media and Sport (DCMS), and to Ofcom in respect of certain content matters.

⁴ <https://www.gov.uk/government/consultations/media-ownership-and-plurality>

- Since April 2013 S4C is also directly accountable to the BBC Trust and thus even further away from direct democratic accountability within Wales.

We note that the responsible UK regulators failed to address the serious internal management issues at S4C in 2010/2011. Significant reputational damage has resulted from that failure, and lessons need to be learned.

The above arrangements take no account of the effect of public service broadcasting on so many areas of Welsh life - political, cultural, educational and economic - for which the Welsh Government carries the responsibilities. This arrangement is not sustainable. There is a case for a re-balancing of powers and responsibilities to give the Welsh people a greater voice in determining the requirements and monitoring delivery of PSB in Wales. The urgency of this has been recently demonstrated by the UK Government's response to high-profile criticism of the BBC and the BBC Trust by the House of Commons' Public Accounts Committee. DCMS has indicated that a review of the BBC's Royal Charter may be brought forward, to be run in parallel with the recruitment of a successor to the current Chair of the Trust, whilst the UK Minister for Culture, Media and Sport is considering bringing in the National Audit Office to investigate the running of the BBC. Wales must have a voice in these deliberations; otherwise the UK Government may instigate changes at the BBC that do not meet our needs.

2.3 Language, Culture and What Makes Wales Unique

This is about more than politics. Wales is a nation in its own right with a unique culture and language. Its bilingual ethos and its nature and history are distinct within the UK; they need to be safeguarded and celebrated. The UK broadcasters have yet to succeed in balancing this need against the priority given to the needs of the UK as a whole.

Each of the four nations of the UK has contributed to its success and strength. A modern and increasingly globalised UK media appears to have forgotten this. As a result, local programming hours have been lost as financial resources have been cut.

- The total, combined spend of ITV and the BBC on television programmes for Wales in the English language decreased by 33%⁵ between 2005 and 2010. This had a significant impact on the volume of output.
- In 2008, ITV Wales' non-news programming more than halved from four hours per week to 1.5 hours a week, whilst its news provision obligations fell from more than 5 hours to 4 hours per week.
- This reduction occurred in parallel with a decline of 16% in the BBC's English language TV output for Wales between 2005/06 and 2010/11⁶.

⁵ Ofcom Communications Market Report 2011

⁶ BBC Wales Annual review, 2005/06 and 2010/11

In its Annual Report for 2012-13⁷ the BBC Audience Council for Wales expresses serious concern that:

“the volume of English language TV programming produced by BBC Cymru Wales for audiences in Wales is continuing to decrease and that no TV drama or comedy in English had been produced in Wales for Wales by BBC Cymru Wales during the year under review”.

The report also notes audience concerns that further savings could make the situation worse or impact on quality. However, the Audience Council has no power to effect any changes.

Furthermore, there is a widely-shared perception in Wales of a significant deficit in the portrayal of Welsh people and their lives in UK media. The BBC admits in its Management Review for Wales 2013⁸ that

“some of the largest gaps in the delivery of the BBC’s public purposes in Wales relate to the portrayal of Wales with its diverse culture and communities to the rest of the UK”.

2.4 Economic benefits

Across the UK, broadcasting and television production are major industries in receipt of significant public funding. New digital media industries are creating opportunities, many of which will benefit from government intervention and support. Wales needs to secure a fair share of the economic benefits from this activity, but there is evidence that Wales has not had an equitable share from the present spending allocation:

- In recent years the BBC’s investment in Wales has reduced, at a time when its investment in Scotland, Northern Ireland and key English regions has increased. Wales has seen a reduction in BBC expenditure and a corresponding fall in GVA from £292 million in 2009/10 to £276 million in 2011/12 while GVA in Scotland has increased from £355 million to £410 million and from £138 million to £151 million in Northern Ireland.⁹
- The BBC’s devolution of its activities to the nations and regions has yet to deliver an increase or enhancement in programming for or about Wales, but it will achieve its targets for moving production out of London. There has been significant spending on two major projects at Pacific Quay in Glasgow and Media City in Salford, but there has been nothing of similar scope or value in Wales. The high-end drama produced at the BBC Drama Village in Roath Lock provides great PR but relatively few permanent jobs in Wales.

