



House of Commons
Welsh Affairs Committee

Broadcasting in Wales

Fifth Report of Session 2022–23

*Report, together with formal minutes relating
to the report*

*Ordered by the House of Commons
to be printed 18 October 2023*

Welsh Affairs Committee

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Summary

The broadcasting industry is undergoing a period of transformative change, driven by significant technological developments in how content is created, distributed and consumed. The transition from analogue to digital formats, and the rise of high-speed internet, has seen the emergence of on-demand streaming services like Netflix and Amazon Prime Video offering unprecedented choice for consumers and leading to a decline in viewing of traditional linear television channels. The proliferation of smart TVs and connected devices has made it easier for viewers to access online content on their television sets. Increasingly, people watch programmes through digital platforms, listen to radio through Smart Speakers, and consume the content they want rather than following a schedule.

Broadcasting plays a vital role in reflecting and shaping modern Welsh identity through a diverse range of TV and radio content, encompassing news and current affairs, drama, live sport and cultural events in both the Welsh and English languages. Meanwhile, the Welsh broadcasting industry continues to provide a rich pool of talent and expertise that contributes to the growth and success of the sector at a UK and, indeed, international level.

Throughout our inquiry, we identified key themes and issues that need to be addressed to ensure that broadcasting in Wales continues to thrive. Our Report therefore makes the following conclusions and recommendations:

Public Service Broadcasters

The UK's public service broadcasters (PSBs) are fighting for prominence on the first page on any significant device, be it a set-top box, smart TV or games console. Existing regulations are outdated because they are limited to traditional linear electronic TV guides and do not apply to streaming, on-demand and internet-connected TVs. The lack of prominence of PSB content across all devices, particularly digital and streaming platforms, will result in consumers struggling to find much loved content in a format and language that they enjoy. The proposals contained in the Draft Media Bill on prominence are vital to the continued success of public service broadcasters in the twenty-first century. The Government must introduce the Media Bill to Parliament as early as possible in the next Session, which is due to begin in November 2023, and prioritise its passage through both Houses.

Public service broadcasters must modernise to survive in the digital age. We welcome the investment by PSBs in their digital platforms, which is needed given the growing proportion of people in Wales using them to watch PSB programmes. However, accessing Welsh content is not straightforward on these platforms, making it difficult for it to be viewed in Wales and across the UK. We call on PSBs to urgently develop their digital platforms to improve their level of online personalisation and ensure that programmes local to Wales and Welsh language content are prominent and easy to access. We request that public service broadcasters report to us by March 2024 on their progress in this area.

The future of Welsh Language broadcasting

It is vital that Welsh language provision continues to grow amid the changing media landscape, and is a visible part of the television system in the UK. While we welcome the current funding settlement in place for S4C, it is vital that the channel has greater certainty over its long-term funding. We note that the Government has announced a review of the licence fee model. This will have implications for the delivery of Welsh language broadcasting by the BBC, and future funding of S4C. In its response to this Report, the Government must give assurances that the review includes a reference to safeguarding Welsh-language broadcasting.

We welcome the investments that the Government is making in digital provision for S4C, but the scale of investment needed to ensure the sustainability of Welsh language broadcasting in the long-term is daunting. We are concerned that the wider revolution in broadcasting will leave S4C exposed. It is also clear that S4C has a strong relationship with BBC Cymru Wales, and these links have been further enhanced by S4C's reliance on licence fee funding and on BBC iPlayer as the foremost platform for digital content. To ensure the continuing strength of Welsh language broadcasting we recommend an enhanced long-term partnership between S4C and BBC Cymru Wales. This should include safeguards for the branding, editorial and commercial independence of S4C. This partnership should work towards a long-term framework agreement that supports S4C, providing it with the investment to produce digital content to compete with streaming services. The partnership should be overseen by the Secretary of State for Culture, Media and Sport.

Broadcasting live sports in Wales

The broadcasting of sporting events is a matter of considerable public interest. It brings people together for a shared experience, providing a source of pride. The danger of sports coverage going behind a paywall is that any additional short-term injection of money does not reach the grassroots and is offset in the longer term by reduced awareness of and participation in the sport. Therefore, live sports broadcasting should strive to reach the widest possible audience, which is best achieved through free-to-air coverage. This is especially so for Welsh rugby union, which needs to rediscover its soul and aim to reach the maximum number of people in Wales. We believe that maintaining a listed events system is in the public interest as it ensures that free-to-air broadcasters are able to ensure that all licence fee payers have access to nationally important sporting events. However, we do not believe that the listed events regime currently accurately reflects the importance placed by supporters on certain competitions. We recommend that the Government adds the Six Nations to Group A of the Listed Sporting Events, to ensure its status on terrestrial TV.

The use of Welsh in sport is a vital expression of identity for many. Whilst we understand concerns that a Welsh language requirement could reduce the value of broadcasting contracts, we believe that the provision of Welsh commentary is extremely important to the vitality of the Welsh language. We note that Viaplay successfully negotiated for S4C to provide Welsh language broadcasting. Amazon Prime Video was able to provide a Welsh language commentary of the rugby union autumn internationals. Therefore, streaming services are willing to ensure Welsh language provision. The

current Ofcom code does not empower it to protect this Welsh language provision and ensure it continues. We recommend that Ofcom's remit be amended to ensure that it can designate events in Group A and Group B of the Listed Events Regime and specified non-listed events as requiring live Welsh language commentary.

Radio

We are extremely concerned at the apparent decline in the use of Welsh language on commercial radio. The ability to listen to the Welsh language on a daily basis is vital to maintaining the Welsh language and to encouraging new learners. The current regulatory framework is not strong enough to support the Welsh Language on commercial radio. We ask the Government to consider the adequacy of Ofcom's remit in relation to Welsh language content on commercial radio stations in Wales.

Ofcom's decision to prioritise DAB licenses overlooks the high levels of AM/FM listening in Wales, and does not take into account the difficulties in digital transmission across parts of Wales. Community radio stations believe that FM licences will enable them to reach a wider audience. There is a clear demand, and continuing need, for FM radio licences. We recommend that Ofcom resume offering FM licences, particularly targeting local and community radio stations.

Developing the skills pipeline into Welsh broadcasting

We are concerned that the introduction of in-house commissioning at Channel 4 could harm independent production companies in Wales. In its response to this Report, the Government must outline the steps it will take to ensure that the introduction of in-house commissioning by Channel 4 will help rather than harm the independent production sector in Wales. We call on the Government to make changes to the Draft Media Bill to reflect our concerns. We also call on Channel 4, in response to this Report, to outline their commitment to commissioning work from Welsh production companies.

Apprenticeships can be an effective and powerful way of developing a diverse and skilled workforce. However, the current system of apprenticeships within the broadcasting sector is inflexible, and does not reflect the needs of a freelance, project-based sector. There must be a fundamental reform of the Apprenticeship Levy in the UK. We call on the UK and Welsh Governments to review the Apprenticeship Levy and to increase the roll-out of the shared apprenticeship system in Wales to ensure that they can benefit the creative industries sector in Wales.

1 Introduction

The revolution in broadcasting

1. The broadcasting industry is undergoing a period of transformative change, driven by significant technological developments in how content is created, distributed and consumed. The transition from analogue to digital formats, and the rise of high-speed internet, has seen the emergence of on-demand streaming services like Netflix and Amazon Prime Video offering unprecedented choice for consumers and leading to a decline in viewing of traditional linear television channels. The proliferation of smart TVs and connected devices has made it easier for viewers to access online content on their television sets. Increasingly, people watch programmes through digital platforms, listen to radio through Smart Speakers, and consume the content they want rather than following a schedule. Interactivity through social media platforms, and personalisation of content shaped by algorithms that track user preferences, are changing the way consumers access and enjoy media outputs.

2. While this global revolution in broadcasting is “fantastic news for people who enjoy watching television”¹ and brings enormous new opportunities for content creators and producers, it has profound implications for traditional broadcasters operating within national frameworks of legislation and regulation. Public service broadcasters face increasing competition from companies with enormous global reach and multi-billion-dollar budgets.

Our inquiry

3. Broadcasting is a reserved policy area, under the responsibility of the UK Government. The Welsh Government also takes a close interest in broadcasting, and has responsibility for policy areas such as sport, education and skills, and the Welsh language, which intersect with the broadcasting industry in Wales. The broadcasting industry in Wales is regulated by the Office of Communications (Ofcom).

4. Our inquiry sought to investigate the rapidly changing broadcasting landscape, and to understand its impact on broadcasting in Wales. We launched our inquiry on 19 July 2022, publishing terms of reference and a call for evidence inviting submissions on several broad themes. We considered the future of public service broadcasting in Wales in the light of the growth of global streaming services and changing viewing habits. We considered the impact these changes could have on the future of Welsh language broadcasting. In addition, we looked at free-to-air sports broadcasting and the implications for Welsh viewers, national sports bodies and public service broadcasters of new digital streaming platforms acquiring live broadcast rights entering the market for broadcasting rights. We also took evidence on the future of commercial radio in Wales and the role it plays within Welsh communities. Finally, we looked at potential threats to Wales’ successful independent TV and film production sector.

5. We received 31 pieces of written evidence and held eight oral evidence sessions, hearing from public service broadcasters, social media companies, streaming services, community and commercial radio stations, independent production companies, FA

1 [Q423](#)

Wales and the Welsh Rugby Union, the broadcaster Guto Harri, the Welsh Language Commissioner, representatives from Ofcom, and from the UK Government Minister, Rt Hon Sir John Whittingdale MP. We were disappointed that Amazon Prime Video and Twitter did not send representatives in response to our requests, although they did provide written evidence. We are grateful to all those who have contributed directly to our inquiry. During our inquiry we also held two outreach sessions at Venue Cymru, Llandudno, and at Gower College, Swansea. This provided us with a valuable insight into the views of people across Wales.

6. Under the Standing Orders of the House of Commons, we may invite Members of other Select Committees and Members of the Senedd to contribute to our inquiries.² We benefitted from the contributions of Kevin Brennan MP, from the Culture, Media and Sport Committee, and Delyth Jewell MS, Chair of the Senedd's Culture, Communications, Welsh Language, Sport and International Relations Committee, to the evidence sessions they attended.

7. During the latter part of our inquiry, the Government published the Draft Media Bill, to enable the public to “enjoy a new golden age of programming”.³ This bill reforms the legal framework for the regulation of public service broadcasters, makes changes to on-demand programme service regulation in the UK and makes changes to the legal framework for the regulation of radio, including conferring new powers and duties on Ofcom and the Secretary of State for Culture, Media and Sport.⁴ The Government stated that the bill “would reform decades-old laws to turbocharge the growth potential of the UK’s public service broadcasters, allowing them to better compete with global giants”.⁵ While we did not have time to examine the Draft bill in detail, we did touch on some of its provisions during our inquiry.

2 [Standing Order No. 137A](#), paras 1(e) and 3

3 [Broadcasting reforms to create new golden age of British TV and help nation’s public service broadcasters thrive](#), Department for Digital, Culture, Media and Sport press release, 28 April 2022

4 Draft Media Bill, [CP 822](#), March 2023

5 HC Deb, 29 March 2023, [col 46WS](#) [Commons written ministerial statement]

2 Broadcasting in Wales

8. Broadcasting has played an important role in shaping Welsh national life over the last century. From the earliest days of the industry, there have been intense political debates and questions raised over the national characteristics of the broadcasting output received in Wales, as well as the status and prominence of the Welsh language. Broadcasting plays a vital role in reflecting and shaping modern Welsh identity through a diverse range of TV and radio content, encompassing news and current affairs, drama, live sport and cultural events in both the Welsh and English languages. Meanwhile, the Welsh broadcasting industry continues to provide a rich pool of talent and expertise that contributes to the growth and success of the sector at a UK and, indeed, international level.

9. There has been a broadcasting presence in Wales since the BBC's first broadcast from Cardiff in 1923. For almost as long as there has been a broadcasting industry, it has included distinctively Welsh elements. However, the emergence of a national broadcasting sector in Wales, with recognisably Welsh channels, developed over the decades on the back of campaigns and political pressure as well as increasing understanding of consumer preferences in Wales. In the 100th anniversary year of the BBC in Wales, BBC Cymru Wales is the main public service broadcaster in Wales, and operates two television channels (BBC One Wales and BBC Two Wales) and three radio stations: BBC Radio Wales; BBC Radio Cymru; and BBC Radio Cymru 2 (which has applied to Ofcom to extend its hours of Welsh language programming). S4C is the only Welsh-language television channel, while ITV Cymru Wales is the ITV franchise for Wales.

Table 1: The development of broadcasting in Wales

Year	Event
1922	Inauguration of the British Broadcasting Company
1923	First broadcast from Wales
1925	First broadcast talk in the Welsh language
1927	Establishment of the British Broadcasting Corporation
1937	The Welsh Region begins broadcasting on its own wavelength
1952	First television transmission in Wales
1956	Television Wales and the West (TWW) is awarded the franchise for South Wales and the West of England
1958	TWW starts broadcasting
1962	Wales (West and North) Television launches as Teledu Cymru
1964	Acquisition of Teledu Cymru by TWW
1964	Launch of BBC Cymru Wales
1968	Launch of Harlech Television (known as HTV Cymru Wales from 1970), replacing TWW
1977	Launch of BBC Radio Cymru
1978	Launch of BBC Radio Wales
1982	Launch of S4C - all Welsh language programmes both on BBC Wales and HTV transfer to S4C Launch of Channel 4
1982	HTV Cymru Wales becomes a fully English-language service and is renamed HTV Wales (reverts to HTV Cymru Wales in 1989)

Year	Event
1997	Launch of the BBC Wales webpages
2002	HTV's service in Wales is renamed ITV1 Wales as on-air regional identities are dropped
2006	HTV Wales was renamed ITV Wales and West
2008	ITV Broadcasting Limited becomes responsible for all regional franchises in England, Wales and southern Scotland
2014	ITV in Wales is now officially known as ITV Cymru Wales

10. The last decade has seen significant investment into Wales by public service broadcasters. ITV Wales moved into new headquarters in Cardiff Bay in 2014, with state of the art facilities. BBC Cymru Wales opened its new headquarters in Cardiff in 2020. Tim Davie, Director General of the BBC, has expressed his commitment to BBC production in Wales.⁶ An increasing number of the BBC's news and radio programmes are broadcast from Wales. Wales has recently become the BBC's centre of excellence for Climate and Science Journalism, with BBC News' dedicated specialist journalists and production team, along with BBC Radio's science production, all moving to Cardiff.

