

# Agenda – Communities, Equality and Local Government Committee

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Meeting Venue:	For further information contact:
Committee Room 2 – Senedd	Sarah Beasley
Meeting date: Thursday, 12 November 2015	Committee Clerk
Meeting time: 09.00	0300 200 6565
	<a href="mailto:SeneddCELG@Assembly.Wales">SeneddCELG@Assembly.Wales</a>

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## 1 Introductions, apologies, substitutions and declarations

## 2 Inquiry into the BBC Charter Review: evidence session 3 – BBC Trust

(09.00 – 10.30)

(Pages 1 – 25)

Rona Fairhead, Chairman, BBC Trust

Elan Closs Stephens, National Trustee for Wales, BBC Trust

**Consultation Responses: Inquiry into the BBC Charter Review**

## Break (10.30 – 10.45)

## 3 Inquiry into the BBC Charter Review: evidence session 4 – TAC and PACT

(10.45 – 11.45)

(Pages 26 – 37)

Iestyn Garlick, Teledwyr Annibynnol Cymru (TAC)

Gareth Williams, Teledwyr Annibynnol Cymru (TAC)

John McVay, Producers Alliance for Cinema and Television (PACT)

## 4 Papers to note

(Pages 38 – 41)



**5 Motion under Standing Order 17.42 to resolve to exclude the public from the remainder of the meeting**

**6 Inquiry into the BBC Charter Review – discussion of evidence received in sessions 3 and 4**

(11.45 – 12.00)

**7 Consideration of the Draft Wales Bill**

(12.00 – 12.30)

**8 Consideration of the Financial Inclusion Strategy**

(12.30–12.45)

(Pages 42 – 43)

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## **National Assembly for Wales Communities, Equality and Local Government Committee Inquiry into the BBC Charter Review**

### **BBC Trust Evidence**

1. The role of the BBC Trust is to get the best out of the BBC for licence fee payers across the UK, including Wales. We set the strategic direction of the BBC. We hold the Executive to account for its performance of its functions. We are supported by the Audience Councils in each of the four nations of the UK which bring the diverse perspectives of licence fee payers from across the UK to bear on our work. While all Trustees act in the interests of licence fee payers, there are four Trustees representing each of the four nations who have a specific role in doing this. Our evidence to the Committee should be read alongside the submission by the BBC management, which covers the operational and performance aspects of the BBC.

### **Broadcasting in Wales**

2. Expectations of the BBC have been high from the outset when it went on air in Wales for the first time on 13 February 1923 and when engaging with the audience at events across Wales the BBC Audience Council Wales certainly perceives a strong feeling of warmth towards the BBC. It also perceives a sense amongst people of ownership of the BBC and high expectations of its role in the public life of the country. High expectations often met by bold ventures such as the launching of Radio Cymru and Radio Wales to great acclaim in 1978.
3. The BBC plays a key role in many areas of the artistic life in Wales also, not least the contribution that the BBC National Orchestra of Wales makes to music. It is the only full scale symphony orchestra based in Wales and is a major employer of world class musicians and commissioner of music. Its outreach work is highly appreciated and contribution to festivals across Wales, in cooperation with the Arts Council Wales, is notable.
4. The welcome, and relief, that was shown recently when it was announced that the BBC had kept the television rights to the Six Nations rugby tournament, albeit joint with ITV, was an illustration of the fact that many find it difficult to imagine a Wales without the BBC.
5. Audiences in Wales have very high consumption and appreciation of BBC services:
  - BBC TV has weekly reach of 85% in 2015, still 3 points above the level for the whole UK
  - Average time spent viewing and BBC audience share is also higher in Wales than in any other UK nation.
  - BBC Radio also has higher weekly reach, time spent and audience share in Wales than in any other nation.

- BBC Wales' TV opt-out programmes in English have a 15 minute weekly reach of 32% and the non-news opt outs having a reach of 22%.
6. The BBC's economic impact in Wales is also significant. For example, £154m is spent on content by the BBC in Wales, either produced BBC Wales or by independent producers, 60% on BBC Wales' dedicated services for Wales and 40% on network TV content. In 2014-15, BBC Wales' direct spend with external suppliers and producers totalled approximately £50m on independent productions, artists, facilities etc. When Deloitte last measured the economic impact of the BBC's activities in the UK in 2013 the estimated Gross Value Added (GVA) of its activities in Wales was £276 million. This means that for every pound spent by the BBC in Wales its effect is nearly doubled.
  7. A staff of approximately 1,300 often highly skilled people, a hundred of those based in north Wales, and others in west Wales, ensures that BBC Wales has an enormous impact on the economy of Wales.
  8. It is not only BBC Wales expenditure which makes that economic impact. The dispersal of functions from London has seen the BBC Finance Centre move to Cardiff where almost 100 members of staff are based.
  9. The BBC decision to base the 2004 revival of Doctor Who in Wales, and the BBC Trust's targets for production in the devolved nations, has in effect created a new industry in Wales. According to recent Welsh government figures the number of people working in the nation's creative industries increased by 52% between 2005 and 2014 to 47,700. Turnover across the sector was up 17.5% in the same period. The value of BBC network productions made by BBC Wales in 2014-15 represented a £59.1m investment in the Welsh creative industries.
  10. We also expect the relocation of BBC Cymru Wales Broadcasting House to the centre of Cardiff in Central Square to have a very significant economic impact. Working with Cardiff City Council and other partners, and as the anchor tenant, the BBC will be a catalyst bringing in others promoting the regeneration of this area of the capital. Also, partnership with S4C to share playout facilities at the location will offer savings to both broadcasters.
  11. The Trust is clear that, under any new Charter, the BBC should continue to commission content from a wide range of producers across the UK. Our Content Supply Review found that the BBC's Network Television Supply Strategy and the Trust's targets pursuant to this (50% of network TV production spend from outside London by 2016 and, within this, at least 17% of its network production spend from Scotland, Wales and Northern Ireland) have been effective interventions, having contributed to an increase in the plurality of supply as well as to the growth of production skills outside London.
  12. The story in Wales is a spectacular success and in 2014, TV production spend in Wales amounted to 6.5% of the BBC's total. However, we concluded that Network supply outside London needs active intervention by the BBC which goes beyond the requirements of meeting quotas and towards the achievement of sustainable outcomes in the devolved nations and English regions. To deliver this, the BBC's production centres across the UK will need to work together with the independent sector based in different parts of the UK to develop creative, sustainable, local ecologies.

