

Welsh Government response to the report of the Communities Equality and Local Government Committee's Task and Finish Group: The future outlook for the Media in Wales.

Economic recovery and the promotion of Welsh cultural diversity are high priorities of the Welsh Government and we very much welcome this report and the opportunity to discuss what we are doing to boost the economic impact of individuals and businesses in the media sub sectors in Wales. The report focuses on the review of the media in Wales in terms of national needs and provision, which fall under the remit of the Department of Housing Regeneration and Heritage, as well as economic impact which is the primary responsibility of the Department for Business Enterprise Technology and Science. We feel that this approach was appropriate and reflects Ministers' decisions to take a cross-cutting approach to policy development and actions.

In our view the main issues facing the media sub sectors in Wales fall under two main categories, these are:

- i) Wales is under-provided for by media coverage. The lack of quantity and plurality is potentially dangerous to our new democratic structures and militates against the relationships of transparency and accountability between the Welsh Government, Welsh institutions and the citizens of Wales; and
- ii) The media in Wales is controlled largely from outside Wales or is a reserved matter under the direct control of the UK government.

It is our view that the actions to address these concerns are, in the main, under way. Measures are being put in place by the Welsh Government to support development of infrastructure in Wales in order to aid economic recovery. These measures include development of Next Generation Broadband; specialist business support; improvement of government procurement for businesses; effective training and development of personnel; support for Research, Development & Innovation, particularly in those companies that cannot afford it; and the provision of effective financial assistance.

Wales has a long tradition of delivering successful music, television, animation and other creative content and has credible emerging strengths in the development of digital content and services and these must be preserved and nurtured.

Our vision for the creative sector in Wales is that it will become one of the best areas in Europe to grow a creative business; and that creative businesses will be encouraged to compete and succeed in local, national and international markets delivering growth and prosperity to towns, cities and local communities.

The Welsh Government's Programme for Government underlines our commitment to the broadcasting industry in Wales.

The Welsh Government will continue to stand up for maintaining full services in the Welsh and English languages. As a nation with its own language, culture and political institutions, a strong media is essential to provide a comprehensive service that informs, educates and inspires the people of Wales.

We have set out below our response to the Report's individual recommendations.

Detailed Responses to the report's recommendations:

The Committee recommends that:

Recommendation 1

The Welsh Government should establish an independent forum to advise on policy in relation to the media in Wales. The forum should draw on expertise from across the media sectors. Its purpose should be to look to the future and to advise on matters across all sections of the media.

Response: Reject

Although we do not accept this recommendation the Welsh Government agrees that these issues should be kept under review. We feel that this is a reasonable request and not altogether unexpected, as the coming period will see extensive changes in our media landscape, changes caused by market forces, technological change, user behaviour and UK Government intervention. In response to this the First Minister has already asked the Chair of the Creative Industries Sector Panel to chair a Task and Finish Group – the Broadcasting Advisory Panel (BAP) - to review matters in relation to broadcasting. We feel that this will be a crucial first step in addressing the Committee's concerns.

Costs for the BAP will be covered under the existing Creative Industries budget. Any additional costs will be drawn from existing programme budgets.

Recommendation 2

The Welsh Government should commission a review to map the media needs of the people of Wales. This review should inform media policy across all sectors, including existing and developing technologies.

Response : Accept in Principle

We accept this recommendation in principle. In 2008 the Welsh Government commissioned the Institute of Welsh Affairs to undertake a media audit in Wales. The Welsh Government will expect the BAP to provide advice on whether a similar exercise should be undertaken.

Financial Implications Any additional costs will be drawn from existing programme budgets.

Recommendation 3

The Welsh Government should ensure that it engages fully and proactively in the Communications Bill process, to ensure that the Bill reflects the needs of Wales

Response : Accept

We accept this recommendation. The Welsh Government will continue to engage closely with DCMS as the Communications Review progresses. This will include attending the series of seminars arranged by DCMS which were announced on 7 June 2012. Policy papers outlining the key questions for each seminar will be published shortly. These seminars and policy papers will replace the planned Green Paper which will not be published. A White Paper will be published in early 2013 with a Communications Bill introduced by the final session of the current UK Parliament.