11. The broadcasting sector generates considerable economic value for Wales. The UK Government valued the turnover of the TV, radio and photography sector in Wales at £494 million in 2021.⁷ Employment in the creative industries in Cardiff and the surrounding regions has grown by 54% since 2012.⁸ ITV specifically, together with ITV studios and Boom Cymru, employs nearly 350 people in Wales.⁹ The BBC contributes over £200 million every year to the Welsh economy and over 2,000 jobs.¹⁰ For every £1 of income, S4C generates an economic impact of £2.03 in the UK economy, £1.45 of which is generated in Wales. Moreover, S4C's expenditure supports an estimated 2,229 jobs in Wales.¹¹

12. Public service broadcasting has been the cornerstone of the achievements of the Welsh broadcasting sector. Shaped by national legislation and regulation, the public service broadcasting (PSB) model, built on linear channels that provided programming with a distinctive and strong Welsh flavour, has been an important asset for the Welsh population. The tectonic shifts now taking place in broadcasting risk undermining the success and sustainability of public service broadcasting. Welsh broadcasting, which relies heavily on the national PSB model, is especially vulnerable to the rapidly changing patterns of media consumption and revenue flows currently being seen globally. The relative decline of public service broadcasters threatens the foundations of success of Welsh broadcasting.

13. Broadcasting holds an importance in Welsh national life that is unique among the nations of the United Kingdom. A distinctively Welsh broadcasting sector, underpinned by strong public service broadcasting, is a precious asset that must be allowed to flourish for the benefit of future generations. We welcome the Government's Draft Media Bill with its explicit aim of supporting the sustainability of public service broadcasters, and we urge Ministers to listen to the specific concerns of the Welsh

6 BBC, *The BBC Across the Nations: The BBC 2022–2027*, March 2021

7 Department for Digital, Culture, Media and Sport ([BRO0016](#))

8 UK Government, *The UK Government's Plan for Wales*, May 2021, p32

9 [Q35](#)

10 [Q32](#) [Rhuanedd Richards]

11 S4C ([BRO0011](#))

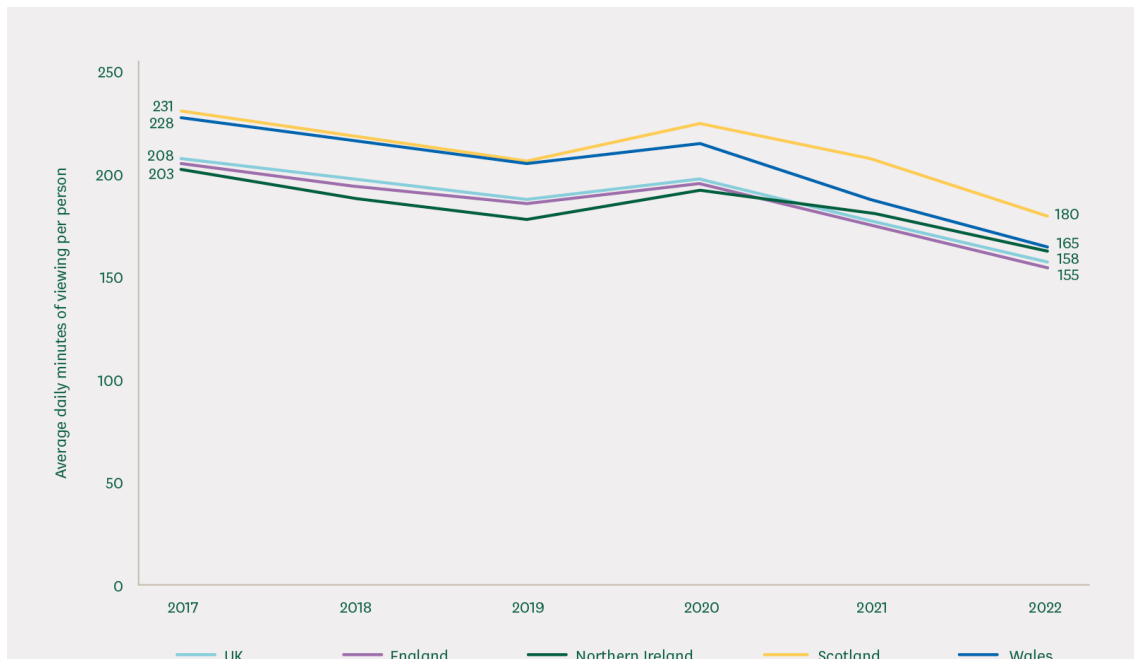
broadcasting sector as they take the Bill through the House. We would request that in its scrutiny at Committee Stage, the Bill Committee convene at least one evidence session exclusively with stakeholders from the broadcasting industry in Wales.

3 Public service broadcasters

14. This Chapter focuses on the television and digital content provided by public service broadcasters (PSBs). In Wales, this means the BBC, ITV, Channel 4, Channel 5, and the Welsh-language broadcaster, S4C.¹² PSBs are required by law to be universal, serving all audiences, free at the point of use and to be impartial in their coverage. They are set quotas for the volume of news produced, for producing original content, and for airing programmes made by independent production companies. They have obligations to provide children’s programming, and to produce and provide programmes for the UK’s nations and regions.¹³

15. Our inquiry explored how public service broadcasting in Wales is responding to the pressures and challenges posed by the transformational changes in broadcasting. It has certainly become a tougher environment for PSBs in the last decade. The proliferation of digital platforms, the growth of global video-on-demand, increased choice and changing audience patterns have all fundamentally changed how public service broadcasters connect with their audiences. Ofcom’s Media Nations Wales 2023 report confirmed the changing media landscape. It noted that television viewing was continuing its long-term decline across the whole of the UK. In Wales, viewing had declined from 3 hours and 8 minutes per day in 2021 to 2 hours and 45 minutes per day in 2022, with television viewing decreasing among all age groups. The table below show the decline in television viewing over the last five years in the different nations (the rise in figures in 2020–2021 was exceptional due to the pandemic).¹⁴

Figure 1: Average daily minutes viewed of broadcast TV per person, by nation: 2017-2022



Source: Barb. BBC areas, all individuals (4+)

- 12 Ofcom, *Public service broadcasting annual report: 2023*, 3 August 2023. While all BBC public service television channels are PSB channels, only the main channels of each of the other public service broadcasters have this status.
- 13 House of Lords, *Public service broadcasting: as vital as ever*, First Report of the Select Committee on Communications and Digital, Session 2019, *HL Paper 16*, pp 11–12.
- 14 Ofcom, *Media Nations: Wales 2023*, 3 August 2023, p12

16. Despite the declining numbers, PSBs are still the most watched broadcasters in Wales. Ofcom’s Media Nations Wales 2023 report noted that content from Wales’ public service broadcasters remained highly valued by the public.¹⁵ Witnesses spoke in support of public service broadcasting in the UK and in Wales, with its offering of news, documentaries, investigative journalism, arts, education, and current affairs. Benjamin King, Director of Public Policy UK and Ireland at Netflix, stated that “[w]e have a great deal of respect and admiration for [PSBs]. In the UK, they are consistently world leaders in the programming they provide”.¹⁶ Dr Caitriona Noonan, Senior Lecturer in Media and Communications at Cardiff University, also stressed the wider cultural benefits of PSBs:

... diversity of content and voices, the provision of local news services and the representation of contemporary life in Wales are some of the ways that PSB contribute to the cultural life within Wales. Through their programming and support of local talent, PSB also contribute to the visibility of Wales and Welsh stories globally.¹⁷

Rt Hon Sir John Whittingdale MP, Minister of State for Media, Tourism and Creative Industries in the UK Government, stated that “public service broadcasting [...] remains absolutely central to the Government’s view of the broadcasting landscape”.¹⁸

17. During our inquiry, we took evidence on the importance of reforming rules on “prominence”. We examined how PSBs were using digital platforms to reach new audiences. We also considered the PSBs’ relationships with their competitors, the streaming services.

Prominence

18. Prominence is the extent to which a platform makes a service or content apparent to consumers. Rules on prominence state that PSBs must be listed in the first five slots in electronic programme guides on TV sets. This means that consumers will see BBC 1, BBC 2, ITV, Channel 4, and Channel 5 at the top of linear electronic programme guides (EPGs) when switching on their televisions.¹⁹

19. However, these rules do not apply to online TV platforms including Smart TVs, pay TV services, streaming sticks and set top boxes. There are also no rules to ensure that PSB’s digital platforms (e.g. BBC iPlayer, ITVX, All 4, My5 and S4C’s Clic) are easily findable on platform user interfaces such as homepages.

20. S4C expressed concern that the limited scope of prominence rules was harming Welsh-language programming and its ability to champion Welsh voices in an increasingly global market. Siân Doyle, Chair of S4C, told us it had to talk to Samsung, Freeview Play, YouView, Sky and Virgin Media individually about its place on their online television systems.²⁰ S4C explained how the small size of the Welsh language audience made it

15 Ofcom, *Media Nations: Wales 2023*, 3 August 2023, pp16–18

16 [Q97](#) [Benjamin King]

17 Dr Caitriona Noonan ([BRO0003](#))

18 [Q423](#)

19 Communications Act 2003, [section 310](#)

20 Oral evidence taken on 13 July 2022, HC (2021–22) 594, [Q11](#) [Siân Doyle]

difficult “to negotiate prominence on each connected TV platform on a purely commercial basis”.²¹ Dr Caitriona Noonan told us that a lack of reform would raise the “risk of digital extinction for Welsh culture and language”.²²

21. Part 2 of the UK Government’s Draft Media Bill would ensure that PSB content was given prominence on platforms used to watch television online, including giving prominence to PSBs’ online services.²³ Witnesses said this reform would allow PSBs to retain and increase audiences. Teledwyr Annibynnol Cymru (TAC)²⁴ wrote that prominence reform was a “crucial measure, as it will help to hold up audience share for UK PSBs”.²⁵ ITV Cymru Wales told us that prominence reform was vital to its argument to shareholders for continuing to hold a PSB licence, given that competitors such as Sky and Netflix were not bound by the obligations imposed on licence-holders.²⁶

22. Phil Henfrey, Head of News and Programmes at ITV Cymru Wales, described the urgent need for the introduction of the Media Bill in Parliament.²⁷ He noted that the existing regulatory framework was:

... hopelessly out of date. It was conceived in an era when Amazon was still a bookstore, when Netflix was posting DVDs and before Apple had even invented the iPhone.²⁸

23. Rt Hon Sir John Whittingdale MP acknowledged that the draft legislation had been six years in gestation, and that he would “have liked it to have arrived sooner”.²⁹ He added that it was his “strong hope” that the Bill would be introduced early in the next Session and be on the statute book before the next general election.³⁰

24. Public service broadcasters are facing the challenges of increased competition and changing viewing habits, where viewers may choose content from a range of online providers and platforms. It is imperative that their content is easily discoverable in an increasingly busy digital marketplace.

25. The UK’s public service broadcasters are fighting for prominence on the first page on any significant device, be it a set-top box, smart TV or games console. Existing regulations are outdated because they are limited to traditional linear electronic TV guides and do not apply to streaming, on-demand and internet-connected TVs. The lack of prominence of PSB content across all devices, particularly digital and streaming platforms, will result in consumers struggling to find much loved content in a format and language that they enjoy. The proposals contained in the Draft Media Bill on prominence are vital to the continued success of public service broadcasters in the twenty-first century. *The Government must introduce the Media Bill to Parliament as early as possible in the next Session, which is due to begin in November 2023, and prioritise its passage through both Houses.*

21 [S4C \(BRO0011\)](#)

22 [Dr Caitriona Noonan \(BRO0003\)](#)

23 [Draft Media Bill, CP 822, March 2023](#)

24 [Teledwyr Annibynnol Cymru \(TAC\)](#) is a trade association representing the independent television production sector in Wales.

25 [Teledwyr Annibynnol Cymru \(TAC\) \(BRO0004\)](#)

26 [ITV Cymru Wales \(BRO0001\)](#)

27 [Q36](#)

28 [Q32](#) [Phil Henfrey]

29 [Q428](#)

30 [Q428](#)

The use of digital platforms

26. The future of PSB broadcasting will depend more on digital platforms than it will on developments in linear television, as broadcasters digitalise their services to meet their viewers' changing needs. Arqiva³¹ told us that a successful and dynamic broadcasting sector in Wales “will be hybrid, with a choice of services available”.³²

27. Each public service broadcaster has developed on-demand catch-up services to allow audiences to watch at a time of their choosing. BBC iPlayer is the video on-demand service from the BBC, and also carries S4C content. ITV launched a new digital platform, ITVX, in 2022. ITV and BBC also share the subscription service Britbox, an on-demand subscription service in the US. All4 is Channel 4's online TV service, while Channel 5 content can be accessed through My5. S4C Clic is the broadcaster's standalone streaming portal, providing access to both live and on-demand programmes, plus box sets. The Government announced in 2022 that S4C would receive £7.5 million per annum to support the development of its digital offering.³³

28. Ofcom's Media Nations Wales 2023 report highlighted the popularity of these video— on—demand services. Nearly three in four people in Wales (73%) used BBC iPlayer in 2023, with just under half using Channel 4 (48%) and one in five using My5 (20%) over the same period. Following its launch at the end of 2022, just under half of people in Wales (45%) said they used ITVX in early 2023.³⁴

29. During our engagement events in Llandudno and Swansea, although participants commented that they used these digital platforms, they did express concern regarding their ease of use, and how well they were serving Welsh viewers. Participants criticised the fact that the digital platforms could not be filtered by a viewers' region. Some thought that BBC iPlayer was harder to use than Netflix or Amazon Prime Video.