## The future provision of the BBC's services in Wales, in both the English and Welsh languages

13. The Trust is clear that that the BBC Wales' services in both the Welsh and English languages are a vital part of how the BBC serves its audiences in Wales and every opportunity should be sought to strengthen them.
14. The BBC's Welsh language services are in many ways unique, and that is not only in the case of Radio Cymru which is the only Welsh language national radio service. The Welsh language content available to learners on Bitesize is not available anywhere else and so we welcome the Executive's commitment in its response to the Green paper to enhance that provision:
 

*"Our plan is to develop curriculum resources for each Nation, ensuring that our offer for students in Scotland, Wales and Northern Ireland is as comprehensive as it is in England. In Wales, we will also provide Welsh language content. In this area we recognise that we have to develop our material with appropriate regard for our impact on commercial providers, and we will. We also believe that as a UK-wide provider of services we need to ensure that our service in this area is consistent across the four Nations of the UK"*
15. We welcome the fact that the BBC's Welsh language provision continues to evolve as broadcasting changes and the availability of S4C on the iPlayer Radio Cymru on the Radio iPlayer and the provision of the news app Cymru Fyw recently are all developments which have been enthusiastically welcomed by Welsh speakers.
16. The Trust recognises that there are some concerns about how Wales is portrayed in BBC Network services and the range and volume of English language television programming being produced by BBC Wales for Welsh audiences, with less drama, comedy and entertainment being provided.
17. Ofcom's latest Communication Market Report for Wales observes - *"Wales was the only nation that saw a reduction in first-run originated output year on year, down 3% on 2012. Over the five-year period since 2008 the number of hours of first-run originated programming (from all broadcasters) for Wales fell by almost a quarter (23%) to 923 hours in 2013"*.
18. The BBC Audience Council Wales, which advises the BBC Trust on audience views in Wales, has recognised these challenges and said in its Annual Review of 2014-15:
  - The Council is regularly told by audience members about the importance they place on seeing themselves reflected in the BBC's programming and content.
  - It is concerned at the lack of the portrayal of Wales on UK-wide BBC TV with seven years having now passed since the last major portrayal of Wales in UK drama through *Gavin and Stacey* and *Torchwood*.
  - The Council considers there has been no improvement in relation to the audience priority on the importance of English language TV from Wales for Wales, and that the Delivering Quality First cuts have brought BBC Wales' non-news TV provision *closer to the cliff-edge*.

19. However, the BBC’s headline performance in the Wales remains strong with key reach and appreciation measures higher than average for the rest of the UK.

### Reach (%) and appreciation (AI) of BBC TV and radio across the UK

	UK	England	Wales	Scotland	N Ireland
All BBC TV Reach	82.5	82.2	85.4	83.4	81.6
All BBC TV AI	81.2	81.3	81.4	80.0	82.4
All BBC radio reach	65.6	65.6	75.8	57.3	63.1
All BBC radio AI	80.1	80.0	82.6	79.7	78.6

All figures for calendar year 2014; sources: BARB for TV reach, RAJAR for radio reach and BBC Pulse Survey for AIs.

20. Nevertheless, the Trust’s tracking of the BBC’s performance in promoting its Public Purposes shows that large minorities of people across all four UK nations believe that they are not well represented in BBC drama: 40% in England, 41% in Wales, 49% in Scotland and 38% in Northern Ireland<sup>1</sup>. Despite the BBC now siting half of its Network TV production outside London and establishing production bases, such as the Roath Lock drama village in Cardiff, adequate representation of the diversity of the whole UK does not occur.

21. We welcome the commitment made by the BBC Executive in its submission to the Charter review process to portray the full diversity of life in the UK throughout our programmes and services. In the submission it says:

*“The UK is changing and it is not straightforward to represent or portray every aspect of British life across all of our services.*

*However, the BBC has a major role to play here, and in the next Charter we will evolve our programmes and services to meet these changing audience demands. We now spend the same proportion on network television in each Nation as their share of the population. But we recognise that spend is not everything—we need to do more, and better, to reflect the lives and experiences of all licence fee payers. During the next Charter, we will remain committed to investing in programming across the UK and ensure that the drama and comedy we produce for BBC One and BBC Two better reflect the diversity of the UK’s Nations and regions. As we said in the BBC Strategy Paper, strengthening BBC news provision in Northern Ireland, Scotland and Wales is central to our plans for improving how we serve the Nations in the next Charter. We want to consult audiences across the country on whether we currently have the right balance between UK-wide and Nations news bulletins on television.”*

22. It has also said that it will strengthen its services for Wales by creating “an interactive digital service for each of the Nations of the UK. By creating curated ‘channels’ on our existing digital services – such as iPlayer – we will be able to deliver a unique offer, allowing the BBC to showcase existing content as well as new digital-first content from ourselves and a range of partners.”

<sup>1</sup> Source: BBC Trust Purpose Remit Survey 2015

23. In News and Current Affairs the Trust has been particularly concerned that the BBC should reflect the way in which public policy and politics is becoming more distinct across the different nations of the UK as devolution continues to develop. One of its earliest interventions in the current Charter period, on the advice from its Audience Councils, was to commission an Impartiality Review of the BBC Network news reporting of devolved matters and this led to major improvements in reporting of issues which are devolved across the UK. However, as devolution continues to develop across the UK, the task for network news to capture the diverging social and domestic agendas of all four nations and their people has become more and more challenging. The BBC will need to continue to respond to this and there remains work to do, for example, the Audience Council Wales remains concerned, for example, at the implications of the paucity of Radio 2's coverage of Wales in its news output in light of its popularity in Wales.
24. We welcome the BBC Executive's commitment in its response to the Green Paper to strengthen its commitment to reflecting a devolved UK in its news and current affairs coverage. It says:

*“As the pace of devolution quickens – and as the UK changes more quickly than in recent history – we will need to adapt our services to ensure they fully reflect and report the increasingly divergent politics of the UK. The BBC, in principle, should neither lead nor lag behind constitutional change in the United Kingdom. Our priority is to ensure we arm citizens in all four Nations of the UK with the information they need to make sense of their world and help hold those in power to account.*

*“In a more devolved UK, news in some parts of the country simply does not apply in others. The politics and economics of the country is becoming more varied, the business of reporting it more complicated. The BBC has a responsibility to ensure it is informing the audience in the most effective and relevant way. We believe the time has come for us to strike a better balance between the delivery of pan-UK news and news tailored to the distinctive needs and agenda of the devolved nations of the UK.*

*“As a start, we will deliver a different BBC News homepage in each Nation. We will personalise our news services to reflect personal passions and interests in every part of the UK. But we may need to go further. We want to consult audiences across the country on whether we currently have the right balance between UK-wide and Nations news bulletins on television. Our News services today are very popular and widely used by audiences, including the much-debated Six O Clock News.*

*“But after devolution, the Scottish referendum and in a world where large aspects of public policy are devolved in the Nations, there is now a much stronger case for providing a different balance in how we serve audiences with the most relevant BBC News and current affairs.*

*We look forward to exploring the various options with our partners, stakeholders, audiences and National Governments through the process of Charter Review.”*

25. The Trust has also suggested a strengthening of the wording of one of the BBC's key Public Purposes in order to make the duty to reflect the whole of the UK in the BBC's services a more explicit requirement under the next Royal Charter suggesting that it should read as follows:

*4. To reflect, represent and serve everyone in the UK*

*The BBC should reflect the full diversity of the UK in its content. In doing so, the BBC should accurately and authentically represent and portray the lives of the people of the UK today, and raise awareness of different cultures and alternative viewpoints. It should ensure that it provides content to meet the needs of the UK's nations, regions and communities. It should bring people together for shared experiences and help contribute to the social wellbeing of the UK. The BBC should use emerging communications technologies and reflect the UK in a digital age.*

26. This would build upon the major BBC initiatives which the Trust has instigated and supported during this Charter period to improve the way in which the BBC portrays and serves Wales and the other nations and regions of the UK.
27. The BBC's commitment to fulfilling its public service broadcasting responsibilities to Welsh-speaking audiences has made it one of the most important components of life in Welsh-speaking Wales from very early on in its existence. Before the establishment of S4C Welsh language news was broadcast by the BBC but the output encompassed a broad range of genres including such comedy classics as Ryan a Ronnie and the plays of Gwenlyn Parry and well as the early years of Pobol y Cwm which, like the BBC news, transitioned to S4C so successfully.
28. BBC Radio Cymru retains its role as a key component in the life of Welsh speaking Wales and Cymru Fyw, the app allowing access to news, sport and other Welsh language materials produced by the BBC and others, has been a major step forward during the past year in the way in which the BBC improves its offer to Welsh speaking audiences.

