



Broadcasting Committee



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Chair's Foreword



The Committee was established in March 2008 and asked to report before the end of the summer term. I am very pleased with what we have achieved in the short time allowed. We have received evidence from all the key players in public service broadcasting in Wales and the United Kingdom. We have engaged in lively debate with senior executives from the world of television and radio.

We have also held very constructive discussions with members of the Welsh Affairs Committee and the Scottish Broadcasting Commission.

Broadcasting has a place in the Welsh political psyche that goes far beyond its relative importance. The place of the Welsh language and the role of the broadcast media in fostering and defining a sense of national identity in a country that lacks a national press and whose geography mitigates against easy communications leads to a political salience that is wholly different from any other part of the United Kingdom.

Over the past five years, there has been a revolution in the way that we access broadcast media. The growth of digital television and the deeper penetration of broadband internet, together with developing mobile phone technology, has increased viewing and listening opportunities dramatically; not only in the range of content available but also in the choices of where, when and how we want to watch or listen. The digital revolution has shattered the broadcasting landscape forever. This revolution heralds exciting new opportunities to inform, educate and entertain but also poses new challenges of sustainability and accountability.

I would like to thank all those who have contributed to our inquiry. I welcome Ofcom's second review into public service broadcasting, which was the catalyst for our work. Our report will be submitted to Ofcom and the Welsh Assembly Government and the Department of Culture, Media and Sport. It will also be laid before the National Assembly for Wales and debated by Assembly Members in plenary session. We will also seek further opportunities to discuss this report with the Welsh Affairs Select Committee. We hope that this report will be widely read within the sector and will contribute towards shaping the future of public service broadcasting in Wales.

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

Chair, Broadcasting Committee

Executive Summary

The Broadcasting Committee was established by the National Assembly for Wales in March 2008. Its remit was to investigate and report on the future of public service broadcasting in Wales; and also the impact of digital switchover and the creation of new delivery platforms.

Over the past four months, the Committee has taken evidence from all the key stakeholders involved in public service broadcasting in Wales and the UK. We received 42 items of evidence, half of which were presented in person, during ten committee meetings. We also held constructive informal discussions with the Welsh Affairs Select Committee of the House of Commons, and the Chair and project manager of the Scottish Broadcasting Commission. The evidence, including papers and transcripts of meetings, can be viewed on the National Assembly for Wales' website – www.assemblywales.org – and the meetings can be viewed on the Senedd TV section of the website.

The catalyst for our inquiry was the second review of public service broadcasting, currently being undertaken by Ofcom. Our recommendations will feed into the first phase of this review; and will also be submitted to the UK Government, the Welsh Assembly Government and the National Assembly for Wales.

We have made 28 recommendations, which are set out in Section 5. There are three main themes: maintaining plurality of provision; strengthening mechanisms for holding public service broadcasters to account for their services in Wales; and requiring the Welsh Assembly Government to produce a comprehensive communications strategy - to include policies for broadcasting, creative industries, language, culture and broadband.

Our key recommendation is that the National Assembly should establish a standing committee on communications, which should be responsible for scrutinising the work of Welsh Ministers in relation to broadcasting and related cultural and creative industries; the development of broadband, IPTV and associated technologies.

The current Broadcasting Committee will cease to exist on 18 July 2008. It is hoped that the new Communications Committee will monitor implementation of our recommendations, contribute to the second phase of Ofcom's review and help to shape the future of public service broadcasting in Wales over the lifetime of the third Assembly.

1. Introduction

The Broadcasting Committee was established by the National Assembly for Wales on 5 March 2008, with the following remit.

- To investigate and report on the future of public service broadcasting in Wales in the English and Welsh languages; and
- To investigate and report on the impact of digital switchover and the creation of new delivery platforms, on the production and availability of programming and digital content from Wales and in Wales.

The Committee had to complete its inquiry and publish a report before the end of the summer term on 18 July 2008.

The catalyst for the inquiry was Ofcom's second public service broadcasting review. This is described in more detail later.

The Committee met weekly between April and June 2008; holding ten formal meetings and also informal discussions with members of the Welsh Affairs Committee and the Scottish Broadcasting Commission. The details of the formal Committee meetings are listed in Annex 1.

We received evidence in person from all the key players involved in public service broadcasting in Wales and the United Kingdom. In addition, we received written evidence from a wide variety of stakeholders and interested parties. We received 22 committee papers, presented in person during formal meetings. In addition, we received 20 written responses to our call for evidence. Schedules of the committee papers and responses can be found at Annexes 2 and 3 respectively.

There is a glossary of terms at Annex 4.

All the evidence is available in the business section of the National Assembly for Wales's website – www.assemblywales.org. This includes the committee papers, responses to our call for evidence and transcripts of meetings. The committee meetings can also be viewed on Senedd TV, which is available via the website.

In addition to the evidence formally presented, the Committee made use of information contained in Ofcom's consultation document for phase one of its Second Public Service Broadcasting Review and its Communications Market Reports. We also acknowledge the very useful report 'Media in Wales: Serving Public Values' published by the Institute of Welsh Affairs (IWA) in May 2008. This report contains a wealth of factual information and analysis, complementing the Ofcom documents.

2. Legislative Framework

Preamble

The legal context in which the Committee's review has been carried out is addressed in four respects:

- The legal nature of the principal organisations;
- The statutory context in which they operate;
- Arrangements relating to accountability; and
- Particular arrangements relating to Wales.

The legal nature of the principal organisations

Ofcom

Ofcom was established as a body corporate by the Office of Communications Act 2002, so that it could be in place before it assumed the regulatory functions that followed in the Communications Act 2003. The Board is appointed by the Secretary of State for Culture Media and Sport. Ofcom's Annual Report is laid before Parliament.

BBC

The BBC is constitutionally established by a Royal Charter. The current Royal Charter was granted to the BBC on 19 September 2006 and took full effect from 1 January 2007.

Under the new BBC Charter, the previous Board of Governors has been replaced by two new bodies – the BBC Trust and a separate Executive Board. The BBC Trust defines the performance criteria and measures against which the Executive Board's delivery of the BBC's services and activities are judged, and holds the Executive Board to account. The Executive Board is responsible for the day-to-day operations of the BBC.

The Trust has 12 members in total, including designated members for England, Scotland, Wales and Northern Ireland. Its membership is appointed by an Order in Council brought forward by the Secretary of State for Culture Media and Sport. The BBC's Annual Report is laid before Parliament.

ITV

As a result of a series of mergers, the former regionally-based companies who operated ITV (Channel 3) franchises in England and Wales have become a single public limited company, ITV plc. Shares in ITV plc can be bought and sold by the public. The Annual Report of ITV plc is submitted to its shareholders.

S4C

The S4C service was originally established under the Broadcasting Act 1981 and was provided for by the Welsh Fourth Channel Authority. Sianel Pedwar Cymru was constituted as a statutory corporation under the Broadcasting Act 1990, and continued the functions of the former Authority. Its membership is appointed by the Secretary of State for Culture, Media and Sport (under section 56 of the Broadcasting Act 1990). S4C's Annual Report is laid before Parliament.

Channel 4

The Channel 4 service was originally established under the Broadcasting Act 1981 and was provided for by the Independent Broadcasting Authority. The Channel Four Television Corporation was subsequently established as a statutory corporation under the Broadcasting Act 1990 and the Channel's functions were transferred over to the new Corporation in 1993. The Corporation's board is appointed by Ofcom (under Schedule 1 of the Communications Act 2003) with the approval of the Secretary of State for Culture, Media and Sport. Channel 4's Annual Report is laid before Parliament.

Five

Channel 5 Broadcasting Limited (known as Five) is a limited company (wholly owned by RTL) within the Bertelsmann Group, which describes itself as "One of the largest media and entertainment companies in the world." Shares in Channel 5 Broadcasting Limited cannot therefore be bought and sold by the public.

Sky

The British Sky Broadcasting Group plc is a limited company registered in the United Kingdom, but connected with the worldwide News Corporation. Shares in British Sky Broadcasting Group plc can be bought and sold by the public. The company's Annual Report is submitted to its shareholders.

The statutory context in which they operate

As can be seen above, the statutory authority for the work of S4C and Channel 4 is mainly contained in the Broadcasting Acts of 1981 and 1990. The regulatory context in which they, as well as the independent broadcasters, operate was substantially changed by the Communications Act 2003. For example, section 203 of the 2003 Act provides that:

It shall be a function of Ofcom, to the extent that provision for them to do so is contained in this Act and Part 5 of the 1996 Act, to regulate the services provided by the Welsh Authority [S4C].

Ofcom's responsibilities in relation to broadcasting include licensing UK television and radio services on analogue and digital terrestrial, cable and satellite. The Ofcom Broadcasting Code sets down rules which television and radio broadcasters must follow. The Code sets standards to protect the under-18s whilst allowing broadcasters an appropriate degree of creative freedom.

Ofcom is required to maintain and strengthen the UK's tradition of high quality public service broadcasting. Ofcom also oversees quotas intended to ensure a broad range of television programmes from independent producers and from the nations and regions of the UK.

Section 198 of the Communications Act 2003 also gives Ofcom a limited role in relation to the regulation of the BBC.

In relation to independent channels (i.e. those other than the BBC, S4C and Channel 4), the licensing framework operated by Ofcom is generally that in the Broadcasting Act 1990, though significantly amended by the 2003 Act. That legislation provides not just for the granting of licences to broadcasters, but also the application of conditions to those licences and the enforcement action available to Ofcom.

Arrangements relating to accountability

Formal accountability in terms of Annual Reports – is to Parliament in the case of Ofcom, the BBC, S4C and Channel 4, and to shareholders in the case of ITV and Sky (and indirectly by Five as a wholly-owned subsidiary). The broadcasters are also regulated by Ofcom in the manner described above.

Ofcom's internal accountability arrangements are through its advisory committees; the Consumer Panel, the Advisory Committee on Older and Disabled People, and the Advisory Committees for the Nations.

The Consumer Panel is made up of part-time members with a balance of expertise in consumer issues in the electronic communications sector. There are members representing the interests of consumers in Scotland, Wales, Northern Ireland and England. Consumer panel members are appointed by Ofcom, subject to approval by the Secretaries of State for Business, Enterprise and Regulatory Reform and for Culture, Media and Sport. Panel Members are appointed in accordance with Nolan principles for two or three year terms and are eligible for re-appointment. The Consumer Panel is assisted by a small support team.

The Communications Act 2003 requires Ofcom to establish and maintain an Advisory Committee for Older and Disabled People. Section 21 of the Act requires that "The committee shall consist of – (a) a chairman appointed by Ofcom; and (b) such number of other members appointed by Ofcom as Ofcom think fit". The function of the Committee "shall be to provide advice to Ofcom (including other committees established by Ofcom) about the interests, in relation to communications matters, of (a) the elderly; and (b) persons with disabilities".

Ofcom has established separate advisory committees for the nations under Section 20 of the Communications Act 2003. Members of the advisory committee for each nation are appointed through an open public process by Ofcom. These advisory committees identify those aspects of Ofcom's current work and of communications in general which are of particular importance for their nation, work with the Ofcom Executive to inform themselves on these topics and offer advice to Ofcom accordingly.

The BBC has similar internal arrangements, with Audience Councils for the four nations, chaired by the Trust member designated as the Member for the relevant nation. Its principal accountability process, however, is by the Executive Board to the Trust, following the formal separation of responsibility under the current Charter. The detail of how the Councils are to be set up, run and recruited must be set out in a Protocol under the Charter. Audience Council members are appointed by the Trust on the recommendation of a panel consisting of the Trust Member for the relevant nation and two independent assessors (taken from the Assembly Government's list of independent assessors) following an open recruitment process in accordance with public appointment practices.

S4C also has a separation of responsibility, with an Authority and a Board. As a much smaller organisation, it also makes particular use of public meetings as part of its accountability arrangements and has been a regular witness at committee meetings of the National Assembly for Wales.

Particular arrangements relating to Wales

There is no Welsh representative as such on the main board of Ofcom, but one member of the Content Board is appointed to represent to Ofcom the interests and opinions of people living in Wales. Ofcom appoints an Advisory Committee for Wales to advise Ofcom about the interests and opinions, in relation to communications matters, of persons living in Wales.

One member of the BBC Trust is designated the Trust member for Wales, who chairs the Audience Council for Wales, which in turn is appointed by the Trust. The Audience Council is responsible for the scrutiny of the BBC's performance on behalf of audiences living in Wales and to advise the BBC Trust on issues relating to BBC audiences and services at a Wales level.

S4C is clearly an institution particular to Wales. On the other hand, Channel 4 has hitherto had no particular Welsh perspective, having been primarily a supplier of sustaining service on analogue to S4C.

Although responsibility for broadcasting issues has not been devolved to the Welsh Assembly Government, it is consulted by and works closely with the Department for Culture, Media and Sport in relation to broadcasting matters. Similarly, the National Assembly has no legislative powers in relation to broadcasting matters, and broadcasting is specifically excluded from the powers that the Assembly would acquire after a referendum, which are set out in Schedule 7 of the Government of Wales Act 2006. However, Schedule 7 of

the Government of Wales Act may be amended by Order in Council under Section 109, and similarly Schedule 5 may also be amended by Order in Council under Section 95, so Measure making powers could be used if the UK Government granted such an Order.

3. Background

Preamble

The National Assembly and the Welsh Assembly Government have an established and recognised place in the debate on the future of broadcasting. Since its establishment in 1999 the National Assembly has regularly debated and determined policy on broadcasting and broadcasting-related issues whilst the Welsh Assembly Government has taken an active role in the appointment of representatives within the BBC, S4C and Ofcom.

This reflects the reality that whilst the regulation of broadcasting is not a devolved subject, the cultural aspects and impacts of broadcasting are of crucial importance to the Welsh Assembly Government's responsibilities and at the same time it is the industrial strategies of the Assembly Government that underpin and support the vitality of the independent production sector.

While the rapidly changing nature of the media market is providing consumers with an explosion of content choice, there are potentially challenging implications at the national and local level, not least in the way in which citizens might be enabled and encouraged to engage with the cultural, social and political issues of local importance. There is an increasing range of media available today and media consumers, especially the young, are changing the ways in which they consume media. Media can be consumed on a variety of platforms, such as satellite and the internet, much of which may have little connection to the locality of the consumer, or with a public service ethos.

Furthermore, while a variety of platforms are available, there is not universal access to all those platforms. The topography and economy of Wales have contributed to determine a market where access to high speed broadband is limited, and where residents may feel it is necessary to adopt specific technologies, such as satellite, or take their signals from transmitters located in England where, in some cases, access to additional commercial multiplexes enable access to a wider range of television programmes.

Ofcom's statement on programming for the nations and regions, published in June 2005, noted that there was a need for programming in the devolved nations that reflected their distinct identities and the reality of devolved social, cultural and political institutions, including programming in indigenous languages.

Naturally, concerns that relevant issues are not receiving adequate representation and reporting can be applied at many national, regional and sub-regional levels, and across many cultural groups.

As media choice has expanded, so have the opportunities for advertisers to look to platforms other than through traditional terrestrial broadcasters. Increasing audience fragmentation and falling advertising revenues mean that traditional broadcasters face pressures on programming budgets, with

particular pressures on local news and non-news programmes, which do not benefit from the economies of scale of UK network productions.

The first PSB Review allowed reductions in the level of regional non-news programming broadcast by ITV1 in the English regions and the nations. ITV has also signalled that pressures on its revenues associated with increasing digital penetration mean that in its view the current pattern of regional news provision is not sustainable.

There are characteristics of public service provision which the commercial market may be unable or unwilling to satisfy. If there is a case for intervention to fill these gaps, then consideration needs to be given to the form of intervention, and the way in which it might be funded.

While the BBC is not immune to the pressures of the market, the licence fee enables it to allocate funding to the public service purposes set out in its Charter and Agreement. However, it may be argued that there are problems inherent in having one dominant public service provider, and that the need for a plurality of providers, in particular in news and current affairs provision, might contribute to a healthier democratic society and contribute to a competition for quality.

While public service broadcasters have a responsibility to reflect UK cultural identity and represent diversity, the question arises as to what constitutes a solid basis of accountability, to ensure that Wales' interests are not only represented at the UK level, but that those who provide media in Wales are being held fully to account. This necessarily raises a number of questions relating to where control and regulation of broadcasting in Wales should be held.

Broadcasting and the National Assembly

Broadcasting policy was not one of the responsibilities of the Secretary of State for Wales at the time of the 1997 devolution settlement, though the Secretary of State was consulted on broadcasting appointments and matters of relevance to Wales.

In 1998, during the Committee Stage of the *Government of Wales Bill*, the Secretary of State conceded that there was “obviously a strong case for broadcasting to be included in the assembly's responsibilities. Broadcasting is important in Wales and there is a distinctive broadcasting agenda” but that “the starting principle for devolution was the need to transfer to the assembly the powers currently vested in me. Broadcasting is not one of the powers invested in me, so the Government decided that it would not be appropriate to make that fairly substantial shift of responsibility from the Department for Culture, Media and Sport to the Welsh Office. That is why the Bill does not contain a provision for broadcasting to be transferred to the Assembly.”¹

¹ HC Deb 26 January 1998 c116

While broadcasting policy has not been devolved, the importance and relevance of broadcasting to the devolved Assembly was recognised in the requirement that the Assembly would have the power to invite representatives of broadcasting related institutions to give evidence, and would be consulted on appointments of members of the S4C Authority and the BBC Governor for Wales.

A concordat between the National Assembly for Wales and the Department for Culture, Media and Sport in 2000 also recognised the importance of broadcasting to the culture of Wales, strengthening the relationship between the Assembly and broadcasting. Though non-binding, the concordat set out how the Assembly and DCMS would share information, would promote consultation on broadcasting matters of special relevance to Wales, and ensure that broadcasting bodies, such as the BBC, would make their annual reports available to the Assembly.

The *2003 Communication Act* further recognised devolution, requiring reviews of S4C to be carried out in consultation with the National Assembly for Wales.

Since its establishment in 1999, the National Assembly for Wales has engaged with broadcasting related matters, through written and oral questions, plenary debate, and contributing to various UK reviews through committee work. In the first Assembly, the Assembly debated the House of Commons Welsh Affairs Select Committee report into *Broadcasting in Wales and the National Assembly*, and engaged with the UK Government's proposals for legislation to create Ofcom, in particular through the Assembly's Culture Committee. In the second Assembly, the Culture, Welsh Language and Sport Committee contributed to several key consultations and reviews on the future of broadcasting, and on the implications for Wales. These included the BBC Charter review and subsequent Green and White Papers; Ofcom's first review of public service broadcasting, and the Laughton Report on S4C.

