

National Assembly for Wales
Communities, Equality and Local
Government Committee

Inquiry into the BBC Charter Review

Conclusions and recommendations

March 2016

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



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Communities, Equality and Local Government Committee

The Committee was established on 22 June 2011 with a remit to examine legislation and hold the Welsh Government to account by scrutinising expenditure, administration and policy matters encompassing: Wales's culture; languages communities and heritage, including sport and the arts; local government in Wales, including all housing matters; and equality of opportunity for all.

Current Committee membership:



Christine Chapman (Chair)
Welsh Labour
Cynon Valley



Peter Black
Welsh Liberal Democrats
South Wales West



Alun Davies
Welsh Labour
Blaenau Gwent



Janet Finch-Saunders
Welsh Conservatives
Aberconwy



Mike Hedges
Welsh Labour
Swansea East



Mark Isherwood
Welsh Conservatives
North Wales



Bethan Jenkins
Plaid Cymru
South Wales West



Gwyn Price
Welsh Labour
Islwyn



Gwenda Thomas
Welsh Labour
Neath



Lindsay Whittle
Plaid Cymru
South Wales East

The following Member attended as a substitute member of the Committee during this Inquiry



John Griffiths
Welsh Labour
Newport East

Conclusions and recommendations

The BBC's Royal Charter is the constitutional basis for the BBC. The current Charter sets out the BBC's public purposes, guarantees its independence, and outlines the duties of the BBC Trust and the BBC Executive. The current Charter expires at the end of December 2016.

The BBC's public purposes and scope

1. The BBC enjoys a position of unique importance in Wales. Welsh audiences consume a greater proportion of BBC services than those in the other nations and regions of the UK. In addition, a lack of plurality in the media in Wales means that the Welsh public is dependent on the BBC to a greater degree than the rest of the UK, particularly as regards news and current affairs.
2. Given this unique position, it is incumbent on the BBC to ensure that its output reflects the diversity of Welsh life and culture. It is in this regard that we believe the BBC has fallen short of its obligations.
3. The significant decline in the BBC's investment in English-language programming over the last ten years has resulted in fewer hours of Wales-specific programming and a schedule that has failed to capture and explore adequately the lives and experiences of Welsh communities, as well as the changing political landscape post-devolution. Further, this decline in investment has been more severe in Wales than the other nations of the UK. Whilst the BBC Executive has publicly acknowledged these shortcomings for some time, it seems to have done little to address them.
4. We believe that the BBC's public purpose of "representing the UK, its nations, regions and communities" should be strengthened. We support the suggestions made by the BBC Trust that the public purposes are revised to make more explicit the duty to "reflect, represent and serve everyone in the UK" in the BBC's services, and to ensure that it "provides content to meet the needs of the UK's nations, regions and communities". We agree that this will provide the impetus for mechanisms to be put in place to better measure representation and hold the Executive to account.

Recommendation 1: We recommend that the BBC's statement of public purposes should be strengthened to ensure that the BBC reflects, represents and serves the needs of the UK, its nations, regions and communities.

Role of the Welsh Government

5. Whilst we do not disagree with the Welsh Government's call for an independent review of public service broadcasting in Wales, and that such a review should focus clearly on the BBC's public purposes in Wales, we believe

that this call should have been made earlier. Given that the Charter is due to expire at the end of 2016, such a review seems unlikely at this time.

6. In 2012, we commented on evidence we had received about the capacity within the Welsh Government to deal with media policy. We continue to believe that the Welsh Government should invest in greater capacity in this area, particularly given the cultural and economic significance of the media sector to Wales.

7. Further, we note that, in 2014, the Welsh Government's Broadcasting Advisory Panel recommended the creation of a new Public Service Media Council for Wales to have oversight of the media in Wales. We support this recommendation.

Recommendation 2: We recommend that the next Welsh Government establishes, as a matter of priority, an independent media forum for Wales. The role of the forum should include, but not be limited to, reviewing, monitoring and evaluating Public Service Broadcasting provision in Wales and providing expert advice to the Welsh Government. It should draw on expertise from across the media sectors and academia.