### **The BBC's current and future funding, governance and accountability arrangements as they relate to Wales**

29. As a result of decisions in 2010, with the licence fee remaining fixed and the BBC being required to meet additional costs, such as rural broadband roll-out and funding for S4C and the World Service, the BBC has had to make substantial savings across all of its operations in order to work within the funding available. The BBC is on track to deliver £1.6 billion cumulative annual savings by the end of the current charter period in 2016/17 and so far has delivered £1.25 billion towards this target. As with other areas of the BBC, BBC Wales has therefore had to make stretching, but not disproportionate, efficiency savings.
30. The funding set out by the Chancellor of the Exchequer and the Secretary of State for Culture, Media and Sport in July 2015 will require the BBC to make further, significant efficiencies and savings over the next Charter period.
31. The role of the Trust is to approve the BBC budget at a strategic level and decisions beyond that are for the Executive, therefore precise budgeting allocations and areas where efficiencies are sought are matters for the Executive. The Trust notes that the Executive says in its response to the Green Paper that

its “will protect funding for the Nations, ensuring they are cut less than others areas”. It is essential therefore that the accountability of the BBC Executive to the nations in future is sufficiently robust to hold it to account for implementing this undertaking.

32. The BBC’s governance – both its internal governance and the way it is overseen and regulated – is important because the audience needs to know that the BBC is in safe hands and that their interests are being looked after. Our research suggests that a number of aspects are important to the public. They want their money to be spent wisely. They want the BBC to be clearly independent and not being run for its own interests or those of politicians or business. They need to know that if something goes wrong, it will be handled effectively and lessons will be learned. They need to have confidence that the culture and values of the BBC mean that it will operate with integrity and in the licence fee payers’ interest.
33. We believe that greater clarity about responsibility for functions and where accountability rests for the exercise of those functions (whether management, supervisory or regulatory) is important.
34. We have suggested that one of the ways governance could be improved is by the creation of a unitary Board with a majority of independently-appointed non-Executive Directors and a non-Executive Chairman to run the organisation, determine its strategy and manage its finances. The precise details such as composition of the Board, appointments and its responsibilities, would be subject to debate beyond this first stage of consultation.
35. The BBC needs to be subject to some form of independent scrutiny and regulation. Wherever that function sits, the Trust believes it is important to satisfy public expectations that the BBC should be held to high standards. This would point to a bespoke regulatory regime (again irrespective of who the regulator actually is). It will also be necessary for any structure to ensure oversight and impartial supervision to address the concerns of competitors around market impact and fair trading.
36. We welcome the *Independent review into how the BBC is governed and regulated*<sup>2</sup> led by Sir David Clementi (‘the Clementi review’) and will be engaging fully with it to share the Trust’s experiences of the current model. The architecture arrived at must have the confidence of industry and the public, and therefore an independent review looking at all of the evidence and publishing its recommendations to government is the best way to do that. Whatever solution is devised, we believe it must address the following key principles:
  - **The BBC must be and be seen to be independent.** Due to its role in creating content and informing, educating and entertaining the UK public, it must be and also be seen to be independent from Government and politicians and commercial and vested interests, so that they are not able to influence its content or message. This principle guarantees free speech and is a fundamental pillar of the BBC’s ability to hold individuals and organisations to account and to be impartial across the full range of its broadcast and online content. This builds on principles that the Government recognised during the

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<sup>2</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/461078/20150916-Terms\\_of\\_Reference\\_for\\_independent\\_review\\_on\\_BBC\\_governance\\_and\\_regulation\\_.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/461078/20150916-Terms_of_Reference_for_independent_review_on_BBC_governance_and_regulation_.pdf)

debates about the response to the Leveson Inquiry which are paramount for media organisations in a free and democratic society.

- **Proper scrutiny over how the BBC spends licence fee payers' money.** The BBC can't licence and regulate itself. It must be accountable to licence fee payers for the service it provides. The BBC's boundaries and trading must also be subject to independent scrutiny so the market has confidence that trading is fair and is clear about what its boundaries and remit are.
- **The public themselves must have a say** – in particular because they pay directly for the BBC through the licence fee.

37. How the future governance structure of the BBC reflects the need for engagement with and representation of the devolved nations is a key issue that needs to be resolved as part of Charter Review. There is already a debate about how the BBC's structure might be adapted. The Trust agrees that the BBC will need to be more accountable to audiences in Scotland, Wales and Northern Ireland. We think it will be very important that the Clementi review considers this closely, and we will want to play a full part in the debate. There is a separate issue about exactly how the BBC reports on its activities and offer in each nation and this is a question that will follow on from new structures of governance and accountability. Broad principles of reporting have already been agreed between the BBC, DCMS and the Government of Wales in a Memorandum of Understanding.
38. The next Charter and Framework Agreement should provide the vehicle for better codification of the relationship with the Westminster Parliament, including Select Committees and this can be extended to the Welsh Assembly. For example, the recently-agreed Memorandum of Understanding (MoU) between the BBC, UK Government, Scottish Government and Scottish Parliament provides for the BBC to lay its annual report before the Scottish Parliament and for the BBC to appear before Scottish Committees on Scottish issues "*on the same basis as it does in the UK Parliament*". The MoU entered into between DCMS, the BBC and the Government of Wales commits the parties to establishing (subject to agreement, through further MoUs) parity between the devolved administrations regarding the BBC's annual report and accounts and appearances before committees. The relevant part of the MOU reads as follows:

*Prior to the publication of the BBC's annual report and accounts for 2015/16, the signatories will work to agree a revised memorandum of understanding, to supersede this one, which would (subject to agreement) include commitments in the following areas, to establish parity across the devolved Governments in relation to annual reports and accounts and appearing before committees:*

- *A commitment from the BBC to send its annual report and accounts to the Welsh Government and a commitment from Welsh Government to lay these before the National Assembly for Wales; and*
- *A commitment from the BBC to appear before the National Assembly for Wales committees on matters relating to Wales, on the same basis as it does in the UK Parliament.*