Welsh Affairs Committee

The Welsh Affairs Committee inquiry into *Broadcasting in Wales and the National Assembly* was launched in August 1998². Recognising the importance of broadcasting in Wales as the main source of information about politics and current affairs, not least due to the weakness of Wales' indigenous press, the inquiry concentrated on the implications of the National Assembly for broadcasting in Wales, and on the problem of television reception in many parts of Wales. However, technological development and convergence also emerged as important issues during the Committee's evidence gathering.

² Welsh Affairs Committee, [Broadcasting in Wales and the National Assembly](#), HCP 48 1998-99

Many of the issues raised in the report are still relevant, and in many cases not yet fully addressed, it is worth revisiting some of its conclusions and recommendations. These are summarised below:

- While live coverage of the Assembly on digital television was welcome, news programmes would bring the Assembly into the majority of homes.
- Broadcasters should present the Assembly in ways that are accessible to all sectors of society, particularly those currently excluded from the political process. Recognising the importance of local radio, access to the Assembly by local stations was highlighted, as was the use of new, interactive, technology.
- Concerns were raised that the Assembly might not be given a sufficiently high profile in the rest of the UK in broadcasters' coverage. Devolution should increase the visibility of Wales throughout the UK.
- Broadcasting is not devolved for two main reasons. Firstly, broadcasting is increasingly provided by national or multinational concerns, and industry competitiveness could be stifled by multiple regulations. Secondly, allocation of scarce spectrum would be more efficiently allocated on a UK basis. While the Assembly would be consulted on broadcasting matters, there were concerns that consultation should be with the whole Assembly, and not just the Assembly Executive. A lack of access to the concordat between the DCMS and the Assembly was raised as a concern.
- Witnesses expressed hope that the Assembly would appoint a Broadcasting Committee or Sub-Committee. Recognising that the subject committees of the first Assembly matched the portfolio responsibilities of the Assembly Secretaries, it was recognised that this was not a realistic option at the time. However, it was hoped that the Assembly would take a close interest in broadcasting matters.
- Questioning whether DCMS consults the Assembly on Welsh representation on broadcasting bodies, it was considered that direct appointment, or at least approval of appointments, by the Assembly, would underline the accountability of these appointees to the people of Wales.
- While the Committee considered that it would not be right, at that time, to devolve responsibility for S4C to the Assembly, they considered that there was a case for S4C to be monitored by a body separate from its management (similar to the way that the BBC in Wales was monitored by the then Broadcasting Council for Wales).
- While not wishing to see a break up of the BBC, it was considered that there was too much control from the centre.

- Considering the then Broadcasting Council for Wales, other than arguing that the BBC's National Governor for Wales should not be the chairman of the Broadcasting Council for Wales, the Committee considered that there was a strong case for enhancing the role of the Broadcasting Council for Wales, and distancing the Council from the BBC management.
- Concerns were raised over competition between S4C and the BBC (for example for rights to cover rugby matches), a perceived waste of public money. Commercial activity should not distract the organisations from their public service duty, and there were calls for increased co-operation and joint accountability.
- It may be that the interests of Welsh accountability would be better served by creating a separate Channel 3 region for Wales.
- The reduction in the cost of ITV's licence was fair in the negotiation for its new licence, considering ITV's plans to develop and extend its service to Wales. It was noted that the Assembly would wish to ensure that ITV keeps to its commitments.
- The BBC's Board and management acknowledged that the news needed to be more representative of all parts of the UK, appointing network news editors in the nations and introducing "sensitivity training" for programme makers. The BBC undertook to monitor developments quarterly and conduct a full review of the BBC's response to devolution in 2000. While acknowledging the argument for maintaining a UK-wide news service, the Committee urged the BBC to review the evening news arrangements after 12 months.
- That the BBC and ITV broadcast their news services at the same time was not considered to be healthy competition.
- Considering the move to digital services, there was concern that S4C was investing too rapidly and that its public service duties might suffer in terms of programme quality. The slow roll-out of digital (especially commercial) radio multiplexes was a concern, with additional implications for the BBC's local services carried on commercial multiplexes.
- There were concerns over poor access to analogue and digital terrestrial television signals, and the 'overlap' issue of Welsh households needing, or choosing, to receive their television signals from English transmitters. The Committee urged the Assembly to keep closely in touch with negotiations on the date of analogue switch-off, and to put pressure on broadcasters to increase their investment in digital terrestrial transmission in Wales. With special regard to the overlap issue, the Assembly was urged to maintain pressure on broadcasters to tackle reception issues in Wales, and the failure of Welsh television to attract a large number of Welsh viewers.

- While the broadcasting sector was important to the economy of Wales, public sector support had largely been ad hoc and a more comprehensive policy initiative was required. It was recommended that a strategy be developed.

The Welsh Affairs Select Committee has continued to show keen interest in the issue of broadcasting in Wales, investigating it as a key part of its recent inquiry into Globalisation and its Impact on Wales. We had a very constructive informal meeting with the Welsh Affairs Select Committee in London, during the course of our inquiry. We discussed key issues that were common to our respective inquiries.

Ofcom Review

At least once every five years, Ofcom has a duty to conduct a review of public service broadcasting. Following the first review which started at the end of 2003 and finished early in 2005, Ofcom published phase one of its second Public Service Broadcasting Review on 10 April 2008.³

The review acknowledges that, with the increased pace of change in the broadcasting and wider communications sectors, 'some are questioning not only the scale and nature of the public service obligations carried by ITV and Five, but whether these organisations can or should play a central role in the public service framework for the future', and what Channel 4's contribution should be to its public service in future and how it might be funded?

These issues lead to the question of how to maintain competition in the provision of public service broadcasting between the BBC and its commercially funded competitors, and the impact on plurality, in particular in relation to the provision of news and current affairs in the nations and regions.

Public Service Broadcasters

There are five main public broadcasting services in Wales: BBC1, BBC2, ITV1, S4C and Five. Together, these channels had a collective viewing share of 59 per cent in 2007. With the advent of digital television, many viewers in Wales now also have access to Channel 4. Include Channel 4 and the six PSB channels had a collective viewing share of 63 per cent in 2007.⁴

In its accompanying document to the PSB Review⁵, Ofcom outlined some of the main benefits, and costs, of being a public service broadcaster. The benefits are outlined as:

³ Ofcom, [Ofcom first and second reviews of Public Service Broadcasting \(PSB\) Television](#)

⁴ Ofcom, [Communications Report: Nations and Regions, Wales](#), 22 May 2008

⁵ Ofcom, [Ofcom's Second Public Service Broadcasting Review - Phase One: The Digital Opportunity](#), 10 April 2008

- Access to analogue spectrum – until digital switchover (DSO) this is the only way of being received in homes which have not yet switched to digital television.
- Guaranteed Digital Terrestrial Television (DTT) capacity – ITV1 licensees and Five have access to DTT multiplex capacity at a cost which is below current market costs of such capacity.
- PSB multiplex coverage - the DTT capacity allocated is on a PSB multiplex with universal coverage, which therefore reaches more homes than the commercial DTT multiplexes.
- Ability to sell regionally – the PSB multiplex is also engineered in such a way as to allow airtime to be sold on a regional basis by ITV and Five, whereas the commercial multiplexes in general allow only national airtime sales.
- Electronic Programme Guide (EPG) due prominence and listings access.
- Must-carry status for the channel on cable.

In terms of costs, these are outlined as:

- Opportunity costs of positive programme obligations, such as national and international news, regional and nations programmes, current affairs, originated, geographically dispersed and independently produced programmes – these can be modelled by considering what the cost and revenue earning potential would be of alternative commercial programme schedules.
- Payments for the analogue licence.
- Extra overhead costs for commissioning programmes, as opposed to acquiring them.
- The cost of the regulated terms of trade with independent producers, which public service broadcasters are obliged to offer.

While the advent of multi-channel television has accompanied a reduction in share of the main PSB channels in recent years, public service broadcasters have offset that loss by introducing additional portfolio channels to multi-channel homes.

BBC

The BBC is primarily funded through the licence fee, though it receives additional income through commercial income (e.g. BBC Worldwide), and

Grant-in-Aid for the World Service.⁶ The BBC also benefits from gifted spectrum.⁷

Originally established as a national broadcast service, BBC1 has increased its commitments to the nations and regions since a regional service was introduced in the 1950s. BBC spend on nations and regions television output overtook that of ITV1 in 2000.⁸

ITV

ITV was originally a group of separate independent companies operating franchises located across the nations and regions of the UK. Working to the quota requirements of the regulator, ITV was responsible for the majority of programmes produced across the nations and regions of the UK. However, as the broadcasting market has evolved and commercial pressures have increased, the consolidation of ITV's companies has been accompanied by a reduced commitment to output from the nations and regions.

ITV is primarily funded through advertising, though it has also raised substantial sums through other sources such as interactive and premium rate telephone services. These sources of funding have come under some scrutiny in recent months, and Ofcom imposed a fine on ITV in May 2008 following breaches of Ofcom's Broadcasting Code concerning the abuse of premium rate services (PRS) in its programming.⁹

S4C

Prior to the creation of S4C, Welsh language television programmes were broadcast through the BBC and ITV services. S4C was established in 1982 to provide a comprehensive Welsh medium television service.

Rather than producing its own television programmes, S4C commissions programmes from independent producers, ITV and the BBC, though it also has a statutory entitlement to receive a minimum of ten hours per week of Welsh language programmes from the BBC.

S4C is funded by statutory government grant from the Department for Culture, Media and Sport (DCMS), updated each year in line with inflation. It has been acknowledged that inflation in Broadcasting has grown at a faster rate than for the economy as a whole, contributing to pressure on S4C finances.¹⁰ S4C received a grant of £94.4m in 2007.¹¹

⁶ BBC, [Annual Report and Accounts 2006/2007](#)

⁷ Ofcom, [Ofcom's Second Public Service Broadcasting Review - Phase One: The Digital Opportunity](#), 10 April 2008

⁸ Ofcom, [The Communications Market Report 2007: Nations and Regions - Wales](#), May 2007

⁹ Ofcom, [Ofcom fines ITV plc for misconduct in viewer competitions and voting](#), 8 May 2008

¹⁰ Department for Culture, Media and Sport, [S4C: An Independent Review](#), July 2004

¹¹ S4C Website: http://www.s4c.co.uk/e_aboutus.shtml

S4C also receives commercial income, including advertising raised through transmitting Channel 4 programmes free of charge, though this particular source of income has been diminishing as homes have adopted multi-channel television and had direct access to Channel 4. As Channel 4 programmes are only carried on S4C's analogue channel, following digital switchover, S4C will no longer benefit from this source of income.

S4C and the BBC announced a new strategic partnership on 17 October 2006¹². As part of this, the BBC announced that it would increase its annual spend on programme making for S4C from just under £22m in 2006-07 to just over £25m by 2008-09.

There has been some debate relating to S4C becoming a bi-lingual channel for Wales; though opportunities are limited through S4C's establishment as a Welsh medium channel and hence its inability to use direct funding for English language output, and through the broadcasting rights assigned to programmes.¹³

Channel 4

Channel 4 is a publicly owned, advertising funded, broadcaster. As a publisher-broadcaster, Channel 4 does not produce its own programmes but commissions them from independent production companies.

Channel Four Television Corporation (Channel 4) is a statutory corporation, without shareholders, funded solely from commercial revenues. Channel 4 also receives free analogue spectrum in return for fulfilling public service obligations. More than 87per cent of Channel 4's revenue is derived from advertising.¹⁴

As Channel 4 has not historically been broadcast in Wales, its commitment to Wales has been somewhat muted. Furthermore, it may be argued that, as S4C carried Channel 4 programmes free of charge on its analogue service and retained advertising income carried around those programmes, Channel 4 helped to subsidise programmes made by S4C through its commercial income.

However, as homes have become multi-channel; Welsh viewers have had greater access to Channel 4 programmes. When digital switchover is completed, S4C will no longer benefit from the advertising revenue gained by broadcasting Channel 4 programmes on its analogue channel, and it may be fair to argue, as Channel 4 acknowledged in its evidence to the Broadcasting Committee, that Channel 4 is a truly UK-wide broadcaster, with the responsibilities that it brings.

¹² S4C Press Release, [BBC AND S4C ANNOUNCE NEW STRATEGIC PARTNERSHIP](#), 17 October 2006

¹³ BBC News, [Digital S4C 'could be bilingual'](#), 30 October 2007

¹⁴ Channel Four Television Corporation, [Report and Financial Statements 2007](#)

Five

Launched in 1997, as the most recent of the public service broadcasters Five faces lower regulatory obligations than other public service broadcasters.

Attributed largely to reception issues, Five is less popular in Wales than in other parts of the UK, winning three per cent of audience share in Wales compared to five per cent for the UK as a whole in 2007.¹⁵

Access to Digital and Broadband Services

Specific characteristics of Wales have meant that the roll-out of terrestrial digital and broadband services in Wales has been problematic. Wales has a higher proportion of rural population when compared to the UK, while Wales' topography has determined that it has 25 per cent of the UK's broadcasting transmitters while being home to just five per cent of its population.¹⁶

Given the dispersed nature of the population and challenging terrain in Wales, the universal roll-out of digital terrestrial television and audio services is unlikely to be viable for commercial providers.

Take up of digital services has been greater in the large urban areas of south Wales, with the take-up of digital TV and broadband highest in Cardiff, Swansea and Newport. Ofcom reports that over a third of adults in Cardiff (36 per cent) have watched video content online, compared to 24 per cent across Wales, while 14 per cent of adults in Cardiff have listened to radio online, compared to the Wales national average of 9 per cent.¹⁷

Digital Terrestrial Television

Historically, the take-up of digital television in Wales has been higher than the UK average. Ofcom attributes this to poor analogue television reception in some parts of the country (proportionally more homes in Wales have subscribed to satellite television than across the UK as a whole), and the availability of Channel 4 and Five services on digital television platforms. However, in recent years, take-up in England and Scotland has reached similar levels to Wales (86 per cent and 85 per cent respectively in 2007, compared to 84 per cent in Wales). According to Ofcom, less than one per cent of the population said they were unable to access digital television.¹⁸

For viewers who choose to receive digital television through their aerial (DTT, commonly known as Freeview in the UK), viewers receive up to six bundles of

¹⁵ Ofcom, [Communications Report: Nations and Regions, Wales](#), 22 May 2008

¹⁶ Institute of Welsh Affairs, [Media in Wales – Serving Public Values](#), May 2008

¹⁷ Ofcom, [Communications Report: Nations and Regions, Wales](#), 22 May 2008

¹⁸ Ofcom, [Communications Report: Nations and Regions, Wales](#), 22 May 2008

channels, known as multiplexes. There are three public service multiplexes, which carry the public service broadcasters' main services, and three commercial multiplexes.

PSB licences and the BBC's Charter and Agreement will ensure that terrestrial digital services substantially match the coverage achieved by analogue television services¹⁹, although due to differences between digital and analogue signals and different interference patterns after switchover, the digital signal will not cover exactly the same 98.5 per cent of the UK population.

It is a commercial matter for the operators of the three commercial multiplexes to decide which services to carry, and where in the UK to transmit. However, Ofcom regulations mean that they cannot reduce their coverage at digital switchover. While 97.8 per cent of households in Wales will have access to the three public service multiplexes post-switchover, only 73 per cent of households in Wales will have access to all six multiplexes.²⁰

The transmitters not adopted by the commercial operators are all relay stations, installed to supplement the coverage from the main transmitters and often located to address obstructions such as hills, valleys or buildings. The lower coverage of commercial multiplexes when compared to public services is attributed to the high cost of building a transmission network that provides near universal coverage to the population, and international constraints on coverage, particularly in areas that face international neighbours.²¹

Digital Switchover Timetable

Digital switchover in Wales is due to be completed between July 2009 and March 2010. The switchover process in Wales is complicated by the large number of transmitters (eight main and around 200 relay transmitters), and an overlap of signals for some viewers. As Digital UK pointed out in its evidence to Committee:

"It is worth noting that the pattern of transmission in Wales is particularly complex given that we have so many hills and valleys, and some areas throw up quite unexpected results. There are three examples. The first is Fishguard, which is in Pembrokeshire, which is meant to switch over in the third quarter of 2009, but will not because the signal for Fishguard comes from Blaen-plwyf, which will not be switching over until the first quarter of 2010. So, careful work is required in conveying messages to certain areas. The second is Dolgellau, which is the other way around because it receives its signal

¹⁹ Ofcom, [Statement on switchover related changes to DTT licences](#), December 2006:

²⁰ Ofcom, [Digital Switchover Fact Sheets](#), 26 March 2008

²¹ Ofcom fact sheet, [Why some people will receive more digital television channels than others](#), 26 March 2008

from Preseli, believe it or not, which will be switching over in the third quarter of 2009.”²²

The switchover process is due to proceed as follows:

Between July and September 2009:

- **Kilvey Hill transmitter group** (9 relays, serving c.132,000 homes in the Swansea area)
- **Preseli transmitter group** (25 relays, serving c.82,000 homes in south west Wales)
- **Carmel transmitter group** (19 relays, serving c.114,000 homes in parts of south and central Wales)

Between October and December 2009:

- **Llanddona transmitter group** (22 relays, serving c.113,000 homes in north-west Wales)
- **Moel-y-Parc transmitter group** (20 relays, serving c.166,000 homes in north-east Wales)
- **Long Mountain transmitter group** (14 relays, serving c.25,000 homes in parts of east and central Wales)

Between January and March 2010:

- **Blaen-plwyf transmitter group** (14 relays, serving c.32,000 homes in parts of west and central Wales)
- **Wenvoe transmitter group** (75 relays, serving c.662,000 homes in Cardiff, Newport and south-east Wales)

S4C was concerned that its service might not be available across Wales when switchover takes place, stating:

“One issue that has not received much attention to date is the fact that two things are happening simultaneously: the analogue signal is being switched off and S4C is moving multiplex. It is important for these two things to happen, but the timing is also crucial - these two things must happen simultaneously. S4C will have to move multiplex before the Preseli signal is switched off, or some areas that receive a signal from the Preseli relays will lose out for an indefinite period.”²³

²² RoP, p38, 9 June 2008, Broadcasting Committee

²³ RoP, 2 June 2008, Broadcasting Committee

In giving evidence to Committee, Digital UK stated:

“It is obvious that S4C is a public service and a core service in Wales and that S4C must be included on the three Freeview public service multiplexes; there is no argument about that. A point has been raised about timing, where there is a technical difference in putting more services on Freeview. Currently, the paperwork behind that seems to be creating a time problem whereby there is a possibility, more theoretical than technical, that there may be a period during which S4C is not available. I consider that to be unacceptable and we and everyone else must put pressure on the broadcasters and on Ofcom to ensure that that does not happen.”²⁴

In response to a request at the meeting for additional information, Digital UK has stated:

“I can confirm that we expect S4C to be present on a public service multiplex, and therefore available to all viewers in Wales, at the point of switchover. It is a matter for S4C to make the appropriate arrangements for carriage in line with the arrangements being put in place by DCMS and Ofcom.”