30. Public service broadcasters recognised that there was a need to improve their digital platforms. Rhuanedd Richards, Director of BBC Cymru Wales, spoke of the need to develop BBC iPlayer to ensure it could “respond to location as well as to people's interests, so that we can surface content that remains relevant to people's lives”.³⁵ Phil Henfrey told us that, by December 2023, ITVX would feature “a rail specifically for Welsh content”, providing an “opportunity to share [the] content that we produce in Wales with audiences not just in Wales, but right across the UK”.³⁶

31. Public service broadcasters must modernise to survive in the digital age. We welcome the investment by PSBs in their digital platforms, which is needed given the growing proportion of people in Wales using them to watch PSB programmes. However, accessing Welsh content is not straightforward on these platforms, making it difficult for it to be viewed in Wales and across the UK. We call on public service broadcasters to urgently develop their digital platforms to improve their level of online

31 Arqiva are a transmission company that owns television and radio transmission sites.

32 Arqiva ([BRO0007](#))

33 HC Deb, 17 January 2022, [col 38](#) [Commons Chamber]

34 Ofcom, [Media Nations: Wales 2023](#), 3 August 2023, p20

35 [Q34](#) [Rhuanedd Richards]

36 [Q35](#)

personalisation and ensure that programmes local to Wales and Welsh language content are prominent and easy to access. We request that public service broadcasters report to us by March 2024 on their progress in this area.

Relationship of PSBs and streaming services

32. A key feature of the changing broadcasting landscape has been the growth of streaming services, with companies such as Netflix and Amazon Prime Video producing programmes with multi-billion-dollar budgets that reach global audiences. Ofcom’s Media Nations Wales 2023 report noted that 63% of households in Wales subscribed to at least one streaming video-on-demand service: Netflix was the most popular, followed by Amazon Prime Video and Disney+.³⁷ This had increased from the 33% of adults who had used subscription streaming and on-demand services in 2018.³⁸

33. Streaming companies emphasised to us the benefits their investments and productions had brought to Wales. Benjamin King said Netflix’s production activities in Wales had generated £200 million of UK GDP.³⁹ Adam Minns, Executive Director of the Association for Commercial Broadcasters and On-Demand Services (COBA),⁴⁰ stated that spending on “high-end TV”⁴¹ in the last five years had risen from £31 million to £71 million per year in Wales, and that employment had doubled from 1,000 to 2,000, out of a total employment in television in Wales of approximately 3,500.⁴² Moreover, he said that independent producers benefited from no longer depending on one broadcaster for commissions. For example, Severn Screen, an independent film and television production company based in Wales, was making programmes for ITV, the BBC, Netflix, Sky and AMC.⁴³ Kate Biggs, Content and Media Policy Director at Ofcom, noted the ongoing positive effect of investment from streaming companies in the UK, and their investment in talent and skills.⁴⁴

34. In their evidence to us, streaming services highlighted their collaboration with PSBs. Benjamin King said that streaming services were complementary to public service broadcasters and denied that the growth of streaming companies was “a death knell” to PSBs.⁴⁵ Mr King added that Netflix had invested \$400 million in UK PSBs between 2016 and 2020, which constituted about 2% of PSBs’ total spending in that time.⁴⁶ Adam Minns said that non-PSBs had spent £450 million on co-production with PSBs.⁴⁷ Amazon Prime Video highlighted its work with the National Theatre, the BBC, and Channel 4.⁴⁸

35. By contrast, some witnesses criticised streaming services for their lack of local content for subscribers in Wales. The Media Reform Coalition pointed to the lack of

37 Ofcom, [Media Nations: Wales 2023](#), 3 August 2023, p19

38 Ofcom, [Media Nations: Wales 2018](#), 18 July 2018, p10

39 [Q95](#) [Benjamin King]

40 The Association for Commercial Broadcasters and On-Demand Services (COBA) is a trade association that represents broadcasters such as Sky, QVC, BT and Discovery Networks.

41 High-end television (HETV) is a definition related to claiming tax relief on television productions, usually drama series. Tax relief can, for example, be claimed on scripted television projects with core expenditure of at least £1 million per broadcast hour.

42 [Q94](#)

43 [Q96](#)

44 [Q264](#)

45 [Qq 97](#), [104](#) [Benjamin King]

46 [Q97](#) [Benjamin King]

47 [Q97](#) [Adam Minns]

48 Amazon Prime Video ([BRO0018](#))

“cultural references, idioms or regional accents” in Netflix programmes produced in the UK. It argued that Welsh audiences “are unlikely to see their lives or experiences reflected in the programming”.⁴⁹ The Welsh Language campaigning body, Cymdeithas yr Iaith, criticised streaming companies’ lack of news and current affairs, and argued that they lacked accountability to viewers.⁵⁰ The Welsh Language Commissioner told us that she had not met representatives of streaming services, although she would be keen to do so. The Commissioner also recommended data collection on the use of Welsh on non-PSB platforms.⁵¹

36. Amazon Prime Video has been criticised in the House for demanding 30% of the advertising revenue from STV⁵² as the price of hosting STV’s programmes.⁵³ Appearing before us, the Minister said that negotiations between ITV and Amazon were a commercial matter. However, the Minister said that Ofcom would ensure discussions between PSBs and streaming companies were “conducted to obtain an agreement on fair and reasonable terms” and that, if required, Ofcom could examine the imposition of unfair terms.⁵⁴

37. The success of Welsh broadcasting has rested on the close dialogue between broadcasters and Welsh policy makers. This relationship is now being challenged by the shifts in global power in the broadcasting landscape with the growth of global companies such as Amazon Prime Video, based overseas. Amazon Prime Video resisted sending a representative to answer our questions, and streaming services have not met the Welsh Language Commissioner. These are worrying indications that future policy makers in Wales will find it harder to retain a valuable relationship with all broadcasters. The oral evidence we took from Netflix and COBA demonstrate that this relationship remains possible.

38. Companies such as Netflix and Amazon Prime Video provide competition to public service broadcasters. However, there are also opportunities for PSBs to work in partnership with them, and there are good examples where PSB providers have developed effective partnerships with streaming services to develop content. We look forward to this continuing in the future.

39. We are concerned about streaming companies demanding such a high proportion of advertising revenue in return for hosting PSB programmes on their sites. *We call on Ofcom to examine these practices and to publish its findings by April 2024 on whether further regulation is needed to ensure fair and reasonable terms for PSBs.*

49 Media Reform Coalition ([BRO0013](#))

50 Cymdeithas yr Iaith ([BRO0009](#))

51 [Q404](#)

52 STV is the third channel in Scotland.

53 HC Deb, 15 June 2023, [col 202WH](#) [Westminster Hall]

54 [Q426](#)

4 The future of Welsh Language broadcasting

40. From the very earliest days of broadcasting in Wales there has been a demand from within Wales for Welsh language content on radio and television. S4C was founded in 1982 and is the world's only Welsh language broadcaster. It occupies a unique position in the UK broadcasting landscape and is a driving force in promoting the Welsh language, providing 115 hours of programmes every week on linear television.⁵⁵

41. S4C is seen as central to meeting the ambitions of the UK and Welsh Governments for one million people to speak Welsh by 2050.⁵⁶ However, during our outreach sessions, we heard that streaming content was increasingly competing with Welsh language programmes for the attention of young people. Viewers were attracted by the strong marketing of Disney+ and Netflix, which were considered better than that of S4C. Social media too, poses challenges for Welsh speakers: a recent survey for the Welsh Government found that over 50% of young Welsh speakers on social media almost always or predominantly used English.⁵⁷ These are concerning since the 2021 Census revealed that the number of Welsh speakers in Wales had decreased from 19% of the population in 2011 to 17.8% in 2021, representing a reduction of almost 24,000 Welsh speakers between 2011 and 2021.⁵⁸

42. S4C has a close relationship with the BBC. First, S4C is now reliant on funding drawn from the licence fee. Secondly, BBC is required to provide S4C with at least 10 hours of Welsh language programming a week.⁵⁹ The BBC and S4C share technical broadcasting services, including cyber-security and key technologies and the majority of S4C's online content is viewed through BBC iPlayer rather than S4C Clic.⁶⁰

43. Our inquiry sought to establish how well S4C caters to viewers looking for Welsh language programmes and to explore the role S4C can play in promoting the increase of the Welsh-speaking population. We have focused on three areas: S4C's reach on television and social media; S4C's funding; and the relationship between the BBC and S4C.

S4C on television and social media

44. Weekly viewing figures on S4C declined between 2018–19 and 2022–23, from 665,000 to 509,000, while annual figures fell from over 10 million viewers to 6.3 million over the same period. The drop in numbers was entirely due to a reduction in viewers from outside Wales, with slender increases in viewership among people in Wales, Welsh speakers in Wales, and peak audiences between 7pm and 10pm.⁶¹

45. S4C has achieved some success in selling programmes to streaming services. Benjamin King, Director of Public Policy UK and Ireland at Netflix, told us Netflix had

55 S4C, Annual Report and Accounts 2022–23, HC (2022–23) 1344, p 6

56 Welsh Government, *Cymraeg 2050: a million Welsh Speakers*, 10 July 2017; *"Million Welsh speakers target by 2050 backed by UK minister"*, BBC News, 1 July 2019

57 Welsh Government, *Social use of the Welsh language: July 2019 to March 2020*, 17 November 2022, chart 6

58 Welsh Government, *Welsh language in Wales (Census 2021)*, 6 December 2022

59 Broadcasting Act 1990, section 58(1)

60 S4C, Annual Report and Accounts 2022–23, HC (2022–23) 1344, p 80

61 S4C, Annual Report and Accounts 2022–23, HC (2022–23) 1344, p 27

licensed the S4C series *Dal y Mellt*.⁶² In August 2023 it was announced that six hours of S4C Welsh language content would be broadcast every week on the Maximum Effort channel, co-owned by actor Ryan Reynolds, under the title of “Welsh Wednesdays”.⁶³

46. S4C is also growing its reach on social media. On YouTube, S4C’s viewing hours in 2022–23 were almost double those of 2021–22. Tomos Grace, Head of Media and Responsibility, Strategy and Operations at YouTube Europe, Middle East and Africa, told us that S4C was part of a wider Welsh language “ecosystem” on social media.⁶⁴

S4C funding

47. Since 1 April 2022, S4C has been funded from the licence fee. In addition, commercial income, including from advertising, generates a small percentage of S4C’s income. S4C received £88.85 million from the licence fee in 2022/23 and will receive the same in 2023/24, including £7.5 million per year allocated to support digital development. Licence fee receipts will increase in line with CPI inflation until 2027/28.⁶⁵

48. The Media Reform Coalition highlighted that S4C’s budget has fallen by approximately 36% since 2010.⁶⁶ This reduction was blamed for the increasing proportion of programmes that are repeats, which had risen from 43% in 2001 to 67.6% in 2020/21.⁶⁷ S4C also told us that lack of funding had led it to fall behind on digital development.⁶⁸

49. While the funding settlement is welcome, it currently remains unclear how S4C will be funded after the current settlement comes to an end in 2028. S4C told us that it needed long term notice of future funding arrangements to allow the channel “to provide longer-term commitments to its digital and online services, to quality programming across all core genres, and to supporting the creative industries in Wales” in a more sustained manner. S4C also argued that long-term funding stability would enable it to maintain a pipeline of film and drama commissions, which often have lead-in times of two years or more, while also allowing it to award multi-year commissions for successful series.⁶⁹

50. In January 2022, the Government announced a review of the licence fee model.⁷⁰ Efa Gruffudd Jones, the Welsh Language Commissioner, expressed the need for the review to give consideration to broadcasting in Wales. In written evidence to the Committee, the then Department for Digital, Culture, Media and Sport stated that any review would be “expected to take into account whether and how the BBC itself should continue to deliver minority language broadcasting services and output”.⁷¹

51. It is vital that Welsh language provision continues to grow amid the changing media landscape, and is a visible part of the television system in the UK. While we welcome the current funding settlement in place for S4C, it is vital that the channel

62 [Q93](#)

63 Ofcom, [Media Nations: Wales 2023](#), 3 August 2023, p 6

64 [Q322](#) [Tomos Grace]

65 Department for Digital, Culture, Media and Sport, [Letter from Secretary of State to S4C on Final Determination of the 2022 licence fee settlement](#), 21 January 2022

66 Media Reform Coalition ([BRO0013](#))

67 Cymdeithas yr Iaith ([BRO0009](#))

68 S4C ([BRO0011](#))

69 S4C ([BRO0011](#))

70 HC Deb, 17 January 2022, [col 40](#) [Commons Chamber]

71 Department for Digital, Culture, Media and Sport ([BRO0016](#))

has greater certainty over its long-term funding. *We note that the Government has announced a review of the licence fee model. This will have implications for the delivery of Welsh language broadcasting by the BBC, and future funding of S4C. In its response to this Report, the Government must give assurances that the review includes a reference to safeguarding Welsh-language broadcasting.*

S4C's relationship with the BBC

52. The close relationship between S4C and the BBC goes further than mutual reliance on the licence fee. The BBC provides at least 10 hours of Welsh language programming a week. The Draft Media Bill will permit the BBC and S4C to reach alternative arrangements.⁷² The Government White Paper stated that the current arrangement was a rigid framework, and it intended to permit S4C and the BBC to create a more flexible alternative, better suited to changing viewing habits and “the evolving broadcasting landscape”.⁷³ The BBC supported a move away from an “hours-based content delivery model to a more flexible partnership”.⁷⁴

53. Efa Gruffudd Jones said “[i]t must be ensured that these alternative arrangements do not undermine the existing provision, and indeed extend it”.⁷⁵ She also emphasised the importance of the BBC as a broadcaster of Welsh language through its BBC Cymru Fyw digital service, and the close relationship the BBC and S4C had with national bodies such as the National Centre for Learning Welsh.⁷⁶ The Welsh Language Commissioner’s report on the position of the Welsh language, expressed concern at the lack of plurality in Welsh language provision from providers other than S4C and BBC, which could “reflect the myriad of views and experiences of the people of Wales through the medium of Welsh”.⁷⁷

54. There is also a heavy reliance by S4C on BBC iPlayer as a digital platform for its programmes. The viewing of S4C content on BBC iPlayer rose from 1,575,400 hours in 2019–20 to 2,680,000 in 2022–23. In contrast, there was a reduction in numbers of those viewing S4C content through its own digital platform, S4C Clic.⁷⁸

55. In written evidence to this inquiry, the then Department for Digital, Culture, Media and Sport stated that it intended to make “the UK’s indigenous regional and minority languages” part of the public service remit for television.⁷⁹ To help achieve this, the UK Government stated it would update S4C’s public service remit to include digital and online services and would remove the current geographical broadcasting restrictions.⁸⁰

72 [Explanatory Notes to the Draft Media Bill](#) [Bill CP 822], p 35

73 Department for Digital, Culture, Media and Sport, *Up Next: The Government’s vision for the broadcasting sector*, CP 671, 28 April 2021, p 7

74 BBC Cymru Wales ([BRO0014](#))

75 Welsh Language Commissioner ([BRO0010](#))

76 Welsh Language Commissioner ([BRO0010](#))

77 Welsh Language Commissioner, *The position of the Welsh Language 2016–20: Welsh Language Commissioner’s 5-year report*, 20 October 2021, p 243

78 S4C, *Annual Report and Accounts 2021–22*, HC (2021–22) [389](#), p 64; S4C, *Annual Report and Accounts 2022–23*, HC (2022–23) [1344](#), p 28

79 Department for Digital, Culture, Media and Sport ([BRO0016](#))

80 Department for Digital, Culture, Media and Sport ([BRO0016](#))

These reforms would enable “S4C to broaden its reach and offer its content on a range of new platforms across the UK and beyond”.⁸¹ These proposals were subsequently included in the Draft Media Bill.⁸²

56. We welcome the investments that the Government is making in digital provision for S4C, but the scale of investment needed to ensure the sustainability of Welsh language broadcasting in the long-term is daunting. We are concerned that the wider revolution in broadcasting will leave S4C exposed. It is also clear that S4C has a strong relationship with BBC Cymru Wales, and these links have been further enhanced by S4C’s reliance on licence fee funding and on BBC iPlayer as the foremost platform for digital content. *To ensure the continuing strength of Welsh language broadcasting we recommend an enhanced long-term partnership between S4C and BBC Cymru Wales. This should include safeguards for the branding, editorial and commercial independence of S4C. This partnership should work towards a long-term framework agreement that supports S4C, providing it with the investment to produce digital content to compete with streaming services. The partnership should be overseen by the Secretary of State for Culture, Media and Sport.*

81 Department for Digital, Culture, Media and Sport ([BRO0016](#))

82 [Explanatory Notes to the Draft Media Bill](#) [Bill CP 822], pp 7, 17, 31–36, 38

5 Broadcasting live sports in Wales

57. Welsh national teams project Welsh identity onto the global stage and channel the national pride of Welsh men and women to the rest of the world. For a geographically small nation, this projection is of visceral importance.