39. Currently the Trust receives regular advice from its network of Audiences Councils and their Annual Reviews provide an additional performance assessment of the BBC in each of the nations, alongside the Trust's work.
40. In our response to the Green Paper we have said that the BBC must, as the Trust does now, have in place the mechanisms for the public to have their say when developing strategy. It must consider these views before making decisions about future direction, be that about individual services or the overall shape of the BBC.
41. The ways in which the BBC is accountable to audiences:
- Must be the ones which audiences themselves want to use.
  - Should reflect the relationship which members of the public want to have with the BBC, as relatively passive consumers or as more active stakeholders.
  - Should ensure that the widest possible range of voices is heard in order to represent fully the UK, particularly in light of devolution, and ethnic and social diversity.
  - Must reach not only those the BBC wants to hear from but also those who feel alienated or under-served by the BBC.
  - Should be flexible and evolving, finding new ways to use technology as a way of enabling accountability, though not at the expense of those who wish to engage in more traditional ways.
42. These criteria should also be used when considering any formal accountability structures.
43. There has been a formal structure of Broadcasting or Audience Councils since the late 1940s and they have played a key role during this time. However, ways of engagement have evolved particularly quickly in recent years, and the beginning of a new governance system for the BBC is an appropriate time to consider the future of any formal accountability network.
44. Again, we do not feel that the Charter should be prescriptive. It should be the responsibility of whichever body has the duty to represent licence fee payers' interests to decide how it wishes to use audience bodies around the UK and how the work which is currently done with and by Audience Councils can be developed in new ways for the digital age (although reaching all segments of Audiences, including those who do not have access to digital technology should remain an important consideration).
45. It is vital that the duty to represent licence fee payers' interests and, in particular, to do so across the UK, be embedded in the next Charter, though allowing the BBC and its regulator the freedom to use the appropriate methods. We look forward to engaging with the Government on these issues.

### **S4C's future, including its funding, operating and governance arrangements, and the services it provides**

46. Prior to S4C became mainly funded from the licence fee in 2013-14 the BBC Trust and S4C Authority agreed an Operating Agreement which included commitments to S4C's funding from the licence fee up to the end of the BBC

licence fee settlement, in addition to the programming provided by the BBC to S4C under statute.

47. This new relationship between the BBC and S4C has also, since November 2014, allowed the BBC to include all S4C's programming on the iPlayer which has led to a very significant increase in the viewing of S4C programming online.
48. The BBC is obliged by legislation to provide at least 520 hours per annum of programmes to S4C free of charge, agreed and delivered as outlined in the BBC Trust and the S4C Authority's Strategic Partnership agreement. Each year the Trust agrees an annual Programme Plan for this provision with the S4C Authority, which includes S4C's most watched output and in 2015-2016 the BBC will supply programming worth £19.4m, and this level of spend is guaranteed until the end of the current BBC licence fee period in 2017.
49. The Trust has monitored the working of this agreement, meeting on an annual basis with officials of S4C to discuss its operation and the performance of the channel, and has been pleased to learn of the way in which the partnership between S4C and the BBC has flourished and is appreciated by both the S4C Authority and management team.
50. The Trust has not yet reached any agreement, either with the BBC Executive or the S4C authority on the licence fee funding of S4C under a new Charter.
51. However, the Secretary of State for Culture, Media and Sport has suggested that S4C should be obliged to "*make the same kinds of efficiency savings that the Government are looking for the BBC to make*". We expect that S4C, as an independent corporation, and will want to discuss its own purposes and future funding in its own right with DCMS as well as the BBC over the coming months.
52. We think that it makes sense to develop a reference point regarding what a read-across, such as the Secretary of State envisages, might mean, based on the governance and funding arrangements that are currently in place. It obviously cannot be a final position as neither the Trust nor the BBC management will be able to make firm commitments until the Charter process has been completed and a full and final financial settlement is in place.

### How Wales's interests are being represented during the renewal process

53. Throughout all the Trust's work, from its inception, the Audience Council Wales has scrutinised the BBC's services on behalf of BBC audiences in Wales and shared their insights with the Trust. The Council undertakes a continuing assessment of BBC programmes and services in Wales and the extent to which the BBC's Network output and other activities reflect the diversity of the UK and its nations, regions and communities. Such work includes the identification of audience priorities for BBC (based on feedback and research in Wales) and the assessment of the BBC's performance. Based on its experience over the period of the current Charter the Council is advising the Trust on all aspects of Charter review relevant to Wales.
54. The Trust has ensured that the research it has conducted to inform its response to the Government's Green Paper has been fully representative of the UK, including Wales.

55. The recently-agreed Memorandum of Understanding (MoU) entered into between DCMS, the BBC and the Government of Wales says:

*The terms of the formal consultative role for the Welsh Government in the process of reviewing the BBC's Charter shall be as follows:*

- *The Department will consult the Welsh Government on the draft terms of reference for the Charter Review in advance of their publication.*
- *The Welsh Government will lay the final terms of reference for the Charter Review before the National Assembly for Wales.*
- *The department will consult the Welsh Government through the process of reviewing the Charter.*
- *The Welsh Government will lay the draft Charter and framework agreement before the National Assembly for Wales, and should the Assembly deem it appropriate, schedule a "take note" debate on the content of the draft Charter and framework agreement.*
- *The department will consult the Welsh Government before recommending to Her Majesty in council that the draft Charter is granted*

56. As referred to above, a corresponding MoU relating to the role of the Assembly in these matters is currently being agreed between DCMS, the BBC and the National Assembly.



[www.tac-cymru.co.uk](http://www.tac-cymru.co.uk)

**Submission to Welsh Assembly**  
**Communities, Equality & Local Government Committee**  
**Inquiry on BBC Charter Renewal 2015**

**Summary**

- The BBC remains very important to the public service broadcasting ecology in Wales.
- It can become less bureaucratic and more efficient by making more of its programmes open to competition from the independent sector.
- Creating BBC Studios is not necessarily the best way to ensure that the best ideas are being commissioned regardless of source.
- The BBC needs to improve its record of commissioning productions from the Nations in order to better meet its requirement to reflect the nations and regions of the UK to the rest of the country. This is one of its key Public Purposes.
- Funding needs to be maintained and ring-fenced for services such as BBC Radio Wales and Radio Cymru.
- We support the continuation of the Licence Fee, but would not rule out support for a household levy as long as it was at a rate which did not result in a further loss of funding.
- There needs to be a reform of governance and regulation which also safeguards the independence and future funding of S4C.

## **Introduction**

1. Teledwyr Annibynnol Cymru (TAC) is the trade association representing independent TV production companies in Wales. There are around 55 Welsh companies producing a wide range of television, radio and multiplatform content in genres that include children's, drama, comedy, factual, documentary, animation, entertainment, music and sport.
2. TAC members produce content for the UK network broadcasters. They sell programmes and formats abroad and are involved in international co-productions. TAC members also make content for Wales-based broadcasters such as BBC Wales and S4C - the latter of which, as a publisher-broadcaster, works very closely with our sector.
3. TAC is pleased to have the opportunity to give its views on the BBC for the purposes of this inquiry on Charter Review.