Overlap

Around 40 per cent of the population of Wales have been able to receive a signal from transmitters based in England. As devolution has progressed, there have been obvious concerns that households in Wales, receiving their television services from England, have been less engaged with political decision making and the impact of these decisions on their lives.

With digital switchover, viewers who may have chosen to receive their analogue service from an English transmitter, perhaps to receive Channel 4, can now receive a fuller range of channels from transmitters located in Wales. Furthermore, with satellite services defaulting to local services, the impact of overlap is now considered to be less of an issue than once thought.

However, there may be some inertia among households whose aerials already point to English transmitters. Receiving a signal from Welsh transmitters would require adjusting or installing an aerial. Furthermore, with many households in Wales able to receive only the three public service multiplexes, where possible, some viewers may feel that they benefit from a fuller range of services by pointing their aerials over the border to transmitters which carry all six multiplexes.

This has been seen as a particular issue in north east Wales, though the new Storeton relay transmitter based on the Wirral will improve access to Welsh television services and should help to address this issue. However, Ofcom

²⁴ RoP, p37, 9 June 2008, Broadcasting Committee

acknowledged that an issue remains that the Wrexham-Rhos transmitter will carry only three multiplexes, while many households in the area will be able to receive their signals from the England based Winter Hill transmitter which carries all six multiplexes. However, given the densely populated area, it is not unreasonable to see the commercial case for investing in providing commercial multiplexes in this area.

In its evidence to Committee, Ofcom stated :

“most people who point their aerials at English transmitters do so not because they want to avoid Welsh programming or because they particularly want to get English programming, but because the reception is better. Therefore, when satellite is available, if people are prepared to subscribe to Sky, or to get hold of the free service that is available on purchase of a set-top box, that does away with this phenomenon. Therefore, the good news is that it is far less of an issue than we had thought it was in the past, and that, as transmission improves, more people will be prepared to change their viewing habits to ensure that they get the Welsh services.”²⁵

Digital Audio Broadcasting (DAB)

Although dates have been set for switching off the analogue television signal, no such dates have been set for switching off analogue radio. In April 2007, Ofcom stated that “current trends suggest that 90 per cent of all radio listening will be via digital platforms by 2017. At present, there are no plans to switch-off analogue (FM and AM) radio”.²⁶

While take-up of DAB has been slow across the UK²⁷, poor availability of DAB in Wales has been raised as a concern. Whereas the BBC’s UK wide radio networks are carried on a BBC owned multiplex, BBC Radio Wales and Radio Cymru can only be broadcast in areas where a local commercial multiplex has been licensed by Ofcom. Hence these services are reliant on the local commercial market in order to provide the necessary infrastructure to carry DAB.

In its evidence to Committee, the BBC stated that:

“The non-availability of both BBC Radio Wales and Radio Cymru on DAB digital radio across large parts of Wales continues to be a cause of concern and inconvenience for many listeners. The impact on audiences is significant. Currently, we believe more than half of

²⁵ RoP, p14, 14 April 2008, Broadcasting Committee

²⁶ Ofcom News Release, [Ofcom consults on future of radio regulation and licensing](#), 17 April 2007

²⁷ According to DCMS, ‘just over 20 per cent of people in the UK live in a DAB household with more than 5.5 million sets having been sold by the end of September 2007.’
DCMS media release, [The future of radio - is it digital?](#), 22 November 2007

households in Wales are unable to receive either of the national stations via DAB.”²⁸

In providing its evidence, the BBC Trust added:

“The Audience Council brought the lack of availability of DAB and other radio reception issues in Wales to the attention of the Trust again at its annual Audience Councils Day in April this year. Whilst there are no ‘quick fixes’ to such problems, the Trust recognizes that this remains an important issue and that more needs to be done to ensure universal access to the BBC’s radio services in Wales.”²⁹

Access to services in some areas should be addressed as Ofcom advertises new local multiplexes (such as the Wrexham multiplex and the mid and west Wales multiplex), though there are concerns about access in the Heads of the Valleys area where there is little commercial interest.

However, while the BBC is working to resolve these issues, it was noted that both of Wales’ national BBC services are available on a number of alternative digital platforms including online, Freeview, digital cable and satellite.

On 22 November 2007 DCMS launched a new taskforce, the Digital Radio Working Group (DRWG), to look at how to promote digital radio and increase the numbers of people listening to it.³⁰

An interim report published by the DRWG stated that “a long term plan should be developed to move all radio services across to digital”, but that “in the medium term, the group recommends migrating all national, regional and large local stations to Digital Audio Broadcasting (DAB), with FM continuing to be used by small local and community radio stations”.³¹

The DRWG did not recommend setting a date for switchover to digital radio now. Rather, it recommended a timetable for migration, dependent on progress against agreed criteria. The group’s initial assessment was that migration could be completed by 2020.

Broadband

Broadband take-up in Wales lags behind that of the UK as a whole. In 2007, take-up in Wales increased by three percentage points to 45 per cent, while

²⁸ BCC(3)-07-08 (p1)

²⁹ BCC(3)-08-08 (p1)

³⁰ [DCMS website](#)

³¹ DCMS press Release, [Digital Radio Working Group sets out vision for digital future](#), 23 June 2008

take-up rose from 44 per cent to 57 per cent in England, from 46 per cent to 57 per cent in Scotland, and from 42 to 52 per cent in Northern Ireland.³²

The IWA also reported that there is comparatively lower use of the internet in Wales, quoting a BMRB/Market Intelligence Survey in 2007 that 68 per cent of respondents in Wales had used the internet at home or elsewhere in the 12 previous months, making Wales the third lowest area in the UK for internet use according to the survey.³³

As well as low take-up of broadband and the internet in Wales, the issue of broadband speeds has also been raised as an issue. A BBC commissioned survey noted that London's broadband users can go online at average speeds nearly twice those in Wales and Northern Ireland. Reporting an average speed of 3.2 megabits per second (Mbps), the highest reported speeds were in London (4.5 Mbps) and the lowest in Northern Ireland (2.3 Mbps) and Wales (2.6 Mbps). The report noted that rural areas generally fared worse than towns, with telephone line lengths and lack of access to cable being blamed.³⁴

As the IWA has pointed out:

“Although the availability of a basic speed broadband is now virtually 100%, the higher speeds available via cable or through LLU have been slow to reach the Welsh market. Services of more than 8 Mbps are currently available to only about a third of the Welsh population compared with two-thirds of UK households.”³⁵

The IWA added that:

“although the UK has been ahead of other countries in terms of basic broadband availability (512 kps), it is well behind the most advanced countries in offering higher speed services. The debate about technical capacity has other practical implications. For example, there has been disagreement between the BBC and some internet service providers (ISPs) about the extra burden that the BBC's iPlayer and other on-demand services have placed on ISP networks.”³⁶

Ofcom reported that 82 per cent of broadband customers in Wales say they are satisfied with the speed of their broadband connection, consistent with the UK average of 83 per cent.³⁷

³² Ofcom, [Communications Report: Nations and Regions, Wales](#), 22 May 2008

³³ BCC(3)-03-08 (p2)

³⁴ BBC News, [Towns triumph in broadband tests](#), 3 June 2008

³⁵ Institute of Welsh Affairs, [Media in Wales: Serving Public Values](#), May 2008

³⁶ Institute of Welsh Affairs, [Media in Wales: Serving Public Values](#), May 2008

³⁷ Ofcom, [Communications Report: Nations and Regions, Wales](#), 22 May 2008

Programmes for the Nations and Regions

As the IWA has stated:

“Opinion research over the decades has reaffirmed the public’s regard and appetite for programming made specifically for their area – whether region, nation or locality. This has been underpinned by the consistently large audiences for regional news both on BBC and ITV channels and for key titles in the wider regional provision.”³⁸

In 2007, the BBC and ITV1 spent £35m on originated output for viewers in Wales, 11 per cent of their UK wide spend, while S4C spent an additional £69m on originated output. However, while the amount of spend increased between 2006 and 2007, over a five year period, spend by the BBC and ITV1 on originated output for viewers in Wales has fallen from £57m since 2002.³⁹

There is particular concern over ITV’s financial ability to maintain its commitments to the nations and regions. Under its licence, ITV is required to produce both news and non-news programmes in the nations and regions. Ofcom published statements on programming for the Nations and Regions and ITV Networking Arrangements in June 2005.⁴⁰

Under these arrangements, Ofcom’s decisions and recommendations for ITV1 in the nations and regions included:

- Minimum requirements for regional news and non-news programmes be standardised at 5.5 hours per week and 4 hours per week respectively, across Wales, Scotland and Northern Ireland.
- A range of measures to support the sustainability of these requirements in the short term, including:
 - Exemption of national licensees from paying for network programmes they do not broadcast in order to meet regional licence obligations.
 - Relaxing guidelines on co-productions and in Scotland, allowing the two licensees, Scottish and Grampian TV, to share all their non-news programmes.
- Allowing the National licensees to broadcast regional current affairs in place of some network current affairs.

³⁸ Institute of Welsh Affairs, [Media in Wales: Serving Public Values](#), May 2008

³⁹ Ofcom, [Communications Report: Nations and Regions, Wales](#), 22 May 2008

⁴⁰ Ofcom, [Ofcom publishes statements on programming for the Nations and Regions and ITV Networking Arrangements](#), 9 June 2005

- A further reduction to minimum non-news requirements, when the first UK region achieves digital switchover:
 - 0.5 hours per week in the English regions
 - 3 hours per week in the Nations.

Ofcom stated that it would review the sustainability of this requirement in the nations at the next PSB Review, in light of the available evidence about the economic viability of non-news programming at that time.

Within the overall regional quotas, the obligations include stipulations on the scheduling of regional programmes to make sure that they are broadcast at reasonable times when viewers are likely to watch. A further obligation ensures that almost all regional programmes are produced in the region for which they are commissioned.⁴¹

In its paper to Committee, ITV confirmed its commitment to news in Wales, stating:

“For viewers to ITV Wales there will be no substantive change to the pattern of the news service with Wales Tonight continuing to provide unrivalled coverage of the nation. ITV will – as always – ensure that the ITV Wales news service is properly resourced with the necessary journalists, crews and the latest technology to cover issues of interest to viewers in Wales, including about Westminster and the Welsh Assembly.”⁴²

However, in its evidence to Committee, TAC noted particular concern for ITV’s non-news output, stating:

“We are also deeply concerned regarding the non-news requirement of ITV which has been reduced for 2009 from 4 to 3 hours per week. We believe this has implications for Wales originated programming in English that reflects Wales. Any further erosion of the PSB requirement should be rejected.”⁴³

As Menna Richards, BBC Wales Controller, stated in Committee:

“there is a great deal of evidence to support the fact that audiences in Wales value non-news output; we know that from the success of our own output, as well as from the fact that ITV Wales’s non-news output also attracts audiences.”⁴⁴

⁴¹ Ofcom, [The Communications Market Report 2007: Nations and Regions - Wales](#), May 2007

⁴² BCC(3)-04-08 (p1)

⁴³ BCC(3)-02-08 (p3)

⁴⁴ RoP p21, 9 June 2008, Broadcasting Committee

Plurality

The IWA reported that the UK-wide print media appear to be more widely read in Wales, with the top four titles being UK-wide newspapers, none of which has a Wales edition. It added that "there is a reliance of commercial media providers on advertising for revenue", and that "generally speaking there is a lower value to reaching Welsh citizens with commercial media, indicated by lower weekly income and expenditure averages in Wales compared to the UK average".⁴⁵

Given the lack of indigenous national print media in Wales, viewers in Wales rely more heavily on its national television services than viewers elsewhere in the UK. BBC One Wales' early evening news attracted a 35 per cent share of viewing in 2007 (seven percentage points higher than the UK-wide average of 28 per cent) while ITV1 Wales' bulletin took an 18 per cent share (two percentage points below ITV1's UK wide average).⁴⁶ As the IWA pointed out:

"Across a week *Wales Today* reaches 575,000 and *Wales Tonight* 250,000, so that one could argue that between 20% and 25% of the Welsh population touch base with news of Wales on television each week."⁴⁷

Ofcom has acknowledged that "the cost of producing multiple different editions for a single time slot makes regional news the highest public service cost of the ITV1 licences. ITV plc also believes there is a high opportunity cost which is the difference in profitability between regional news programming and a single network programme in the same slot."⁴⁸

With the risk of diminishing news and non-news provision by ITV in Wales, there is a corresponding risk that the BBC will become a monopoly news provider in Wales which may have negative consequences for debate and competition for quality.

The IWA points out that there could be consequences for the remaining audience share if ITV were to withdraw from providing a regional news service, noting that:

"Although some viewers would no doubt transfer to the BBC Wales programme, there would certainly be a very significant drop in the total audience, since ITV would, in those circumstances, be certain to

⁴⁵ BCC(3)-03-08 (p2)

⁴⁶ Ofcom, [Communications Report: Nations and Regions, Wales](#), 22 May 2008

⁴⁷ Institute of Welsh Affairs, [Media in Wales: Serving Public Values](#), May 2008

⁴⁸ Ofcom, [Ofcom's Second Public Service Broadcasting Review - Phase One: The Digital Opportunity](#), 10 April 2008 P.11, para 1.45

schedule very aggressively against the BBC's early evening news hour." ⁴⁹

While Channel 4's news output concentrates more on international and UK national issues, its news service is provided by ITN and would be affected by any funding decisions made by ITV.

Furthermore, Wales has no national commercial radio stations, with both Radio Cymru and Radio Wales being provided by the BBC.

The BBC has also announced plans to provide local news, which has made local commercial news providers nervous of the ability to compete with a large publicly funded organisation. As the Press Gazette recently reported:

"The corporation's plans for local video news online or on television have long been controversial, with regional newspaper publishers arguing that the influx of licence-fee funded regional video journalists would undermine their own efforts to establish online multimedia news-gathering on a commercial basis." ⁵⁰

However, in giving evidence to Committee, the Director General of the BBC, Mark Thompson stated that the trust will have to consider at least some of its plans under the formal public value test regime, adding:

"in our proposal, we will reflect carefully on the potential impact to others who are providing news, whether that is in print, on radio, television or the web. We would expect, where we can, to partner with them and to ensure that we have the websites of other news providers on our website and that we can point people to other providers. We are also potentially talking about sourcing some news content from other providers, so we are potentially a revenue stream for their news-gathering efforts. I understand why there is concern. The BBC is a big organisation, and when you hear that the BBC has some new service in mind and it feels that it might touch your own patch, there is some anxiety, but we are very anxious to ensure that the BBC Local idea, when it emerges, where it can, will help to support and strengthen the plurality and diversity of media in Wales and across the UK, rather than undermining it." ⁵¹

The BBC Trust Chairman, Sir Michael Lyons, added:

"just to underline this, on the specific issue of the impact on newspapers, the public value test will include a formal market impact appraisal that will look at these issues. That will be undertaken by

⁴⁹ Institute of Welsh Affairs, [Media in Wales: Serving Public Values](#), May 2008

⁵⁰ Press Gazette, [BBC plan to put 150 new camera teams on local news](#), 21 May 2008

⁵¹ RoP p22, 16 June 2008, Broadcasting Committee

Ofcom, although it will be for the trust to strike the right balance between public interest and commercial tensions in this exercise. I would add that to Mark's comments, just so that you have a sense of the sort of testing process that this will go through." ⁵²

Following concerns from audiences that the BBC was not adequately covering the different policies of the devolved nations, the BBC Trust commissioned an independent review by Professor Anthony King and research by Cardiff University and the British Market Research Bureau (BMRB). The BBC Trust published its Impartiality Report on 11 June 2008. ⁵³

It is interesting to note that, in Committee, Mark Thompson suggested some means of addressing BBC news shortfalls in coverage of the devolved nations, stating:

"This will mean a big effort across the organisation, which I hope will involve all of our journalists in a process of training, better editorial co-ordination and more regular monitoring by us of our performance to ensure that we are genuinely making improvements." ⁵⁴

These means are not dissimilar to the recommendation set out in the Welsh Affairs Committee report of 1999, which stated:

"The view of the Board, and of BBC management in London, was that the BBC's duty was to present a news service for the whole of the UK. However, they acknowledged that the news needed to be more representative of all parts of the UK, appointing network news editors in Wales, Scotland and Northern Ireland to ensure better liaison, and introducing "sensitivity training" for BBC programme-makers. They also kept a door open to further change by undertaking to monitor developments quarterly and to conduct a full review of the BBC's programme response to devolution in May 2000." ⁵⁵

However, Mark Thompson suggested that not all of the BBC's reporting problems could be attributed to London editors, arguing that:

"It takes two to tango, but I am certainly not going to suggest that this is a regular occurrence here. Sometimes, historically, there has been a tendency for editors of the national 6.30 p.m. programmes, such as the *Wales Today* programme here or the regional 6.30 p.m. programmes in

⁵² P22

⁵³ BBC Trust, [BBC Trust Impartiality report: network news and current affairs coverage of the four UK Nations](#), 11 June 2008

⁵⁴ RoP p7, 16 June 2008, Broadcasting Committee

⁵⁵ Welsh Affairs Committee, [Broadcasting in Wales and the National Assembly](#), HCP 48 1998-99, para 28

England, to hold some stories back from the network in order to run them as the lead on the 6.30 p.m. programme.”⁵⁶

Importance of Plurality to Independent Sector

Not only is plurality important to citizens, it is also important to the creative industries sector. As Pact stated in its evidence to Committee:

"Independent production in the Nations and English regions provides creative competition for broadcasters' in-house production departments, helping bring to television screens a genuine diversity of viewpoints that represent the entire UK"⁵⁷

TAC added that:

"TAC estimates that as many as 20 independent sector companies have supplied programmes to ITV Wales under the non-news PSB obligations in the past 12 months. We estimate that this is a combined investment in programming from the independent sector of c.£1.5m."⁵⁸

While the BBC has increased production from BBC Wales, much of this work has been kept in house. Pact stated:

"Between 2004 and 2006, the total value of BBC1 and BBC2 Welsh programming rose from £6m to £20m. However, the equivalent figures for independent programming commissioned by the BBC saw a fall from £2.9m to just £800,000."⁵⁹

Channel 4 argued that:

"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."⁶⁰

In his oral evidence to Committee, John Geraint of Green Bay added:

"Here in Wales we are convinced of the goodwill of BBC Wales and its genuine support for the industry in its commissioning; it also gives us

⁵⁶ RoP p10, 16 June 2008, Broadcasting Committee

⁵⁷ BCC(3)-02-08 (p2)

⁵⁸ BCC(3)-02-08 (p3)

⁵⁹ BCC(3)-02-08 (p2)

⁶⁰ BCC(3)-04-08 (p2)

fantastic support in breaking into those network markets that are so important. There is a question connected to the success of *Doctor Who* and *Torchwood*, which are in-house productions: how do we ensure that independent producers in Wales are also able to take advantage of those network commissions?”⁶¹

While S4C commissions have helped to create a strong independent sector in Wales, continuing strength in this area is likely to require ongoing investment from the BBC and commercial broadcasters.

