



HOUSE OF LORDS

Revised transcript of evidence taken before

The Select Committee on Communications

Inquiry on

BBC CHARTER RENEWAL:

PUBLIC PURPOSES AND LICENCE FEE

Evidence Session No. 10

Heard in Public

Questions 143 - 153

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3 pm

Witness: Hywel Wiliam

USE OF THE TRANSCRIPT

1. This is a corrected transcript of evidence taken in public and webcast on www.parliamentlive.tv.

Members present

Lord Best (Chairman)
 Lord Hart of Chilton
 Baroness Jay of Paddington
 Baroness Kidron
 Lord Sherbourne of Didsbury

Examination of Witness

Hywel Wiliam, Institute of Welsh Affairs

Q143 The Chairman: Hywel Wiliam, thank you very much for joining us. We were due to have somebody from Creative Scotland with us as well—we were not going to have you all on your own—but they have had to pull out at the last minute. We are absolutely delighted that you are with us, and all the questions will come to you. We might not take the full hour; it might be a bit much for you. Were you there earlier when I was briefly explaining how we are approaching this?

Hywel Wiliam: I have just arrived.

The Chairman: Just to tell you that we are in the midst of our inquiry into charter renewal for the BBC. We are looking in particular at its public purposes, the scale and scope of the BBC, and the way that the licence fee is decided at the moment. If you could very kindly just introduce yourself and say where you are coming from, that would help us launch off.

Hywel Wiliam: My name is Hywel Wiliam. I am here on behalf of the Institute of Welsh Affairs media policy group, a voluntary group of which I am a member. The Institute of Welsh Affairs is an independent membership-based think tank dedicated to promoting the economic, social, environmental and cultural well-being of Wales. From its inception back in 1987, it owes no allegiance to any political or economic interests as such. Our real interest is just to make sure that Wales flourishes as a country in which to work and live.

I will briefly mention that we conducted a media audit—the first media audit for Wales—back in 2008. At that time, it was funded, or supported, by the Welsh Government. This time around, we have repeated the exercise, but we have had to use our own resources to carry out that audit. We have published it in part as a consultation exercise on our website during October, just to garner some feedback from the audience. We intend to publish the final version in time for the Cardiff Media Summit, which is being held on 11 November in Cardiff.

Q144 The Chairman: That is helpful. Possibly we could see copies of that; it would be very useful. We are in the midst of debates in various forums about devolved powers. Broadcasting is not a devolved power, but there have been calls from some for broadcasting to be devolved in Scotland. I am not sure whether there are similar calls in Wales. How does your institute react to the issue of devolved powers as it affects broadcasting?

Hywel Wiliam: We are politically independent as an institute, so we take the view that the responsibility for broadcasting is essentially shared between three tiers, at a European, UK and Wales level. But we feel that the status quo perhaps does not take account of the changing constitutional situation in the UK. We feel that perhaps the BBC might be slightly

lagging behind developments and could take greater account of the nations in terms of the level of service and funding for each nation.

The Chairman: The Purpose remit survey, which looked at the different public purposes, found that representing nations, regions and communities scored lowest; it had the widest gap in terms of performance. Would you concur that there is a gap there that needs filling?

Hywel Wiliam: Yes. Just to drill down into the details of the survey, it was interesting to see that that was the purpose that scored least well in terms of the purposes collectively. There was an average score, but some individual headings scored even more poorly; for example, drama. I cannot remember the exact wording, but one heading asked whether people are engaged or interested in contributing to society, and that had a score of minus 20. It was quite interesting to see how badly it fared. It reinforces our view that, although the BBC does a lot of very good things, we are, as I said, concerned that perhaps it is slightly lagging behind in terms of reflecting the interests of the nations. In a way, perhaps audiences are instinctively picking up on this.

The Chairman: This gap has widened recently. Is there any special reason why it should get worse?

Hywel Wiliam: Well, look at the structural characteristics of the media market in Wales—a number of sources have commented on this; for example, the Electoral Commission report looking at elections in Wales. Therefore, it is a wider issue than just the BBC's provisions. But obviously we have seen, as you are aware, a reduction in service band and hours for the BBC and ITV in Wales, and indeed S4C. We have seen local radio, because of a number of factors to do with fixed costs and the drift of advertising to the internet, trying to reduce its commitment to localness. With certain exceptions, it is therefore less committed to contributing to that citizenship agenda and acting more perhaps as a noticeboard than a scrutineer. We have seen a weakening of press—that is a worldwide phenomenon, not just in Wales, but we start from a position of a fairly limited provision in any case. We have seen a continued, and perhaps inevitable, dominance of English news, even when dealing with devolved issues, in terms of reporting and public perceptions. We have also seen a limited portrayal of Wales in terms of network output, especially drama. On that, it is interesting to note the audience response to “Hinterland” or “Y Gwyll”. I do not know whether you are familiar with the series, but it has been very well received and, quite interestingly, does offer at least some portrayal of Wales. It was broadcast by, among others, BBC4.