The Welsh Government responded in July 2011 to the initial DCMS consultation and has remained in contact with the relevant DCMS official subsequently.

Financial Implications – None. Any additional costs will be drawn from existing programme budgets.

Recommendation 4

The Welsh Government should continue to strengthen linkages across Government departments to ensure that the maximum benefit, economic and cultural, can be drawn from the media sectors.

Response: Accept

We accept this recommendation. The Welsh Government is committed to collaborative, joined-up working across government departments for policy development and actions. We as Ministers as well as our officials work together on a number of relevant cross-cutting issues. An indication of how both the heritage and business departments worked together was the Welsh Government's response to the DCMS consultation on the Communications Review last year. The Heritage department led on the response with input from the business department. Both Departments will continue to engage closely as the Communications Review progresses.

Financial Implications – None. Any additional costs will be drawn from existing programme budgets.

Recommendation 5

As part of its role, the independent forum should keep under review the issue of the devolution of broadcasting in Wales and advise the Welsh Government as appropriate.

Response: Accept

We accept this recommendation, but suggest that this issue should be kept under review by the Broadcasting Advisory Panel.

The current situation is that the UK Government has not offered to devolve any aspects of broadcasting policy. It would not make sense for us as a Government to be responsible for individual elements such as S4C in isolation from broadcasting as a whole.

Financial Implications – None at this stage

Recommendation 6

The Welsh Government should develop a protocol with the UK Government for dealing with broadcasting issues which are not devolved.

Response: Accept

We accept this recommendation. The Welsh Government already has a concordat with DCMS covering all non devolved policy matters including broadcasting. We will review the content of the concordat in light of the advice we receive from the Broadcasting Advisory Panel.

Financial Implications

None. Any additional costs will be drawn from existing programme budgets.

[Recommendations 7-9 are matters for the National Assembly for Wales]

Recommendation 10

The Welsh Government should make representations to the UK Government and Ofcom for the current Channel 3 licence provisions to be the minimum requirement for renewal of the licence.

Response: Accept

We accept this recommendation. The Welsh Government has consistently referred to the importance of ensuring plurality of English language television in Wales in news and also general programming aimed at Welsh viewers on channel 3. The channel 3 news service should not be looked at as a 'regional news' service, but as an essential democratic national news service for the people of Wales. There is a commitment in the Programme for Government to maintain the existing provision by ITV of just under 4 hours of news a week, plus an hour and a half of other material, including current affairs and political coverage and that this should be the minimum condition for ITV's license renewal. The Welsh Government will continue to urge the UK Government to press for this in the period before the current Channel 3 licence expires and in the context of the Communications Review.

Financial Implications – None. This is a non devolved matter

Recommendation 11

The Welsh Government should explore opportunities, at an appropriate time, for the introduction of a Wales-specific Channel 3 licence.

Response: Accept in principle

We accept this recommendation in principle, but suggest that this issue would be advised by the Broadcasting Advisory Panel. We note with interest Ofcom's recent report to the Secretary of State for Culture, Olympics, Media and Sport on the *Licensing of Channel 3 and Channel 5* which stated that it was of the opinion that it would now be correct to separate Wales formally from the regional Channel 3 licence for the West of England.

Financial Implications – None at this stage

Recommendation 12

The Welsh Government should explore ways to work more effectively with Channel 4 to support Welsh companies.

Response: Accept

We accept this recommendation. The Welsh Government is working with Channel 4 to explore ways to implement the Alpha Fund in Wales, which will support the development of new and emerging Welsh creative talent.

Financial Implications – Welsh Government cost for the Alpha fund will be covered under the existing Creative Industries budget. Any additional costs will be drawn from existing programme budgets.

Recommendation 13

The Welsh Government should keep under review the impact of budget cuts on the independent television production sector and identify new ways of providing the sector with advice and support.

Response: Accept

We accept this recommendation.

The Welsh Government's Business, Enterprise, Technology and Science Department (BETS) has commissioned a Strategic Review into the impact of Public Service Broadcasters upon the Creative Industries of Wales. The review is in its final stages and will focus on the economic significance of the broadcasters to the creative industries sector. The conclusions and recommendations of the review will be considered by the Broadcasting Advisory Panel.