Future of ITV and ITV Income

Ofcom acknowledges that, “for the first time since their creation, some are questioning not only the scale and nature of the public service obligations carried by ITV and Five, but whether these organisations can or should play a central role in the public service framework for the future”.⁶²

In its written presentation to Committee, ITV stated:

“the twin pressures of increased competition for viewers and revenue and declining value of analogue broadcast spectrum (which was itself based on limited competition for advertising revenue) make the current business model for commercial public service broadcasting increasingly unsustainable. This is not only our own conclusion, but perhaps more importantly it is one which Ofcom has made in its PSB Review.”⁶³

ITV’s own figures provided to Ofcom show that it spent nearly £13m of its nations and regions spend in Wales in 2006.⁶⁴

Spend per head on nations output by ITV in 2006 is reported (by the broadcaster) as being £4.30 in Wales, £2.00 in Scotland, £4.00 in Northern Ireland, and £2.10 in England.

Applying mid-year population estimates⁶⁵, total spend in each nation, and total spend within each nation as a percentage of total nations and regions spend, in 2006 can be estimated as shown in the following table.

⁶¹ RoP p9, 28 April 2008, Broadcasting Committee

⁶² [Ofcom website](#)

⁶³ BCC(3)-04-08 (p1)

⁶⁴ Ofcom, [The Communications Market Report 2007: Nations and Regions - Wales](#), May 2007

⁶⁵ Office for National Statistics, [Population Estimates](#), 22 August 2007

ITV spend per head, total spend, and spend as a percentage of nations and regions spend, UK nations, 2006

Nation	Population	Spend per head (£)	Total spend (£m)	Total spend as a percentage of UK total (%)
Wales	2,965,900	4.30	12.8	9.3
Scotland	5,116,900	2.00	10.2	7.5
Northern Ireland	1,741,600	4.00	7.0	5.1
England	50,762,900	2.10	106.6	78.1
Total	60,587,300		136.6	

Source: ONS, Broadcasters

However, it is unclear on what basis these figures are provided, and in its evidence to Committee, ITV1 Wales suggested a lower value, with Michael Grade stating that spend on the ITV Wales Service is just over £9 million per annum.⁶⁶

In questioning ITV's spend figures, the following exchange took place:

“Alun Davies (Chair): Earlier, you quoted the figure of £9 million for regional programming costs for Wales. I assume that ITV Wales has costs above that sum. Ofcom has given us a figure of £4.30 a head, which takes the total cost over—

Mr Jermey (Director ITV Regions): That is the cost of operating in Wales, and includes the infrastructure as well as the programming.”⁶⁷

As media sources have proliferated, advertising markets have fragmented. ITV's advertising revenues have come under pressure, as has its share value.

ITV's Net Advertising Revenue (NAR) in the 2006-07 financial year was £1,489m. NAR is worth around 85 per cent of its total broadcasting income.⁶⁸

ITV does not provide a breakdown of NAR on a Channel 3 licence area basis as this information is deemed to be commercially sensitive. However, ITV's past financial reports provide some idea of the income earned within its regions.

⁶⁶ RoP p9, 12 May 2008, Broadcasting Committee

⁶⁷ RoP p17, 12 May 2008, Broadcasting Committee

⁶⁸ [ITV plc Report and Accounts 2007](#)

In gathering evidence for this inquiry, the last regional figure we were able to find was for the ITV Wales and West of England (HTV) region for 2003, at which time HTV accounted for 5.9 per cent of ITV1 NAR.⁶⁹

The 2003 figures reported that HTV broadcast to approximately 4.5 million viewers. ITV West currently broadcasts to 2.1 million viewers and 3.6 per cent of UK homes⁷⁰. Hence, assuming the number of viewers is unchanged over the period, it can be estimated that HTV broadcast to approximately 2.4 million viewers in Wales, 4.1 per cent of UK homes⁷¹.

While the HTV region accounted for approximately 7.7 per cent of UK homes, in 2003 it accounted for only 5.9 per cent of NAR. Hence, NAR for the HTV region represented around 77 per cent of what might be expected if NAR was directly related to the number of households.

The 77 per cent estimate would be consistent with the supposition that lower relative NAR in the HTV region would be associated with lower incomes. ONS data report relatively lower output and income in Wales when compared to the UK average (per capita Gross Value Added (GVA) in Wales was 77 per cent of that of the UK in 2006 (78 per cent in 2003)⁷².

If ITV's proportion of income from Wales has remained unchanged since 2003, it can be estimated that ITV's NAR from Wales in 2007 would be around £45m (ITV's total NAR of £1,489m⁷³, taking account of the relative number of households in Wales (4.1 per cent of UK total) and lower relative income (77 per cent of UK per capita)).

Naturally, such an estimate does need to be considered in the context in which it is produced. While it cannot take full account of the rapidly changing market faced by ITV (such as the different take-up of multi-channel platforms across different parts of the UK, resulting in varying access to, and take-up of, channels), it does lead us to question the level of ITV's income in Wales, what this might mean for its commitment to Welsh consumers in return, and why ITV considers that its regional advertising revenue figures needs to be confidential.

In considering ITV's income from Wales, it should also be noted that, while 2006-07 NAR stood at £1,489m, total broadcasting revenues were £1,738m⁷⁴. Broadcasting revenues comprise NAR, sponsorship income, interactive revenues (Premium Rate Services and Red Button), ITV Play, SDN (a wholly-

⁶⁹ Source: Carlton Communications plc [Annual Report to 30 September 2003](#) on the SEC Info website

⁷⁰ Source: [ITV website](#)

⁷¹ It should be noted that the HTV region did not cover the whole of Wales as the Granada region covered parts of north-east Wales.

⁷² GVA: Office for National Statistics, [Regional, sub-regional and local gross value added](#), 14 December 2007

⁷³ ITV News Release, [ITV plc results for year ended 31 December 2007](#), 5 March 2008

⁷⁴ [ITV plc Report and Accounts 2007](#)

owned Digital TV multiplex operator) and other revenues. While it is not feasible to assign the relevant portion of these revenues to Wales, it is worth bearing in mind that it is likely that Welsh viewers would have contributed to some of these revenues.

Despite difficult market conditions and declining income over recent years, in releasing its financial results for year ended 31 December 2007, Michael Grade stated:

“The first priority for ITV was to stem the decline. We did more than that, delivering an increase in viewing to the ITV family for the first time in over a decade. For the first time in many years, ITV1 outperformed its competitors and we’ve continued to do so into 2008.”

and

“Having stabilised our advertising revenues last year, we’ve been able to increase ITV television advertising revenues nearly 2% year on year for the first quarter of 2008, running well ahead of the total market.”⁷⁵

However, a recent Times article reported that:

“Unfortunately, for Michael Grade, big audiences have little impact on the share price, which has fallen by a quarter since he was cheered in the door as the company’s saviour.

The cold economic reality is that only two things move ITV’s share price – and neither is the company’s creative performance, which has improved modestly under Grade’s tenure. Driving the stock down are worries about the advertising market, but driving it up yesterday was renewed bid speculation as the City remembered that BSkyB may have to unload some or all of its 17.9 per cent stake to a strategic investor.”⁷⁶

It has been reported that ITV has been considering the value of maintaining its public service licensing obligations up until its licence renewal in 2014. The Media Guardian recently reported:

“ITV is "running the numbers" on the cost of handing back some or all of its ITV1 licences to regulator Ofcom.

The move would mean ITV giving up its status as a public service broadcaster and switching from analogue to digital-only transmission of its main network ITV1 earlier than expected.

⁷⁵ ITV plc news release, [ITV plc results for year ended 31 December 2007](#), 5 March 2008

⁷⁶ The Times, [Forget ITV's programmes, remember its true appeal](#), 22 April 2008

According to sources, weighing up the pros and cons of doing away with its public service obligations follows pressure from ITV investors.⁷⁷

In its written evidence to Committee, ITV stated:

“Ofcom has also recognised the urgency of this problem facing commercial PSBs. Regarding Wales specifically, it says that in 2009 the cost of holding the PSB licence will exceed the benefit. And across all the ITV plc Channel 3 licences in England and Wales there will be a net deficit before 2012.”⁷⁸

Ofcom provided the Committee with supplementary information to support its analysis. Ofcom pointed out that it was not modelling the overall profitability of the ITV plc Channel 3 licence; but rather comparing the costs of the licence, which are specifically associated with PSB status, with the benefits that PSB status provides to the licensee.

If ITV were to hand back its licence, it would need to pay a financial penalty, the maximum penalty being whichever is the greater of £500,000, or seven per cent of qualifying revenue. Qualifying revenue is essentially the broadcaster’s commercial income derived from advertising.⁷⁹

Contributors have argued that ITV’s value is not only based on its annual revenues, but also on factors such as its place on the Electronic Programme Guide (EPG), its brand value which has been built over many years, and its archive material.

In his paper to Committee, Professor O’Malley stated:

“It is difficult to accept that ITV plc is not able to sustain a higher level of non-news Welsh programming and an ongoing commitment to high levels of news programming. According to Ofcom ITV plc’s share of National Advertising Revenue in 2007 was £1.2 billion (Ofcom Review, para. 2.10). ITV has a strong brand, an enviable position in terms of audience share in the digital world and a huge backlog of publically funded archive material. In addition its national and regional licences allow it to target local advertising, something which other digital commercial services as yet cannot do.”⁸⁰

Following a request for further information regarding the current value to ITV of its place on the spectrum, the NUJ stated that Ofcom estimates its value will be £45m, but that Ofcom does not include the value of broadcasting

⁷⁷ guardian.co.uk, [ITV ponders public service options](#), 25 April 2008

⁷⁸ BCC(3)-04-08 (p1)

⁷⁹ [Channel 3 licence for Wales and the West of England](#), Clause 43 (4)

⁸⁰ BCC(3)-06-08 (p3)

national, international and regional news in terms of status, reputation and political benefits.

It also emphasised the additional value to Wales in terms of a legacy of film archive and local experience and expertise which has been built on the back of its public service position.

Perhaps unsurprisingly, ITV estimates the value of its place on the public service multiplex to be somewhat less. In his evidence to Committee, Michael Grade stated:

“What I am saying is that of course being on the multiplex D3 and D4 has benefits; being available to 98 per cent of the UK public has a benefit. We have guarantees that we must be carried on other platforms, particularly Sky, and we have guaranteed positions on the electronic programme guides. There is a benefit to that. Ofcom has quantified that benefit, and has said that it amounts to £40 million per year. I am more than happy to give you £40 million in cash, in kind, or in programmes; I will make that deal. However, whatever the number is eventually - and we think that it is nearer to £25 million, but we are not here to negotiate, although old habits die hard - we are prepared to recognise the value of that privileged position, but it is considerably less than what we spend today, which is well over £200 million every year on ‘good works’.”⁸¹

Regarding ITV’s brand value, Rupert Howell, who has been hired by Michael Grade to ‘mastermind’ the commercial future of ITV, recently spoke to the Independent newspaper. The news report noted:

“ITV’s critics may whinge, but Howell won’t have it. He points to a Marketing Week survey that names ITV as having climbed into the top 25 of the public’s favourite British marks. “It’s a very, very robust and popular brand,” he says.”⁸²

Network Production and Representation of Wales

With an established independent production sector, Wales should be well placed to take advantage of commissions. However, a lack of network commissions from Wales has been highlighted as a particular issue, and where commissions have been won in Wales, they have often done little to represent and reflect Wales to the UK and the wider world. Dr Who can be seen as an important investment in BBC Wales and Welsh talent, but it does little to reflect contemporary Welsh society. Furthermore, BBC Wales has been used to ‘warehouse’ productions, commissioning programmes, such as ‘Life on Mars,’ which have little or nothing to do with Welsh production teams, talent or crew.

⁸¹ RoP p7, 12 May 2008, Broadcasting Committee

⁸² The Independent, [Howell he pull it off? Rupert reveals his plans to save ITV](#), 2 June 2008

Public service broadcasters (apart from S4C), are required to make a suitable proportion and range of network programmes outside the M25, with both volume and value quotas for out-of-London network production.

While the BBC, Channel 4 and five each met their value and volume quotas in 2007, despite ITV1 meeting its 50 per cent volume quota, the proportion of ITV1 spend outside London in 2007 was 44 per cent, significantly below the 50 per cent minimum. Restated figures for 2006 showed that ITV1 also failed to meet the quota by value in that year, achieving a level of 46 per cent.⁸³

While broadcasters have obligations to productions outside of London, those obligations do not extend to a production requirement in specific regions or nations. Ofcom's consultation document states:

“While the out-of-London production quotas are being met or exceeded by the PSBs, they have not delivered significant levels of production from outside England. In addition, the quotas deliver investment and production outside London rather than - necessarily - on-screen portrayal of different communities around the UK.”⁸⁴

In its 2006 Communications Market Report, Ofcom stated that:

“In 2006, on a per-capita basis, Northern Ireland benefited least from investment in networked programme production (£3.85 per head in 2006); Scotland and Wales were broadly similar with £10.05 and £12.54 respectively. But England was by far the greatest beneficiary of networked programme production in 2006, with £35.78 per head spent by the five terrestrial broadcasters.”⁸⁵

PSBs have made voluntary commitments to production in the nations. Ofcom's consultation document noted that:

“Ofcom's first PSB review identified the dispersal of network production around the UK - particularly to the nations - as an issue and suggested that ITV1 should aim for an 8% target in the nations, in line with its delivery in the late 1990s. ITV set up a regional production fund (£9 million over 3 years) partly in order to address this. The BBC and Channel 4 have also made some voluntary commitments in this area since the first review. Channel 4 has made a commitment to increase its spend on original commissions in the nations by 50% by 2012, while the BBC has introduced a target of 17% of network commissions from the nations by (this is according to the BBC's definition of out-of-London production, which is broader than Ofcom's). However, at

⁸³ Ofcom, [Communications Report: Nations and Regions, Wales](#), 22 May 2008

⁸⁴ P.112, para 9.11

⁸⁵ Ofcom, [The Communications Market Report 2007: Nations and Regions - Wales](#), May 2007

present the volume of network production from the nations remains very low.”⁸⁶

The quality of production from outside of London has also been questioned. Referring to ITV’s improving performance in 2006, Ofcom reported that:

“Most of this increase in hours produced outside London was explained by the introduction of late night quiz shows. Channel 4 also increased its out-of-London production share in 2006 compared with previous years, achieving 37% by value and 40% by volume against quotas of 30%, which may be as a result of increases in the volume of game shows such as *Deal or No Deal*.”⁸⁷

Pact has also highlighted that out of London quotas have not delivered significant peak time viewing from the independent sector. It reported:

“If we restrict the analysis to independent production, Wales and the English Regions both have a below-average proportion of programming in peak-time. Only 15% of independent production from Wales was broadcast in peak time in 2006, compared to an average of 25% across all areas. 20% of independent production from the English regions was in peak time. Conversely, 60% of independent production from Scotland was shown in peak-time in 2006.”

The lack of network programming from Wales was starkly expressed in Pact’s research, which found that:

“There was no network programming from ITV in 2006 in Wales, and only 9.5 hours were broadcast on ITV in 2004. Five did not broadcast any programmes from Welsh independent producers in 2005 or 2006.”⁸⁸

Pact further reported that:

“In 2006 the five terrestrial channels broadcast 8,231 hours of UK first-run network programming from independent producers. London accounted for 4,969 (60%) of these hours, with the English Regions contributing 3,092 hours (38%), Scotland 100 hours (1.2%), Wales 60 hours (0.7%) and Northern Ireland 11 hours (0.1%).”

In its recent work, the Scottish Broadcasting Commission noted that the heavily centralised (London based) nature of broadcasting in the UK is the most frequently-mentioned challenge⁸⁹, a point supported by PACT in its submission to Committee which stated:

⁸⁶ P.125, para 9.96

⁸⁷ Ofcom, [The Communications Market Report 2007: Nations and Regions - Wales](#), May 2007

⁸⁸ Pact, [The Production Trend Report for Out of London](#)

⁸⁹ Scottish Broadcasting Commission, [Interim Report on Economic Phase](#), January 2008

“In our view, the single biggest barrier to improving representation at network level is the commissioning culture at London-based broadcasters.”⁹⁰

Pact have proposed that the level and range of Out of London commissioning be formally taken into account in the performance appraisal of network commissioners, similar to how Channel 4 linked Out of London commissioning to the bonus scheme for its commissioning editors.

BBC

Following issues raised by the BBC Trust, the BBC recently committed to increase its network output from the nations and regions. The BBC Trust stated:

“The BBC Trust has approved plans that should lead to a significant combined increase in network television production across the English regions, Scotland, Wales and Northern Ireland.

The Trust agreed that in future the BBC should adopt more challenging targets for measuring and meeting its targets for network production in the nations by using Ofcom's definition instead of the existing BBC one.”