58. Live free-to-air sports broadcasting has been the lifeblood of public service broadcasting schedules in Wales. In 2022, three of the four most-watched programmes in Wales were sports competitions.⁸³ Amongst the most popular television programmes in Wales are the men's international rugby union matches.⁸⁴ During the men's FIFA World Cup in 2022, Wales' match against the USA had a UK-wide audience of 11.5 million with 69% of Welsh viewers choosing to watch the match.⁸⁵

59. In turn, broadcasting revenue has been crucial for Welsh sport, in particular rugby and football. Nigel Walker, acting CEO of the Welsh Rugby Union (WRU) and Ian Davis, Chief Commercial and Engagement Officer of FA Wales (FAW), told us the sale of broadcasting and media rights represented 40% and 40–50% of the income of the WRU and FA Wales respectively.⁸⁶

60. The broadcasting revolution is now shifting the norms of viewership and consumption of television; however, it has thrown down new challenges to both PSBs and sports bodies. When global streaming giants enter the competition for broadcasting rights, public service broadcasters find it impossible to compete, sports bodies may gain increased revenues but lose their wide viewership, and fans may be unable to follow the sports they love.

The Listed Events regime

The current regulatory regime around the broadcasting of sporting events is the Listed Events regime. The Broadcasting Act 1996 empowers the Secretary of State to designate key sporting and other events as 'listed events'.⁸⁷ The purpose of these arrangements is to ensure that key sporting events are made available to all television viewers, particularly those who cannot afford the extra cost of subscription television.

Sporting events are divided into two groups:

- Group A events (such as the Olympics and FA Cup Final) cannot be acquired exclusively by subscription broadcasters unless the live rights have been offered first to the BBC, ITV and Channel 4.
- Group B events may be acquired by subscription broadcasters as long as certain conditions are met: e.g. highlights must be shown on free-to-air channels. The Six Nations falls into this group, although ITV and the BBC currently jointly hold the rights for this competition.

Sporting events deemed to be events of "national interest" can also be placed on the list. No such events have been listed for Wales.

61. In recent years, streaming services have entered the marketplace as sports broadcasters and built paywalls around some sports broadcasting.⁸⁸ Since 2021, the men's rugby union

83 Ofcom, *Media Nations: Wales 2023*, 3 August 2023, pp 13–14

84 Ofcom, *Media Nations: Wales 2018*, 18 July 2018, p 16

85 Ofcom, *Media Nations: Wales 2023*, 3 August 2023, p 4

86 [Qq332, 336](#)

87 Broadcasting Act 1996, [section 97](#)

88 Ampere Analysis (commissioned by Ofcom), *Trends and Dynamics in the Sports Broadcasting Sector – Abridged Report for Ofcom Ampere Analysis*, 2022

autumn internationals have been broadcast on Amazon Prime Video, with Welsh language commentary replacing S4C's free-to-air coverage. Amazon Prime Video also broadcast the rugby summer series ahead of the 2023 Rugby Union World Cup. Worryingly, there have been recent reports that the broadcasting of future Rugby World Cup tournaments could go behind a paywall.⁸⁹

62. The broadcasting rights to Wales' men's football qualifying matches are controlled by UEFA, granted to them by FA Wales to ensure the sale of less prestigious matches.⁹⁰ In 2022, the rights were awarded to the Scandinavian streaming broadcaster, Viaplay. Subsequently, S4C was able to negotiate the right to broadcast Welsh language coverage. In July 2023, Viaplay announced it was ending its coverage of UK sport.⁹¹

63. S4C told us that the growth of pay-tv and streaming companies bidding for sports rights had "led to an inflation of the cost of acquiring such rights".⁹² Nigel Walker acknowledged that the increasing cost of sports rights was making it harder for PSBs to win sporting rights.⁹³ He described how PSBs were uniting "in order to be competitive and to keep the value products free-to-air".⁹⁴

64. Covid-19 left the WRU vulnerable to financial pressures. In 2022 the Professional Game Board, which runs professional rugby union in Wales, commissioned Oakwell to review the commercial health of the game. The Oakwell Sports Advisory report, which has not been placed in the public domain, reportedly concluded that the finances of Welsh rugby needed dramatic improvement. The report predicted a £7 million deficit for Welsh rugby in 2023, which would double by 2025, and proposed reforms to the structure of Welsh rugby, its commercial activity, player selection rules, and governance.⁹⁵ Nigel Walker told us that the model of professional rugby union, though not broken, did "need a reset", with changes needed to funding models and player salaries.⁹⁶

65. Witnesses noted the tension between two conflicting forces: the need to secure sufficient revenue for sports; and the importance of maintaining as wide as possible access for viewers. While increased revenues from the sale of rights to subscription channels and streaming services could be channelled to support grassroots activity, the loss of the widest access for viewers could put the future of the sport in jeopardy.

66. Streaming services spoke about the advantages of showing sports on their channels. Amazon Prime Video told us that they did not think that broadcasting sporting events on streaming services affected viewership. It stated that "millions" of rugby fans had watched the sport on Amazon Prime Video.⁹⁷ It argued that Welsh rugby matches were of interest to viewers of rugby across the UK.⁹⁸ It noted that the month-long free trial for Amazon Prime Video meant that viewers did not necessarily need a subscription to watch Wales'

89 ["Rugby World Cup matches could go behind behind pay wall in radical shake-up"](#), Wales Online, 26 September 2023

90 [Qq337, 350](#)

91 ["Viaplay: Broadcaster of Scotland games and Scottish League Cup to pull out of UK"](#), BBC Sport, 20 July 2023

92 [S4C \(BRO0011\)](#)

93 [Q338](#)

94 [Q366](#)

95 ["Oakwell report: The Welsh rugby proposals you haven't heard about and the looming doomsday coming in 2025"](#), Wales Online, 16 June 2022

96 [Q330](#)

97 Amazon Prime Video ([BRO0018](#))

98 Amazon Prime Video ([BRO0018](#))

matches.⁹⁹ Witnesses also spoke of the benefits of the revenue generated by the sale of sporting rights to streaming services. COBA told us that increased investment by Sky in cricket had led to the doubling of funding in grassroots cricket, and thereby increased participation.¹⁰⁰

67. Many witnesses spoke of the balance that needed to be struck between the wider audience that could be accessed by broadcasting on PSBs, and the increased revenue provided by streaming and subscription providers, which could potentially be used to fund grassroots sport. Nigel Walker acknowledged there was “always a tension” to this balance.¹⁰¹ He explained that the WRU looked at “what does Welsh rugby and the Welsh Rugby Union need—but then we also look at the supporter and follower of Welsh rugby”.¹⁰² He added that PSBs needed to remain competitive:

It does not necessarily mean outbidding their opponents but being competitive. As long as they continue to be competitive, in my view, Welsh rugby will continue to look very closely at those bids, and it will not just be about the top level. Just as we say that every person has their price, every organisation will have its price.¹⁰³

Ian Davis said that there was a balance of revenue and viewers, a balance of delivering “not only for the Welsh public but also for people who want to play the game”.¹⁰⁴

68. By contrast, Professor Justin Lewis, Director of Clwstwr,¹⁰⁵ argued that switching the broadcasting of matches to subscription services was only practicable for sports which could command significant revenue and popularity to “sustain interest despite smaller TV audiences”, which in any case could dwindle in the medium to longer term.¹⁰⁶ Rhuanedd Richards, Director of BBC Cymru Wales, told us that the main advantage of sporting events being shown on PSBs was that they drew larger audiences through free-to-air coverage, in comparison to a paywall provider. She noted that the Amazon Prime Video matches had attracted “substantially lower” audiences and that “people have missed out because they have not had these games available free-to-air”.¹⁰⁷ Smaller sports, such as netball, also benefitted from increased publicity they gained through being broadcast on PSBs.¹⁰⁸ The Welsh Government agreed that PSB coverage could generate wider interest, and thus participation, in less popular sports and provide role models for future generations of sports professionals. It also questioned the idea that the additional revenue from selling rights to subscription broadcasters led to increased investment in grassroots sport.¹⁰⁹

69. Witnesses sympathetic to PSB coverage also expressed the need to amend the Listed Events regime. The Welsh Government agreed there was a need for a “new regulatory

99 [Q107](#)

100 The Association for Commercial Broadcasters and On-Demand Services (COBA) ([BRO0017](#))

101 [Q332](#)

102 [Q347](#)

103 [Q341](#)

104 [Q336](#)

105 Clwstwr is a research, development and innovation programme supported by the Welsh Government and which funds innovative projects in the media industry.

106 Professor Justin Lewis ([BRO0015](#))

107 [Q74](#) [Rhuanedd Richards]

108 [Q76](#)

109 Welsh Government ([BRO0006](#))

framework [that] could support a specific list of Welsh events that could be prioritised for protection”.¹¹⁰ ITV Wales Cymru also called for the regime to be extended to cover digital rights.¹¹¹

70. When asked whether he had a view about sporting events going behind paywalls, Rt Hon Sir John Whittingdale MP told us that it is was “up to the sports body to decide whether their interests were best served by maintaining free-to-air provision”.¹¹²

71. The broadcasting of sporting events is a matter of considerable public interest. It brings people together for a shared experience, providing a source of pride. The danger of sports coverage going behind a paywall is that any additional short-term injection of money does not reach the grassroots and is offset in the longer term by reduced awareness of and participation in the sport. Therefore, live sports broadcasting should strive to reach the widest possible audience, which is best achieved through free-to-air coverage. This is especially so for Welsh rugby union, which needs to rediscover its soul and aim to reach the maximum number of people in Wales. We believe that maintaining a listed events system is in the public interest as it ensures that free-to-air broadcasters are able to ensure that all licence fee payers have access to nationally important sporting events. However, we do not believe that the listed events regime currently accurately reflects the importance placed by supporters on certain competitions. We recommend that the Government adds the Six Nations to Group A of the Listed Sporting Events, to ensure its status on terrestrial TV.

72. We are disappointed that the current listed events system does not include any Welsh events in Category A, prioritising and protecting sporting events that are of significant national and cultural significance. *We recommend that the UK Government works with the Welsh Government and broadcasters to discuss how the listed events regime could be amended to support a specific list of Welsh events.*

Welsh language coverage of sport

73. Under the current Listed Events regime, the free-to-air terrestrial broadcasters are defined as those received by 95% of the population on “fair and reasonable terms”.¹¹³ S4C is only available for free-view in Wales and therefore is excluded from the regime. In the Draft Media Bill, the Government proposes replacing the free-to-air and 95% coverage requirement with a requirement that the broadcaster must be a public service broadcaster, which would make S4C qualify.¹¹⁴

74. The provision of Welsh language commentary by Amazon Prime Video was a catalyst for discussion on the best way to provide sports coverage in the Welsh language. We were disappointed that Amazon Prime Video did not send a representative to appear before us. In written evidence, Amazon Prime Video told us that:

We are very proud that we were the first pay broadcaster to offer a Welsh language option for rugby. At Prime Video we always work back from the

110 Welsh Government ([BRO0006](#))

111 ITV Cymru Wales ([BRO0001](#))

112 [Q448](#)

113 [Explanatory Notes to the Draft Media Bill](#) [Bill CP 822], p 18

114 [Explanatory Notes to the Draft Media Bill](#) [Bill CP 822], p 18

customer and want to give them the best experience possible with our live sports coverage. This is why we invested in a full Welsh language production for the Wales Rugby matches during the Autumn Nations Series.¹¹⁵

75. S4C told us that it should have a central role in Welsh language coverage of sport. Its sports coverage helped to promote the Welsh language by attracting a younger and more diverse audience, and by attracting non-Welsh speakers to the channel.¹¹⁶ Cymdeithas yr Iaith argued that “giving sports rights to subscription services puts more power in the hands of private companies and deprives people of the ability to watch sports”.¹¹⁷ The Welsh Government said that sports broadcasts on PSBs were “essential to the Welsh Government’s ambitions for the Welsh language”, because sport helped reach both traditional and non-traditional Welsh language audiences.¹¹⁸ It wanted “free-to-air Welsh language commentary [to be] available as a fundamental part of the framework over the longer-term”.¹¹⁹ Nigel Walker said that WRU’s preference “would be a carve-out for S4C”, though it would depend on the nature of the contract and the view of the other negotiating bodies.¹²⁰