⁷ http://www.bbc.co.uk/bbctrust/who_we_are/audience_councils/wales/wales_annual_review/wales_annual_review_2012-13.html

⁸ The BBC Management Review for Wales 2013 can be downloaded here:
<http://www.bbc.co.uk/annualreport/2013/download.html>

⁹ *The Economic Value of the BBC*, published by the BBC on January 15th 2013.

- The long-term effects of the BBC's new relationship with S4C are yet to be felt. In October 2010, the UK Government announced a 24% reduction in S4C's budget, which was again frozen in 2013. Despite the new partnership agreement with the BBC it is estimated that S4C's economic contribution in Wales will have decreased by 20% in nominal terms over 5 years to 2014/15.¹⁰
- Channel 4's record in commissioning content from Wales has historically been negligible; Channel 4 spend in Wales remains below 1% of total Channel 4 content spend and the broadcaster has no commissioning staff in Wales.¹¹ When Channel 4 launched its 4IP on-line initiatives to develop community-based news and public service facilities online, considerable efforts were made in Wales to attract a share in the programme, but without success.¹²
- When PSB needs are established – usually by the BBC or Ofcom - we need to ensure that economic fairness is a key factor.

2.5 The PSB Needs of Wales

The PSB needs of Wales need to be quantified and service delivery monitored and evaluated.

DCMS and Ofcom should treat this as an important responsibility, but they have fallen short of giving Wales what it needs.

- Ofcom monitors the extent of delivery against existing obligations but has allowed these to erode over the last decade with significant reductions in ITV Wales' hours of local programming.
- The BBC in its service licence for BBC Wales has not demonstrated a commitment to evaluating or delivering what Wales needs.

In both cases there is a perception that Wales' needs are not accorded enough consideration. A fresh evaluation of Wales' PSB requirements is needed urgently, in the context of:

- BBC Charter Renewal;
- the new ITV licence provisions;
- the transfer of S4C funding obligations to the BBC, and
- the likelihood of DCMS seeking to weaken the PSB duties of Ofcom still further, despite the withdrawal in February 2014 of its initial draft order to do so, which was widely opposed in the House of Lords.

¹⁰ The Strategic Review into the Economic Impact of Public Service Broadcasting upon the creative industries in Wales (Advisors in Media, 2013 – for the Welsh Government)

¹¹ The Strategic Review into the Economic Impact of Public Service Broadcasting upon the creative industries in Wales (Advisors in Media, 2013 – for the Welsh Government)

¹² The Heart of Digital Wales: a review of creative industries for the Welsh Assembly Government (Prof. Ian Hargreaves, March 2010).

Following extensive devolution of powers to the devolved governments, there has been no evaluation or assessment of whether current public service obligations remain fit-for-purpose.

At the same time, digital platforms have delivered a new world order for content. Globalisation of so much content has resulted in new business giants whose interests are unlikely to often coincide with those of Wales (and then only at the margins), and digital development offers opportunities for content delivery and economic growth. We need to establish structures that give Wales an adequate voice in these developments.

This work should not be delayed. Appropriate Welsh representation and participation in this process and the resulting decisions is vital.

3. **Advisory Panel Recommendation**

The Welsh Government should create and empower a new **Public Service Media Council for Wales**, to be appointed by, and answerable directly to, the First Minister.

The Council's role should be to lead the debate on the future of public service broadcasting content delivery in Wales on behalf of the Welsh Government, and to represent the needs of Welsh citizens and Welsh businesses at a UK level.

As a nation we need to understand the minimum requirements placed on our PSBs in order to achieve and maintain a proper reflection and discussion of our national identity. Before we can challenge the status quo we must understand how far short of the minimum requirement our services may be falling. Working to the Welsh Government, the Council should lead this work as a vehicle for securing and monitoring improved accountability to Wales in relation to all types of public service media content and delivery.