“The Trust notes and supports Director-General Mark Thompson's earlier commitment that the BBC should source a proportion of network programmes from Scotland, equivalent to Scotland's share of the UK population. The Trust seeks a comparable approach in relation to Wales and Northern Ireland.”⁹¹

The importance of the value of this increased commitment to Wales was raised in Committee. In her evidence to Committee, Menna Richards, BBC Wales Controller, stated:

“It is a bit complicated because of the change in definitions, but under the BBC's current definitions, BBC Wales's production for the networks across all services - radio, television and online - is worth around £50 million a year. Under the new definition, the Ofcom definition, if you analyse it on the basis of current production, it is around 2.6 per cent. Once the BBC has adopted the Ofcom definition, over the course of the next four years, I anticipate that that will rise to about 5 per cent.”⁹²

⁹⁰ BCC(3)-02-08 (p2)

⁹¹ BBC Trust, [BBC Trust approves increase in network TV production in the nations](#), 28 May 2008

⁹² RoP, p7, 9 June 2008, Broadcasting Committee

“If you re-evaluate the spend using the Ofcom definition, you are looking at around £26 or £27 million, which equates to 2.6 per cent; to reach 5 per cent, you would be looking at doubling that.”⁹³

In Plenary on 4 June 2008, the Minister for Heritage (initially referring to total network spend by all broadcasters) said:

“I attended the Broadcasting Committee meeting on Monday and, at the moment, 0.8 per cent of programmes shown on the network are from Wales. They do not necessarily reflect Wales; for example *Doctor Who* does not reflect Wales, although it is an important programme because it generates programme production skills in Wales. If that figure rose to 3 per cent, the amount of funding for the Welsh economy would increase from £23 million to £66 million if it were across several channels; if it were on the BBC only, it would rise to £46 million. The population of Wales is 5 per cent of that of the United Kingdom. If we reached that figure, we are talking of a profit for the economy of more than £100 million. I hope, therefore, that the Assembly as a whole will take an interest in this issue, and, as Minister, I will certainly be promoting the need to see more programming from Wales and about Wales on the networks.”⁹⁴

The Committee investigated the possibility of achieving a more equitable distribution of network production from around the UK by basing the BBC’s channels in different parts of the UK. The BBC Director General, Mark Thompson explained that they had been trying to co-ordinate the BBC’s portfolio of television channels and get them to work effectively as a portfolio, using ‘Gavin and Stacey’ as an example where co-ordination had enabled the programme to be developed and move between channels. However, he acknowledged that:

“We are moving CBBC, CBeebies and Radio 5 Live to Salford, and I would not rule out the idea of other UK networks moving out of London; that would be consistent with the direction that the BBC has set itself.”⁹⁵

ITV

Ofcom has reported that:

“In ITV1’s case, the majority of programmes from outside the M25 are made in the north of England – mainly in Manchester and Leeds – reflecting the regional production strengths of the Granada and Yorkshire bases. On the other hand, only a small proportion (less than 3%) comes from Scotland, Wales and Northern Ireland.”⁹⁶

⁹³ P7

⁹⁴ RoP, p21, 4 June 2008, Broadcasting Committee

⁹⁵ RoP, p16, 16 June 2008, Broadcasting Committee

⁹⁶ Ofcom, [The Communications Market Report 2007: Nations and Regions - Wales](#), May 2007

Regarding Ofcom's concern that ITV has failed to produce an adequate value of work to fulfil its out-of-London obligations, Ofcom has stated:

“Ofcom believes it is important that broadcasters meet the minimum requirements set out in their licences (or in the case of the BBC their service licences). ITV's failure to meet the value element of its out-of-London quota is a serious matter, and one which is the subject of further consideration by Ofcom with a view to regulatory action.”⁹⁷

ITV failed to spend any of its out of London quota in Wales in 2006 and 2007.⁹⁸

In giving evidence to Committee, Michael Grade stated that he was “utterly opposed to quotas because they put the interests of producers before the interests of the audience.”

He added that he wanted less regulation, and independence from subsidies, stating:

“I am on record - and I am happy to do so again today - as saying that we do not believe that public subsidy is appropriate for a free-market private broadcaster like ITV. There are two reasons for that. The first is that whatever public subsidy might be offered, it would really compensate only for the potential cost of the programmes, and not for the opportunity cost of running loss-leading programming, which depresses ratings, advertising sales and so on. It is unlikely that we would get a public subsidy to cover us for all that, so it becomes an utterly uneconomic prospect. The second reason is that we are arguing desperately to get out of the legacy of historic regulation and prescription. Once you start taking public money, the freedom and flexibility that you need to operate in a market as dynamic and fast-changing as ours is severely constrained. We are trying to get the freedom to operate as a business, and not to add more regulation to our ability to compete in the market.”⁹⁹

While both the Scottish Broadcasting Commission and Pact argued that there was a London centric bias in commissioning, Michael Grade argued that it was a lack of ideas, stating:

“As to how network-standard production can be stimulated in Wales, as far as ITV is concerned, we are very proactive. Our commissioning people are the people with the chequebooks who sign off on what programmes get made. They are very proactive in holding regular

⁹⁷ Ofcom, [Communications Report: Nations and Regions, Wales](#), 22 May 2008

⁹⁸ Ofcom, [Communications Report: Nations and Regions, Wales](#), 22 May 2008

⁹⁹ RoP, p9, 12 May 2008, Broadcasting Committee

sessions with producers in Wales about what we are looking for and to hear some of their ideas, but, in the last few years, that has been a fairly barren exercise. The ideas are not coming forward - it could be that we are not picking them, but I do not think that that is true because we are not that rich in hit shows that we can afford to turn down great ideas.”¹⁰⁰

However, Michael Grade did note that “...the evidence clearly suggests that there is a disconnect between the Welsh creative community and ITV as a broadcaster.”¹⁰¹

In his evidence to Committee, John Geraint of Green Bay acknowledged the importance of independents selling programmes and engaging with broadcasters, stating:

“Producers in Wales – and, of course, Green Bay is one – must accept responsibility for failing to penetrate these markets which mean so much to the Welsh audience. We must ask ourselves tough questions. Have we failed to organise ourselves properly? Have we failed to be demanding enough of our own talent? And failed to attract talent which could really give us breakthroughs? Have we been sufficiently ambitious? Have we been merely inward-looking? When we have looked to London and been frustrated, have we allowed ourselves to believe we can reach nirvana instead in producing for a Europe of the regions?”

However, he also noted the benefits of regulation, saying:

"Broadcasters often argue – as BBC executives in London did back in 1996 – that targets and quotas don't work. But the notion that commissioning is a kind of creative acte gratuit is, of course, nonsense. Broadcasters, whether they recognise them or not, have plans, quotas and targets for production and routinely slice their budgets by genre, tariff range and supplying department, company or production centre. Commissioners are highly skilled at maximising their freedom within these established constraints." ¹⁰²

Channel 4

Pact reported that:

“Channel 4 broadcast only 254.1 hours from Wales, Scotland and Northern Ireland in three years – they broadcast 5,255 hours from London independents within the same period.”

¹⁰⁰ P9

¹⁰¹ P15

¹⁰² BCC(3)-03-08 (p1)

and that

“Only 3.3% of Channel 4’s spend on independent programming went on production in the nations.”¹⁰³

Pact also reported that Channel 4 commissions from Wales increased from 32 hours of programming in 2004 (worth £2m) to 51 hours in 2006 (£3m).¹⁰⁴

However, it would appear that even Pact’s disappointingly low figures overestimate Channel 4’s investment in Wales. In its paper to Committee, Channel 4 stated that:

“Based on available data, Channel 4 has commissioned 15 projects with a combined value of £2.6m to five different companies in Wales since 1998. The commissions fall into two key genres – factual entertainment and sport. In 2007 Channel 4’s network-spend in Wales was £0.603m. This was up from £0.449m in 2006.”¹⁰⁵

In emphasising its commitment to Wales post switchover, Channel 4 stated:

“The current status of both S4C and Channel 4 will change, as there will no longer be any analogue TV broadcasting in Wales. S4C will become a primarily Welsh-language service, and Channel 4 will become a truly national broadcaster, available to all homes in Wales for the first time on a free-to-air basis. As a result, Channel 4 will be committed to ensuring that our core objectives are achieved across the whole of the UK, including Wales.”¹⁰⁶

In terms of quotas, Channel 4’s Stuart Cosgrove told Committee that:

“We have always adopted the policy that we as a broadcaster do not want to be placed in an uncreative, algebraic situation in which we are boxed into a corner and unable to commission the best content.”¹⁰⁷

Channel 4’s ‘Next on 4’ strategy contains specific commitments on strengthening the role of Channel 4 in the nations, including:

- Increasing the proportion of programme budget spent on the nations by more than 50 per cent by 2012.

¹⁰³ Pact, [The Production Trend Report for Out of London](#)

¹⁰⁴ Hours and value of UK first-run network programming (excluding News), Channel 4 in 2006 were 2,719 (hours) and £415m (value). Wales accounted for 2 per cent of total hours and 1 per cent of total value.

¹⁰⁵ BCC(3)-04-08 (p2)

¹⁰⁶ BCC(3)-04-08 (p2)

¹⁰⁷ RoP, p25, 12 May 2008, Broadcasting Committee

- Establishing a Nations Pilot Fund of £1 million to address the lack of critical mass in the production sector in the smaller nations.¹⁰⁸

While the 50 per cent increase in the proportion of our programme budget spent on the nations is to be welcomed, it needs to be acknowledged that this is an increase from a low base.

Welsh Assembly Government Aims and Strategies

The Welsh Assembly Government's key strategy in relation to the creative industries is the Creative Industries Strategy, launched in 2004. In their statement to Committee, the Deputy First Minister and Minister for Heritage noted that its approach to the creative industries had recently been reviewed and that, though the Strategy was still relevant and correct, changes were required in terms of delivery to ensure that the "...implementation of the strategy was sector led, strategically focused and better aligned with other key sectors".¹⁰⁹

A further key strand to the strategy is the IP Fund, managed and delivered by Finance Wales, which is used to finance intellectual property ("IP") assets across film, TV and new media.

The Welsh Assembly Government set out its commitment to the development of an integrated communications strategy, the key components of which can be summarised as:

- A strong BBC.
- Plurality of broadcast news and other content specific to Wales.
- Continued support for S4C.
- Channel 4 supporting Welsh based content and production talent.
- A strong production sector.
- Television representing Wales – its sporting achievements and culture as well as news and politics.
- Universal broadcast coverage where viewers and listeners in Wales have access to the same range of services as that elsewhere.
- A Comprehensive broadband infrastructure.

¹⁰⁸ Channel 4, [Next on 4 Press Release](#), 13 March 2008

¹⁰⁹ BCC(3)-06-08 (p1)

Radio

Radio in Wales is characterised by higher consumption relative to the rest of the UK, a relative strong national BBC service, and relatively weak local commercial sector. As with the roll-out of terrestrial digital television and broadband, Wales' terrain and dispersed population has restrained the development of DAB digital radio.

Radio audiences in Wales were higher than in any other UK nation in 2007. However, while the BBC's UK and Wales national services attracted a collective share of 62 per cent (8 percentage points higher than for the UK as a whole), commercial local stations attracted a 27 per cent share in Wales (5 percentage points lower than the UK average). As well as a relatively lower audience to the rest of the UK, commercial radio revenue per head is lowest among the UK nations, at £7.41 per head, some 91 per cent of the UK average of £8.11 per person in 2007.¹¹⁰

As noted in the earlier section on access to digital services, access to DAB in Wales is lower than for the UK as a whole, though with three local digital radio multiplex licences awarded in 2007-08, Ofcom has estimated that national DAB digital radio coverage from the BBC and Digital One multiplexes will have reached 74 per cent of the population in Wales by 2008, an increase of around 20 percentage points since 2006. However, even with increased development, local commercial DAB coverage was estimated to have reached around only 56 per cent of the population.¹¹¹

Lower access to DAB services is associated with lower ownership of DAB digital radios in Wales. In 2007, 14 per cent of individuals in Wales owned a DAB radio, compared to a UK average of 22 per cent.¹¹²

As well as the two BBC national services, and around 20 local commercial services, community services are now available in Wales. Community radio licences are issued for small-scale, not-for-profit radio stations operated for the good of members of the public, or of particular communities, and in order to deliver social gain.

During Welsh Assembly Government budget negotiations for 2007-08, £100,000 per annum for five years was set aside to support community radio in Wales.

Community radio is intended to be clearly distinct from commercial broadcasting and the BBC. However, the IWA noted that, while many community radio stations define themselves in terms of deficiencies of independent local radio, "in reality many community stations can sound

¹¹⁰ Ofcom, [Communications Report: Nations and Regions, Wales](#), 22 May 2008

¹¹¹ Ofcom, [Communications Report: Nations and Regions, Wales](#), 22 May 2008

¹¹² Ofcom, [Communications Report: Nations and Regions, Wales](#), 22 May 2008

remarkably like independent local radio stations – almost all are reliant on music to sustain hours of output”.¹¹³

In its evidence to Committee, RCT Community Radio Partnership raised concerns about licensing for radio in Wales, stating:

“At present all radio licensing decisions are made by the Ofcom Radio Licensing Committee which is a sub committee of the main Content Board. There is no direct Welsh representation. In our opinion this is not a situation which serves Wales well.”¹¹⁴

For example, it was highlighted that it would be beneficial for Restricted Service Licences (RSLs) to operate for eight weeks in Wales to benefit from increased audience involvement and reinforce the skills gained by the volunteers running the stations. However, RSLs are limited to four weeks because, “in England, in the big urban areas, there are so many applications that it would be really difficult to have eight-week licences.”¹¹⁵

RCT Community Radio Partnership also questioned the ability of Ofcom’s radio licensing Committee to take into account the specific needs of Wales without formal Welsh representation. Referring to two of Ofcom’s licensing decisions as examples, the radio partnership stated:

“Why Ofcom decided that awarding a licence for Hereford and Monmouthshire made sense in political or economic terms - or any other terms - is completely beyond me. Similarly, when it came to the last big licence that was awarded in Wales, which went to Xfm, had I been involved - which I probably would not have been - I would have wanted to see another speech-based station for south Wales; Wales is well served by music stations. Granted, it was a different kind of music station, but there are needs that should be addressed in Wales that cannot be addressed by a committee in London that has no Welsh representation whatsoever.”¹¹⁶

In addition to the licensing issues, it also raised concerns at the lack of strategic management of community radio in Wales, highlighting Ireland’s Community Radio Forum as an “extremely good example of how much more effective stations can be when they have formal links between them”.¹¹⁷

RCT Community Radio Partnership noted its current reliance on the Independent Radio News (IRN) service. Calling for a Welsh independent news service it said:

¹¹³ BCC(3)-03-08 (p2)

¹¹⁴ BCC(3)-05-08 (p2)

¹¹⁵ RoP, p19, 19 May 2008, Broadcasting Committee

¹¹⁶ RoP, p19-20, 19 May 2008, Broadcasting Committee

¹¹⁷ BCC(3)-05-08 (p2)

“Most community stations don’t have sufficient funding to employ journalists, and so, if they carry news at all, like many of their commercial counterparts they will take IRN (Independent Radio News) for their bulletins. IRN (being a subsidiary of ITN) in common with other news services (such as Sky Radio News which an increasing number of commercial stations here in Wales now use as the mainstay of their news, purports to cover the UK, but doesn’t. Indeed much of what it does cover isn’t relevant to Wales, post devolution.”¹¹⁸

In its oral evidence to Committee, it added:

“most of what IRN reports is not relevant to Wales and it does not have any reporters in Wales - it is the same old story. In my view, the most important thing that could be done in conjunction with the PSB review - if we could find the money from somewhere to support PSB outside the BBC - would be to ensure that there was a Welsh independent news service because it could be fantastic for democracy in Wales to have that.”¹¹⁹

Town and Country Broadcasting talked of how it supplements IRN press releases with a local news service:

“We broadcast news throughout the day on all of our services - we are quite traditional in that respect, so it is at the top of the hour. It may be compiled completely in-house, by making a jigsaw of news from IRN, press releases, or people phoning us up or sending us details. During peak times, we set the complete news agenda.”

However, it highlighted the economic realities of trying to provide a local news service, adding:

“Outside peak times, we tend to broadcast three minutes of national and international news, which is provided by IRN in London, and then a summary of the main local news for the station’s broadcast area. That is purely a resource issue - if we had a larger newsroom, then we could provide a mixed bulletin right through the day, and I set a proper Welsh news agenda in keeping with the audience that we serve. I would passionately like to do that. However, the economic reality of commercial radio audiences after 7 p.m. is that it is easier for us to put a fader up and have that news delivered than to provide it ourselves.”¹²⁰

¹¹⁸ BCC(3)-05-08 (p2)

¹¹⁹ RoP, p18, 19 May 2008, Broadcasting Committee

¹²⁰ RoP, p26, 19 May 2008, Broadcasting Committee

4. Key Issues

The key issues that the Committee addressed are as follows:

- The Ofcom PSB Review
- Devolution and accountability
- Future funding of public service broadcasting
- Plurality in Wales
- The portrayal of Wales on UK networks
- The place of Wales in network commissioning

The PSB Review

Ofcom's current review of Public Service Broadcasting – the “second Public Service Broadcasting Review – the digital opportunity” - rightly outlines the major challenges to the viability of PSB and poses the question why plurality of supply of content, in programmes and services, in television, radio and online - is important in Wales.

It points out what it considers to be the differences in audiences' needs in Wales, following the previous public service broadcasting review in 2003.

It states “the key issue as sustaining democratic plurality, given the increasingly devolved nature of Welsh government. The issue is amplified by the relative absence of competition at national press level, compared to Scotland and Northern Ireland. The place of the Channel 4/ITV1 service in news and current affairs is crucial in providing an alternative to the BBC.”

Ofcom's Four Models

Ofcom's four Models for the future of public service broadcasting at present do not offer sufficient detail that would allow for a definitive assessment.

Model One; Evolution

This model proposes a minimalist approach towards the gradual whittling away of ITV's public service obligations.

Model Two; BBC only across the UK, plus S4C in Wales

This model is unacceptable since it leaves the BBC as the sole provider of English language programming from Wales. ITV Wales would cease to exist.

Model Three; BBC/S4C/C4 plus competitive funding

ITV would cease to have any public service broadcasting responsibilities but Nations' content could be delivered by “long-term but transferable funding agreements with other providers, awarded competitively through a funding agency.” It is not clear on what channel or through delivery mechanism this might be delivered.

Model Four; Broad competitive funding

Money would be made available for public service content beyond the BBC. Commercial providers would not retain a PSB role.

The Committee received evidence in support of creating a Fund for PSB content in Wales. Green Bay, for example, advocated the creation of a 'Production Fund' similar to those in Canada and the Irish Language Broadcast fund in Northern Ireland.

It is the Committee's view that another option may be more appropriate for conditions in Wales.

The alternative option we propose would concentrate on ensuring the continuing viability of an alternative PSB provider to the BBC in Wales, by providing that ITV Wales continues with its present PSB commitments – in both news and non-news – until 2012, at least.

However at the same time, the Committee recognises that further support may be necessary in the medium term. The Committee therefore recommends that in these circumstances a PSB Fund be created which would support the creation of new and original programming and content. The funding and structural arrangements for this fund are described later in this report.

Devolution and Accountability

One of the first questions asked by too many people in debating broadcasting is – should broadcasting be devolved?

In terms of the devolution of broadcasting policy the Committee heard some very different points of view. Our view is that the answer is far more complex than the question suggests and that the best response is to ensure that there are clear and workable lines of accountability.

The Welsh Affairs Select Committee, in its Report on Broadcasting (1999), stated that "it is to be hoped that the Assembly will take a close interest in broadcasting matters", and that "consultation with the Assembly" should not mean solely "consultation with the Assembly executive".

The Report also recommended that "direct appointment, or at least approval of appointments, by the Assembly, would, far from obscuring lines of accountability, underline the accountability of these appointees to the people of Wales, and would if anything, enhance the independence of the bodies involved."

The Committee concurs with these views, and hopes that action taken on the implementation of this report will fulfil the ambition of the Select Committee.