76. In contrast, the broadcaster Guto Harri was enthusiastic about a multinational company such as Amazon providing a Welsh language commentary, calling it “great progress for the status and prominence of the Welsh language”.¹²¹ He proposed the idea of requiring broadcasters of sports events to provide a Welsh language commentary.¹²² Efa Gruffudd Jones, the Welsh Language Commissioner, said that further moves from free-to-air sports broadcasting would make it “necessary to ensure that a Welsh-language commentary was provided”.¹²³ She suggested amending the Ofcom code on specified sports and events to ensure that Welsh-language commentary was provided for sporting events moving away from free-to-air broadcasters.¹²⁴ Ofcom explained that its code was “not an instrument which imposes requirements on broadcasters” and that the current underpinning statutory regime did not specify how the coverage was to be presented.¹²⁵ Consequently, Ofcom was “not empowered to require provision of commentary in particular languages”.¹²⁶

77. Ian Davis was concerned that putting any duty on broadcasters to provide Welsh language coverage would reduce the commercial incentives to buy the rights to show that sport:

Making it an obligation to have a Welsh language option will reduce the competitive landscape for us. Ultimately, if we get less money, we can invest less money into programmes and facilities. We have a duty of care to make

115 Amazon Prime Video ([BRO0018](#))

116 S4C ([BRO0011](#))

117 Cymdeithas yr Iaith ([BRO0009](#))

118 Welsh Government ([BRO0006](#))

119 Welsh Government ([BRO0006](#))

120 [Q355](#) [Nigel Walker]

121 [Q10](#)

122 [Q11](#)

123 Welsh Language Commissioner ([BRO0010](#))

124 Welsh Language Commissioner ([BRO0010](#))

125 Ofcom ([BRO0022](#))

126 Ofcom ([BRO0022](#))

sure we get the most out of it, while also respecting the Welsh language. Making it an obligation would be dangerous and we would lose money on it.¹²⁷

78. The Minister did not explicitly state an opinion on who should provide Welsh language coverage. He did say that the loss of control for legislators and regulators due to the growth of streaming services was “something we need to keep under review”.¹²⁸ He had a positive view of S4C holding sports rights, saying it was important to S4C and “of real benefit to sports fans in Wales”.¹²⁹

79. The use of Welsh in sport is a vital expression of identity for many. Whilst we understand concerns that a Welsh language requirement could reduce the value of broadcasting contracts, we believe that the provision of Welsh commentary is extremely important to the vitality of the Welsh language. We note that Viaplay successfully negotiated for S4C to provide Welsh language broadcasting. Amazon Prime Video was able to provide a Welsh language commentary of the rugby union autumn internationals. Therefore, streaming services are willing to ensure Welsh language provision. The current Ofcom code does not empower it to protect this Welsh language provision and ensure it continues. *We recommend that Ofcom’s remit be amended to ensure that it can designate events in Group A and Group B of the Listed Events Regime and specified non-listed events as requiring live Welsh language commentary.*

80. Fans of Welsh football will be understandably concerned about the uncertainty surrounding the future broadcasting of the qualifying matches of Wales’ men’s football team given the planned withdrawal of Viaplay from UK broadcasting. This has the potential to also jeopardise the coverage of those matches on S4C. *We ask that FA Wales write to us by February 2024, updating us on the latest situation and outlining the representations it is making to UEFA to ensure that any new contract-holder works with S4C to replicate its previous agreement with Viaplay and thereby ensure Welsh language commentary.*

81. *With the UK and the Republic of Ireland having recently been awarded the hosting of the European Championships in 2028, we would further request that this tournament is placed in Group A of the Listed Events Regime and that there is a requirement for PSB coverage to include a Welsh language commentary option for every match involving the Wales team.*

127 [Q355](#) [Ian Davis]

128 [Q447](#)

129 [Q448](#)

6 Radio

Current situation

82. We have so far concentrated on television in Wales in this Report, but radio is also undergoing a process of change. People are listening to radio on different devices. There are concerns that young people are being drawn away from radio. Young people listen to podcasts and prefer the flexibility of Spotify for music.¹³⁰

83. There are three types of radio broadcasters in Wales: the BBC, commercial radio and community radio. Radio listening is strong in Wales, with just under nine in ten adults (87%/2.3 million) tuning in each week, and listening for longer than the UK average: 21 hours and 48 minutes, compared to the UK average of 20 hours 24 minutes. Ofcom’s Media Nations Wales 2023 report noted that BBC radio services accounted for the majority (56%) of radio listening. In comparison, the share of listening for UK-wide local commercial services in Wales was 22.7% compared to 19.4% for local commercial services. Listening to radio online continues to grow in popularity as smartphones, smart speakers and other online devices account for 14.2% of all radio listening in Wales. However, most listening is accounted for by AM/FM (36.5%) and DAB (35.6%) platforms.¹³¹

84. In this Report, we concentrate on commercial radio and community radio, the challenges and opportunities for which have been central to the evidence we have received.

Commercial radio

85. There are 46 UK-wide commercial radio services and 32 Wales-wide and local commercial services that use digital audio broadcasting in Wales—a mixture of Welsh-based stations or stations that serve the whole of the UK.¹³²

86. Over the last few decades, the commercial radio sector has been deregulated, allowing multiple licences to be held by one company and removing the requirement for the local station to be located in the town in which it broadcasts. Local stations in Wales are increasingly owned by larger corporations that control multiple radio stations, combining them under a handful of national brands, and sharing programmes across all stations.¹³³ To name a couple of examples: Radio Pembrokeshire was purchased by Nation Broadcasting; Cardiff’s Red Dragon station was purchased by Global Radio and was subsumed into their Capital radio brand.

87. In 2018, new regulations issued by Ofcom allowed station owners to reduce the minimum amount of local programming on local radio stations during daytime hours from seven hours a day to just three. Ofcom also removed a requirement on local stations to produce their own breakfast show, often the most important show on any station. In return, stations had to produce an “enhanced local news service”, which Ofcom defined as meaning the inclusion of hourly news bulletins throughout the day featuring at least one “fully formed local news story” relevant to local listeners. However, this news output may

130 Radiocentre ([BRO0020](#))

131 Ofcom, [Media Nations: Wales 2023](#), 3 August 2023, p 36

132 Ofcom, [Media Nations: Wales 2023](#), 3 August 2023, p 32

133 Ofcom, [Localness guidelines](#), 11 May 2021

be produced by journalists based hundreds of miles from listeners.¹³⁴ Terry Mann, Station Manager at GTFM, a community radio station serving Rhondda Cynon Taf, expressed his disappointment at the reduction of localness by commercial stations: “commercial radio has partly left the party and is doing a lot of programming from outside Wales”.¹³⁵

88. Martin Mumford, Managing Director of Nation Broadcasting,¹³⁶ agreed with the assessment that localness was the price that had to be paid for radio success in a commercial world, and that this element now had to be undertaken by community radio:

... the model of having a station in a small town, in every town, is not commercially viable any more.¹³⁷

89. Local commercial radio stations also have few obligations to produce programmes in Welsh. Ofcom currently does not have powers to require the inclusion of particular content, such as Welsh language requirements, on commercial radio stations. It only has the powers to approve or reject applications, and to decide between different applications.¹³⁸ The Senedd’s Culture, Welsh Language and Communications Committee in 2021 noted how Radio Ceredigion Ltd, owned by Nation Broadcasting, had changed itself from offering “regular identifiable Welsh language programming” to “a distinctive, Welsh-in-character service”. The report called this “a case study in the loss of Welsh language broadcasting”, and highlighted how Ofcom could not require which language should be broadcast.¹³⁹

90. Radiocentre, the industry body for commercial radio, disputed the suggestion that there was insufficient Welsh language provision on commercial radio and provided three examples of commercial radio stations that had regular programmes in Welsh: Capital Cymru, which broadcasts to Gwynedd and Anglesey; Greatest Hits Radio South Wales; and Capital North West and Wales.¹⁴⁰ Martin Mumford said that Welsh language broadcasting could be heard on stations such as Radio Pembrokeshire, Radio Carmarthenshire and Bridge FM. He stated that Radio Pembrokeshire provided an hour of Welsh language coverage, from 9pm on Sunday night. This was to meet the licence obligation to provide an hour of Welsh language content.¹⁴¹

91. Martin Mumford argued that commercial radio needed to have consistent programming, which did not enable channels to switch between English and Welsh.¹⁴² He called for increased Government funding for commercial radio if there was a wish to increase its Welsh language output. He noted that the Audio Content Fund, which ran from 2019 to 2022, had subsidised commercial programmes in English and Welsh in rural communities in West Wales.¹⁴³

92. Cymdeithas yr Iaith said that “Ofcom has failed, and continues to fail, to serve Wales and the Welsh language” by not halting the decline in the use of Welsh language

134 Ofcom, [Localness on commercial radio: Approved areas in Scotland and Wales](#), 4 March 2019

135 [Q130](#)

136 Nation Broadcasting owns and operates twelve independent local radio stations across the United Kingdom.

137 [Q154](#)

138 [Q231](#)

139 Senedd Cymru, Culture, Welsh Language and Communications Committee, [Exploring the devolution of broadcasting: How can Wales get the media it needs?](#), March 2021, pp 34, 40–41

140 Radiocentre ([BRO0020](#))

141 [Q183](#)

142 [Q156](#)

143 [Q183](#) [Martin Mumford]

on commercial radio.¹⁴⁴ Efa Gruffudd Jones, the Welsh Language Commissioner, told us she was in favour of regulations requiring Welsh language content in commercial radio licences.¹⁴⁵

93. We are extremely concerned at the apparent decline in the use of Welsh language on commercial radio. The ability to listen to the Welsh language on a daily basis is vital to maintaining the Welsh language and to encouraging new learners. The current regulatory framework is not strong enough to support the Welsh Language on commercial radio. We ask the Government to consider the adequacy of Ofcom’s remit in relation to Welsh language content on commercial radio stations in Wales.

Community radio

94. There are nine community radio stations in Wales, focused specifically on local engagement.¹⁴⁶ Stations are not-for-profit, have limits on the revenue they can raise, and are focussed on delivering social gain. Toby Ellis, Station Manager, Director and Broadcaster at Pure West, a community radio station in Haverfordwest, said “Our USP is local—hyperlocal”.¹⁴⁷ Terry Mann told us that community radio is “bringing genuinely local radio back to Wales”.¹⁴⁸

95. During our evidence session, we heard about three ways to strengthen the role of community radio in Wales: expanding the number of FM licences that were available; reforming and increasing funding to the UK Community Radio Fund; and placing UK Government advertisements on community radio.

Availability of FM licences

96. Historically, radio content has been broadcast using radio signal sent at AM (Amplitude Modulation) or FM (Frequency Modulation). These are received by analogue radios, which are gradually being replaced by digital devices, primarily DAB (Digital Audio Broadcasting). The UK Government’s Draft Media Bill would remove the duty on Ofcom to provide for a diversity of national and local analogue services on AM/FM because of “the range of national and local services that are now available via digital means”.¹⁴⁹ However, UK analogue licences will continue to be renewed up to 2030.¹⁵⁰

97. Access to digital radio transmission of BBC and national commercial digital broadcasts into homes and on major roads in Wales remains below the UK average, and over a fifth of major roads in Wales do not have DAB coverage.¹⁵¹

98. Pure West called for an increase in FM licenses to be made available up until the deadline of 2030. Toby Ellis thought Ofcom had too quickly given up on FM radio. He told us it was important that radio was available on many different platforms and was accessible. An FM licence would enable a local digital station, such as Pure West:

144 Cymdeithas yr Iaith ([BRO0009](#))

145 [Q420](#)

146 Ofcom, [Media Nations: Wales 2023](#), 3 August 2023, p 31

147 [Q136](#)

148 [Q130](#)

149 [Explanatory Notes to the Draft Media Bill \[Bill CP 822\]](#), p 47

150 Department for Digital, Culture, Media and Sport, [Boost for commercial analogue radio stations](#), 2 July 2022

151 Ofcom, [Media Nations: Wales 2023](#), 3 August 2023, p 32

... to get more advertisers and sponsors on board because we will have a bigger local demographic, thus creating more revenue, and hopefully, more [...] volunteers will then become employees.¹⁵²

Terry Mann told us that there was “a list around the corner of people who want to apply for FM radio licences”.¹⁵³

99. MônFM was more cautious. It acknowledged that FM did provide better access in hilly areas of North Wales, as a lower frequency and fewer transmitters were needed than for broadcasting over DAB, but it warned that additional FM frequencies would risk saturating the spectrum and harming existing stations.¹⁵⁴ Martin Mumford also explained that, “Ofcom, some years ago, produced for me a very complicated spreadsheet explaining that there were no FM frequencies available in the whole swathe of south Wales”.¹⁵⁵

100. Ofcom told us that DAB would ultimately offer audiences more stations, “more efficiently, and in more locations, than FM can”.¹⁵⁶ DAB could offer 10–20 services for listeners on one frequency, against one service on FM.¹⁵⁷

101. Rt Hon Sir John Whittingdale MP said that the awarding of licences was a matter for Ofcom. However, he could not see any specific objection to continuing to issue FM licences and acknowledged that there were remote areas without DAB coverage.¹⁵⁸

102. Ofcom’s decision to prioritise DAB licenses overlooks the high levels of AM/FM listening in Wales, and does not take into account the difficulties in digital transmission across parts of Wales. Community radio stations believe that FM licences will enable them to reach a wider audience. There is a clear demand, and continuing need, for FM radio licences. We recommend that Ofcom resume offering FM licences, particularly targeting local and community radio stations.

103. The Government’s proposal to remove the duty on Ofcom to provide for a diversity of national and local analogue services on AM/FM also appears premature, especially given the difficulties in some areas of accessing DAB services. We recommend that the Government amend the Draft Media Bill to ensure that this duty is retained.