## **The Committee's areas of interest**

### **The future provision of the BBC's services in Wales, in both the English and Welsh languages;**

4. The UK has a successful mixed broadcasting ecology that, through the free-to-air Public Service Broadcasters (PSBs) plus the cable and satellite broadcasters, provides a rich mix of programming and associated content. Together, these broadcasters provide a competitive environment in which indie producers can take their ideas to a number of different commissioners depending on their services and remits.
5. Whilst we would like to see more engagement from some TV broadcasters with the Indie sector in Wales, nevertheless overall it is a system which provides great benefit to viewers in Wales and the Welsh economy. For Wales specifically there is a reasonable degree of plurality provided via BBC Wales, S4C and, to an extent, ITV Wales. Radio Wales and Radio Cymru provide two popular services which commission partly from the independent sector, enabling TAC members to gain additional commissions.
6. TAC agrees with the conclusion of Ofcom's recent third review of public service broadcasting, that 'The BBC remains the cornerstone of the PSB system and is the key driver of investment across the system'<sup>1</sup>. The BBC invests heavily in creativity, estimated at some £2.2bn overall in 2013-14, of which £1.2bn went to the wider creative industries in the UK<sup>2</sup>.
7. Any reduction in the capacity of one of the UK's leading commissioners of creative content would undoubtedly weaken this ecology. The BBC should remain well-funded, commissioning content across many genres and platforms to continue its overall function of informing, educating and entertaining the British public.
8. The BBC has of course made significant investment in some parts of Wales, notably Cardiff, where its drama facilities produce many high-quality programmes such as *Sherlock* and *Doctor*

<sup>1</sup> Ofcom. Public Service Broadcasting in the Internet Age: third review of PSB. July 2015, p7

<sup>2</sup> Frontier Economics. The contribution of the BBC to the UK creative industries. 2015, p3

*Who.* Whilst this is welcome, in itself it does not satisfy the BBC's public purpose of 'representing the UK, its nations regions and communities'. The BBC must allow the opportunity for the producers who are embedded in communities around the Wales to make more of its programmes and other content and thus bring their own talent, ideas, stories and perspectives to the screen. We note that the BBC itself in its Charter Review Document on BBC Studios says that in deciding on its commissioning strategy in the nations;

'we need to give careful consideration to the different context in each Nation: the market for local-only content is much smaller than network, with more fragile ecologies of independent producers. In addition, this output plays a unique and important role in the BBC's programming portfolio, meeting the distinctive needs of audiences that may not be well served by other broadcasters. The BBC is keen to ensure that it considers the full range of issues in reaching a final decision in this area.'<sup>3</sup>

9. We would also point the Committee to the findings of the BBC Trust, which in its recent Content Supply Review stated that:

'The Trust will want to ensure that the BBC has developed considered, clear-sighted plans that set out what the right commissioning mix is across the nations and regions. The Trust will also want to see how the BBC's production centres across the UK intend to work more effectively together with the independent sector based in different parts of the UK to develop creative, sustainable, local ecologies'.<sup>4</sup>

10. TAC agrees entirely with this stance and we would like to see this included in the Charter and Agreement as an express objective to be delivered by the BBC and measured by whichever regulator replaces the Trust.
11. Greater engagement from the BBC would enable more programme makers, including those based in the nations and regions, to compete to make programmes for the BBC's UK-wide TV networks. Whilst we welcome under the BBC's Compete or Compare proposals the removal of the 50% in-house guarantee for TV, we are concerned that making most of BBC's in-house operation a commercial arm ('BBC Studios') which could compete against indies for commissions from other broadcasters, constitutes an unwanted intervention in an already highly competitive market. Additionally, this could involve using public money to finance the venture.
12. The BBC needs to become less bureaucratic, smaller in size and more concerned with channelling the Licence Fee funding out into creative communities in Wales and indeed the rest of the UK.
13. TAC also opposes any significant changes to the Terms of Trade which govern the negotiations between indie producers and the PSBs. These have been the foundation upon which the SMEs in our sector have been set up and built their businesses to become as successful as they are today.

<sup>3</sup> BBC Studios: Strengthening the BBC's role in the creative industries. BBC, September 2015, p13

<sup>4</sup> Review of the Supply arrangements for TV, Radio and Online. BBC Trust, June 2015, p17-18

## **The BBC's current and future funding, governance and accountability arrangements as they relate to Wales**

### Funding

14. TAC supports the type of universal funding model used to support the BBC so far. It serves to create a large number of services, without impacting on the advertising-raising abilities of the commercial sector, or similarly upon the ability of subscription channels to gain customers. The Licence Fee remains largely fit for purpose, provided it is adjusted to allow for the iPlayer catch 'loophole'.
15. The household levy is also an interesting idea and we note that the BBC has suggested it may even be a mechanism for increasing the overall level of funding back to near where it was prior to the removal of inflation linking some years previously.
16. TAC shared the concerns of many that the recent Licence Fee deal between the Government and the BBC, in its haste and behind-closed-doors approach, echoed that of 2010, which saw new demands put upon the Licence Fee including the part-funding of S4C. This has resulted in a reduction of funding and increased instability not only for the BBC itself but also for S4C (see separate section below).
17. One result of the Charter Review process should be a protection of the BBC and S4C's funding, to prevent such sudden and non-consultative deals being done in the future. We would argue there is no sound evidence to justify cutting the public funding of organisations which are investors in the creative economy and thereby generate a proportionally greater amount of economic and cultural wealth than the public investment in them equates to.

### Governance

18. TAC has maintained a positive relationship with the BBC Trust, particularly in Wales and regularly meets with the individuals involved. We nevertheless concur with what seems a growing consensus that the BBC Trust has not been sufficiently separate from the Corporation to be fully able to carry out the duties of either an external impartial regulator, or a unitary board.
19. TAC agrees with the idea that the BBC should have its own unitary governing board plus a fully independent impartial regulator to ensure it is providing value for money and fulfilling its remit. We would regard Ofcom as a suitable option, which whilst it may have to recruit some additional staff would otherwise not incur additional cost on the Licence Fee payer.

## **S4C's future, including its funding, operating and governance arrangements, and the services it provides**

20. S4C was, until the Spending Review of 2010, funded by a public grant from DCMS of just over £100m – a grant which was inflation linked. Together with its advertising revenues this enabled S4C to provide high-quality content including the children's service 'Cyw', whilst also investing in making the channel available on new platforms.
21. This development into new platforms has been very important for S4C as many Welsh speakers live outside of Wales, and therefore it is only since the channel has been made available on the

web and via services such as Virgin Media that the content has been available for many viewers who would wish to see it. Indeed i-player requests for S4C programmes have been very healthy, with viewing figures increasing by 175% from March 14 – Mar 15 <sup>5</sup>.