The initial **Terms of Reference** for the Council are summarised in the twelve key tasks set out below (to be subject to periodic review). The three tasks noted in bold italics are deemed to be urgent, and require immediate attention:

- To take the debate about the future of broadcasting in Wales to the UK Government and other stakeholders, championing the interests of the people of Wales.
- To seek positive and constructive relationships with UK stakeholders and work to ensure greater accountability to Wales in UK policy decisions, so that these deliver optimally for Wales.
- ***To review immediately the types, levels and quality criteria of public service media provision needed in Wales, quantifying current***

shortcomings and identifying and instructing owners of specific actions needed to resolve these.

- To develop a robust appraisal system within the needs based approach, based on public service purpose - flexible enough to take account of rapid changes and fit to be repeated regularly and used to track progress.
- To monitor public service media provision in Wales, holding stakeholders to account with regard to progress made towards improvements needed.
- To review the effectiveness of Wales' current engagement with UK broadcasting structures, and recommend any structural changes needed.
- Specifically, to monitor progress within existing governance arrangements and to challenge those already representing Wales (e.g. the BBC Trustee for Wales, the Chair of the S4C Authority, Welsh representatives on Ofcom boards and committees) to deliver improved outcomes by making the best, collective use of their powers in pursuit of Welsh interests.
- To review the balance of power in decision making on broadcasting and other public service content delivery as it affects Wales and to make recommendations about the appropriateness of the current balance in the light of the devolution process.
- ***To pursue urgent agreements with the UK Government, the broadcasters and the regulator to enshrine the role of Welsh Ministers in key appointments for Wales on relevant UK bodies.***
- ***To seek an early agreement with the UK Government and the BBC Trust that devolved governments will be "full voting members" (in addition to the UK Government) of any process convened under the auspices of the Privy Council to consider renewal of the BBC Royal Charter. The Welsh Government would be supported by the Public Service Media Council for Wales during the Charter renewal deliberations.***
- To develop a proposal for an updated and powerful BBC Broadcasting Council for Wales in place of the current BBC Audience Council, and to lead discussions with the BBC Trust.
- To monitor delivery under the new Channel 3 licence for Wales. Although the creation of the licence is welcome in principle, Ofcom has made no arrangements to protect the integrity of the Wales licence in the event of a change of control or other organisational change affecting the licensee; nor has it specified any improvements to service requirements, despite the relaxation of licence conditions over a number of years that has allowed the service in Wales to diminish, economically and in terms of Welsh content, to the extent that it is no longer sufficient. The Council should lead discussions with the UK Government, the regulator and other stakeholders

to ensure that the new licence delivers significantly improved services to the people of Wales.

4. Structure of the Council

The Public Service Media Council for Wales should be constituted as a 'not for profit' company limited by guarantee - a wholly owned subsidiary of Welsh Ministers.

Control of the Council should be exercised via a Management Agreement (including funding arrangements and the company's Articles of Association).

The Management Agreement would require the Council to be fully accountable to the Welsh Government and include mechanisms (e.g. business plans, KPIs, regular reports) by which the Welsh Government would ensure value for money and alignment with Welsh Government objectives.

The Council should be led by a Chair appointed by the First Minister following recruitment via the public appointments process.

Council Members should be appointed for a fixed term of four years. Members should not be permitted to represent groups or institutions that have a vested interest in any aspect of the Council's work. Applicants for a position on the Council must demonstrate that they have no significant conflicts of interest.

The Council should recruit a small team of up to four people to support its work, including a Chief Executive, undertaking administrative and secretariat functions plus policy and strategy support. The Council will be a separate legal entity and it will require dedicated support from individuals with significant industry or regulatory experience. However, given its accountability to Welsh Ministers, the Chief Executive should initially be recruited from within the Welsh Government, at Director level and on secondment for a two-year period. This will ensure that the Council is supported by experts from industry who understand the challenges we face, led by an experienced government servant who can put in place appropriate systems and processes that will enable delivery whilst ensuring proper governance and accountability. Towards the end of this initial appointment the Council would consider whether this secondment approach should be extended, or whether an external recruitment for a permanent Chief Executive would be appropriate. It would make a recommendation to the First Minister for his consideration.

The Council will need appropriate resources and funding to enable it to recruit effectively and take forward its programme of engagement, monitoring and policy development. There are long term gains to be made. The cost of trying to bridge the widening gap in PSB provision by funding solutions internally within Wales would be far greater than the cost of creating, empowering and supporting the Council.