The BBC's output in respect of Wales

8. The overall structure and culture of the BBC is focused too greatly on London at the expense of the nations and regions of the UK. In Wales, this has contributed to a lack of representation and portrayal of Welsh life and culture on both the BBC's network services, and to its audiences in Wales.

9. We welcome the BBC's commitment to increase its spend on network productions in the nations and, to this end, its target of 17 per cent of network spend outside England. In Wales, this commitment to greater devolution of drama production has been met with considerable commercial success to date. It is disappointing, however, that despite being produced in Wales, these programmes have done little to strengthen the representation or portrayal of the nation.

10. The BBC should do more to ensure that Wales is represented to a greater extent across the network. Further, the BBC should do more to ensure that programmes made in Wales represent and portray Wales to a wider network audience.

Recommendation 3: We recommend that the BBC develops specific and measureable targets for portrayal of Wales in its network programming. It should report annually on progress against these targets (see recommendation 7).

11. Integral to the issue of portrayal is that of commissioning. The BBC's arrangements for commissioning remain heavily centralised, with the main decision-making continuing to take place in London, despite production being increasingly devolved. We note that the BBC is currently reviewing its commissioning processes.

12. We believe that the BBC network should have a commissioning base in Wales. This would help to increase diversity in the portrayal of Wales on BBC programmes. The benefits of this approach are evident from examples in the UK where commissioning has been relocated from London, notably the BBC's centre in Salford and the benefits for the north of England. As well as the practical advantages of decentralising, it would also encourage cultural change within an organisation that is yet to reflect fully constitutional developments in the UK in its structure.

13. This decentralised approach should be accompanied by greater devolution of network funding to commissioners based in the nations and regions. This would contribute to a greater range and diversity of output.

Recommendation 4: We recommend that the BBC puts in place arrangements to decentralise commissioning to ensure that network commissioners for the nations and regions are based in those nations and regions.

Recommendation 5: We recommend that the BBC devolves a greater proportion of network funding to commissioners based in the nations and regions as a means of increasing the range and diversity of output, both locally and for the network.

The BBC's funding

14. Funding for BBC Cymru Wales faces an uncertain future. Having already made considerable efficiency savings over the current Charter period, it will also have to make its share of the further significant savings facing the BBC as a whole, required as a result of the 2015 licence fee agreement. We are deeply concerned about the implications of this for the range and quality of the BBC's future output in Wales. Further, we do not believe that the BBC's commitment to the nations to ensure "that they are cut less than other areas" is acceptable, particularly given the disproportionate funding reductions already experienced in Wales.

15. We support the Welsh Government's call for the BBC to invest an additional £30 million into the services it provides for Wales. We believe that this investment is crucial for high quality content for Wales to continue to be made. Further, we agree that any additional investment in English language programming should not be at the expense of cuts in funding to S4C or the BBC's own Welsh language output.

Recommendation 6: We recommend that the BBC invests an additional £30 million into the services it provides for Wales.

16. More generally, we were very concerned by the manner in which the latest licence fee settlement was reached. We believe it is critical that the process for determining future funding settlements ensures independence from government pressure; is open and transparent; and provides an opportunity for meaningful consultation with stakeholders and the public.

Governance and accountability

Governance

17. The current governance arrangements for the BBC are unsatisfactory and can lead to confusion about the respective roles of the BBC Executive and Trust. Further, we feel that they have done little to ensure the delivery of programming for Wales that reflects its national identities.

18. We believe that the governance structure of the BBC should support more local decision-making and be fit for that purpose. **As such, we support the move to a federal structure for the BBC. Under such a structure, greater power and responsibility should be transferred to BBC Cymru Wales, enabling it to have greater editorial control over commissioning and decision-making.**

19. There are, of course, other views about the most appropriate new governance model, including that preferred by the BBC Executive and BBC Trust of a unitary board and a standalone regulator, and we note that the Clementi review of the BBC's governance and regulation is underway.

20. **Whichever governance and regulatory framework is settled upon for the BBC, it is vital that Wales has a strong voice within it.** To this end, we believe that the appointment of the Welsh representative(s) within that framework should be agreed between the Welsh and UK Governments, in consultation with the Assembly.