22. S4C competes with BBC Wales for Welsh-based content, as well as seeking co-productions and other media opportunities outside of those pursued by the BBC. It also commissions companies who make not only Welsh language television programmes but also radio content for BBC Radio Wales and BBC Radio Cymru (which commissioned 26% and 19% from indies in 2014-15 respectively<sup>6</sup>). Without those companies splitting their activity across both S4C and the BBC, we would argue that Radio Cymru and Radio Wales would struggle to have an independent sector to supply it with a diverse range of content from around Wales.
23. But in the spending review of 2010, the decision was taken to remove most of S4C's public grant and no longer tie it to inflation, meaning it stands at around £6.7m at the current time. In addition, around £75m was committed to S4C from the TV Licence Fee, again not linked to inflation and a sum that has been under threat as each new cut to the BBC's own funding has threatened to be passed onto S4C, despite it being an independent broadcaster with its own programme remits, management and commissioning model.
24. As a publisher-broadcaster S4C commissions all its original content from the independent sector, thus helping to make Wales' creative sector a strong area of growth for the country. It is a key enabler for the creative industries in Wales.
25. However this economic growth has been under threat both from the cuts to S4C's funding (which amount to a loss of around 36% of its income in real terms<sup>7</sup>) and its Licence Fee income meaning it falls under the auspices of the BBC Trust.
26. S4C provides jobs, skills, and the chance for Wales to benefit from its unique locations, stories, perspectives and talent. It is also important in terms of providing plurality – over and above being a Welsh language broadcaster it is a broadcaster which gives Welsh viewers more options to see content that reflects their own lives and surroundings. This is of particular importance bearing in mind Ofcom noted in its third PSB review that: “  
  
‘The Nations and their regions are the areas where there is the greatest mismatch between public expectations of PSB and how it is delivering in practice. For example, plurality remains a concern in Wales.’ <sup>8</sup>
27. As noted above, S4C has made every effort to introduce efficiencies and its overheads are now down to 4.4% of its spend <sup>9</sup>, a very low figure. Correspondingly, TAC's members have also sought to ensure that they are working as efficiently as possible. However, it is worth emphasising that some efficiencies in the sector are only one-off gains, as pointed out in Ofcom's PSB review, and that this is not an everlasting process:

<sup>5</sup> S4C Annual Report 2015. July 2015, p15

<sup>6</sup> Performance against public commitments 2014/15. BBC, 2015, p16

<sup>7</sup> Future of Welsh language broadcasting. S4C, 2014, p06-07

<sup>8</sup> Public Service Broadcasting in the Internet Age: third review of PSB. Ofcom, July 2015, p7

<sup>9</sup> Future of Welsh language broadcasting. S4C, 2014, p42-43

‘analysis suggests that demand for production staff and studio costs is now increasing, and savings – in terms of producing the same programmes with smaller crews and fewer filming days – have largely been realised.’<sup>10</sup>

28. Moreover each new innovation in viewing quality, e.g. Ultra-High Definition or ‘4K’, brings extra financial pressure to bear on producers. S4C had to close its HD service in 2012 but now needs to find ways of re-introducing it as public expectations rise in accordance with the proliferation of channels offering HD quality. S4C also needs to ensure it is available on new technology platforms to be available to Welsh speakers in the places where they choose to consume content.
29. To enable it to continue to invest and provide a sufficient amount of high-quality programming, S4C’s funding needs to be given a one-off 10% increase to its mixed public funding from DCMS and the Licence Fee, and for this to be linked to inflation going forward (as the TV Licence Fee itself has now been).
30. An additional issue is that because the BBC Trust is a ‘custodian’ of the Licence Fee, S4C has found itself subject to scrutiny from the Trust as well as its own S4C Authority and also Ofcom. The problems of the Trust are documented above and TAC finds it as a matter of continuing concern that the Trust has, under the BBC-S4C Operating Agreement, the right ‘in extremis’ to withdraw S4C’s funding. TAC has long argued that if anyone should have that power, it should be the Secretary of State for Culture Media & Sport. S4C is part of the UK-wide PSB ecology over which that governmental department presides.
31. It appears that the BBC’s own governance and regulation will be fully overhauled and we would argue that if the same is done with S4C, savings could be made in terms of bureaucracy and cost by the existing regulator Ofcom to regulate the BBC and S4C. This should be done in conjunction with a proper review of S4C’s remit, purpose and structure.

#### **How Wales’s interests are being represented during the renewal process.**

32. In the case of TAC specifically, the Wales Office recently hosted a constructive meeting<sup>11</sup> between TAC and the Secretary of State for Culture Media & Sport, which enabled a large delegation to engage directly on the issues concerning the BBC and S4C. This was the latest in a series of positive Wales Office ministerial initiatives to engage with and promote our sector in recent years, including in 2014 speaking at the TAC annual general meeting, and hosting an event in Wales with UK TV commissioners and the Welsh indie sector. This year in July a showcase event for the sector was held at the Wales Office’s Gwydyr House building in Whitehall.
33. TAC will continue to liaise with the Wales Office and DCMS, as well as working with all parties in Westminster, on which note we welcome the efforts of many MPs and Peers to raise the profile of issues regarding the Welsh indie sector and S4C, both before and during the Charter Review process.

<sup>10</sup> Public Service Broadcasting in the Internet Age: third review of PSB. Ofcom, July 2015, p9

<sup>11</sup> See mention in House of Commons Debate: Media Plurality in Wales. HC Deb, 13 October 2015, c79WH

34. TAC welcomes the recent publication of the Memorandum of Understanding<sup>12</sup> between the BBC, BBC Trust, DCMS and Welsh Government allowing for consultation with the Welsh Government on Charter Review. TAC is engaging with the Welsh Government on issues around the BBC and S4C and recognises the current Minister's and First Minister's keenness to ensure that Wales's interests are well-represented during the Charter Review process.
35. On a more general UK level, there has been no shortage of opportunities for stakeholders in Wales to give their views on Charter Review. In addition to submitting a direct response to the Government's Green Paper, TAC has also submitted evidence to the House of Commons Culture Media & Sport Committee on the BBC Charter Review, as well as the House of Lords Communications Committee on the BBC's public purposes, funding and scope. We will also be submitting thoughts to the BBC Trust on their consultations on the BBC's documents regarding an 'Open BBC' and 'BBC Studios'.
36. In addition, the BBC Trust has taken on the process of holding public debates on various aspects of the BBC's future, including funding, governance and other issues. One of these sessions was held in Cardiff and TAC was able to attend.

<sup>12</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/469865/Wales\\_MoU\\_signed\\_final.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/469865/Wales_MoU_signed_final.pdf)

## Introduction

- 1) Pact is the trade association that represents the commercial interests of the independent television, film, digital and children's & animation production sector in the UK.
- 2) Pact has around 500 members across the UK, including in the nations and regions, with around 20 companies based in Wales with a combined turnover of over £37m. Pact members make programmes for a range of broadcasters in the UK and internationally, including for BBC, BBC Cymru Wales, Channel 4 and S4C in both the English and Welsh languages.
- 3) The UK independent television sector is one of the biggest in the world. Independent television sector revenues have grown from £1.3 billion in 2005 to around 2.9 billion in 2014.<sup>1</sup>
- 4) UK TV exports are also a success story; with international revenues from the sale of UK TV programmes and associated activities at £1,207m in 2014/15.
- 5) The BBC Drama hub is based in Cardiff which helps attract and retain talent in Wales, however the BBC Out of London spend is skewed towards BBC in house and is not being invested in the independent production sector based in Wales.
- 6) Pact's vision for an independent sector in Wales is one that is diverse and sustainable and continues to secure investment in both Welsh and English language programming into the future. In order to achieve this, broadcasters including the BBC should be open to working with and commissioning from a range of Indies, including new entrants to the market.
- 7) For further information, please contact Pact's Head of Nations & Children's, Rosina Robson, at [rosina@pact.co.uk](mailto:rosina@pact.co.uk) or on 020 7380 8248.