Financial Implications – None. Any additional costs will be drawn from existing programme budgets

Recommendation 14

The Welsh Government should continue to make representations to the UK Government to ensure 97% coverage in Wales before digital switchover

Response: Accept

We accept this recommendation. Our position on this as a Government has been consistent for a number of years and this has been expressed regularly to the UK Government. We will continue to do so in the context of the Communications Review.

Recommendation 15

The Welsh Government should explore all opportunities to continue to support community radio in Wales.

Response: Accept

We accept this recommendation. The Welsh Government established the Community Radio Fund to recognise the contribution community radio stations make to their communities. 2012-13 is the final year of the current Fund. A review has been undertaken to establish whether the benefits arising from the Community Radio Fund justify the Fund continuing in its present form or whether the grant regime should be changed to better meet the needs of individual community radio stations, the sector, their local communities and the Welsh Government's priorities.

Financial Implications – Any additional costs will be drawn from existing programme budgets

Recommendation 16

The Welsh Government should make representations to the UK Government to include specific Welsh language duties for Ofcom in the Communications Bill.

Response: Accept

We accept this recommendation. On 29 May 2012 the Minister for Education and Skills decided upon the terms of Ofcom’s Welsh language scheme using powers under section 14(5) of the Welsh Language Act 1993. He imposed a scheme which included a measure about Ofcom giving appropriate consideration to the use of the Welsh language when carrying out its functions involving services to the public.

Financial Implications – Not Applicable

Recommendation 17

The independent forum should, as part of its role, investigate sustainable business models for the print media in Wales.

Response: Reject

We reject this recommendation. The Welsh Government believes that it is a matter for the media industry to develop sustainable business models and that Government needs to maintain an arms length relationship with media matters. We have however put certain mechanism in place to assist companies to compete successfully in the current economic climate. These mechanisms include Repayable Business Finance to help fund capital investment, job creation, research, development and innovation (RD&I) and a Digital Development Fund to support businesses in the development of commercial digital products that can be exploited in the global marketplace. In addition we have committed funds to develop a number of Knowledge Transfer Partnerships (KTPs), a graduate employment scheme developed by the Technology Strategy Board (TSB). KTPs facilitate companies in keeping up to date with emerging technologies and encourage collaborative innovation and R+D between SMEs and academia and a three year strategic partnership between the Welsh Government and Nesta (National Endowment for Science, Technology and the Arts) for the “Destination Local” Initiative to deliver funding to support “hyper-local” media projects. The aim of this initiative is to stimulate new locally-based media services throughout the UK.

Recommendation 18

The Welsh Government should ensure that it is in a position to engage with newspaper companies so that viable measures can be put in place when it becomes apparent that either significant numbers of jobs are to be lost, or newspapers are going to be closed.

Response: Accept in principle

We accept this recommendation in principle. As mentioned in the previous response, the Welsh Government believes that the focus should be for media industries to develop more sustainable business models, and have put in place mechanisms to support this. The Welsh Government is however prepared to consider whether public support can be provided in the case of any Welsh company facing job losses.

Financial Implications – None. Any additional costs will be drawn from existing programme budgets

The Committee recommends that:

Recommendation 19

The Welsh Government should continue to progress the recommendations of the Hargreaves review, and report back to the Communities, Equality and Local Government Committee regularly on progress.

Response: Accept in principle

We accept this recommendation in principle. Most of the Hargreaves recommendations have been implemented. The Welsh Government has moved on slightly from the Hargreaves Review and is now focused on the policy direction recommended by the current Creative Industries Sector Panel and accepted by the Welsh Government. These policies have been developed through strong economic evidence and advice from the Creative Sector Panel.

Financial Implications – Costs are covered under the existing Creative Industries budget. Any additional costs will be drawn from existing programme budgets.

Recommendation 20

The Welsh Government should do more to communicate to stakeholders the purpose and role of its Creative Industries Sector panel.

Response: Accept

We accept this recommendation. The Welsh Government is planning a number of events this year where stakeholders will be given the opportunity to meet panel members. The evidence collected by the Welsh Government demonstrates that, although traditional media production is still an important part of the economic picture in Wales, digital media is a fast growing subsector and requires government intervention too. The Welsh Government's new attention to digital media as well as traditional media has led to the demise of the IP Fund and the creation of the Digital Development Fund (which was also a Hargreaves recommendation).

