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



Llywodraeth Cymru
Welsh Government

Christine Chapman AM
Chair
Communities, Equality and Local Government Committee
National Assembly for Wales
Cardiff Bay
Cardiff
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1 April 2016

Dear Christine,

Thank you for your letter of 29 February enclosing a copy of the Communities, Equality and Local Government Committee's Report on the BBC Charter Review and also your letter of 8 March which included a copy of the Committee's short report on the revised Memorandum of Understanding (MoU) relating to the review of the BBC Charter.

I was very pleased to see the cross-party agreement that was evident during the Plenary debate on the Committee's reports on 16 March, which was reflected in the motion being passed unanimously.

I attach the Welsh Government's response to these reports.

A handwritten signature in black ink, appearing to read 'Ken Skates'.

Ken Skates AC / AM
Y Dirprwy Weinidog Diwylliant, Chwaraeon a Thwristiaeth
Deputy Minister for Culture, Sport and Tourism

WELSH GOVERNMENT RESPONSE TO RECOMMENDATIONS FROM THE COMMUNITIES, EQUALITY AND LOCAL GOVERNMENT COMMITTEE ON ITS INQUIRY INTO THE BBC CHARTER REVIEW AND RELATED MEMORANDUM OF UNDERSTANDING

MARCH 2016

Introduction

The Welsh Government is pleased to respond to the Communities, Equality and Local Government Committee's Report on the BBC Charter Review and the Committee's short report on the revised Memorandum of Understanding (MoU) relating to the review of the BBC Charter.

The Committee report reflects cross-party agreement on the majority of issues under consideration. This was reflected in the Plenary debate held on 16 March.

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.

Response: Accept

The Welsh Government has been calling for an assessment of Public Service Broadcasting needs post-devolution for some time. For example, we raised this in our responses to various Ofcom consultations during the last few years, including Ofcom's Annual Plan and its Review of PSB.

Following the Welsh Government's detailed response to the UK Government's BBC Charter consultation, on 19 October the First Minister wrote to the Secretary of State for Culture, Media and Sport to reinforce some of our key points about the future of Public Service Broadcasting in Wales. He called for an urgent review of the BBC's public purposes in Wales, particularly in respect of its delivery to Welsh audiences and its portrayal of Wales. Such a review would need to consider S4C, which despite its independence from the BBC, has clear cultural, commercial and educational synergies.

A review of BBC's public purposes should be undertaken now, in parallel with Charter review, to inform discussions and the development of a 'compact' for Wales in the new Charter. To be clear we are not calling for the evaluation of the BBC's Public Purpose to be separate from the Charter Review discussions. They should be fully linked together.

A review of the appropriateness of the BBC's public purposes as they apply to Wales - and of the BBC's delivery against them to date - would be directly relevant in the context of the Charter review and would best inform the development of a clear and measurable "compact" for Wales, to be included in the new Charter. This "compact", between the broadcaster/s and the UK and Welsh Governments, would set out what

the services that BBC has a duty to deliver in the next Charter period, both to audiences in Wales and about Wales to the rest of the world.

Sir David Clementi's review of BBC Governance is also important, as his recommendations will shape how the BBC's purposes and values will be delivered and monitored, both for the UK and for Wales. Our feedback on governance issues (included in our Charter Review response) was passed to Sir David for consideration. I also had a very constructive discussion with Sir David as part of his review and I am pleased that he took on board many of our key points.

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.

Response: Accept in Principle

The Welsh Government is open-minded about this and will continue to keep it under review.

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

The Panel's advice has already added significant value to our ongoing, robust dialogue with Ofcom and the UK Government on broadcasting matters, including Ofcom's PSB review and Charter Review.

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 former Chair of the Broadcasting Advisory Panel continues to advise Ministers, in his capacity as the Chair of the Creative Industries Sector Panel - the remit of which now includes advise on issues surrounding broadcasting and maximising the impact of Public Service Broadcasters in Wales.

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).

Response: Accept

The BBC remains the most significant provider of both non-network television news and current affairs programming in Wales and we acknowledge that the BBC has been a key driver of the improvements in coverage of devolved political issues in Wales which have been achieved since the publication of the King report. However, some improvements are still urgently required.

The BBC's role is even more important in Wales when you consider the weakness of the print media. Wales has limited news coverage and too few voices, leaving most people dependent on news outlets that lack coverage of Wales. The Welsh Government is very concerned about the paucity of coverage of Wales on network news and on mainstream news programmes such as *Today*.

Wales is under-represented, even when stories are relevant across the UK such as the absence of references to Wales when mandatory charges were introduced in England for single use carrier bags, giving a false impression that this development affected the whole of the UK. More worryingly perhaps, this trend has been repeated in BBC reporting of the ongoing contractual dispute between the UK Government and junior doctors in England.

We are pleased that the BBC has strengthened its commitment to reflecting the full diversity of life across the UK and we welcome in principle its plans to reconfigure news coverage to meet the changing needs of audiences in the nations, including Wales.

The BBC must address the following, in order to build upon the key role it already plays as a provider of news coverage, about Wales, for the Welsh people:

- the need to address under-representation and shortcomings in the portrayal of Wales on network news;
- the need for broadcast to play a key part in enhanced delivery of news services for Wales in future;
- the need for further information about how the BBC's proposals to share journalistic resources with other providers would work and whether they would promote plurality; and
- the need for further information about how the BBC will fund its vision for enhanced services for Wales and the other nations.