The Committee believes that too much of the debate has focussed on the devolution of policy and misses the reality that much of the implementation of

policy is already devolved. For instance, the Committee took evidence on the development of the cultural and creative industries in Wales. The responsibility for the development of an industrial policy to support and underpin this sector is already the responsibility of the Welsh Assembly Government. At the same time the Welsh Assembly Government plays an active part in important appointments such as the Chair of the S4C Authority.

There appears to be little reason why devolved structures of accountability cannot be created which would provide democratic scrutiny and would reflect the reality of this situation.

It appears that all too often debates about the transfer of responsibility for broadcasting to the Welsh Assembly Government have tended to focus upon the place of S4C rather than a wider debate on the nature of broadcast policy-making. The Committee has considered the arguments for devolving responsibility for S4C alone and is not convinced that devolving responsibility for S4C would answer the more fundamental questions of accountability. It would also not address the equally important issues of English language programming on ITV and BBC services. The Committee believes that it is more relevant to Wales' future needs that a holistic view is taken and that broadcasting in both languages is treated in the same way.

The Minister for Heritage expressed general contentment with the current systems and structures of accountability and policy-making.

Giving evidence to the Committee, he said,

“A memorandum of understanding exists between us and the Department for Culture, Media and Sports in Westminster, and I have regular meetings with Andy Burnham, the Minister... I also have regular meetings with Ofcom, as does the Deputy First Minister, and, on the whole, we hold those meetings jointly. I also hold meetings with the broadcasters in Wales. It is true to say that those meetings are held on a voluntary basis, but they take place regularly.”

The Committee does not accept that this represents accountability nor does it provide for effective scrutiny.

The structures that the Minister has described are inadequate in that they are informal and private. There is little or no means of open transparency in terms of either the creation of broadcasting policy specifically as it impacts Wales or the accountability of broadcasters and regulators. These structures may have been adequate in terms of the pre-devolutionary unitary state but are wholly inappropriate for the post-devolution United Kingdom.

Broadcast policy is directly relevant to the expression of national identity in Wales and to expression of our different cultural identities within Wales. It is therefore essential that the policy-making and decision-making structures are open and accessible.

The UK Parliament is clearly the most appropriate place for debates on the wider economic regulation of the broadcasting industry. When Welsh issues are raised in the UK context they tend to be specific and related to structural or representational issues such as the place of Welsh language broadcasting or the place of Wales on the boards or committees of different regulators. There has been little debate or recognition of the importance of many of the content issues that will be of increasing importance in post-devolution UK and neither has there been any real debate on the portrayal of Wales or on the economic issues created by commissioning decisions from the main PSB broadcasters in the UK.

It is necessary to create new means and mechanisms of accountability whereby UK broadcasters should be accountable to Welsh-based structures for their decisions and policy directions. The Committee outlines below how it believes that democratic scrutiny and accountability can be improved within different institutions.

National Assembly for Wales

Both the Welsh Assembly Government and the National Assembly for Wales have agreed to the principles embodied in Sir Jeremy Beecham's report on public services, to ensure that both institutions act on the principles of accountability and scrutiny, in order to hold public institutions to account on behalf of the citizens of Wales.

The Committee notes that there has been no other scrutiny of this area of activity by any committee of the Assembly this session.

At present, responsibility for scrutiny of communications is divided between the Communities and Culture Committee and the Enterprise and Learning Committee of the National Assembly.

It is our belief that this area of policy is so important for Wales for the remainder of the term of the third Assembly, that it should be scrutinised by a single standing committee.

We have been encouraged by our experience working as a small committee of four members, and we believe that an Assembly standing committee should be established with a similar brief for the same area of policy.

It should be responsible for scrutinising the work of the Welsh Ministers in relation to broadcasting and related cultural and creative industries; the development of broadband, IPTV and associated technologies.

We recommend that the National Assembly should create a standing committee on communications. The committee should receive annual reports from each of the public service broadcasters and regulators – Ofcom, S4C, BBC, ITV and Channel 4 – and hold sessions with each body, and with each Wales representative of each body. The committee

should work closely with the Welsh Affairs Select Committee to ensure joint scrutiny whenever practical.

The role and purpose of this communications standing committee is

- To examine and provide annual reports on the portrayal of Wales in UK public service broadcast networks.
- To examine and report on the commissioning of programming from Wales.
- To provide regular reports on the place of Wales in the news and current affairs programming of PSB broadcasters.
- To monitor and report on progress of the digital switchover in Wales.
- To provide scrutiny of the appointments made by the Welsh Assembly Government to broadcasting bodies representing Wales.

There are few formal mechanisms of accountability available to the National Assembly and the Welsh Assembly Government to consider the performance of broadcasters and regulators at present.

There is a concordat between the Welsh Assembly Government and the Department for Culture, Media and Sport. The DCMS has undertaken to consult the Assembly Government about appointments to the S4C Board and about “Welsh representation on other broadcasting bodies” – presumably the BBC’s National Trustee.

As the Select Committee pointed out in 1999, if the Welsh Assembly Government is to be consulted, and if the DCMS is to take their advice, should not the Assembly Government, or the National Assembly for Wales, be responsible for making the appointment?

The Committee therefore recommends that the National Assembly for Wales, through the appropriate Minister, should appoint the chair of S4C’s Authority, and appoint the BBC’s Trustee for Wales, who is also chair of the Audience Council for Wales; with the National Assembly’s new standing committee confirming the appointment.

The appointment of the chair of the S4C Authority could be achieved by transferring the powers to Welsh Ministers by Order in Council under Section 58 of the GOWA 2006 (i.e. transferring the SoS’s function under Section 56 of the Broadcasting Act 1990). The Committee believes that this appointment should also be subject to confirmation by the new Assembly committee.

The Committee recognises that the appointment of the Trustee would require a change to the BBC’s Royal Charter.

In the evidence given to the Committee, there was a consensus that S4C should not be devolved to the National Assembly in isolation from other elements of broadcasting.

We believe that the Welsh Assembly Government should adopt a formal Memorandum of Understanding with Ofcom, similar to the present Memorandum of Understanding which exists between the Scottish Government and Ofcom.

We welcome the readiness of the relevant institutions and companies to report to the National Assembly on at least an annual basis and we believe that mechanisms should be put in place by the National Assembly to ensure this scrutiny is adopted on a regular basis by the new standing committee of the Assembly.

Whilst broadcasting is not devolved to the National Assembly, important aspects of broadcasting policy are heavily influenced by the Welsh Assembly Government; such as the creative industries, the provision of delivery mechanisms such as broadband and IPTV, and in the relationship between broadcasting and cultural and language policy. The Committee considers that there is at present a deficiency in the scrutinising and the holding to account of broadcasters and of the regulators by the people of Wales.

We believe that the Welsh Assembly Government has an important role to play in ensuring the success of broadcasting in Wales, and its relationship with other sectors.

The Minister for Heritage has already stated he is committed to creating a ‘communications strategy’. We recommend that he does so as a matter of urgency. It should include those policy areas within the Welsh Assembly Government that deal with broadcasting policy, creative industries policy, language and culture and broadband policy, and they should be brought together as one cross-cutting policy unit, working across the present departmental structure.

The Committee believes that the Welsh Assembly Government should work collaboratively with other organisations, including specialist broadband and IPTV companies, and higher educational institutions, to develop a better understanding of their work.

We believe that Welsh Ministers should play a fuller part in the development of communications policy in the UK context. We are concerned that the Welsh Assembly Government does not seem always to be ‘in the loop’ as UK policy is being shaped in telecommunications, creative industries, and broadcasting, as evidenced by the lack of input by WAG in the UK Government’s “Creative Britain – New Talents for the new Economy”, and as accepted in his evidence by the Assembly Minister for Heritage.

We recommend strongly that the Welsh Assembly Government should monitor and provide a response in a timely fashion, to both phases of

Ofcom's second review of Public Service Broadcasting. The consultation for phase two will be published in the autumn.

At present, the Welsh Assembly Government is represented by the Department for Culture, Media and Sport on the UK Government's Convergence Group, which is at present reviewing the whole of broadcasting and regulation in the UK. We recommend that the Welsh Assembly Government should have direct representation on the Group as a matter of urgency.

The Welsh Assembly Government should work closely with the broadcasters and the independent sector in Wales to identify and encourage talent in Wales and the development of independent production.

The Welsh Assembly Government should commission an annual assessment of the portrayal of Wales on network output by each of the main PSB broadcasters, including news provision.

The role of the Wales Office

To date the Wales Office (and previously the Welsh Office) has not played any serious or significant role in the management of broadcasting policy except the right to be consulted on appointments. The Secretary of State has no formal role in broadcasting policy except that of representing the interests of Wales in the UK Cabinet and the wider UK Government.

The Committee believes that the Secretary of State and the Wales Office has the potential to play a far more creative role in providing a Welsh input into the development of UK policy in this field

The role of the Welsh Affairs Select Committee

The House of Commons Welsh Affairs Select Committee has held two recent investigations into broadcasting, publishing a major report in 1999 and again earlier this year as a part of its wider investigation into globalisation.

The 1999 report on broadcasting was the first report by the Welsh Affairs Select Committee for over twenty years and it recommended that the National Assembly make appointments to various broadcasting bodies. At that time in response the UK Government felt that such an approach would blur the lines of accountability. The Select Committee disagreed with this position.

The Committee also recommended that the Assembly represent Welsh interests and Wales's view during debates on future regulatory changes in Whitehall and Brussels.

The Select Committee found that the UK Government's plans for consultation with the Assembly were "a little vague".

The Committee believes that the Welsh Affairs Select Committee has the potential to play a greater role in the future. We make some recommendations on the potential for joint scrutiny in this report but recognise that further opportunities for joint working will arise out of further discussions. The Committee looks forward to the Select Committee playing a wider role in this policy area in the future.

Ofcom's accountability

In terms of the regulation of broadcasting for Wales, the Committee recognises two important and related issues. Firstly there is the formal representation of Wales within Ofcom's decision-making structures, and secondly there is the structured and formal accountability of Ofcom for decisions taken in any particular aspects of its responsibilities.

The place of Wales within the structures of Ofcom was graphically illustrated during the course of the inquiry. At the Committee's first formal evidence-taking session in May we heard evidence from Mr Ian Hargreaves who reassured the Committee that he was able to represent the interests and needs of Wales. By the end of the month he had accepted a new role in the Foreign Office and had left Ofcom.

Ofcom's chief executive, Ed Richards in giving evidence to the Committee defended the current arrangements;

"We have clear structures and means by which we ensure that concerns and issues in Wales, but also in Scotland and Northern Ireland, are brought to the fore in all of our decision making."

Earlier in our inquiry the Committee heard from Simon Gibson, a member of Ofcom's consumer panel, said quite categorically in reference to Ofcom that:

'the nations and regions have not been at the forefront of thinking. There is a metropolitan approach to everything'.

Ed Richards' response to this assertion was;

"Describing us as having a metropolitan bias or being prejudiced... is simply inaccurate, and I cannot accept that. The record shows clearly that that is not the case. We have a record of work, of research, of policy consideration and direct engagement by not just me, but by other members of the senior executive team and the board over four or five years that establishes the contrary position. I am happy to debate the substance of that; it is the substance that matters. It was an easy remark to make, but I do not think that it has any foundation in reality."

The Committee recognises the hard work that Ofcom has done to inform the public debate on communications and broadcast policy. However the Committee believes that the present informal and casual representation of Wales at Ofcom's most senior levels is no longer acceptable.

The Committee recognises the strength of arguments that were put forward by UK Ministers in parliamentary debates on the 2003 communications legislation. The compromise agreed during the passage of the 2003 legislation was that a new content board and consumer panel would have representation from Wales and would advise the board on issues such as those specific to Wales. This would allow the new agile “small and lean” board to act quickly and take into account a whole range of interests in its decision-making.

However the Committee is now persuaded that the best interests of Wales are served not by this ad hoc and casual arrangement but by the appointment of a permanent Welsh representative on the Ofcom Board. The Committee believes that this appointment be made by the Welsh Ministers with the National Assembly’s new standing committee confirming the appointment.

Ofcom itself points out the changing reality of a devolved asymmetrical UK. When Ofcom was set up, it argued that the central executive team needed to be small and compact and responsive to a fast changing market; we believe that the growth of devolution and the diverging nature of the broadcasting and telecommunications markets across the nations of the UK, require a better understanding on an executive level and the need for direct representation on Ofcom’s Executive Board.

We believe that both Wales, and Ofcom, would benefit from having direct representation on Ofcom’s main Executive Board. We recommend that Ofcom should have a member of its Board as a representative of Wales. We recommend that the member should be appointed by Ofcom in consultation with its Advisory Committee for Wales.

S4C

The Welsh Affairs Select Committee in its 1999 report on broadcasting found that S4C’s accountability arrangements were “weak”. The Committee notes that since that time S4C has made some progress in strengthening its methods of governance and has reformed the role and place of the S4C Authority.

The Committee received some representation on the future role and remit of S4C, specifically that it should broadcast English language programming from and about Wales.

However, the Committee agrees with the point of view expressed by Ofcom’s chief executive in his evidence;

“Messing around with S4C’s remit and its core purpose is a very dangerous thing to do. It has a tough enough job as it is in a multichannel, digital world, and my experience of organisations of this kind is that when they face tough circumstances, as is the case here, if you start messing around, diluting and confusing their core purpose, you are very likely to undermine the delivery of that core purpose, and I would do that with great uncertainty. Organisations are effective when they have clear purpose and they know what they are there

to do. Giving them multiple purposes, so that they are trying to do something over here as well something over there, could undermine the delivery of both.”

The Committee therefore recommends that there be no change to S4C’s remit and that this remit be strengthened for the future.

However the Committee believes that the mechanisms of S4C’s public accountability remain weak. Whilst the Committee feels that it would not be reasonable at present to devolve responsibility for S4C to the Welsh Assembly Government, it is essential that greater accountability and transparency are introduced into the regulation of S4C.

The Committee believes that there needs to be greater distance between the Authority and the senior management if effective regulation and supervision are to take place.

The Committee believes that S4C should have access to all delivery platforms including FreeSat, Freeview and cable services throughout the UK. The Committee recognises and accepts S4C’s argument that this is not financially viable at present and recommends that Ofcom makes carriage of S4C services an obligation for all operators.

The Committee therefore recommends that the DCMS should provide the resources to achieve the objective of universal coverage of S4C throughout the UK.

The Committee welcomes S4C’s continued commitment to broadcasting the proceedings of the National Assembly on its S4C2 service. The Committee looks forward to the report and proposals of the joint S4C/BBC working group on the subject. The Committee expects the BBC and S4C to ensure that access to the proceedings of the National Assembly remains a key part of the broadcasters’ commitment to Welsh democratic structures and active citizenship in Wales.

The accountability of the BBC

The Committee notes and accepts the evidence given by Sir Michael Lyons;

“There is an important issue of principle about the independence of the BBC and the way that it is established under the charter. By that, it is important that the trust clearly holds itself open to dialogue with the Westminster Parliament and the Assembly, but that it is not held to account by them. If you are happy to follow me in the distinction between those - and I believe that we are as clear with Westminster committees as we are with Cardiff committees - the distinction is that we should not leave in the public mind for a moment the suggestion that the BBC has suborned its independence in that dialogue. Therefore, we are absolutely clear that we are here today - and on other occasions when you might invite us - to talk about progress made against the clear public targets and objectives that are set for the BBC, but that stops

short of being accountable to either Westminster or indeed any other elected body.”

The Committee recognises that the independence of the BBC has to be absolute and that that independence has been real and public.

The Committee seeks to recommend that the appointment of the BBC Trustee for Wales – currently a Crown appointment made by the DCMS – be made in the future by the relevant Welsh Minister and confirmed by the National Assembly in order to create a means and mechanism to recognise the role of the Welsh Assembly Government in broadcasting policy. It is not the intention that this should represent any wish to see political interference in the operation of the BBC.

At the same time the Committee is concerned that the new Audience Council for Wales is seen to be challenging the management of BBC. The Committee believes that at present there is a danger that the Council does not challenge management enough. In its evidence the Audience Council said;

“It is not the role of the audience council to challenge local management directly. The audience council’s role is trust-facing, and the better informed it is in performing that role, the more valuable its comments.”

The Committee expects the Council to mature quickly and to provide a real and strong view for the audience and to actively promote wider discussion and debate of the BBC’s role and remit in Wales.

Plurality in Wales

The Committee sees plurality as being far more than simply news and current affairs. It sees plurality as underpinning and guaranteeing the cultural expression of people throughout Wales and reflecting their everyday experiences on the TV (or other) services. To achieve real plurality there is a need for different voices and different tones. It is the view of the Committee that this can only be achieved by different broadcasters.

The Committee notes the evidence and opinion of the Audience Council of Wales that plurality can be achieved through the different services provided by BBC Wales – “there are two different types of choice. There is a choice that you can create internally, or a market that you can create internally, as well as one that you can create externally.”

The Committee rejects this view. The BBC has clear editorial processes, guidelines and operating policies. This view of plurality would mean that any voice would need to conform to the editorial guidelines and requirements of the BBC. Such a definition of plurality would clearly make nonsense of different and competing views of the world.

The Committee prefers the view of the BBC Wales Controller, Menna Richards, who said in evidence that:

“We recognise the threat to plurality, which is a key issue in Wales, exacerbated by a weak press. The BBC welcomes competition; it is good for Wales, good for the industry. We would prefer to see a continuing role for ITV Wales given its heritage and its ability to deliver significant audience reach.”

Menna Richards also pointed out the danger of limiting the discussion to news programming only; “there is an argument that the plurality of non-news output also attracts audiences... There is a counter-argument to that which is that provided that there is diversity of approach within one broadcaster, then that provides sufficient plurality. In a place such as Wales, I think there are slightly different arguments.”

At the same time Ed Richards of Ofcom pointed out that;

“We agree that it is a serious concern and that the question of plurality in general is crucial, especially in news and current affairs in Wales. This is also the case in Scotland and Northern Ireland, but there is an even more acute argument in Wales.”

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.

The importance of maintaining an alternative mainstream provider to the BBC in Wales is amplified by ITV Wales’s performance of its programming in peak. ITV Wales is broadcasting twice as much non-news output in peak-time (6pm – 9pm) as does BBC1 Wales. Losing this service on ITV would mean a substantial reduction in the number of people of Wales accessing Wales based programming.

We believe that ITV is in a financial position to sustain its public service broadcasting commitments in Wales until 2014. We expect Ofcom to ensure that the present level of service, in terms of hours, scheduling and funding, is maintained.

If ITV plc withdraws subsequently from its public service obligations, we believe the licence for Channel 3 should be separated from the Channel 3 licence for England and advertised separately, with specific public service provision. We also accept that there will be a demand for additional funding, beyond the BBC, for funding of public service broadcasting from the time ITV relinquishes its PSB provision. We believe in those circumstances that Ofcom should ensure that a PSB content fund be created in order to address the withdrawal of PSB programming by ITV.