Financial Implications – Costs for engagement events will be covered under the existing Creative Industries budget. Any additional costs will be drawn from existing programme budgets.

The Committee recommends that:

Recommendation 21

The Welsh Government should explore opportunities, including working with higher education institutions, to encourage innovation and foster new business models.

Response: Accept

We accept this recommendation. Welsh Government is keen to encourage collaboration between creative industries businesses and academia and has committed funding to support creative industries Knowledge Transfer Partnership (KTPs) projects. These KTPs will help companies to keeping up to date with emerging technologies and encourage collaborative innovation and R+D between SMEs and academia.

A recent Academia for Business grant funding agreement has levered funding from the Arts and Humanities Research Council to create a 'Creative Exchange Wales Network'. This will encourage joint working across Welsh Universities to pump-prime collaborative R&D for the creative economy.

In addition, the Welsh Government is currently undertaking a call for evidence for a new Innovation Strategy for Wales. We believe that in order to accelerate the transformation of Wales to a knowledge-based economy it is more important than ever that organisations in Wales are supported to develop new products and processes and embrace innovative business models.

The Welsh Government is keen to involve a wide range of stakeholders in the process including higher education institutions and businesses. Furthermore, the Welsh Government intends to adopt a broad definition of innovation considering it to be simply the successful exploitation of new ideas.

Financial Implications – The costs for the Creative Industries KTPs is covered under the existing Creative Industries budget. Any additional

financial implications will be considered after the responses to the call for evidence and consultation on the Innovation Strategy are received and assessed.

Recommendation 22

The Welsh Government should monitor proposals by the UK Government to change laws relating to intellectual property rights and should make representations to the UK Government that any changes should be suitable to the needs of Wales.)

Response: Accept

We accept this recommendation. The Welsh Government acknowledges that companies in the creative sector need to understand intellectual property and is exploring the option of a Creative Industries Advice Service (CIAS) to provide quality advice on best practice and opportunities in this and other areas.

Financial Implications – Costs for the CIAS will be covered under the existing Creative Industries budget. Any additional costs will be drawn from existing programme budgets

Recommendation 23

The Welsh Government should develop a strategic approach to the provision of training, to sit alongside its other policies, including the Digital Wales Delivery Plan.

Response: Accept

We accept this recommendation.

The Welsh Government's Department for Education & Skills (DfES) has an ICT Programme Board which has an ICT education and skills sub-group. This group is currently chaired by the Head of Strategy and Operations for Digital Wales.

Skills development in the sector is led by the Sector Skills Council Skillset in partnership with other sector bodies. Officials from DfES and BETS jointly sit on the Skillset Employer Board which informs policy and strategy for the organisation in Wales. Extensive industry training is provided by Skillset, developed in response to labour market information.

DfES officials and Skillset have met with the BETS Sector Panel to discuss the strategic approach to skills in the sector.

Specific initiatives in line with future skills needs, such as Digital Media Apprenticeships, have been developed with Welsh Government funding via the sector Policy and Programmes Branch in DfES.

DfES business skills and training support is available to digital media businesses as it is to other Welsh businesses.

The Welsh Government welcomes the comments set out in the report with regards to the rapid progress being made over the last year in improving access to current broadband provision through the successful Broadband Support Scheme, and that broadband take-up has risen more rapidly in Wales than anywhere else in the past year. As acknowledged by the Committee, we are continuing this progress through the Programme for Government commitment which seeks to ensure that residential premises and businesses across Wales have access to high speed broadband by 2015. This will be delivered through the Next Generation Broadband for Wales (NGBW) project. The procurement process for the NGBW project has very nearly concluded. We have received the final proposal and closed the tendering process to identify a supplier to work in partnership with the Welsh Government. We will be in a position to formally announce the winning bidder and details of the proposed solution in the near future. We remain firmly on track to deliver the Programme for Government commitments relating to next generation broadband by the end of 2015.

Financial Implications – Welsh Government cost for delivery of the (NGBW) project is covered under the existing BETS Infrastructure Delivery budget. Any additional costs will be drawn from existing programme budgets.