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.

Response: Accept

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.

Response: Accept

The BBC's commissioning policies have a direct effect on its provision in the nations and regions, including Wales. On the positive side, the BBC does have a commissioner for Wales, albeit now based in London. However, we have been saying for sometime that Wales should be considered as a centre for drama commissioning and we said in our Charter review response that the commissioners and producers should have clear guidelines, based on a renewed set of purposes and values. As a result of the review we are calling for, these purposes and values would have a strengthened focus on the nations and regions.

We do not accept the BBC Executive's view that the removal of quotas, plus a requirement (or as they see it, an "opportunity") for BBC Wales to compete for Wales related commissions, would enhance the amount of Wales related programming on the network. We therefore welcome the BBC Trust's recommendation to the Secretary of State for Culture, Media and Sport, made in the context of the BBC Studios proposal, that the quotas should be retained.

In policy and in practice, the BBC must take a more representative approach to commissioning and production from and for the nations and regions. As a Public Service Broadcaster, there is an onus upon the BBC to identify and develop talent across all areas of production and to support, develop and deliver production across all of the nations and regions of the UK.

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

Response: Accept

We are pleased that the Committee agrees with the Welsh Government that the BBC should invest an additional £30 million into the services it provides for Wales.

On 17 August 2015 the First Minister wrote to Lord Hall, Director-General of the BBC, to highlight the growing gulf in funding between Wales and other parts of the UK, adding that an additional £30m is needed to ensure programming that truly reflects the lives of people in Wales.

In the context of the cuts that BBC Cymru Wales has absorbed over the last ten years, the Welsh Government believes that an additional £30 million is required specifically for English-language programming, bringing the total budget to £50m. This would allow Welsh audiences to have a credible national television station that could provide quality content in English, including drama, comedy and also potentially network contributions.

It is important to stress that our call for additional funding for English-language programming should not be top sliced from the funding allocated to S4C, or from the £20m BBC Cymru Wales receives for Welsh language programming. We are fully aware of the important role that BBC Cymru Wales plays in providing Welsh language content and of course this should continue.

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.

Response: Accept

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

Response: Accept

The final version of the revised Memorandum of Understanding, between the Welsh Government, the UK Government, the BBC executive and the BBC Trust, retains commitments from the initial Memorandum (which it supersedes). Additionally it

formalises the National Assembly's ongoing scrutiny role, by setting out the related duties that will be placed on the BBC - to provide annual reports and statements of accounts to the National Assembly for Wales and to appear before the relevant Assembly committee(s) on the same basis as it appears before UK Parliamentary committees.

These duties are the same as those already included in the Scottish Memorandum and those included in a Memorandum for Northern Ireland which is also close to final signature.

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. (Page 35)

Response: Accept in Principle

This is a matter for the National Assembly for Wales and the Assembly Commission, but the Welsh Government is supportive in principle of this proposal, which would increase the accountability of broadcasters and the regulator to the Assembly.

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. (Page 42)

Response: Accept

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.

The Welsh Government welcomed the decision not to impose the cut originally proposed in last November's Spending Review on S4C and to maintain funding for 2016-17 at the same level as in the current financial year. We are also pleased that the BBC Trust announced on 17 February that the channel's funding provided by the licence fee is to remain at the same level in 2017-18 as in 2016-17.

We also welcomed the recent announcement that the UK Government intends to carry out a comprehensive review of S4C, which we have continually pushed for and was originally promised in 2010. However, the review should take place in parallel with the BBC Charter Review rather than after its completion and should also be part of a broader, more fundamental review of the Public Service Broadcasting needs of Wales.

I have informed Secretary of State for Culture, Media and Sport that the Welsh Government expects to be fully involved in the review of S4C, including the development of the terms of reference.

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. (Page 42)

Response: Agree in Principle

The Welsh Government would be very happy to discuss options for developing an agreement or Memorandum of Understanding with S4C and the Assembly Commission.

REPORT ON THE DRAFT REVISED MEMORANDUM OF UNDERSTANDING: BBC CHARTER REVIEW

- **We believe that the revised Memorandum of Understanding should be amended to provide for Wales-specific annual reports and audited accounts to be laid before the Assembly.**

Response: Accept in Principle

We welcome the fact that the Committee has considered the revised Memorandum of Understanding, which covers this and future Charter reviews.

As reflected in our response to recommendation 7 of the Committee Report, we welcome the fact that the BBC will in future provide annual reports and statements of accounts to the National Assembly for Wales and appear before the relevant Assembly committee(s) on the same basis as it appears before UK Parliamentary committees. Further discussions will be undertaken with the BBC about how this information will be presented and the level of detail required.

- **We believe that full and open consultation with the Welsh Government and Assembly about the setting of the licence fee should be provided for in the revised Memorandum of Understanding.**

Response: Reject

The revised Memorandum of Understanding confirms the formal, consultative of the Welsh Government in the Charter review process and formalises the National Assembly's role in ongoing scrutiny of the BBC..

However, we do not believe that this should extend to consultation about the setting of the licence fee. It is important that any new management and governance structures ensure the BBC's independence from Government, both in theory and in practice. It could be argued that there should an explicit reference in the Charter to the BBC's independence, beyond these structural considerations. This might cover issues such as funding - especially the process for the licence fee settlement. An adjustment of the Charter period, say to nine or eleven years, would also help to uncouple the Charter Review cycle from the UK Electoral calendar, which has clearly proven to be a real issue in this case.