UK Community Radio Fund

104. Since 2005, there has been a considerable expansion in community radio stations.¹⁵⁹ Witnesses told us that community radio stations faced the challenge of securing sustainable funding. Terry Mann noted that the financial turnover of GTFM had declined from £185,000 in 2006 to £50,000 in 2023, reflecting a reduction in grant funding. Instead, funding came from advertising, sponsoring and charity fundraising.¹⁶⁰

152 [Q140](#)

153 [Q150](#)

154 MônFM ([BRO0019](#))

155 [Q153](#)

156 Ofcom ([BRO0032](#))

157 Ofcom ([BRO0032](#))

158 [Q458](#)

159 Department for Digital, Culture, Media and Sport, *Up next - the government’s vision for the broadcasting sector*, [CP 671](#), 28 April 2021, p 30

160 [Q137](#)

105. There has been, and continues to be, Government funding to provide financial support to community radio stations. A Welsh Government Community Radio Fund ran from 2008 to 2014, and distributed on average £100,000 a year to community radio stations, which could be used to meet running costs, particularly staff wages. The Welsh Government closed the Fund due to cuts in the budget for the Culture and Sport portfolio.¹⁶¹ At a UK level, a Community Radio Fund, administered by Ofcom, was established in 2005.¹⁶² The Fund awards money through a bidding process.

106. Witnesses expressed concern about the levels of funding available to community radio stations through the UK Government's Community Radio Fund. Terry Mann told us that the growth in community radio stations in the UK had not been matched by an increase in the money available from the Fund. Since 2005, in nominal terms the amount paid out by the Fund has remained broadly the same. However, when adjusting for inflation (real-terms) the amount awarded in 2022/23, £493,816, had been 24.69% lower than that awarded in 2005/06 (£655,749 in 2022/23 prices). There had also been a marked increase in the amount of money applied for, reflecting the increased number of community radio stations.¹⁶³

107. A Report published in 2021 found that between 2016/17 and 2019/20, Welsh stations had made up 3% of all applications to the Community Radio Fund, but had only received 1% of the grants awarded.¹⁶⁴ In 2022/23, only 2 of the 34 community radio stations which had received financial support from the Fund had been from Wales.¹⁶⁵

108. Witnesses described the Fund as restrictive due to the limited areas that the money could be spent on by the radio station, and that it was inferior to the Welsh Government's Community Radio Fund. MônFM told us that money received from the Ofcom Community Radio Fund had to be spent on one-off or developmental projects.¹⁶⁶ This was in contrast to the Welsh Government's historic fund, which had supported radio stations in meeting their core costs, such as licence fees or utility bills. It told us that small community radio stations did not have the capacity to prepare bids in-house, and that they often needed to hire external staff to prepare them. It told us that it wanted Ofcom to apportion funds to different regions of the UK or to have shared funding among licence-holders meeting certain operating criteria.¹⁶⁷

161 Senedd Cymru, Culture, Welsh Language and Communications Committee, [Tuning In: Inquiry into Radio in Wales](#), December 2018, p 23

162 Department for Digital, Culture, Media and Sport, *Up next - the government's vision for the broadcasting sector*, CP 671, 28 April 2021, p 31

163 Ofcom, *Community Radio Fund end of year reports 2006/07 to 2011/12 and 2014/15 to 2021/22*. For 2012/13, award of grants [Round 1](#) and [Round 2](#), 2013/14, award of grants [Round 1](#) and [Round 2](#), and 2022/23, [Community Radio Fund \(30 June 2022\)](#), award of grants [Round 1](#) and [Round 2](#). Real-terms prices for 2022–23 prices were calculated using HM Treasury, [GDP deflators at market prices, and money GDP June 2023 \(Quarterly National Accounts\)](#), 30 June 2023

164 UK Government, Wavehill Social and Economic Research, [Evaluation of the Community Radio Fund: Final Report](#), December 2021, p 10

165 Ofcom, [Award of grants 2022–23: Round 1](#), 21 July 2022; Ofcom, [Award of grants 2022–23: Round 2](#), 22 February 2023

166 MônFM ([BRO0019](#))

167 MônFM ([BRO0019](#))

109. Rt Hon Sir John Whittingdale MP acknowledged there were more applicants than could receive grants and asserted that the fund had been increased in each of the last three years. He acknowledged the important role community radio stations played in serving audiences differently to the BBC or larger commercial stations.¹⁶⁸

110. Community radio plays a vital role in serving local people, and we welcome the growth in this sector. However, we are concerned with the current levels of funding for the sector in Wales. Funding available through the UK Government’s Community Radio Fund has not kept pace with inflation. *We recommend that the Government increases the Community Radio Fund to match the current demand, as well as linking it to inflation for future years.*

111. The current UK Community Radio Fund is too restrictive and does not allow small community radio stations to spend funding where they best feel it is needed. *We recommend that the Government amends the restrictions on where funding from the Community Radio Fund can be spent, allowing community radio stations greater flexibility to spend the funds where it will be of greatest use.*

112. *The Welsh Government’s Community Radio Fund played an important role in supporting community radio in Wales. We urge the Welsh Government to reinstate support for community radio in Wales. This support was discontinued in 2014.*

Advertising by the UK Government

113. Witnesses told us of missed opportunities by the UK Government to advertise on local community radio. Both Terry Mann and Môn FM criticised the UK Government for running campaigns seeking to recruit new police officers and promoting public services, on commercial radio, but not on community radio. This was seen to be a missed opportunity to reach a wider demographic.¹⁶⁹

114. MônFM said community radio stations reached “deeper into a wider cross-section of communities than some of the commercial stations”.¹⁷⁰ Such advertising provided additional revenue that helped keep critical infrastructure going. It welcomed the Welsh Government’s commitment to advertising on community radio, including using community radio to advertise its “keep Wales safe” message, and its paying and booking of time through advertising agencies.¹⁷¹

115. The Minister said advertising was a matter for individual departments, but also acknowledged that some departments “have not been as imaginative as they should be” in where they had advertised.¹⁷²

116. Advertising on community radio would benefit their development and enable the Government to reach a wider audience with its advertisements, potentially increasing the pool of applicants for public sector jobs. *We call on the Government to develop and publish by April 2024 a strategy setting out how it will seek to place advertisements on community radio stations.*

168 [Q453](#)

169 [Q137](#) [Terry Mann], MônFM ([BRO0019](#))

170 MônFM ([BRO0019](#))

171 [Q137](#)

172 [Q454](#)

7 Developing the skills pipeline into Welsh broadcasting

117. The success of Welsh broadcasting is not just about producing stars of the screen nor engrossing programmes that inform and entertain. Wales has become a place of excellence in activities behind the camera—the writing of scripts, the lighting of sets, and the editing of content. The buildings, valleys, and mountains of Wales have been the foreground and background of historical, contemporary and fantasy dramas.

118. The statistics show the progress of Welsh producers in the last decade. The gross value added of film, video and television productions in Wales increased from £62 million to £200 million from 2007 to 2017.¹⁷³ Cardiff is now the third largest production centre in the UK.¹⁷⁴ The majority of production companies are small and work mainly on commissions from PSBs.¹⁷⁵ Rhuanedd Richards, Director of BBC Cymru Wales, told us that “Wales is now the fastest growing area anywhere in the UK when it comes to primary commissions in video and drama”.¹⁷⁶ Rt Hon Sir John Whittingdale MP told us that: “One of the great success stories for Wales is the amount of television content that is being produced by both public service broadcasters and streaming services in Wales”.¹⁷⁷

119. This Chapter will examine how to build on this recent success and meet the new challenges facing independent producers. We examine securing commissions from BBC Wales and from streaming services; in-house commissioning at Channel 4; the skill shortages facing the sector; and the practice of brass-plating by production companies not based in Wales.

Commissioning by public service broadcasters

120. Production companies are heavily dependent on PSBs for commissions. Dr Caitriona Noonan, Senior Lecturer in Media and Communications at Cardiff University, emphasised that mid-sized dramas and soap operas, in addition to appealing to domestic audiences, “play a vital role in up-skilling workers and giving financial stability to production companies and freelancers”.¹⁷⁸ Pact¹⁷⁹ explained that producers had to find alternative sources of funding, such as borrowing against the revenue from secondary sales, because UK PSBs very rarely fully funded programmes. This situation had reduced the cost for PSBs of producing programmes, whilst “maintaining the high-quality of the programme”.¹⁸⁰

121. Yeti Television expressed concern regarding commissioning by BBC Cymru Wales. It contrasted the practice of BBC Cymru Wales with BBC Scotland and BBC Northern Ireland. The latter two were “fiercely protective of their local companies” and would almost never commission programmes from a company based outside of their UK nation.¹⁸¹ By contrast, Yeti Television stated that BBC Cymru Wales was happy to commission from

173 Senedd Research, *Coronavirus: the creative industries*, 11 September 2020

174 Teledwyr Annibynnol Cymru (TAC) (BRO0004)

175 University of South Wales, *Screen Survey Wales 2021*, 9 February 2022, p 6

176 Q37 [Rhuanedd Richards]

177 Q430

178 Dr Caitriona Noonan (BRO0003)

179 Pact is a UK-wide trade association for production companies.

180 Pact (BRO0008)

181 Yeti Television (BRO0026)

production companies based outside of Wales. It claimed this approach had harmed the local production sector in Wales and had fostered the creation of ‘pop-ups’, companies with only temporary bases in Wales.¹⁸² This problem was exacerbated by decisions about network commissioning being taken in London. Wales-based independent production companies faced difficulties in directly engaging with these decision-makers. Consequently, Yeti Television favoured moving network-level commissioning power to Wales.¹⁸³

122. David P. Davies, Founder and Creative Director of 5 Acts Productions, a production company, also informed us that, due to inflation, it had raised the tariffs it charged to PSBs. Accordingly, S4C and BBC “might struggle somewhat to get shows made without a co-financier of some description. This could potentially alter the local feel of some programmes as co-financiers were often more internationally focused”.¹⁸⁴

123. PSBs are crucial to the continual success of the independent production sector in Wales. However, we are concerned that the lack of network-level commissioning power at BBC Cymru Wales is leading to commissions being given to companies outside Wales. In their response to our Report, BBC Cymru Wales must write to us to explain why their approach to commissioning in Wales appears to differ from that adopted by the BBC in Scotland and Northern Ireland.

New opportunities with streaming companies

124. London is now nearing capacity as a production location.¹⁸⁵ Witnesses told us that there was the potential for Wales to attract additional work in this area. Professor Justin Lewis, Director of Clwstwr, said that Wales could:

... exploit [...] its position—through the BBC and S4C—as the UK’s leading centre of bilingual production, with a range of skills (such as back to back production) enabling it to reach global markets.¹⁸⁶

125. Streaming companies currently commission fewer than twenty projects per year across the UK.¹⁸⁷ Recent successes in Wales have included *His Dark Materials* produced for HBO, *The Crown* and *Sex Education* produced by Netflix, and *Britannia* produced for Sky Atlantic and Amazon Prime Video. The independent producers we heard from expressed a keenness to continue to work with these companies. The main challenge that they faced was getting a hearing from them. Siân Price, Director of Yeti Television, told us that “you need a big hit or a brand that your company makes”, which in turn requires investment in skills and commissions from PSBs, to compete with companies already being used.¹⁸⁸ Dyfrig Davies, Chair of Teledwyr Annibynnol Cymru (TAC), said his organisation had worked with the Department for Business and Trade, which had involved joint meetings between TAC, the Department, S4C and the British Film Institute on how to promote content to streamers. He emphasised the importance of access, and the need for more meetings between streaming companies and producers in Wales.¹⁸⁹ The

182 Yeti Television ([BRO0026](#))

183 Yeti Television ([BRO0026](#))

184 David P. Davis ([BRO0023](#))

185 The Association for Commercial Broadcasters and On-Demand Services (COBA) ([BRO0002](#))

186 Professor Justin Lewis ([BRO0015](#))

187 Yeti Television ([BRO0026](#))

188 [Q392](#)

189 [Q394](#) [Dyfrig Davies]

other production companies we received evidence from suggested some form of light-touch quota which would ensure Welsh companies had to be involved in production. Siân Price said this would enable them to “get a foot in the door and show the world that there is amazing talent in Wales”.¹⁹⁰

126. The UK Government’s written evidence emphasised that its £500 million Film and TV Production Restart scheme had helped productions hit by the Covid-19 pandemic and supported productions in Wales such as *His Dark Materials*.¹⁹¹

127. Streaming companies provide an exciting opportunity for work for the independent production sector in Wales. They can provide an additional source of revenue to commissions from PSBs and help spread the word about the excellence of Welsh production companies. However, it can be difficult for a small nation such as Wales to attract investment and to highlight skills within its production sector. *The Welsh and UK Governments must outline to us the steps they are taking to attract both PSBs and streaming services to produce more programmes in Wales. The UK Government should explain how it is harnessing the increased interest in Wales, especially in the USA, to attract streaming services to produce programmes in Wales.*

Channel 4 and in-house commissioning

128. At present, under section 295 of the Communications Act 2003, Channel 4 must use independent producers, which retain the rights to the programmes.¹⁹² While announcing its decision to reverse the proposed privatisation of Channel 4, the Government stated that it would continue with its proposal to permit Channel 4 to produce its programmes in-house. The Government said it would legislate to permit Channel 4 “to produce and monetise its own content”, which would increase its commercial income and enhance its financial stability.¹⁹³ The Government confirmed that the current minimum level of 35% of programmes and spending having to be outside of London and 9% of programmes and spending outside of England would be unchanged. Clause 25 of the Draft Media Bill would permit Channel 4 to undertake in-house commissioning.¹⁹⁴

129. Channel 4 provides an important source of investment and work in Wales. In 2019, it contributed £20 million in gross value added and 200 jobs,¹⁹⁵ and in 2022, it spent £18.8 million in Wales.¹⁹⁶ 5.4% of the hours of network productions on Channel 4 were made in Wales in 2022, vastly higher than ITV and Channel 5.¹⁹⁷

130. Witnesses underlined the importance of productions commissioned by, and training schemes supported by, Channel 4 to Welsh production companies.¹⁹⁸ Dyfrig Davies told

190 [Q392](#)

191 Department for Digital, Culture, Media and Sport ([BRO0016](#))

192 Communications Act 2003, [section 295](#)

193 [“Channel 4 to remain publicly owned with reforms to boost its sustainability and commercial freedom”](#), Department for Digital, Culture, Media and Sport press release, 5 January 2023

194 [Explanatory Notes to the Draft Media Bill](#) (Bill CP 822), p 31

195 Teledwyr Annibynnol Cymru (TAC) ([BRO0004](#))

196 Channel 4, [Channel Four Television Corporation: Report and Financial Statements 2022](#), July 2023, p 84

197 Ofcom, [Media Nations: Wales 2023](#), 3 August 2023, p 30

198 Teledwyr Annibynnol Cymru (TAC) ([BRO0004](#))

us that Channel 4’s production moving in-house would be harmful to a number of Welsh companies that currently produced content for that channel.¹⁹⁹ Pact agreed that the proposal would harm SMEs in Wales.²⁰⁰

131. Rt Hon Sir John Whittingdale MP said the changes in the Bill were designed to ensure the viability of Channel 4 amid the changing media landscape. He noted that “[i]t doesn’t mean that Channel 4 is going to immediately abandon the independent sector. There will be remaining quotas like the ones that exist at the moment”.²⁰¹ He stressed that “Channel 4 is aware of the importance and it will still have obligations to commission particularly outside of London, including in Wales”.²⁰²

132. We are concerned that the introduction of in-house commissioning at Channel 4 could harm independent production companies in Wales. In its response to this Report, the Government must outline the steps it will take to ensure that the introduction of in-house commissioning by Channel 4 will help rather than harm the independent production sector in Wales. We call on the Government to make changes to the Draft Media Bill to reflect our concerns. We also call on Channel 4, in response to this Report, to outline their commitment to commissioning work from Welsh production companies.