5. Interim Council

Because a significant amount of work needs to be undertaken urgently, we propose that the Broadcasting Advisory Panel be authorised to act as an Interim Council with immediate effect, to begin that work.

The Interim Council would continue only until the Chief Executive and members of the permanent Council are appointed and in place.

May 2014

Annex 1

Broadcasting Advisory Panel research sources (an illustrative list)

Papers and research considered by the BAP Panel

- A Strategic Review into PSB (Aim and Arad consortium)
- A new agenda for Wales - Presentation from IWA Conference 18 October 2011 – Ron Jones
- BBC's Plan - Delivering Quality First, Final conclusions; 16 May 2012 (and supporting documentation from BBC Trust, Welsh Government and Audience Council)
- A presentation by Geraint Stanley Jones
- The Economic Value of the BBC: 2011/12, January 2013
- September 2011 amendment to the BBC's Broadcasting Agreement with the Secretary of State for Culture, Media and Sport includes a section setting out arrangements between the BBC and the S4C Authority.
- The current Channel 3 licence for Wales and the West of England - November 2012
- S4C's Operating Agreement, January 2013
- A review of the BBC's Purpose Remits. April 2013
- Platform for Success – Scottish Broadcasting Commission 2008 1st Report, Report on Scotland Bill – Volume 1 –conclusions and recommendations –2011

Ofcom research into PSB in Wales

- Ofcom publishes an annual review into the Communications Market in Wales, which includes reference and detail to Public Service Broadcast provisions. ' Communications Market Report: Wales' 18 July 2012
- Public Service Broadcasting Annual Reports
Ofcom's Public Service Broadcasting Annual Reports looks at PSB in the UK and provides an evidence base for assessing the delivery of PSB on the five main PSB channels (BBC One, BBC Two, ITV1, Channel 4 and Channel 5), the BBC digital channels and S4C. Public Service Broadcasting Annual Report 2012 28 June 2012

- Review of Public Service Broadcasting -A first (2003-2005) and second (2007-2008) Review of Public Service Broadcasting have been published. In accordance with the Communications Act, Ofcom which requires Ofcom to carry out a review of the extent to which the BBC, Channels 3, 4 and 5, and S4C have provided programmes and services which fulfill the purposes of public service television broadcasting in the UK.
- BBC Trust, BBC response to Ofcom's Second Public Service Broadcasting Review, Phase 1 An International Perspective http://downloads.bbc.co.uk/aboutthebbc/insidethebbc/howwework/reports/pdf/international_perspective.pdf
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Y Gwir Anrh/Rt Hon Carwyn Jones AC/AM
Prif Weinidog Cymru/First Minister of Wales



Llywodraeth Cymru
Welsh Government

Rt Hon John Whittingdale MP
Secretary of State for Culture Media and Sport
Department for Culture, Media and Sport
100 Parliament Street
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secretary.statesoffice@culture.gov.uk

12 October 2015

Dear John

I am writing in relation to S4C's financial position.

Since the Comprehensive Spending Review in 2010, the Welsh Government has consistently expressed concern to the UK Government about the impact that further funding cuts will have on S4C. We have stated that there should be no further cuts to S4C's budget and we remain very concerned about S4C's financial position.

Funding for the channel has reduced by 36% since 2010; inevitably this has had an impact on the output available to viewers. Therefore, we were very concerned to hear of your suggestion in July that it is "reasonable" S4C should make "the same kind of efficiency savings" being asked of the BBC. You have a statutory duty, as outlined in the Public Bodies Act 2001, to ensure that S4C receives sufficient funding.

It is vital that S4C receives confirmation of the DCMS contribution for 2016-17 as soon as possible. This uncertainty regarding future funding makes forward planning very difficult, both for S4C and the independent production companies who are key suppliers to S4C in Wales.

S4C has found itself in a very different position since the 2010 Spending Review. For this reason we are disappointed that a review of S4C has not been undertaken during the current Spending Review period. There was a commitment to undertake a review included in the Spending Review letters of October 2010 sent by the then Secretary of State for Culture, Olympics, Media and Sport to the Chairs of S4C and the BBC Trust. The letters indicated that a review of S4C's strategy and finances would be completed "*in good time before the end of the period covered by the Comprehensive Spending Review*".