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<sup>1</sup> Pact Census Independent Production Sector Financial Census and Survey 2014, by Oliver & Ohlbaum Associates Limited

## Inquiry questions

Pact is pleased to respond to the Welsh Assembly Committee inquiry into BBC Charter Renewal. Pact members in Wales supply content to broadcasters in the UK and internationally including BBC, Channel 4 and S4C, across a range of genres including drama, factual and children's programming. This content is supplied for both local and UK network programming in both English and Welsh.

The main issue for the independent production sector in Wales is the small proportion of BBC network spend in Wales targeted at the Indie sector; BBC Wales estimate that only around £2m of the £56m spent on commissioning in Wales is allocated to the Indie sector. Clearly, there is room for growth in terms of investing in the Indie sector in Wales as there is currently an over emphasis on BBC in-house. This will help build a diverse and sustainable sector into the future.

- **The future provision of the BBC's services in Wales, in both the English and Welsh languages;**
- **The BBC's current and future funding, governance and accountability arrangements as they relate to Wales;**
- **S4C's future, including its funding, operating and governance arrangements, and the services it provides;**
- **How Wales's interests are being represented during the renewal process.**

Pact responds to those key areas where the Committee has invited comments:

### **1. The future provision of the BBC's services in Wales, in both the English and Welsh languages;**

1.1 It is clear that both the BBC Wales in-house and Welsh Indies continue to make a positive contribution to the BBC's UK television output including popular titles such as Doctor Who (although the majority of the production team are not locally based), Casualty, Crimewatch, Hinterland and children's programming such as Ludus and Grandpa in my pocket.

1.2 According to Ofcom, Wales fares slightly better than the other nations in terms of audience reach and that viewer appreciation is slightly better than other areas of the UK. As the Committee is probably aware, 20% of the population in Wales speak Welsh (and English) whereas 80% of the population don't speak Welsh, only English. We should seek to maintain and build on this audience reach into the future and ensure that further budget cuts do not impact on Welsh or English speaking viewers<sup>2</sup>.

1.3 As with the independent production sector in other nations, the TV sector plays a key role in the wider creative industries in Wales and is probably one of the most commercially successful creative sectors both in the UK and overseas. Any impact on the TV sector, either positive or negative, inevitably has a knock on effect on the film sector, games, digital, special effects and on and off-screen talent.

1.4 Deloitte published a report on the BBC's impact on the UK economy in 2011/12 which demonstrated the value generated for the UK economy and specifically in Wales. Due to

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<sup>2</sup> Ofcom Communications Market Report, Wales (2015)

a slight reduction in BBC expenditure the corresponding GVA (Gross Value Added) fell from £292m (2009/10) to £276m (2011/12), (based on expenditure of £154m in 2011/12). It is clear that the BBC has a positive impact in Wales.

- 1.5 Analysis by Arad Research in 2014/15 also concluded that; for every £1 invested by S4C in the economies of Wales and the UK created a total value of £2.09. According to the study, S4C's investment of £83m generated a total economic impact of £170m across the UK.
- 1.6 It is important that we seek to maintain BBC investment in Wales and develop a sector which is important to the future health of the Wales economy, job creation and long term creative sector talent development.

#### *Current challenges to independent production*

- 1.7 Pact has also responded to the DCMS Green Paper on BBC Charter Renewal expressing our serious concerns about competition and State Aid issues which we do not consider are adequately addressed in the BBC's proposal for BBC Studios.
- 1.8 The level of scrutiny and regulation which would be required in order to enable the establishment of BBC Studios would go far beyond the existing framework which is required in order to govern the Window of Creative Competition (WoCC) where BBC and independent production companies compete for commissions. BBC Studios would have a significant impact on the supply chain for the whole of the broadcasting sector, both in the UK and internationally. The mechanisms for ensuring transparency and fairness must therefore go far beyond the existing compliance framework.
- 1.9 We are extremely concerned that with the BBC's proposal on BBC Studios, details are still lacking about how the regulation of the new commercial entity will work.
- 1.10 It is crucial that BBC Studios is treated in exactly the same way as all of its commercial competitors by the BBC public entity. Any difference in terms of preferential commissioning terms or information would constitute a breach of State Aid and could have serious effects on the market. There must be full transparency and regulatory oversight on this issue.
- 1.11 Pact will be responding in full to the BBC Trust consultation on BBC Studios including as to how it is envisaged that BBC Studios will interact with local and network commissioning in the nations and regions.
- 1.12 Pact is also concerned about the recent review ordered into Terms of Trade by the Secretary of State for Culture Media and Sport and the devastating impact that this could have on the sector in the UK and Wales if Terms of Trade are withdrawn. The Communications Act 2003 introducing Terms of Trade is an effective and flexible piece of legislation which has allowed producers to own and exploit their rights at home and overseas. Pact is concerned about the potential to unravel this industry success story which has developed over the last ten years having a positive impact on the Welsh economy also.

## **2. The BBC's current and future funding, governance and accountability arrangements as they relate to Wales**

### *Current and future funding*

2.1 Pact is aware that the BBC in Wales has already made savings through the BBC Delivering Quality First (DQF) plan, making cumulative efficiencies since April 2012.

2.2 The reality is that BBC Cymru Wales has had to deal with a real terms cut of 16% of funding spread over five years. We also recognise that S4C has faced a real terms cut of 36% in funding since 2010 and that their funding from the DCMS has been ring fenced for the next two years but not confirmed beyond 2016/17<sup>3</sup>.

2.3 Since 2006/7, BBC Wales' budget for English language TV programmes has fallen 18% from £24.6m to £20.2m in 2012/13. We are aware from discussions that that this spend has reduced further in 2014-15. The Institute of Welsh Affairs (IWA) report that spend on English language TV in Wales (in real terms at 2014 prices) declined by 30%. The decline in English language programming has been more pronounced even than Welsh language programming.

2.4 Tony Hall, BBC Director General has recognised this issue and acknowledged in a speech in April 2014 that English language programming had been eroded and that a decision to deal with the cuts by prioritising news, current affairs and political coverage had been at the expense of areas such as comedy, entertainment and culture.

2.5 Pact is clear that maintaining both investment in Welsh and English language programming in Wales is crucial for the full diversity of audiences in Wales being represented and their lives reflected on screen. Content made in Wales also has value across the UK and internationally in terms of TV exports. We know that TV exports from Wales do well even compared to the independent production sectors in the other nations.

2.6 Further cuts have already been announced by the BBC at a national level which will inevitably impact on BBC Cymru Wales. We call on these cuts to be organised in a way that will as far as possible not impact on content budgets in Wales. Pact calls for the current nations and regions quotas to be maintained into the next Charter settlement.

2.7 We are aware that levels of investment in content are already tight but express the importance of maintaining the well established Out of London quotas for network programming in Wales through the BBC (5% of 17% nations target by 2016).

### *Governance and accountability arrangements in Wales*

2.8 Pact believes that the current broadcasting governance and accountability arrangements in Wales and across the UK are broadly fit for purpose.

2.9 There is a separate consultation around the future of the BBC and governance, on which Pact does not have a strong view, except to say that any governance structures should have fairness, transparency and accountability as a core principle. Ofcom should

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<sup>3</sup> IWA Wales Media Audit: Current Media Provision in Wales: Television (October 2015)

continue to play a role in Wales by linking with Ofcom in London and across the other nations.