21. We support the BBC Director General's proposal for separate service licences for each of the nations. In Wales, we believe this would enable BBC Cymru Wales to better prioritise funding to meet its own priorities and obligations.

Accountability

22. We believe that there should be a direct line of accountability from the BBC to the Assembly for the BBC's output in Wales. Such arrangements should include a requirement on the BBC to report annually to the Assembly about its service provision for Wales, including a statement of accounts, and appear before committees of the Assembly. This should not compromise the editorial independence of the BBC.

23. We welcome the development of a Memorandum of Understanding that will commit the BBC to appearing before the Assembly "on the same basis as

it does in the UK Parliament”, and that the commitments set out in the Memorandum will be enshrined in the Charter.

Recommendation 7: We recommend that the BBC reports annually to the Assembly on its outputs and operations that are relevant to Wales, and provides an audited statement of accounts.

Recommendation 8: We recommend that the BBC appears before committees of the Assembly in relation to matters that are relevant to Wales.

24. The Assembly should strengthen its own arrangements for holding the BBC and other media organisations to account for the services they provide to their audiences in Wales and for the money spent in doing so. In the next Assembly, ‘broadcasting and the media’ should be the sole focus of one committee, reflecting its importance to Welsh life and the economy.

Recommendation 9: We recommend that the fifth Assembly resolves to establish a committee on communications. This committee would ensure that the BBC and other media organisations operating in Wales are held to account publicly for the delivery of their responsibilities and commitments to Wales.

S4C

25. The 36 per cent real terms funding reductions imposed on S4C since 2010 have been both severe and disproportionate.

26. As the only Welsh medium public television broadcaster, it is vital that S4C's funding is sufficient to meet its PSB obligations to its audiences. It is hard to see how S4C will be able to meet these obligations if faced with further budget reductions in addition to the efficiency savings it has already had to make. Indeed, we are concerned that the need to find additional future savings could put intolerable pressure on the channel.

27. Given the scale of the funding cuts experienced to date, we believe it is vital that future funding for S4C is, at a minimum, sustained at current levels. Further, we believe that S4C's future funding needs should be considered on their own merits, and not as part of the BBC's overall service provision for Wales. Such an arrangement would reflect the appreciation for the channel expressed by its audiences, as well as its positive impact on the Welsh language and economy.

28. The continuing operational and editorial independence of S4C from the BBC Executive needs to be guaranteed. To achieve this, arrangements for S4C's future funding should be defined and protected. Channelling S4C's funding from the licence fee via the Welsh Government could be an effective means of achieving this. Longer term, we believe there is merit in the consideration of a funding formula for the channel.

29. In relation to S4C's statutory remit, we believe that this has proved to be a limiting factor in the Channel's ability to be innovative and responsive to the increasingly diverse needs of its audiences. As such, the remit is no longer suited to Welsh language broadcasting requirements in the long term. We support the calls for S4C's remit to be redefined as a content provider.

30. In terms of accountability arrangements, we note that S4C is currently accountable to both Parliament (under statute) and the BBC Trust (by way of the Operating Agreement). We believe there is merit in formalising the lines of accountability between S4C and the Assembly, and that this could be achieved by the introduction of arrangements for S4C to submit annual reports and audited accounts to the Assembly. We consider that an Agreement or Memorandum of Understanding could be developed for this purpose.

31. We welcome the recent announcement by the Secretary of State for Culture, Media and Sport, that the UK Government will undertake a comprehensive review of S4C's remit, governance and funding in 2017. We also welcome his decision to provide an additional £400,000 of funding for the channel in 2016-17, and the certainty that provides for S4C going forward. Further, we welcome the BBC Trust's recent announcement to maintain S4C's funding from the licence fee at current levels until 2018.

Recommendation 10: We recommend that, as part of the UK Government's review of S4C's remit, governance and funding, S4C's future funding needs are considered on their own merits, separate to the BBC's overall service provision for Wales.

Recommendation 11: We recommend that lines of accountability between S4C and the Assembly are formalised by way of an agreement committing S4C to submit annual reports and audited accounts to the Assembly, and to appear before Assembly committees.