In addition, the 2011 Framework Agreement between the Secretary of State and the BBC referred specifically to a review of the strategy and finances of S4C:

63 A (2) (c) before the end of financial year 2014/15, a review of the strategy and finances of the S4C Services will be completed, and its outcome will inform future services

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Since 2010, the Welsh Government has been pressing for this review of S4C; a commitment to seek agreement for such a review is outlined in our Programme for Government. In fact, all parties in the National Assembly for Wales agree that an independent review of S4C should be undertaken. As a Government we continue to believe that a review of S4C should be undertaken as soon as possible.

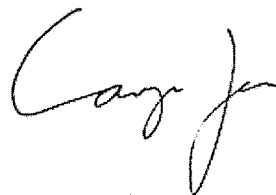
S4C has an important part to play in delivering the vision set out in the Welsh Government's Welsh Language Strategy - there is cross-party support in the Assembly for the aims of that strategy. In over 30 years of operation, S4C has played a leading role in promoting and safeguarding the Welsh language. It has a key, ongoing role to play in ensuring that the language continues to thrive. It helps to establish and enliven Welsh as part of everyday life in Wales and its services for children and young people make an important contribution to increasing their use of Welsh. Through its factual, historical and cultural programmes, S4C enriches Welsh society.

Our creative industries are a Welsh success story and make a vital contribution to our economy. S4C's commissioning policy has greatly contributed to the growth in the independent media sector in Wales, in both English and Welsh. Wales now has a number of highly successful independent production companies that are creating content for many channels and networks, but S4C has been central to their initial development.

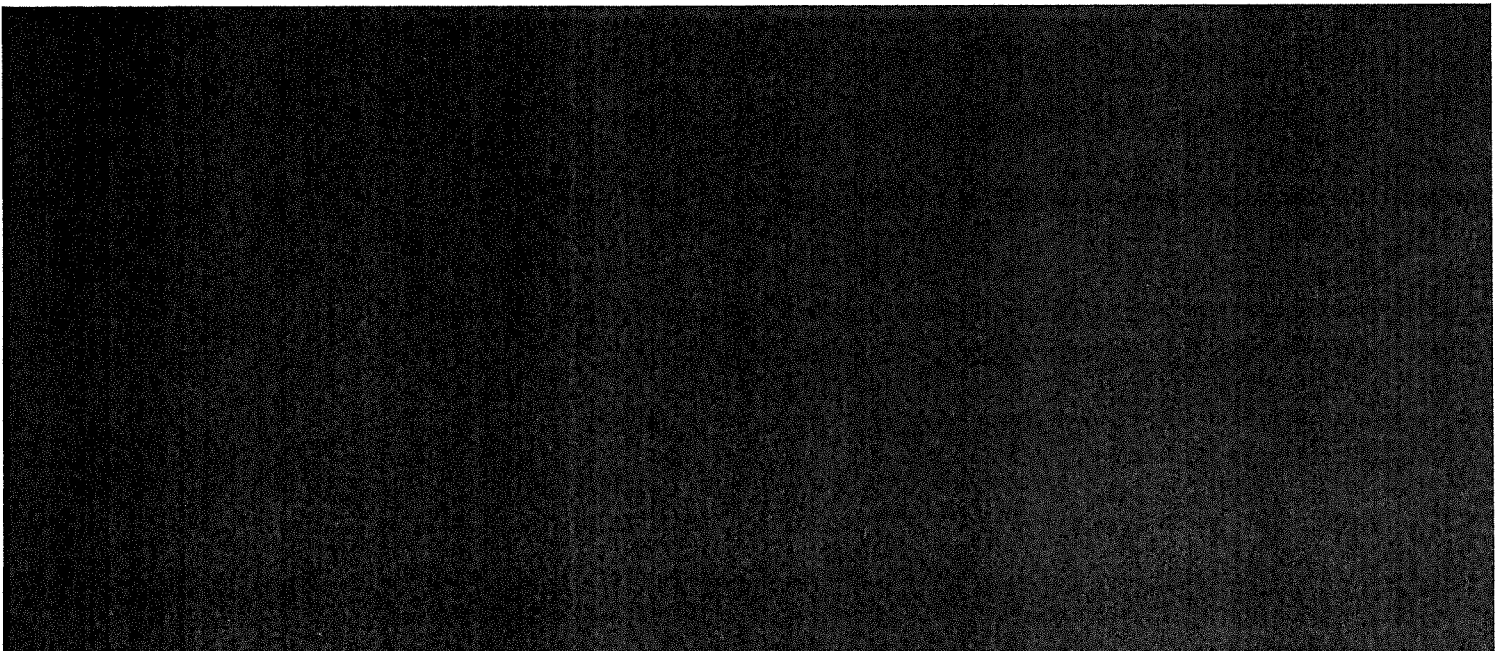
It is vital that S4C has sufficient funding, as well as editorial and managerial independence, for it to maintain its ability to serve the Welsh audience and continue to play a crucial role in supporting both the Welsh language and the creative industries in Wales.