We believe such a fund should be available to be bid for by at least one mainstream provider, such as the replacement licensee for ITV, in order to sustain the present level of PSB output in peak on a network mainstream service. However we would also wish PSB funding to be available to other providers, in other media.

Ofcom will be considering as part of the next stage of its consultation process, what sources of funding might be made available for PSB.

We recommend that a Channel 3 licence for Wales, separate from the ITV licence for England, be created and we recommend that the possibility of creating an affiliated licence for Wales is considered further by Ofcom and ITV.

Future funding of public service broadcasting

The Committee recognises the points that were made by Mr Michael Grade in his evidence. However the Committee believe that the interests of plurality are best served by ITV continuing to broadcast news and non-news programming for Wales.

We do not believe that the changes in ITV's operating environment that have already taken place and will continue to take place over the coming years will have the impact that ITV is predicting. For most people in Wales digital switchover has already happened, many, if not most are familiar with the technologies and choices that are available online and via other delivery platforms. The Committee accepts that the direction of travel is clear and that changes will occur with increasing competition and more intensive competitive environment. However the Committee contends that change will be more incremental and will occur over a longer period of time.

The Committee believes that whilst we should maintain the present position of PSB as far as practical we should also acknowledge that this position may not be sustainable in the medium term, possibly after 2014. However there is a real need, from the citizen's point of view to ensure a new settlement in place from 2014 onwards.

Whilst a new Broadcasting Act may be put in place by 2011; there will be the completion of digital switchover across the UK; the review of the BBC's licence fee will be held, together with the five year review of S4C, and all this within the context of dynamic and swiftly evolving constitutional and political change across the UK. That change will be nowhere more so than in Wales.

Our view is that the present position in Wales is sustainable until at least 2014. We expect Ofcom and the UK Government to secure the present position until at least that time. We accept that the present position is not sustainable in the longer term after 2014; there may be different options of funding such as raising money through the sale of spectrum; payment for regulatory assets, and levying parts of the industry, such as content and online search providers.

We have received evidence that has suggested a number of ways to plug the gap in the provision of PSB.

Several witnesses have opposed the diversion of money from the BBC's licence fee to fill the gap. There has been an argument that top-slicing the BBC removes a link between the licence fee payer and the BBC, however, is not borne out by licence fee payers' views, 20% of whom do not understand there is any link at all.

It is our view that the element of the TV licence fee at present allocated to fund the public information campaign for digital switchover, and delivering the help scheme, should be allocated to pay for the shortfall in the provision of PSB in the nations and regions of the UK, on other services than those of the BBC.

This sum equates to circa £130 million per year. We agree with Ofcom's suggestion that this money could be allocated through a third party, such as a PSB Agency, and allocated to content providers in Wales, Scotland, Northern Ireland and the English regions. On a very crude basis, 5% of this budget would be equivalent to £6.5 million, and equivalent to two thirds of what ITV states to be its current programme spend in Wales.

Whilst at present there is no formal top-slicing of the BBC's licence fee, there are instances already of the BBC ring-fencing funding for particular services such as the Gaelic Media Service (regulated by Ofcom), and S4C (regulated by the S4C Authority).

We agree that there will be a need to fund public service broadcasting beyond the BBC after 2014. We believe that, while the Channel 3 franchisee may still be a major provider of PSB programming in Wales, it may not be the only provider.

We therefore recommend that the £130 million which is currently identified as the element of the licence fee allocated to the BBC's work in facilitating the digital switchover process, be used from 2012 to part-fund PSB provision across the UK, with an appropriate proportion assigned to a mainstream service in Wales, similar to Channel 3's present service for Wales.

We believe that PSB funding should be made available to other providers, including community and commercial radio and online, IPTV, and broadband content providers.

News coverage of Wales

The portrayal and coverage of Wales in network news and current affairs programming is an important component of how Wales is portrayed in the networks.

Our inquiry coincided with the publication of the report by Professor King, commissioned by the BBC Trust; an independent assessment for the BBC Trust of the BBC's Network News and Current Affairs coverage of the four UK Nations; known as the King Report.

The BBC Trust is to be congratulated in commissioning an independent assessment, and we welcome the honesty of the report. The report demands swift action from BBC Management and we look forward to receiving details of the actions the BBC intends to take, in order to improve its performance in this area.

The Committee was disappointed by the response from BBC management to the King Report.

The BBC Director General, Mark Thompson, said in evidence,

"I was disappointed at the lack of coverage around the 2007 elections, and in particular the aftermath. My sense is that there was very good coverage by BBC Wales across its output, but that they were insufficiently covered on the UK news outlets, and it is worth saying that that was not because those outlets were at that point obsessed with, as it were, English politics, but-and this is a failing - UK politics, and the centrality of UK politics, meant that some aspects of what was going on here was not reported at all."

However the Committee accepts that the BBC management now recognise the scale of the problem that they are facing.

Mark Thompson also said to the Committee that;

"We now have in front of us a significant test for the BBC, which it can pass or fail, and I would expect all of you to be watching what we do very closely in the next few years; I am under no illusions about that and neither are my colleagues. This is an area where we know where we can and must strengthen what we do, and we are committed to doing that."

The Committee welcomed the statement made by Sir Michael Lyons that;

"I am eager to leave you with a very clear message today in response to the unstated question of why you should have more confidence in the BBC in the future, given that it appears to be in deficit in a number of areas in the past. I want to underline, again, the role of the new governance arrangements and to use this as a case study perhaps. What we offer you is much more than the very strong personal commitment of the director general, critical though that is to this being delivered."

We were surprised and appalled however by the assertion made by the BBC's Director General, Mark Thompson, that the reason more stories from Wales did not appear on network news was because the BBC's newsrooms outside London sometimes hid stories from their network colleagues. No evidence was produced to support his claim, and the King Report did not suggest that

this was a factor in the poor coverage of Wales by BBC network news and current affairs.

We recommend that the Welsh Assembly Government should consider the BBC senior management's response to the King Report and regularly monitor the implementation of the BBC's action plan. The Welsh Assembly Government's monitoring report should be published.

Network production from Wales

We have been encouraged by the response of the BBC to agree to measurable targets for network production from Wales, between now and 2016, amounting to a minimum of 5% of qualifying production, and a value of at least £50 million on that programming.

We recommend that progress towards this and other targets that should be set for all remaining PSB channels should be monitored by Ofcom and the Assembly Government.

However, we are also aware that the BBC's track record does not inspire confidence. The Committee noted the evidence from the BBC that at least one of the reasons that it is moving commissioners and channels out of London is to encourage and stimulate the production sector throughout the whole of the UK. The Committee believes that the BBC should move all of its major channels and commissioners out of London to different parts of the UK. The Committee believes that the metropolitan culture is so strong within the BBC that this is the only way to create real and long lasting cultural change within the BBC which would lead both to sustainable production sector throughout the UK and also better portrayal of the UK on the BBC networks.

To this end, the Committee welcomed the recognition from Mark Thompson that such change is now necessary;

"We are also looking, separately, at whether or not there are opportunities to move network commissioners - people who commission strands, one-off series and other programmes - out of London and into the rest of the UK."

The Committee also welcomes Mark Thompson's assessment that;

"The success that we have seen in the commissions from Wales in recent years is evidence of the incredible wealth of talent that is here. One of the most important things to say is that, when I come to Wales, I am struck by the incredible creative opportunities. We talked about some missed opportunities in journalism, but it is important that we seize the opportunities that we have for creativity across the board in Wales. The fact that BBC Wales has been on an upward cycle of winning commissions suggests that more and more London commissioners are recognising that. We now have a carrot and a stick in place. The stick is that we have some hard economic targets that we are committed to meeting and which will be up for external scrutiny, but the

carrot is that what we have seen coming out of Wales in recent years has been a string of outstanding programmes.”

In particular, the growth in network production for the BBC in Wales should not be confined within in-house BBC production, but should be commissioned from the independent sector throughout Wales.

ITV’s record of commissioning programming from Wales for network audiences is terrible. No network programmes have been commissioned from production companies in Wales during the past three years. This is wholly unacceptable.

The portrayal of Wales on UK networks

Wales is the UK’s invisible nation in terms of its place on TV screens.

No UK network lives up to its boast that it reflects the lives of people throughout the UK. Each UK PSB broadcaster is, in different ways, London-centric and everyday life in Wales is reflected no where, in any genre at any time on the schedules.

This is failure of regulation, it is a failure of accountability and it is a failure of democratic scrutiny.

The Committee recognises that each broadcaster has made commitments that it will seek to improve the situation. However the Committee is not convinced that any one of the UK broadcasters will achieve these ambitions unless there is continued political and public pressure.

At present, ITV plc’s licence conditions include public service obligations for ‘out of London’, but none for ‘out of England’. We recognise that Ofcom has no statutory role to regulate the level of production commissioned from Wales. However we do believe that given the resources and role of Ofcom in regulating the overall broadcasting ecology, the regulator could have played a far more proactive role in seeking to promote the importance of commissioning from throughout the whole of the UK – including Wales. The Committee is disappointed that Ofcom did not play such a role.

We feel that if ITV plc wishes to continue as an UK broadcaster, it should reflect the diversity and richness of character of the whole of the UK, rather than limiting itself to reflect the south-east of England and parts of the north of England. We encourage ITV to engage more constructively with the independent production sector in Wales. We request ITV to consider how to improve its ‘poor’ record both in portrayal and separately in the commissioning of independent productions from companies based in Wales.

We recognise and welcome the commitment made recently by the BBC management that it will seek to improve the situation by the establishment of a drama village in Wales. However the claims made by the Corporation that the success of Dr Who and Touchwood are real demonstrations of the place of

Wales on the BBC networks simply underline the fragility and vulnerability of the current situation. The Committee expects to see the BBC ensuring that everyday life in Wales is a regular part of its scheduling and not a one-off.

Channel 4

Whilst welcoming Channel 4's positive attitude towards more network commissioning, we note that there is no specific target for commissioning from Wales. Channel 4 told us they have only commissioned 1% of their programming from companies in Wales over the past ten years, and hope to double that number, which would take the budget to £1.2 million.

We are encouraged by Channel 4's undertaking that because of digital switch over and the universal availability of Channel 4 separately from the S4C service, the channel now accept their responsibility to commission more content from Wales.

We consider that as a public service broadcaster, Channel 4 should be required by Ofcom to achieve a minimum target of 5% of network production from Wales by 2012.

We recommend that Channel 4 should also audit and review its coverage of Wales on its news services, and review its portrayal of Wales in its programming, with view to ensuring that in keeping with its overall remit, that it should reflect Wales.

However, it is not totally the responsibility of the broadcasters to meet the challenge of commissioning more content from independent companies in Wales and to ensure that Wales is portrayed more often on screen.

Independent companies such as Green Bay themselves recognised they had failed to engage sufficiently with the broadcasters. Channel 4 was critical of their experience in dealing with the Welsh Assembly Government, and stated that independent companies had been rendered too complacent by their access to S4C, and the lack of motivation to compete.

Both ITV and Channel 4 complained about the paucity of proposals being generated by independent companies in Wales; and the chief executive of ITV perceived a 'mismatch' between ITV's needs and the Welsh independent sector.

In a letter to the Chair, following his appearance before the Committee, Michael Grade, Executive Chairman of ITV plc, stated – "I would re-emphasise how keen we are for potential ideas for popular shows to come through us, and there is absolutely no barrier within ITV to entry to ITV network programming from any part of the UK. We treat all production companies, throughout the UK, equally – a meritocracy in which we commission the best ideas from wherever they come. We don't mind where they are made but equally we do not want to be told where they should be

made. We make them where it is right to make them, in the appropriate location.”

Digital Switchover

We were encouraged by Digital UK’s assurances that the timetable for digital switchover is ‘broadly on track and on time’.

We were informed by S4C of their concern about the digital switchover process and the phasing of the move of S4C services onto the public service multiplex between autumn 2009 and March 2010. Their concern is there may be a time lag between the move to a new multiplex, and digital switchover. During that time S4C services would not be available in parts of Wales, starting with the gradual switching off of analogue transmitters, and starting with the Preseli transmitter in autumn 2009.

Digital UK recognises the issue and said that “there is a possibility, more theoretical than technical, that there may be a period during which S4C is not available. I consider that to be unacceptable and we and every one else must put pressure on the broadcasters and on Ofcom to ensure it doesn’t happen.”

Digital UK confirmed that 73% of the population would be able to access S4C2 on DTT after switchover, and it would not be available via DTT to the other 27% of the population since it is on a commercial multiplex. The areas where the service will not be available are mainly rural areas and those not reached by the eight main transmitters.

Amongst the areas most affected is Wrexham, where the Winter Hill transmitter in England provides 60 channels on the six commercial and PSB multiplexes compared to the service from Moel y Parc in Wales which only provides 30 channels on DTT, on the three PSB multiplexes only.

We recommend that Ofcom works with S4C to ensure that S4C services are continuously available on digital platforms during the switchover process throughout Wales.

The Committee is concerned that digital switchover in radio in the foreseeable future would mean that listeners in Wales would be disadvantaged by the lack of coverage for Radio Cymru and Radio Wales on Digital Audio Broadcasting. We therefore recommend that Ofcom commits to implementing the Digital Radio Working Group’s recommendation that no switchover should take place unless there is a guarantee of at least 97% coverage for DAB throughout Wales.

Broadband

We are concerned at the poor quality of broadband throughout many areas of Wales, and that inhibits the growth of the use of the net and IPTV as an extension of conventional broadcasting. The poor quality of broadband access

and lack of bandwidth is a major disincentive for the development of PSB content on these platforms.

Historically, an important principle of public service broadcasting has been the universality of access to its services. This has been traditionally delivered by the UK's transmitter system, so that people in the remotest parts of the UK have the right to be able to access public service broadcasting. The same principle should be held for access to new forms of PSB, and especially so in view of the exponential growth of technology, of broadband and IPTV.

Radio

Ofcom's review of public service broadcasting specifically excluded radio. However, the inquiry has heard from a number of witnesses, including the IWA, the community radio sector, and other witnesses, who suggested a separate investigation into the future of radio, and whether it may be possible and desirable to devolve radio licensing to Ofcom in Wales.

There is no formal Welsh representation in the radio licensing process in the consideration of radio licences in Wales or indeed cross-border licensing. Neither is there involvement in the granting of community licences, even though the Welsh Assembly Government has set up a modest fund of £100,000 per year for five years to help develop the community radio sector.

Decisions have been made in relation to the sector in Wales that arguably may not have been made if the decision makers had been better informed. For instance, the creation of another pop music format station - XFM in South Wales, which has recently handed back its licence; also the rationale for a cross-border radio station between Herefordshire and Monmouthshire, with arguably little commonality within the area between the two counties.

Furthermore, the four week life spans of Restricted Service Licences (RSLs) appear to be determined by the higher demand for licences in urban England, whereas Wales would more likely benefit from longer licences aimed at capacity building and continuity. We agree with RCT Community Radio Partnership's view that "there are needs that should be addressed in Wales that cannot be addressed by a committee in London that has no Welsh representation whatsoever."

Most commercial radio news is provided by central London agencies such as IRN, and the lack of news provision from Wales by most of the commercial radio services, creates a serious deficit in understanding of the particular nature of the governance of Wales by the citizens of Wales.

The recently published report by the Digital Radio Working Group (DRWG) warns that a total switchover to DAB should not be sought unless there is a commitment to new services being available on DAB. However, in the medium term, the DRWG recommends migrating all national, regional and large local stations to Digital Audio Broadcasting (DAB), with FM continuing to be used by small local and community radio stations.

We agree that the UK Government should set out the conditions which must be met before this change could be achieved, and which would trigger migration. Fundamental to this will be an assessment of the extent to which listeners have adopted digital radio, particularly DAB, as well as levels of coverage.

The report also identified gaps in coverage, and signal strength within covered areas as potential barriers to take up from listeners. For DAB to be a realistic replacement for analogue radio, the current reach of DAB networks to 90 per cent of the population must increase, as must the robustness of the signal.

The DRWG also notes that, whilst considerable progress has already been made in identifying the key barriers to the take-up of digital radio by the automotive industry, a clear plan is needed to encourage car manufacturers to fit digital radio as standard.

We consider that the lack of Welsh representation in radio licensing is resulting in a failure to address Welsh community needs, and recommend that the Welsh Assembly Government, in conjunction with Ofcom, reviews the possibility of devolving the allocation of commercial and community radio licences in Wales.

We recognise the particular relevance of radio to Wales in terms of its higher consumption relative to the rest of the UK, and the importance of radio in keeping Welsh citizens informed of Welsh national and local issues. We recommend that Ofcom takes account of the need to maintain a plurality of news provision in radio as well as television.

Subtitles and Sign Language

The Wales Deaf Broadcasting Council (WDBC) and the Wales Council for Deaf People (WCDP) drew the Committee's attention to the lack of consistency in the use of subtitles and sign language by the various PSB broadcasters. Also, they provided specific examples of breakdown in the services available to deaf people.

The WDBC states - "The conclusion is that PSB in Wales needs to be carefully monitored in order to ensure that access for deaf viewers is maintained to the highest possible standard and level....Costs are still an important factor in excluding deaf viewers from programmes and Ofcom have proved quite useless in dealing with concerns about adequate access to individual programmes. It should be said that we have found S4C to be very helpful in dealing with our complaints, they are usually quick to respond to concerns and to attempt to correct them."

We consider that all PSB broadcasters should deliver a consistent standard of services for deaf people. We recommend that Ofcom should monitor delivery of services to deaf people by broadcasters; and ensure that broadcasters have procedures in place to deal with complaints in a transparent and timely manner.

5. RECOMMENDATIONS

National Assembly for Wales

Recommendation 1: The National Assembly for Wales should establish a standing committee on communications, which should be responsible for scrutinising the work of the Welsh Ministers in relation to broadcasting and related cultural and creative industries; the development of broadband, IPTV and associated technologies.

Welsh Assembly Government

We believe that the Welsh Assembly Government has an important role to play in ensuring the success of broadcasting in Wales, and its relationship with other sectors. The Minister for Heritage has already stated he is committed to creating a communications strategy. We urge him to complete this task, as a matter of urgency.

Recommendation 2: The Minister for Heritage, with other Ministers, should develop a communications strategy on behalf of the Welsh Assembly Government. This strategy should include those policy areas within the Welsh Assembly Government that deal with broadcasting policy, creative industries policy, language and culture and broadband policy; and they should be brought together as one formal cross-cutting policy unit, working across the present departmental structure.

Recommendation 3: The Welsh Assembly Government should develop closer links with the broadcasters and regulators. It should work collaboratively with other organisations, including specialist broadband and IPTV companies, and higher educational institutions, to develop a better understanding and to intervene effectively in the development of the broadcasting sector, creative industries and the effective use of new technologies.