2.10 Pact is not in favour of the proposals mooted by the Devolved Assemblies to create a more federal system of governance within the BBC. As a publicly funded UK institution, we believe that it is right and proper that the UK Government and Parliament are responsible for setting the licence fee and the BBC Charter. Beyond this, the BBC should remain independent from all Parliamentary interference.

2.11 We do not think that there is the same strength of appetite in Wales for devolution of broadcasting as in Scotland for example. However, we continue to welcome oversight by the Devolved Assemblies/Parliament, including the Welsh Assembly having oversight of the BBC Annual Report and play a constructive role in continuing to query how the broadcaster quotas are being spent in Wales.

### **3. S4C's future, including its funding, operating and governance arrangements, and the services it provides;**

3.1 Pact supports the maintenance of funding for S4C into the future and maintains that it is an important part of the broadcasting ecology in Wales and should be guaranteed for longer term sustainability.

3.2 Pact notes that the overall spend on programming for S4C was £91.5m in 2012/14. BBC contributed £76m to the funding of S4C in 2013/14 falling year on year to £74.5m in 2016/17. DCMS also continues to provide funding of £6.7m to S4C. The remaining 2% of funding comes from S4C's advertising revenue and commercial activities.

3.3 S4C Annual Report states that every £1 invested by S4C in the economy generates total added value of £2.09. Pact underlines that the investment in S4C returns a good investment into the economy and to Welsh speakers who make up around 20% of the population in Wales.

### **4. How Wales's interests are being represented during the renewal process.**

4.1 Pact is taking the opportunity whenever it can, to represent the interests of producers in Wales and the other nations during the Charter Renewal process. Pact recently submitted a full response to the DCMS (Department for Culture, Media and Sport) Green Paper on BBC Charter Renewal and is currently drafting a response to the BBC Trust review of the BBC Studios proposals.

4.2 Pact is keen that the interests of both the English and Welsh speaking audience and producers are catered for in any settlement. It is important for life in Wales to be fully reflected on screen that investment to both English and Welsh language programming is maintained in a sustainable way into the future.

# Agenda Item 4

12 November 2015 – Papers to note cover sheet

Paper No:	Issue	From	Action Point
<b>Public papers to note</b>			
4	Historic Environment (Wales) Bill	Deputy Minister for Culture, Sport and Tourism	Response to the Historic Environment (Wales) Bill report

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



Llywodraeth Cymru  
Welsh Government

Christine Chapman AM  
Chair of the Communities, Equality and Local  
Government Committee  
National Assembly for Wales  
Cardiff Bay  
Cardiff  
CF99 1NA

Christine.Chapman@assembly.wales

Dear Christine,

03 November 2015

### Historic Environment (Wales) Bill

Thank you for your letter of 8 October forwarding the committee's stage 1 report. As I outlined in Plenary on 20 October, I am pleased to be able to accept the great majority of the committee's recommendations. I thought it would be useful to respond formally to each of the recommendations prior to the stage 2 committee meeting.

#### Recommendation 1

I welcome the committee's recommendation supporting the general principles of the Bill

#### Recommendation 2

I am pleased to accept the committee's recommendation that section 33(2) of the Bill should include a specific reference to historic place names. I will introduce an amendment during stage 2 to provide access to this aspect of Wales' heritage through the historic environment records.

#### Recommendation 3

I agree that it would be helpful to provide guidance on interim protection and the consequences of designation to owners and occupiers of monuments or buildings that are being considered for scheduling or listing. Guidance on understanding listed buildings and scheduled monuments is being prepared to coincide with the commencement of the new designation procedures. This guidance will set out the responsibilities of owners of historic assets. *Managing Change to Listed Buildings in Wales*, a new guidance document aimed at owners, was published as a pre-consultation draft when the Bill was introduced.

#### **Recommendation 4**

I agreed in Plenary to carry out further research into the feasibility of including statutory protection for historic parks and gardens in the Bill. During the scoping for the Bill, the introduction of statutory protection was, in fact, explored. It was not taken forward then because it would add a further layer of complexity for owners and decision makers. However, my officials will look again at the options for improving protection for historic parks and gardens. I shall report back to the committee no later than the completion of stage 2, as requested in your report.

#### **Recommendation 5**

Prior to the commencement of the provisions for temporary stop notices for listed buildings, guidance on their use will be issued to local planning authorities. In addition, during the latter part of 2016, we will publish, *Managing Listed Buildings at Risk*, which will give guidance on the positive management of buildings at risk and identify avenues of support. It will also contain information on the legal powers available to local planning authorities when all else fails to bring buildings at risk back into use.

#### **Recommendation 6**

Advice on the extended urgent works powers will be issued to local planning authorities prior to the commencement of the provisions. As noted under the previous recommendation, the guidance to be published in the latter part of 2016, *Managing Listed Buildings at Risk*, will also include information on the legal powers available to local planning authorities to deal with buildings at risk.

#### **Recommendation 7**

The policy intention for the introduction of local land charges in connection with urgent works is to encourage local planning authorities to use existing powers to halt further deterioration to listed buildings by giving them an effective mechanism to recover costs.

#### **Recommendation 8**

The provisions in the Bill mirror those in other legislation, including the Mobile Homes (Wales) Act 2013. By referring to the Law of Property Act 1925, it allows the local planning authorities to rely on certain powers and remedies to enforce the charge, including a forced sale. There is case law to support the position that the wording used in section 30 is sufficient to create a priority charge.

#### **Recommendation 9**

Local planning authorities already have a range of statutory powers to address the neglect of listed buildings by their owners — powers which the Bill will extend. However, we will undertake research into the feasibility of financial penalties for deliberate neglect. The issues are complex, so the results will not be available in time to inform the Bill's provisions.

#### **Recommendation 10**

I have written to the Welsh Language Commissioner to provide her with information about the content and operation of the historic environment records and my officials are in discussion with her officials about the appropriate application of the Welsh Language Standards.

### **Recommendation 11**

The cost of placing a duty upon local planning authorities to create and maintain lists of historic assets of special local interest has been estimated at some £3.5 million. In the evidence given to your committee, a number of witnesses expressed concern at the adverse impact that such a duty could have on local planning authorities' ability to protect and manage the historic environment. I believe that local planning authorities should be able to set their own priorities. The guidance, *Managing Lists of Historic Assets of Special Local Interest* — published as a pre-consultation draft when the Bill was introduced — will support them in creating local lists with the full involvement of local communities.

### **Recommendation 12**

Prior to commencing the provisions on heritage partnership agreements, guidance, drawing on experience gained from the use of similar agreements in England, will be published.

### **Recommendation 13**

I agree that the Welsh Government should support local planning authorities and owners who are interested in developing heritage partnership agreements. Officials from Historic Environment Service (Cadw) will mentor and support local planning authorities entering into 'pathfinder' heritage partnership agreements.

### **Recommendation 14**

I agree that the Advisory Panel on the Welsh Historic Environment should produce a publicly available report on their activities. However, as the panel will have a three-year work programme, I believe that a triennial report would be more appropriate.

*Yours ever,*



**Ken Skates AC / AM**

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



# Agenda Item 8

By virtue of paragraph(s) vi of Standing Order 17.42

Document is Restricted