I am sending a copy of this letter to the Secretary of State for Wales.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Carwyn Jones', written in a cursive style.

CARWYN JONES



Y Gwir Anrh/Rt Hon Carwyn Jones AC/AM
Prif Weinidog Cymru/First Minister of Wales



Llywodraeth Cymru
Welsh Government

Rt Hon John Whittingdale MP
Secretary of State
Department for Culture, Media & Sport
100 Parliament Street
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secretary.statesoffice@culture.gov.uk



10th July 2015

Dear Secretary of State

I attach a joint statement in the names of the leaders of three parties here in the National Assembly for Wales: Kirsty Williams, Leader of the Welsh Liberal Democrats; Leanne Wood, Leader of Plaid Cymru and myself as First Minister of Wales and Leader of Welsh Labour.

You will note, I hope, our deep concern about the consequences for services in Wales arising from the further funding pressures placed on the BBC. Our particular concerns are the impact on Welsh language services both for S4C and Radio Cymru and the capacity of BBC Wales to produce quality programmes in English for its audience in Wales (as opposed to network programme production, which is a separate consideration). Any reduction in services carries economic, civic and cultural risks for Welsh viewers and listeners.

We are also concerned and extremely disappointed at the lack of any consultation by you with the Welsh Government and the National Assembly for Wales. In order to work effectively it is vital that the devolution agenda is underpinned by mutual respect between the administrations across the United Kingdom. It is disappointing to us that changes which have major implications for Wales should be initiated without any consultation whatsoever.

I am copying this letter to Tony Hall at the BBC and Ian Jones at S4C.

Yours sincerely

CARWYN JONES

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Cross Party Statement on Broadcasters in Wales

The Welsh Government and the National Assembly for Wales expects the BBC to stand by its own recent public statements that the deal announced this week between itself and the UK Government will be cash neutral for the BBC and will not affect services. We note assurances from the Corporation's management that this 'cash flat' deal will not therefore, impact on budgets at either BBC Wales or at S4C.

We are, however, extremely concerned that neither the Welsh Government nor the National Assembly were consulted before this deal was reached. We find it both alarming and undemocratic that the UK Government and the BBC made decisions behind closed doors and outside of the BBC Charter renewal process.

Furthermore, the BBC announced last week that it will implement a programme of job cuts as a consequence of a £150m funding shortfall next year. BBC Cymru Wales has already received significant cuts during recent years - a cut of 32% in real terms since the Charter renewal in 2007. It is disappointing that aside from news and sport, BBC Wales is only able to offer an hour a week of English language programming, made in Wales, for Welsh audiences. Any funding cuts now will further limit BBC Wales' ability to meet the needs of its viewers and listeners.

S4C is now funded mainly through the BBC and so any cuts will also impact on the Welsh language channel and the continued success of the Welsh language itself. Funding for S4C has already reduced by 36% in real terms since 2010. The future of broadcasting in Wales is now in serious jeopardy, and poses serious risks to both the Welsh language and our economy.

The Welsh Government and the National Assembly expects to be fully involved in deliberations on the new BBC Royal Charter. The new agreement will be important in the context of the future funding of BBC Cymru Wales and S4C.

July 2015