The Chairman: I liked your phrase “more of a noticeboard than a scrutineer”. Were you talking about local radio specifically?

Hywel Wiliam: Commercial radio, yes. There are exceptions, but, essentially, it is a music-led format and has more limited capability of reflecting on citizenship matters.

Q145 Lord Hart of Chilton: This is a question generally, although you covered one of the Purposes a little while ago. I should declare an interest that I was married to a Welsh woman and ran a Welsh sheep farm on the Llŷn peninsula for 12 years. I watched television in Wales and did not understand a word, of course, except for those words that have been invented since the vocabulary closed down—words like television and refrigerator suddenly occur, and those were the words that I could identify. Looking at all the Purposes together, do you think that, for Wales as a nation, the public Purposes are generally being fulfilled, not just the one we have just been talking about?

Hywel Wiliam: We were concerned certainly about the debate about how the public Purposes might evolve. We feel that it is a good mechanism potentially for evaluating the performance of the BBC across the service licences, for example. However, we are concerned about the attempted rewording that the trust has proposed. In our responses to the consultation, we have suggested some refinement of the existing wording. Broadly, we are concerned that, although we understand the trust's interest in wanting to promote concise forms of wording, we are worried that the detail is going to be lost. We are concerned that the Purposes need more precision to be able to hold the BBC to account. We favour the existing Purposes but with the Purpose remits being amended or slightly tweaked in individual cases. For example, in the first Purpose, to provide news and information, we are concerned that sustaining citizenship and civil society appear to be lost. We would want that to be included. We would add that we could refine one of the Purpose remits by, for example, building a greater understanding of the political and parliamentary process at a UK devolved and local authority level. So it is just a tweaking and refinement of what exists already.

Lord Hart of Chilton: Are your views evidence-based?

Hywel Wiliam: Yes they are. As I said, we conducted this media audit over the summer and have collected a lot of data from quite a wide range of sources.

Lord Hart of Chilton: What sort of data are those?

Hywel Wiliam: Well, they are the resourcing data—that is to say the facility by which broadcasters can deliver service in Wales. We have also looked at the views of audiences and the impact on the wider creative industries. For example, take the English-language television service that is provided by the BBC in Wales. The BBC has faced a very difficult challenge following the previous round of cuts from Delivering Quality First, back in 2010, of having to prioritise within more limited budgets. We note what was, effectively, a 25% cut in spend and about a 27% cut in hours from around 2006 to the present levels today. It has forced the service to prioritise its core service, focusing on news, current affairs and factual programming. But it has restricted the range and diversity of the rest of the service for viewers in Wales. It is interesting that this point was picked up last year by the director general, Tony Hall, in a speech he gave in Cardiff. He again referred to whole tranches of genres, such as the arts, drama and so on, that are barely being touched now by the English-language service. We can see that that is because it is being squeezed financially.

Q146 Lord Sherbourne of Didsbury: I want to read to you a change the BBC Trust has proposed in one of its purposes. It has proposed changing the purpose which currently is, “reflecting the UK, its nations and regions” instead to read “to reflect, represent and serve everyone in the UK”. It goes on to say that it thinks the BBC “should represent and portray the lives of the people of the UK and raise awareness of different cultures and alternative viewpoints”. From your perspective in Wales, do you think that is a helpful or unhelpful change? If it is helpful, how would it help?

Hywel Wiliam: We take the view that it is unhelpful for the reason that I perhaps mentioned earlier—that there is a lack of focus. We think we need a little bit more precision. We feel that purpose no.4 in the list should recognise the need to provide discrete services for the nations. That is rather lost in this wording, laudable as it is in other ways, so it is really a matter of precision. Rather than move in the direction of the trust, which is towards

simplification, we think that in this case brevity is not a virtue. We would rather have more precision and clarity.

Lord Sherbourne of Didsbury: This is not a question for you but rather for the trust. What do you think it is trying to do here?

Hywel Wiliam: I think that it is trying to respond, quite legitimately, to audience research. It has conducted a lot of research and published it as part of the work of presenting the reworded purposes. I can see why it would want to try to reflect that research in its purposes. As I say, it just so happens that we as an institute feel that it is going in the wrong direction from our point of view.

Q147 The Chairman: We will come on to scale and scope in a moment, but can I ask about the BBC Studios proposal? This idea is part of the devolution process and putting things out and about. Do you think this would have an impact in Wales if the BBC goes for this commercial arm of the BBC Studios? What impact might it have?