Skills and apprenticeships

133. Witnesses expressed concern around the recruitment of people to the industry. S4C noted that there were currently skills gaps “across almost every area of expertise in the creative sector in Wales”.²⁰³ Yeti Television stated that “[t]here is a dearth of development talent in Wales—that is a genuine skills shortage”.²⁰⁴ COBA wrote that the “barriers to growth are skills and space, not investment”.²⁰⁵ Benjamin King, Director of Public Policy UK and Ireland at Netflix, commented:

If there is one challenge that our industry is facing, it is the skills challenge. It behoves all of us to address that. It is also something Government would do well to take as a significant policy priority, if we want our film and TV production industry to carry on being world class in the way it is today.²⁰⁶

134. Witnesses expressed frustration at the current rules around apprenticeships.²⁰⁷ Criticism was levelled by representatives of COBA, Netflix, and TAC at money paid through the Apprenticeship Levy being unspent. Adam Minns, Executive Director of COBA, explained that the screen sector across the UK paid £20 million in the apprenticeship levy,²⁰⁸ but could only use £5 million of it.²⁰⁹ He highlighted that a major obstacle to

199 [Q389](#)

200 Pact ([BRO0008](#))

201 [Q429](#)

202 [Q430](#)

203 S4C ([BRO0011](#))

204 Yeti Television ([BRO0026](#))

205 The Association for Commercial Broadcasters and On-Demand Services (COBA) ([BRO0002](#))

206 [Q121](#) [Benjamin King]

207 In Wales apprenticeships are funded from the Welsh Government budget and delivered through a network of quality assured training providers. Unlike in England, there is not a system of digital vouchers whereby employers can draw on money they have paid in the Apprenticeship Levy to fund apprentices. Business Wales, [Apprenticeship Levy](#), accessed 4 September 2023

208 The apprenticeship levy is a UK Government employment tax that charges 0.5% of the pay bill of employers whose total pay bill exceeds £3 million. Revenue goes to HM Revenue and Customs.

209 [Q122](#) [Adam Minns]

employing more apprenticeships was that the standard 12-month apprenticeship model was unsuitable for most of the broadcasting industry, which operated on much shorter contracts tied to specific projects.²¹⁰

135. Witnesses told us that actions required to tackle the challenges around the skills deficit and apprenticeships were a shared responsibility between broadcasters, and the UK and Welsh Governments. COBA explained that non-PSBs already paid voluntary contributions worth c.£11 million a year into a skills fund.²¹¹ Benjamin King detailed Netflix's training programme, Grow Creative UK.²¹² Rhuanedd Richards said the BBC was working with the National Film and Television School to support emerging talent.²¹³ Siân Price said that commissions for a television series, rather than for a single project, would enable companies to hire trainees. Such commissions, alongside work between production companies and broadcasters, could also help reduce barriers to people from more disadvantaged socioeconomic backgrounds.²¹⁴

136. Witnesses called for more shared apprenticeships schemes. This allowed employers to take on apprentices for a short duration, if they were not in a financial position to offer them a long-term contract, while enabling apprentices to work with a number of different employers to complete a full apprenticeship program. This enabled them to gain the skill sets they required to become qualified. Flexi-job and shared apprenticeships have been piloted by the Welsh Government.²¹⁵ The *Creative Skills Action Plan*, launched in 2022, included a commitment that Creative Wales²¹⁶ and the Welsh Government would work to introduce Shared Apprenticeship Schemes across all creative sectors where possible, and explore the viability of degree apprenticeships, and continue the current requirement that recipients of Creative Wales production funding must employ at least one apprentice.²¹⁷ In June 2023, the UK Government published its *Creative Industries Sector Vision*, to maximise the growth of the creative industries. It stated that there would be increased collaboration between the four nations of the UK through the Creative Industries Council.²¹⁸

137. The creative industry provides an opportunity for employment and economic growth in Wales. Wales already has a strong reputation in this area and produces programmes which are seen by a global audience. However, the industry is currently threatened by the skills shortage in this area. We welcome the plans published by Creative Wales and by the UK Government to address skills shortages in this area, and this needs to be seen as an area of priority. However, more still needs to be done to address skills shortages.

138. Apprenticeships can be an effective and powerful way of developing a diverse and skilled workforce. However, the current system of apprenticeships within the broadcasting sector is inflexible, and does not reflect the needs of a freelance, project-based sector. There must be a fundamental reform of the Apprenticeship Levy in the

210 [Q127](#) [Adam Minns]

211 The Association for Commercial Broadcasters and On-Demand Services (COBA) ([BRO0002](#))

212 [Q121](#) [Benjamin King]

213 [Q68](#)

214 [Q400](#)

215 Teledwyr Annibynnol Cymru (TAC) ([BRO0027](#))

216 Creative Wales is a Welsh Government body established in 2020 to support the creative industries in Wales.

217 Creative Wales, [Creative Skills Action Plan 2022–2025](#), September 2022, p 3

218 Department for Culture, Media and Sport, *Creative Industries Sector Vision: A joint plan to drive growth, build talent and develop skills*, [CP 863](#), June 2023, p 11

UK. We call on the UK and Welsh Governments to review the Apprenticeship Levy and to increase the roll-out of the shared apprenticeship system in Wales to ensure that they can benefit the creative industries sector in Wales.

Brass-plating

139. PSBs have production quotas, set by Ofcom, for the proportion of programmes made outside the M25. Ofcom’s requirements are that a company must have “a substantive base” with an unspecified number of senior personnel located in a place; have 70% of their production expenditure spent in the location (not including the on-screen talent) and at least 50% of off-screen production staff must be usually employed in the UK but outside London.²¹⁹ The practice of “brass-plating” (also called “pop-up” firms), is where production companies usually based elsewhere set up temporary bases in Wales. They are then deemed to be located there under Ofcom rules.

140. Welsh-based independent production companies were critical of this practice. Dyfrig Davies noted that brass-plating led to intellectual property leaving Wales. Money usually brought into Wales went instead to the place the firm was usually based. Furthermore, freelancers who had worked with the brass-plating firm were then being attracted to leave Wales to continue working with them.²²⁰ TAC calculated that 41 out of 71 productions qualifying as being made in Wales were made by companies headquartered elsewhere.²²¹ Dyfrig Davies was unsure whether the problem was the rules or their enforcement.²²² Yeti Television stated that responsibility lay not with companies but with broadcasters, who required the establishment of regional offices, and who “should face greater scrutiny and rule-tightening”.²²³

141. Rt Hon Sir John Whittingdale MP said the issue was one for Ofcom to deal with but noted that the Media Bill could potentially be used as a vehicle to address these concerns.²²⁴ Ofcom said it had consulted on the regional production regime in 2019 and subsequently strengthened its guidance. It believed that evidence of brass-plating tended to be “anecdotal and limited”.²²⁵ It was often conflated with the legitimate practice of companies having headquarters outside Wales. Ofcom acknowledged that five out of seventy-one productions relied on only one criterion to claim to be based in Wales, which could allow the system to be manipulated. However, it did not think any further reforms were needed, although it recognised that the growth of home working might affect the definition of where staff and a production were based.²²⁶

142. Brass-plating allows broadcasters to meet their regional production criteria while using production companies that may not be based in Wales. Ofcom acknowledges that relying on the “substantive base” criterion alone provides an opportunity for the

219 Ofcom, *Regional production and regional programme definitions: Guidance for public service broadcasters*, 19 June 2019, pp 3–5

220 [Qq375](#), [378](#)

221 Teledwyr Annibynnol Cymru (TAC) ([BRO0027](#))

222 [Q377](#)

223 Yeti Television ([BRO0026](#))

224 [Q445](#)

225 Ofcom ([BRO0030](#))

226 Ofcom ([BRO0030](#))

system to be manipulated. We recommend that Ofcom examine whether this criterion alone should be sufficient to qualify a production as being based in Wales. We call on the Government to amend the Draft Media Bill to address this problem.

Conclusions and recommendations

Broadcasting in Wales

1. Broadcasting holds an importance in Welsh national life that is unique among the nations of the United Kingdom. A distinctively Welsh broadcasting sector, underpinned by strong public service broadcasting, is a precious asset that must be allowed to flourish for the benefit of future generations. We welcome the Government's Draft Media Bill with its explicit aim of supporting the sustainability of public service broadcasters, and we urge Ministers to listen to the specific concerns of the Welsh broadcasting sector as they take the Bill through the House. We would request that in its scrutiny at Committee Stage, the Bill Committee convene at least one evidence session exclusively with stakeholders from the broadcasting industry in Wales. (Paragraph 13)

Public service broadcasters

2. Public service broadcasters are facing the challenges of increased competition and changing viewing habits, where viewers may choose content from a range of online providers and platforms. It is imperative that their content is easily discoverable in an increasingly busy digital marketplace. (Paragraph 24)
3. The UK's public service broadcasters are fighting for prominence on the first page on any significant device, be it a set-top box, smart TV or games console. Existing regulations are outdated because they are limited to traditional linear electronic TV guides and do not apply to streaming, on-demand and internet-connected TVs. The lack of prominence of PSB content across all devices, particularly digital and streaming platforms, will result in consumers struggling to find much loved content in a format and language that they enjoy. The proposals contained in the Draft Media Bill on prominence are vital to the continued success of public service broadcasters in the twenty-first century. *The Government must introduce the Media Bill to Parliament as early as possible in the next Session, which is due to begin in November 2023, and prioritise its passage through both Houses.* (Paragraph 25)
4. Public service broadcasters must modernise to survive in the digital age. We welcome the investment by PSBs in their digital platforms, which is needed given the growing proportion of people in Wales using them to watch PSB programmes. However, accessing Welsh content is not straightforward on these platforms, making it difficult for it to be viewed in Wales and across the UK. We call on public sector broadcasters to urgently develop their digital platforms to improve their level of online personalisation and ensure that programmes local to Wales and Welsh language content are prominent and easy to access. *We call on public service broadcasters to urgently develop their digital platforms to improve their level of online personalisation and ensure that programmes local to Wales and Welsh language content are prominent and easy to access. We request that public service broadcasters report to us by March 2024 on their progress in this area.* (Paragraph 31)
5. The success of Welsh broadcasting has rested on the close dialogue between broadcasters and Welsh policy makers. This relationship is now being challenged by

the shifts in global power in the broadcasting landscape with the growth of global companies such as Amazon Prime Video, based overseas. Amazon Prime Video resisted sending a representative to answer our questions, and streaming services have not met the Welsh Language Commissioner. These are worrying indications that future policy makers in Wales will find it harder to retain a valuable relationship with all broadcasters. The oral evidence we took from Netflix and COBA demonstrate that this relationship remains possible. (Paragraph 37)

6. Companies such as Netflix and Amazon Prime Video provide competition to public service broadcasters. However, there are also opportunities for PSBs to work in partnership with them, and there are good examples where PSB providers have developed effective partnerships with streaming services to develop content. We look forward to this continuing in the future. (Paragraph 38)
7. We are concerned about streaming companies demanding such a high proportion of advertising revenue in return for hosting PSB programmes on their sites. *We call on Ofcom to examine these practices and to publish its findings by April 2024 on whether further regulation is needed to ensure fair and reasonable terms for PSBs.* (Paragraph 39)

The future of Welsh Language broadcasting

8. It is vital that Welsh language provision continues to grow amid the changing media landscape, and is a visible part of the television system in the UK. While we welcome the current funding settlement in place for S4C, it is vital that the channel has greater certainty over its long-term funding. *We note that the Government has announced a review of the licence fee model. This will have implications for the delivery of Welsh language broadcasting by the BBC, and future funding of S4C. In its response to this Report, the Government must give assurances that the review includes a reference to safeguarding Welsh-language broadcasting.* (Paragraph 51)
9. We welcome the investments that the Government is making in digital provision for S4C, but the scale of investment needed to ensure the sustainability of Welsh language broadcasting in the long-term is daunting. We are concerned that the wider revolution in broadcasting will leave S4C exposed. It is also clear that S4C has a strong relationship with BBC Cymru Wales, and these links have been further enhanced by S4C's reliance on licence fee funding and on BBC iPlayer as the foremost platform for digital content. *To ensure the continuing strength of Welsh language broadcasting we recommend an enhanced long-term partnership between S4C and BBC Cymru Wales. This should include safeguards for the branding, editorial and commercial independence of S4C. This partnership should work towards a long-term framework agreement that supports S4C, providing it with the investment to produce digital content to compete with streaming services. The partnership should be overseen by the Secretary of State for Culture, Media and Sport.* (Paragraph 56)

Broadcasting live sports in Wales

10. The broadcasting of sporting events is a matter of considerable public interest. It brings people together for a shared experience, providing a source of pride. The

danger of sports coverage going behind a paywall is that any additional short-term injection of money does not reach the grassroots and is offset in the longer term by reduced awareness of and participation in the sport. Therefore, live sports broadcasting should strive to reach the widest possible audience, which is best achieved through free-to-air coverage. This is especially so for Welsh rugby union, which needs to rediscover its soul and aim to reach the maximum number of people in Wales. We believe that maintaining a listed events system is in the public interest as it ensures that free-to-air broadcasters are able to ensure that all licence fee payers have access to nationally important sporting events. However, we do not believe that the listed events regime currently accurately reflects the importance placed by supporters on certain competitions. *We recommend that the Government adds the Six Nations to Group A of the Listed Sporting Events, to ensure its status on terrestrial TV.* (Paragraph 71)