Recommendation 4: Both the National Assembly and Welsh Assembly Government should monitor Ofcom's PSB consultation process, and provide timely responses to Ofcom's ongoing review of public service broadcasting during the next year.

We are concerned that the Welsh Government does not seem always to be 'in the loop' as UK policy is being shaped in telecommunications, creative industries, and broadcasting; as evidenced by the lack of input by WAG in the UK Government's "Creative Britain – New Talents for the new Economy", and as accepted in his evidence by the Minister for Heritage. We believe that Welsh Ministers should play a fuller part in the development of communications policy in the UK context.

Recommendation 5: At present, the Welsh Assembly Government is represented by the Department for Culture, Media and Sport on the UK Government's Convergence Group, which is currently reviewing the

whole of broadcasting and regulation in the UK. We recommend that the Welsh Assembly Government should have direct representation on the Convergence Group, as a matter of urgency.

Recommendation 6: Welsh Ministers should have a separate Memorandum of Understanding in place with Ofcom, similar to the Memorandum of Understanding that is in place between Ofcom and the Scottish Government.

Recommendation 7: The Welsh Assembly Government should work closely with broadcasters and the independent sector in Wales to identify and encourage talent in Wales and the development of independent production.

Recommendation 8: The Welsh Assembly Government should commission and publish an annual assessment of the portrayal of Wales on network output by each of the main PSB broadcasters, including news provision.

Recommendation 9: With regards to BBC news, the Welsh Assembly Government should consider the BBC senior management's response to the King Report; and regularly monitor the implementation of the BBC's action plan. The Welsh Assembly Government's monitoring report should be published.

BBC

We have been encouraged by the response of the BBC in agreeing to measurable targets for network production from Wales, between now and 2016, amounting to a minimum of 5% of qualifying production, and a value of at least £50 million on that programming.

Recommendation 10: Ofcom and the Welsh Assembly Government should monitor progress towards the BBC's 5% network production target. Targets should also be set for all remaining PSB channels.

Recommendation 11: The growth in network production for the BBC in Wales should not be confined to in-house BBC production but should also contain a measurable commitment to the independent sector throughout Wales.

Recommendation 12: That the BBC investigates distributing the production centres of its portfolio of channels throughout the UK as a means of maintaining an equitable distribution of network production from around the UK.

Recommendation 13: The £130 million which is currently identified as the element of the licence fee allocated to the BBC's work in facilitating the digital switchover process be used from 2012 to part-fund PSB provision across the UK, with an appropriate proportion assigned to a

mainstream service in Wales, similar to Channel 3's present service for Wales.

Recommendation 14: Some of this funding should be made available for PSB content in other media and suppliers including supporting an independent radio news service for commercial radio in Wales. We agree that there will be a need to fund public service broadcasting beyond the BBC after 2012.

At present, the BBC Trustee for Wales is appointed by Order in Council, but there is no Welsh representative on the BBC's executive board.

Recommendation 15: The BBC Trustee for Wales should be appointed by the appropriate Welsh Assembly Government Minister, and the appointment approved by the National Assembly for Wales.

Recommendation 16: We recommend to BBC management that Wales's senior manager should be a member of the BBC's Executive Board.

S4C

We believe that S4C should continue as a predominantly Welsh language broadcaster. At present we do not believe there is a case for changing the funding arrangements for S4C.

We welcome every attempt by S4C to broaden its appeal to non-Welsh speaking viewers, including twin voice tracks for sports programming, and subtitling.

However, 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.

At present, the Chair of the S4C Authority is appointed by the Secretary of State for Media, Culture and Sport, with the advice of the Secretary of State for Wales.

Recommendation 17: S4C should consider and publish proposals for aiding future English language provision.

Recommendation 18: The Chair of the S4C Authority should be appointed by the appropriate Welsh Assembly Government Minister, and the appointment approved by the National Assembly for Wales.

Ofcom

Recommendation 19: Ofcom should have a representative from Wales as a member of its Board. We recommend that the member should be

appointed by the appropriate Welsh Assembly Government Minister, and the appointment approved by the National Assembly for Wales.

Recommendation 20: Regarding Ofcom's four models, we propose an alternative option that would concentrate on ensuring the continuing viability of an alternative PSB provider to the BBC in Wales, by providing that ITV Wales continues with its present PSB commitments – in both news and non-news – until 2012, at least.

ITV

We urge Ofcom to ensure that the present level of service, in terms of hours, scheduling and funding, is maintained.

Recommendation 21: That Ofcom ensures that ITV plc's present level of programming for Wales is maintained. We request ITV to improve the portrayal of Wales on ITV network services and increase the commissioning of productions from Wales.

Recommendation 22: The UK Government, in its forthcoming communications legislation, should create a licence for Wales, separate from the ITV licence for England; and we recommend that the possibility of creating an affiliated licence for Wales is considered further by Ofcom and ITV. We believe in those circumstances that Ofcom should ensure that a PSB content fund, administered by an authority or agency, be created in order to address the withdrawal of PSB programming by ITV.

Channel 4

Recommendation 23: Ofcom should require Channel 4, as a public service broadcaster, to achieve a minimum target of 5% of network production from Wales by 2012. Channel 4 should also commit to improve its portrayal of Wales in its news and non-news programming, and Ofcom should hold it to account to do so.

Digital Switchover

Recommendation 24: That Ofcom ensures that S4C services are continually available on digital platforms throughout the switchover process throughout Wales.

Radio

The Committee is concerned that digital switchover in radio in the foreseeable future would mean that listeners in Wales would be disadvantaged by the lack of coverage for Radio Cymru and Radio Wales on Digital Audio Broadcasting.

Recommendation 25: That Ofcom implements the Digital Radio Working Group's recommendation - that no switchover should take place unless there is a guarantee of at least 97% coverage for DAB throughout Wales.

Recommendation 26: That Welsh Ministers, in conjunction with Ofcom, review the possibility of devolving the allocation of commercial and community radio licences in Wales.

Broadband

We are concerned at the poor quality of broadband throughout many areas of Wales, and that inhibits the growth of the use of the internet and IPTV as an extension of conventional broadcasting. The poor quality of broadband access and lack of bandwidth is a major disincentive for the development of PSB content on these platforms; and undermines the principle of universality of access to PSB content.

Recommendation 27: The Welsh Assembly Government should commission an independent investigation of the physical and financial practicality of the different options and combinations for the future development of broadband in Wales.

Subtitles and Sign Language

Although we did not receive a great deal of evidence on the provision of services for deaf people, we feel that this is an important issue, worthy of serious consideration by public service broadcasters; and by Ofcom.

Recommendation 28: All PSB broadcasters should deliver a consistent standard of services for deaf people. We recommend that Ofcom should monitor delivery of services to deaf people by broadcasters; and ensure that broadcasters have procedures in place to deal with complaints in a transparent and timely manner.

Schedule of Witnesses**14 April 2008**

<ul style="list-style-type: none"> • Rhodri Williams, Director for Wales • Ian Hargreaves, Senior Partner, Legal, International, Nations, Regions & Secretariat & Executive Director, Ofcom Board • Sue Balsom, Member for Wales, Ofcom Content Board 	Ofcom
<ul style="list-style-type: none"> • Simon Gibson, Chief Executive 	Wesley Clover Corporation

21 April 2008

<ul style="list-style-type: none"> • Ron Jones, Executive Chairman 	Tinopolis
<ul style="list-style-type: none"> • John McVay, Chief Executive 	PACT
<ul style="list-style-type: none"> • Dafydd Rhys, Chair • Gwion Owain, Chief Executive 	TAC

28 April 2008

<ul style="list-style-type: none"> • John Geraint, Chief Executive 	Green Bay Media
<ul style="list-style-type: none"> • Geraint Talfan Davies, Chairman • John Osmond, Director • Nick Morris, Research Officer 	Institute of Welsh Affairs

12 May 2008

<ul style="list-style-type: none"> • Michael Grade, Executive Chairman, ITV plc • Michael Jermey, Director ITV Regions • Elis Owen, National Director ITV Wales 	ITV
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<ul style="list-style-type: none"> • Andy Duncan, Chief Executive • Nick Toon, Director of Corporate Relations • Stuart Cosgrove, Director of Nations and Regions 	Channel Four Television Corporation
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19 May 2008

<ul style="list-style-type: none"> • Professor Justin Lewis 	Cardiff University
<ul style="list-style-type: none"> • Andrew Jones, Project Manager for the RCT Community Radio Partnership • Julie Barton, Training Co-ordinator for the RCT Community Radio Partnership 	Community Radio
<ul style="list-style-type: none"> • Martin Mumford, Group Managing Director 	Town and Country Broadcasting

2 June 2008

<ul style="list-style-type: none"> • Rhodri Glyn Thomas, Minister for Heritage • John Howells, Director of Culture • Natasha Hale, Department for the Economy and Transport 	Welsh Assembly Government
<ul style="list-style-type: none"> • Iona Jones, Chief Executive – S4C • Cenywn Edwards – S4C Authority 	S4C
<ul style="list-style-type: none"> • Professor Tom O'Malley 	Aberystwyth University

9 June 2008

<ul style="list-style-type: none"> • Menna Richards, Controller BBC Wales • Pat Loughrey, Director, BBC Nation and Regions 	BBC
<ul style="list-style-type: none"> • David Donovan, BECTU National Officer 	BECTU
<ul style="list-style-type: none"> • Jeremy Dear, NUJ General Secretary • Kate Carr, Chair, NUJ Wales 	National Union of Journalists

<p>Executive Council</p> <ul style="list-style-type: none"> • Meic Birtwistle, NUJ NEC Member for Wales • Lawrence Shaw, NUJ Wales Organiser 	
<ul style="list-style-type: none"> • Gwenllian Carr, National Manager Wales • Emyr Byron Hughes, Consultant working for Digital UK • Simon Crine, Corporate Affairs Director 	Digital UK

16 June 2008

<ul style="list-style-type: none"> • Sir Michael Lyons, Chairman of the BBC Trust • Ms Janet Lewis-Jones, BBC Trustee – National Trustee for Wales • Mr Mark Thompson, Director-General of the BBC 	BBC
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30 June 2008

<ul style="list-style-type: none"> • Ed Richards, Chief Executive • Martin Donnelly, International Director • Rhodri Williams, Director Wales 	Ofcom
<ul style="list-style-type: none"> • Janet Lewis – Jones, Chair of the Audience Council • Teresa Rees, Member of the BBC Audience Council for Wales • Arun Midha, Member of the BBC Audience Council for Wales • Dafydd Whittal, Member of the BBC Audience Council for Wales 	BBC Audience Council

Schedule of Committee Papers**Annex 2**

Date	Name of Organisation	Paper Reference Number	Transcript Paragraph Reference
14 April 2008	Ofcom	BCC(3)-01-08 (p1) & (p2)	6-104
14 April 2008	Wesley Cover Corporation	BCC(3)-01-08 Oral Report	105-176
21 April 2008	Tinopolis	BCC(3)-02-08 (p1)	2-63
21 April 2008	PACT	BCC(3)-02-08 (p2)	64-119
21 April 2008	TAC	BCC(3)-02-08 (p3)	120-181
28 April 2008	Green Bay Media	BCC(3)-03-08 (p1)	2-61
28 April 2008	Institute of Welsh Affairs	BCC(3)-03-08 (p2)	62-136
12 May 2008	ITV	BCC(3)-04-08 (p1)	4-129
12 May 2008	Channel 4 Television	BCC(3)-04-08 (p2)	130-222
19 May 2008	Cardiff University	BCC(3)-05-08 (p1)	2-72
19 May 2008	Community Radio	BCC(3)-05-08 (p2)	73-138
19 May 2008	Town and Country Broadcasting	Oral Report	139-174
2 June 2008	Welsh Assembly Government	BCC(3)-06-08 (p1)	2-111
2 June 2008	S4C	BCC(3)-06-08 (p2)	112-229
2 June 2008	Aberystwyth University	BCC(3)-06-08 (p3)	230-308
9 June 2008	BBC	BCC(3)-07-08 (p1)	3 - 120
9 June 2008	BECTU	BCC(3)-07-08 (p2)	121 - 226
9 June 2008	National Union of Journalists	BCC(3)-07-08 (p3)	121 - 226
9 June 2008	Digital UK	BCC(3)-07-08 (p4)	227 - 278
16 June 2008	BBC and BBC Trust	BCC(3)-08-08 (p1)	2 - 140
30 June 2008	Ofcom	BCC(3)-08-08 Oral Report	2 - 101
30 June 2008	BBC Audience Council	BCC(3)-9-08- (p1)	102 - 205

Respondents to the Call for Written Evidence

Boomerang
Barcud Derwen Group
Calon
Capital TV
Equity
Hugh Mackay, Faculty of Social Sciences, The Open University
Institute of Local Television
Media Wales Limited
MONOTV
Plaid Cymru
Public Affairs Cymru
RadioCentre
Skillset Cymru
University of Wales, Newport - School of Art, Media and Design
Wales Council for Deaf People
Wales Deaf Broadcasting Council
Wales TUC
Welsh Conservatives
Welsh Liberal Democrats

Note: The above list does not include any organisations or individuals who indicated they did not wish their details to be published.

Glossary

ADSL - Asymmetric Digital Subscriber Line. A digital technology that allows the use of a standard telephone line to provide high speed data communications.

AM - Amplitude Modulation. Type of modulation produced by varying the strength of a radio signal. Used by broadcasters in three frequency bands: medium frequency (MF, also known as medium wave: MW); low frequency (LF, also known as long wave: LW), and high frequency (HF, also known as short wave: SW). The term AM is often used to refer to the medium frequency band.

AVMSD - Audiovisual Media Services Directive. A European Commission Directive which offers a comprehensive legal framework that covers all audiovisual media services (including on-demand audiovisual media services). The Directive amended the Television without Frontiers (TVWF) Directive. The amending directive was adopted on 11 December 2007 and entered into force on 19 December 2007. Member States have two years to transpose the new provisions into national law.

AVC - (MPEG-4) Advanced Video Coding

Bit-rates - The rate at which digital information is carried within a specified communication channel.

DAB - Digital Audio Broadcasting. A set of internationally accepted standards for the technology by which terrestrial Digital Radio multiplex services are broadcast in the UK.

DMB - Digital Mobile Broadcasting. A variant of the DAB digital radio standard for mobile TV services, and an alternative to DVB-H.

DTT - Digital Terrestrial Television. Digital television service carried on the terrestrial transmitter network. Currently most commonly delivered through the Freeview service.

DVB - Digital Video Broadcasting. A set of internationally accepted open standards for digital broadcasting, including standards for distribution by satellite, cable, radio and handheld devices (the latter known as DVB-H).

EPG - Electronic Programme Guide.

ETSI - European Telecommunication Standards Institute.

FM - Frequency Modulation. Type of modulation produced by varying the frequency of a radio carrier in response to the signal to be transmitted.

Freesat - Most commonly refers to the non-subscription digital television satellite service developed by the BBC and ITV. May also be used to refer to Sky's non-subscription satellite service, Freesat from Sky.

Freeview - Free Digital Terrestrial Television (DTT) service in the UK.

FTA - Free-To-Air. Broadcast content that people can watch or listen to without having to pay a subscription.

HDTV - High Definition Television. A technology that provides viewers with better quality, high-resolution pictures than. A television image is built from lines of information scanned across a television screen and refreshed at such a rate as to produce an apparent image. Standard Definition broadcasts are currently available in the UK both on analogue television and the digital platforms using a 625 line system refreshed 25 times per second.

Technological development is enabling broadcasting in High Definition (HD), increasing the number of lines of information and the frequency at which the screen is refreshed, leading to greater clarity, or higher definition, pictures.

ILR - Independent Local Radio. The former name for local commercial radio in the UK.

IPTV - Internet Protocol Television. The term used for television and/or video signals that are delivered to subscribers or viewers using Internet Protocol (IP), the technology that is also used to access the Internet. Typically used in the context of streamed linear and on demand content, but also sometimes for downloaded video clips.

LLU (Local Loop Unbundling) - LLU is the process where the incumbent telephone operators make their local network (the lines that run from customers premises to the telephone exchange) available to other communications providers.

MP3 (MPEG-1 Audio Layer-3) - A standard technology and format for compressing a sound sequence into a very small file while preserving the original level of sound quality when it is played.

MPEG - Moving Picture Experts Group. A set of international standards for compression and transmission of digital audio-visual content.

Multichannel - In the UK, this refers to the provision or receipt of television services other than the main five channels (BBC ONE & TWO, ITV1, Channel 4/S4C, Five) plus local analogue services. 'Multichannel homes' comprise all those with digital terrestrial TV, satellite TV, digital cable or analogue cable, or TV over broadband.

Multiplex - A device that sends multiple signals or streams of information on a carrier at the same time in the form of a single, complex signal. The separate signals are then recovered at the receiving end.

Peer-to-Peer distribution - The process of directly transferring information, services or products between users or devices that operate on the same hierarchical level.

Podcasting - A way for digital audio files to be published on the internet, which can then be downloaded onto computers and transferred to portable digital audio players.

PSB - Public Service Broadcasting, or Public Service Broadcaster. The Communications Act 2003 in the UK defines the PSBs to include the BBC, ITV1, S4C, Channel 4 and Five.

Radio Authority - The statutory body responsible for the licensing and regulation of non-BBC radio services between 1990 and 2003. It was one of the bodies replaced by Ofcom.

SD - Standard-Definition. A television image is built from lines of information scanned across a television screen and refreshed at such a rate as to produce an apparent image. Standard Definition broadcasts are currently available in the UK both on analogue television and the digital platforms using a 625 line system refreshed 25 times per second. Technological development is enabling broadcasting in High Definition (HD), increasing the number of lines of information and the frequency at which the screen is refreshed, leading to greater clarity, or higher definition, pictures.

Simulcasting - The broadcasting of a television or radio programme service on more than one transmission technology.

Streaming content - Audio or video files sent in compressed form over the internet and consumed by the user as they arrive. Streaming is different to downloading, where content is saved on the user's hard disk before the user accesses it.

TV over DSL/TV over Broadband - A technology that allows viewers to access TV content – either in a linear programme schedule, or on-demand – using Internet Protocol via broadband services.

TVWF - Television Without Frontiers. A range of provisions designed to achieve coordination of the legal, regulatory and administrative frameworks of European Union member states with respect to television broadcasting. Directive 2007/65/EC amended the Television without Frontiers Directive and renamed it the Audiovisual Media Services Directive (AVMSD).

VoD (Video on Demand) - A service or technology that enables TV viewers to watch programmes or films whenever they choose to, not restricted by a linear schedule. Also Near Video on Demand (NVoD), a service based on a linear schedule that is regularly repeated on multiple channels, usually at 15-minute intervals, so that viewers are never more than 15 minutes away from the start of the next transmission.