Hywel Wiliam: It has serious implications for what I would call the ecology of the production supply market in Wales. It could create effectively a company that would be very powerful and would compete perhaps too strongly because of its immense resources with the latent commercial or independent sector. So we think that the balance would need to be looked at very carefully in the nations, as indeed the trust itself has alluded to. I was looking at the response from the Welsh Independent Producers Association. I think it alludes to two points—one made in the proposal for BBC Studios about the need to have regard to the fragility of the ecology, and the point that the trust has made about wanting to see how the production centres across the UK intend to work effectively with the independent sector. We would be concerned about a host of complications, but perhaps the main one would be the impact on the in-house production capability of BBC Wales. We would not want to see that eroded. We think that the details need to be looked at carefully. It is early days but we need to think about those factors.

The Chairman: Do you think those same comments would be likely to be forthcoming in Scotland as well?

Hywel Wiliam: In terms of what we would share with Scotland, and indeed Northern Ireland, this development could make the importance of maintaining what I would call, for want of a better term, the out-of-England quota—the 17%—even more vital because of the potentially large impact that the BBC Studios development could have on the market.

Q148 Baroness Kidron: There seem to be developing two polarised schools of thought. One suggests that the BBC hinders and crowds out commercial operators and the other points to the positive market impacts of the current system of the BBC, wherever it is building up a local ecology of independence. I wonder whether you would like to tell us your view.

Hywel Wiliam: I share the view about the positive impact but I also note that we cannot see from our work any evidence of crowding out or commercial impact. If anything, we see what our chairman referred to in his statement as market failure writ large—that the choice is often a BBC service or no service. Where you do have obvious competitors, they tend to be complementary, again thinking of the ecology. If you take, for example, English language broadcasting on television, where ITV Cymru Wales provides a comprehensive news and current affairs service, it is of a different nature to the service provided by BBC Wales, we

would argue. Therefore, we would welcome the plurality that provides in terms of provision. Similarly, if you look at the online content provided by the BBC for Wales—for example, the BBC can review the Welsh language online service—again, it is of a very different nature and character to Wales Online, the Trinity Mirror-funded commercial service. They are working very differently and in a sense therefore they are complementary, and again therefore very welcome in terms of plurality. There is a positive benefit as well if you think about the impact of the BBC's investment on promoting the creative industries in Wales—for example, the terrific investment in Roath Lock, the drama village, as well as investment such as that in Salford and other parts of the UK. That was long overdue and very welcome. These have had a beneficial impact on the freelance workers in the industry in south Wales. There has been an interesting synergy as well between the in-house production departments that were making programming for Wales and network programme-making staff who are able to share work and resources and develop each other's game in a very creative and strong way.

Baroness Kidron: Do you think then that, while we are all counting hours, money and market share, there has also been something happening around quality in these places where the BBC has invested? I do not mean just BBC quality, but the quality of work coming out of the independents in that same environment.

Hywel Wiliam: Well, the quality of output for BBC Wales for the network is obviously to be praised. It is great to see the success of big network shows like “Doctor Who” “Torchwood”, “Casualty” and so on. But the other side of the coin is that the cuts I mentioned earlier in capability for the BBC within Wales are clearly impacting on the strength of departments there. It seems to me there is a win-win situation if funding could be reprioritised so that you could build stronger departments within Wales that could in turn produce programming not only for Wales but for the network. You would therefore have a win-win situation in terms of increasing portrayal because whereas we note the great success in terms of the creative industry strategy, the problem with Wales is lack of portrayal of Welsh content on UK networks, about which we are very concerned. We feel that approach would be a way of building that up in an organic way.

Q149 The Chairman: Can you explore a little bit one of the contrary views, which is that by spreading the funding and the opportunities across the nation as a whole, one makes the BBC an enterprise that is less likely to compete internationally with the huge new global players that we now have—the Amazons and Netflix and Americans? This requires concentrating resources, creating such a big hub that one can take on these global competitors. Although across the nations people would like more resources spent and more investment made, is there any merit in the argument that that is distracting the BBC from being a real world stage player?

Hywel Wiliam: It is a question of scale. The sort of increased investment that we would be looking for in the nations would be very small compared with the existing spend or investment that will happen in terms of network output. In any case, we have seen already how the nations of the UK have been able to strengthen that network output as a platform for developing world-class content. You have only to look at productions such as “Da Vinci's Demons”, which has just finished being made in the Swansea Bay Studios for BBC Worldwide. It is a very successful series that has not actually been broadcast in the UK; it is a product made for North America. So the BBC has got it right there, in being able to square that circle: in other words, create world-class content and do it from production centres

around the UK. That is very welcome. We are saying that a very small reprioritisation of funding for domestic production within Wales would make a huge difference as well. We also think that there would be a spin-off back into the network in terms of the quality of productions that could be reverted and broadcast across the UK.