11. We are disappointed that the current listed events system does not include any Welsh events in Category A, prioritising and protecting sporting events that are of significant national and cultural significance. *We recommend that the UK Government works with the Welsh Government and broadcasters to discuss how the listed events regime could be amended to support a specific list of Welsh events.* (Paragraph 72)
12. The use of Welsh in sport is a vital expression of identity for many. Whilst we understand concerns that a Welsh language requirement could reduce the value of broadcasting contracts, we believe that the provision of Welsh commentary is extremely important to the vitality of the Welsh language. We note that Viaplay successfully negotiated for S4C to provide Welsh language broadcasting. Amazon Prime Video was able to provide a Welsh language commentary of the rugby union autumn internationals. Therefore, streaming services are willing to ensure Welsh language provision. The current Ofcom code does not empower it to protect this Welsh language provision and ensure it continues. *We recommend that Ofcom's remit be amended to ensure that it can designate events in Group A and Group B of the Listed Events Regime and specified non-listed events as requiring live Welsh language commentary.* (Paragraph 79)
13. Fans of Welsh football will be understandably concerned about the uncertainty surrounding the future broadcasting of the qualifying matches of Wales' men's football team given the planned withdrawal of Viaplay from UK broadcasting. This has the potential to also jeopardise the coverage of those matches on S4C. *We ask that FA Wales write to us by February 2024, updating us on the latest situation and outlining the representations it is making to UEFA to ensure that any new contract-holder works with S4C to replicate its previous agreement with Viaplay and thereby ensure Welsh language commentary.* (Paragraph 80)
14. *With the UK and the Republic of Ireland having recently been awarded the hosting of the European Championships in 2028, we would further request that this tournament is placed in Group A of the Listed Events Regime and that there is a requirement for PSB coverage to include a Welsh language commentary option for every match involving the Wales team.* (Paragraph 81)

Radio

15. We are extremely concerned at the apparent decline in the use of Welsh language on commercial radio. The ability to listen to the Welsh language on a daily basis is vital to maintaining the Welsh language and to encouraging new learners. The current regulatory framework is not strong enough to support the Welsh Language on commercial radio. *We ask the Government to consider the adequacy of Ofcom's remit in relation to Welsh language content on commercial radio stations in Wales.* (Paragraph 93)
16. Ofcom's decision to prioritise DAB licenses overlooks the high levels of AM/FM listening in Wales, and does not take into account the difficulties in digital transmission across parts of Wales. Community radio stations believe that FM licences will enable them to reach a wider audience. There is a clear demand, and continuing need, for FM radio licences. *We recommend that Ofcom resume offering FM licences, particularly targeting local and community radio stations.* (Paragraph 102)
17. The Government's proposal to remove the duty on Ofcom to provide for a diversity of national and local analogue services on AM/FM also appears premature, especially given the difficulties in some areas of accessing DAB services. *We recommend that the Government amend the Draft Media Bill to ensure that this duty is retained.* (Paragraph 103)
18. Community radio plays a vital role in serving local people, and we welcome the growth in this sector. However, we are concerned with the current levels of funding for the sector in Wales. Funding available through the UK Government's Community Radio Fund has not kept pace with inflation. *We recommend that the Government increases the Community Radio Fund to match the current demand, as well as linking it to inflation for future years.* (Paragraph 110)
19. The current UK Community Radio Fund is too restrictive and does not allow small community radio stations to spend funding where they best feel it is needed. *We recommend that the Government amends the restrictions on where funding from the Community Radio Fund can be spent, allowing community radio stations greater flexibility to spend the funds where it will be of greatest use.* (Paragraph 111)
20. *The Welsh Government's Community Radio Fund played an important role in supporting community radio in Wales. We urge the Welsh Government to reinstate support for community radio in Wales. This support was discontinued in 2014.* (Paragraph 112)
21. Advertising on community radio would benefit their development and enable the Government to reach a wider audience with its advertisements, potentially increasing the pool of applicants for public sector jobs. *We call on the Government to develop and publish by April 2024 a strategy setting out how it will seek to place advertisements on community radio stations.* (Paragraph 116)

Developing the skills pipeline into Welsh broadcasting

22. PSBs are crucial to the continual success of the independent production sector in Wales. However, we are concerned that the lack of network-level commissioning power at BBC Cymru Wales is leading to commissions being given to companies outside Wales. *In their response to our Report, BBC Cymru Wales must write to us to explain why their approach to commissioning in Wales appears to differ from that adopted by the BBC in Scotland and Northern Ireland.* (Paragraph 123)
23. Streaming companies provide an exciting opportunity for work for the independent production sector in Wales. They can provide an additional source of revenue to commissions from PSBs and help spread the word about the excellence of Welsh production companies. However, it can be difficult for a small nation such as Wales to attract investment and to highlight skills within its production sector. *The Welsh and UK Governments must outline to us the steps they are taking to attract both PSBs and streaming services to produce more programmes in Wales. The UK Government should explain how it is harnessing the increased interest in Wales, especially in the USA, to attract streaming services to produce programmes in Wales.* (Paragraph 127)
24. We are concerned that the introduction of in-house commissioning at Channel 4 could harm independent production companies in Wales. *In its response to this Report, the Government must outline the steps it will take to ensure that the introduction of in-house commissioning by Channel 4 will help rather than harm the independent production sector in Wales. We call on the Government to make changes to the Draft Media Bill to reflect our concerns. We also call on Channel 4, in response to this Report, to outline their commitment to commissioning work from Welsh production companies.* (Paragraph 132)
25. The creative industry provides an opportunity for employment and economic growth in Wales. Wales already has a strong reputation in this area and produces programmes which are seen by a global audience. However, the industry is currently threatened by the skills shortage in this area. We welcome the plans published by Creative Wales and by the UK Government to address skills shortages in this area, and this needs to be seen as an area of priority. However, more still needs to be done to address skills shortages. (Paragraph 137)
26. Apprenticeships can be an effective and powerful way of developing a diverse and skilled workforce. However, the current system of apprenticeships within the broadcasting sector is inflexible, and does not reflect the needs of a freelance, project-based sector. There must be a fundamental reform of the Apprenticeship Levy in the UK. *There must be a fundamental reform of the Apprenticeship Levy in the UK. We call on the UK and Welsh Governments to review the Apprenticeship Levy and to increase the roll out of the shared apprenticeship system in Wales to ensure that they can benefit the creative industries sector in Wales.* (Paragraph 138)
27. Brass-plating allows broadcasters to meet their regional production criteria while using production companies that may not be based in Wales. Ofcom acknowledges that relying on the “substantive base” criterion alone provides an opportunity for the system to be manipulated. *We recommend that Ofcom examine whether this*

criterion alone should be sufficient to qualify a production as being based in Wales. We call on the Government to amend the Draft Media Bill to address this problem.
(Paragraph 142)

Formal minutes

Wednesday 18 October 2023

Members present

Rt Hon Stephen Crabb, in the Chair

Simon Baynes

Ruth Jones

Ben Lake

Robin Millar

Rob Roberts

Broadcasting in Wales

Draft report (Broadcasting in Wales), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Question accordingly agreed to.

Paragraphs 1 to 142 read and agreed to.

Summary agreed to.

Resolved, That the Report be the Fifth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Adjournment

Adjourned till Wednesday 25 October at 9.30am.

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

Wednesday 09 November 2022

Guto Harri, Broadcaster and Communicator [Q1–31](#)

Wednesday 07 December 2022

Siân Doyle, CEO, S4C; **Phil Henfrey**, Head of News and Programmes, ITV Cymru Wales; **Rhunedd Richards**, Director, BBC Cymru Wales [Q32–92](#)

Wednesday 18 January 2023

Adam Minns, Executive Director, The Association for Commercial Broadcasters and On-Demand Services (COBA); **Benjamin King**, Director of Public Policy, UK and Ireland, Netflix [Q93–129](#)

Wednesday 01 March 2023

Toby Ellis, Station Manager, Director and Broadcaster, Pure West Radio; **Terry Mann**, Station Manager, GTFM Radio [Q130–152](#)

Martin Mumford, Managing Director, Nation Broadcasting [Q153–187](#)

Wednesday 19 April 2023

Eleanor Marks, Director Wales, Ofcom; **Kate Biggs**, Content and Media Policy Director, Ofcom [Q188–264](#)

Wednesday 10 May 2023

Tomos Grace, Head of Media and Responsibility, Strategy and Operations, YouTube Europe, Middle East and Africa (EMEA); **Giles Derrington**, Senior Government Relations and Public Policy Manager, TikTok; **Megan Thomas**, Public Policy Manager, Meta [Q265–329](#)

Wednesday 07 June 2023

Nigel Walker, Acting CEO, Welsh Rugby Union; **Ian Davis**, Chief Commercial and Engagement Officer, Football Association of Wales [Q330–367](#)

Sioned William, Director, Cwmni Da; **Dyfrig Davies**, Chair, Teledwyr Annibynnol Cymru (TAC); **Siân Price**, Creative Director, Yeti Television [Q368–401](#)

Wednesday 28 June 2023

Efa Gruffudd Jones, Welsh Language Commissioner, **Lowri Williams**, Strategic Director, Welsh Language Commissioner's Office [Q402–422](#)

Rt Hon Sir John Whittingdale MP, Minister of State for Media, Tourism and Creative Industries, Department for Culture, Media and Sport; **Robert Specterman-Green**, Director, Media and Creative Industries, Department for Culture, Media and Sport

[Q423-460](#)

Published written evidence

The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

BRO numbers are generated by the evidence processing system and so may not be complete.

- 1 Amazon Prime Video ([BRO0018](#))
- 2 Arqiva ([BRO0007](#))
- 3 BBC Cymru Wales ([BRO0014](#))
- 4 BBC Cymru Wales ([BRO0021](#))
- 5 Channel 4 ([BRO0012](#))
- 6 Cymdeithas yr Iaith ([BRO0009](#))
- 7 David P. Davis, Founder and Creative Director, 5 Acts Productions ([BRO0023](#))
- 8 Department for Digital, Culture, Media and Sport ([BRO0016](#))
- 9 ITV Cymru Wales ([BRO0001](#))
- 10 Professor Justin Lewis, Director, Clwstwr ([BRO0015](#))
- 11 Media Reform Coalition ([BRO0013](#))
- 12 Meta ([BRO0028](#))
- 13 MônFM ([BRO0019](#))
- 14 Dr Caitriona Noonan, Senior Lecturer Media and Communications, Cardiff University ([BRO0003](#))
- 15 Ofcom ([BRO0022](#))
- 16 Ofcom ([BRO0030](#))
- 17 Ofcom ([BRO0032](#))
- 18 Pact ([BRO0008](#))
- 19 Radiocentre ([BRO0020](#))
- 20 Radiocentre ([BRO0005](#))
- 21 S4C ([BRO0011](#))
- 22 Teledwyr Annibynnol Cymru (TAC) ([BRO0004](#))
- 23 Teledwyr Annibynnol Cymru (TAC) ([BRO0027](#))
- 24 The Association for Commercial Broadcasters and On-Demand Services (COBA) ([BRO0002](#))
- 25 The Association for Commercial Broadcasters and On-Demand Services (COBA) ([BRO0017](#))
- 26 TikTok ([BRO0024](#))
- 27 Twitter ([BRO0025](#))
- 28 Welsh Government ([BRO0006](#))
- 29 Welsh Language Commissioner ([BRO0010](#))
- 30 Yeti Television ([BRO0026](#))
- 31 YouTube ([BRO0033](#))

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the [publications page](#) of the Committee's website.

Session 2022–23

Number	Title	Reference
1st Report	Grid Capacity in Wales	HC 218
2nd Report	Floating Offshore Wind in Wales	HC 1182
3rd Report	Nuclear energy in Wales	HC 240
4th Report	Wales as a global tourist destination	HC 220
1st Special Report	The Benefits System in Wales: Government response to the Committee's Fourth Report of Session 2021–22, and correspondence from the Welsh Government	HC 402
2nd Special Report	The economic and cultural impacts of trade and environmental policy on family farms in Wales: Government response to the Committee's Fifth Report of Session 2021–22	HC 470
3rd Special Report	Grid capacity in Wales: Government response to the Committee's First Report	HC 1063
4th Special Report	Floating Offshore Wind in Wales: Government Response to the Committee's Second Report	HC 1405
5th Special Report	Nuclear energy in Wales: Government Response to the Committee's Third Report	HC 1656

Session 2021–22

Number	Title	Reference
1st Report	Railway Infrastructure in Wales	HC 438
2nd Report	Renewable energy in Wales	HC 439
3rd Report	Implications of the UK-Australia FTA for Wales	HC 481
4th Report	The Benefits System in Wales	HC 337
5th Report	The economic and cultural impacts of trade and environmental policy on family farms in Wales	HC 607
1st Special Report	Railway infrastructure in Wales: Government response to the Committee's First Report of Session 2021–22	HC 715
2nd Special Report	Renewable energy in Wales: Government response to the Committee's Second Report	HC 756
3rd Special Report	Implications of the UK/ Australia FTA for Wales: Government response to the Committee's Third Report of Session 2021–22	HC 895

Session 2019–21

Number	Title	Reference
1st Report	Pre-appointment hearing with the Government's preferred candidate for the Chair of S4C	HC 89
2nd Report	Freeports and Wales	HC 205
3rd Report	The Welsh economy and Covid-19: Interim Report	HC 324
4th Report	Wales and the Shared Prosperity Fund: Priorities for the replacement of EU structural funding	HC 90
5th Report	Brexit and trade: implications for Wales	HC 176
1st Special Report	The Armed Forces and Defence Industry in Wales: Government Response to the Committee's First Report of Session 2019	HC 97
2nd Special Report	City Deals and Growth Deals in Wales: Government Response to the Committee's Second Report of Session 2019	HC 146
3rd Special Report	Freeports and Wales: Government Response to Committee's Second Report of Session 2019–21	HC 667
4th Special Report	Wales and the Shared Prosperity Fund: Priorities for the replacement of EU structural funding: Government response to the Committee's Fourth Report of Session 2019–21	HC 1083
5th Special Report	Brexit and trade: implications for Wales: Government response to the Committee's Fifth Report of Session 2019–21	HC 1223