Q150 Lord Sherbourne of Didsbury: One question we have been asking various witnesses in recent weeks has been on the subject of the scale and scope of the BBC. I would be interested in your perspective on where you think the BBC should be doing more, or maybe less. Are there any changes that you would like to see in this area?

Hywel Wiliam: In the context of the communications and broadcasting market in Wales, it is very difficult to see how you would want the BBC to do less. Because of the general sense of market failure in so many areas, the role of the BBC is in fact vital to the provision of news and current affairs content, for example. It is very difficult to see an argument for reducing that capability. Obviously we want to promote competitive markets, and if successful entrants came along to provide services, that would be terrific. Unfortunately, in Wales the story generally is about a lack of provision. We are seeing in the commercial world a pulling back wherever possible of provision and reducing it, so the role of the BBC has become more and more vital. It is not a healthy situation when you have only one provider of high-quality content; you need competition. That is why the role of, for example, ITV Cymru in Wales is still so important.

Lord Sherbourne of Didsbury: In terms of the BBC extending its scale and scope, where would you like to see that happen, if it were to happen, in terms of quantity or new areas?

Hywel Wiliam: We welcome the work that the BBC has done and is doing in looking at strengthening local provision. We accept that there are issues in local markets—for example, we talked about the decline of local investigative journalism and press, although there are welcome signs of a turnaround in terms of hyperlocal media, new providers, new publications and some hybrid services that started out as hyperlocal and then in some places have moved to print—the *Caerphilly Observer*, the *Port Talbot MagNet*, the *Pembrokeshire Herald*, that kind of thing—so where those are happening they should be encouraged and developed. You would not want to see excessive provision by the BBC dampening their situation, but there is certainly no risk of that at the moment. In fact the opposite is true: the BBC could help by pooling, sharing and providing content for use by local providers, and we welcome the interest the BBC is showing in doing this.

Q151 Baroness Jay of Paddington: This question follows on from the points that you were making to the question that was asked by the Chairman, and is about what you describe as the win-win situation over prioritised funding for Wales. In that context, how do you react to the licence fee settlement in July?

Hywel Wiliam: We felt that it was an unacceptable process. We feel that there was a lack of parliamentary debate and of real engagement. The decision appeared to be presented as a *fait accompli*. In our view, the decision regarding the funding for licences for the over-75s should really be a matter for the Department for Work and Pensions; we do not see it as a core purpose of the BBC. We are concerned about the lack of democratic accountability around that process. We would want to see better processes in future to ensure that that did not happen again. It is outside the traditions and spirit of the way in which the BBC has worked with government in the past, and it potentially undermines the BBC's independence.

Baroness Jay of Paddington: I take your points about democratic accountability and so on, but do you think it may have a direct impact on your services, given the points that you made earlier about the necessity of prioritising regional funding?

Hywel Wiliam: Yes, we have already seen a decline in spend. The BBC has responded through *British, Bold, Creative*, saying, “We won’t cut the nations too much more”—so they will still be cut, but less than elsewhere. From our perspective, that is completely unacceptable; as I say, we would rather see a reprioritisation. We think that that is justified because of the changing constitutional situation in the UK.

Q152 The Chairman: The BBC Trust has said that it wants to see the BBC production centres across the UK working more effectively with the independent sector based in different parts of the UK to develop local creative ecologies. Would it be sensible for a specific objective to be included in the new charter, when we get it, dealing with the BBC’s engagement with independent production companies in the regions and nations?

Hywel Wiliam: So long as that purpose took account of the fragility of the ecology, it would be very welcome. I feel that there is a spirit among the independent sector to work with the BBC, and there are good examples where that has happened. The BBC has been a positive influence in terms of strengthening the sector generally. The BBC commissions programmes from a wide range of production companies, just as S4C does in Wales, so there have been positive developments there over the years. That would need to be looked at very carefully in terms of the ecology, and perhaps also in the context of the comments made earlier about BBC studios.

Q153 The Chairman: Is there anything else that you would like to share with us that we have not managed to draw out from you?

Hywel Wiliam: It is interesting to see a comment by the BBC about not wanting to lag or lead in terms of any constitutional changes or developments in the UK. We believe that it is about reflecting the union of nations in full and ensuring that the new policies that are emerging in Scotland, Wales and Northern Ireland have the necessary media underpinning to ensure the health of civil society, which we feel is really the core function of broadcasting.

The Chairman: Fundamental stuff. We are sorry that we had you all on your ownsome, but this has been very productive and helpful. Thank you very much indeed.