



House of Commons
Welsh Affairs Committee

**Broadcasting in Wales:
Government response
to the Committee's
Fifth Report of Session
2022–23**

**First Special Report of Session
2023–24**

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Welsh Affairs Committee

The Welsh Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Office of the Secretary of State for Wales (including relations with the Senedd Cymru—Welsh Parliament).

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Committee staff

The current staff of the Committee are Aneesha Bhamrah (Committee Operations Manager), Gabriel Byrne (Committee Specialist), Eldon Gallagher (Committee Operations Manager), Alison Groves (Clerk), Chloe Jago (Senior Media Officer), Rosie Knighton (Committee Operations Officer), Francis Morse (Second Clerk), and Lara Stace (Committee Specialist).

Contacts

All correspondence should be addressed to the Clerk of the Welsh Affairs Committee, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 1424; the Committee's email address is welshcom@parliament.uk.

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First Special Report

The Welsh Affairs Committee published its Fifth Report of Session 2022–23, [Broadcasting in Wales](#) (HC 620) on 27 October 2023. The Government's response was received on 2 January 2024 and is appended below.

Appendix: Government Response

Introduction:

The UK Government ('the Government') welcomes the publication of the Welsh Affairs Committee's report into broadcasting in Wales, and is grateful to the Committee for its consideration of such an important issue. The Government recognises the incredibly valuable contribution that Wales makes to the UK's broadcasting landscape and wider creative economy. We have a strong record of demonstrating our commitment to broadcasting in Wales to ensure that our broadcasting sector services all audiences of the UK nations and regions.

In that context the Government outlines its responses to the Committee's recommendations below. Of particular note is that, since the Committee's report was published, the Government has introduced its Media Bill to Parliament. This will make the importance of programmes broadcast in the UK's indigenous regional and minority languages – including the Welsh language – clear in legislation, by including it in our new public service remit for television. The Bill will make it clearer that public service broadcasters must contribute to this remit and will be accountable for the extent of their contributions. In addition, although negotiations between PSBs and TV platforms are conducted independently from the Government, we are aware that it has become increasingly difficult for our public service broadcasters to negotiate with the large global players to ensure that their services and content are carried and given appropriate prominence. That is why we intend to legislate to introduce a new online prominence framework via the Media Bill so that public service broadcasting content is made available and given protected prominence across major online TV platforms. This includes regional prominence for designated services from S4C in Wales. In doing so, our aim is to encourage healthy and effective commercial negotiations between PSBs and platforms, where both parties are able to explore mutually beneficial arrangements. These measures will help ensure that audiences are able to access culturally important minority language content for the decades to come.

The Government hopes that the Committee will continue to welcome the new reforms outlined in the Bill.

Whilst broadcasting policy is reserved to the UK Government under the terms of the Government of Wales Act 2006 (as amended by the Wales Act 2017), the Government will continue to engage the devolved administrations as policy and legislation progresses and will also continue to work closely with the devolved administrations on areas of shared responsibility.

The response focuses on the recommendations made to the UK Government.

Recommendation 1: *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)

Government response:

We are pleased that the Committee agrees that this legislation is vitally important and the Government will continue to work closely with the devolved administrations throughout passage.

Passage of the legislation has been prioritised, and the Media Bill was introduced to the House of Commons on 8 November and has now completed Commons Committee Stage. We are grateful to Committee members and stakeholders for their views and engagement on the legislation in this recent stage. The Government looks forward to continuing to engage at Report Stage and throughout passage through both Houses.

Recommendation 4: *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)

Government response:

The Government is committed to the licence fee for the rest of the current Charter. However, we are seeing a rapidly changing media landscape with more ways for audiences to watch content than ever, and traditional broadcast channels declining. The number of licence fee payers is declining, with an increasingly competitive media landscape.

We want to ensure that the BBC and S4C are fit for the present and whatever the future holds. The Government is therefore launching a review of the licence fee funding model, to ensure it is fair to licence fee payers, sustainable for the long term, and supports the BBC and S4C's vital roles in growing our thriving creative industries. The review will also consider the funding arrangements of Welsh and other Minority Language Broadcasting provided by the BBC.

The Government has made clear it supports Welsh language broadcasting and wants to see it succeed long into the future. The review, which is being led by DCMS, will fully take this into account.

Recommendation 5: *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)

Government response:

The BBC and S4C are independent of Government, and as such partnerships between both organisations are a matter for them. It would not be appropriate for the Government to oversee individual partnerships.

However, the Government agrees that the BBC and S4C should maintain a partnership that is suited to the evolving broadcasting landscape and the changing way in which people access content.

The Government therefore welcomes that, as part of its Across the UK strategy, the BBC has committed to modernising its long-standing partnership with S4C to reflect the digital landscape better and support the distribution of S4C services across multiple platforms.

Through the Media Bill, the Government is also legislating to support S4C and the BBC to move away from the current, somewhat rigid, framework requiring the BBC to provide S4C with 10 hours of television programming per week. The new, modernised arrangements will allow the BBC and S4C to agree that the BBC can provide fewer than 10 hours of television content and make alternative contribution arrangements to S4C if it is mutually and commercially beneficial for both parties. This will ensure S4C can continue to best serve Welsh speaking audiences.

It is for the BBC and S4C to decide what this new partnership arrangement should look like. However, if no agreement is reached, the current requirement of 10 hours will continue.

Recommendation 6: *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)

Recommendation 7: *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)

Recommendation 8: *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)

Recommendation 10: *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)

Government response:

Under the new legislative framework for public service broadcasting set out in the Media Bill, public service broadcasters (other than the BBC)¹ will be required to contribute to the fulfilment of the public service remit for television. This remit will include programmes which reflect the lives and concerns of different communities and cultural interests and traditions within the United Kingdom.

1 Under the terms of its Charter, the BBC has a corresponding obligation to "reflect, represent and serve the diverse communities of all of the United Kingdom's nations and regions".

The Government is keen to ensure sporting events are made available to the public throughout the UK's nations and regions which is why we have the listed events regime. Our objective for the regime is to ensure that key sporting events of national interest are widely available and free-to-air for all audiences, particularly those who cannot afford to watch sport behind a paywall, insofar as is practicable and reasonable. Sports rights holders use income from the sale of broadcast rights to the benefit of the wider sporting sector, so it is important that the regime continues to strike the right balance between accessibility, and the ability of sporting organisations to generate revenues to invest in their sports at all levels.

The Media Bill aims to protect the availability of rights for live coverage of listed events to free-to-air broadcasters who meet certain criteria. The Bill sets out how we will change the qualifying criteria for the regime so that it is dependent on both being free-to-air and public service broadcaster status. Under this change, S4C, the Welsh language broadcaster, will qualify under the regime for the first time. S4C's public service remit currently requires S4C to provide a broad range of high quality and diverse programming in a service where a substantial proportion of its programmes must be in Welsh, and that Welsh language requirement remains as part of the Media Bill. Beyond that, and given the operational and editorial independence of our broadcasters, it would not be appropriate to be more prescriptive about how they choose to present those rights. However, we recognise that for many audiences, being able to view sport on more traditional forms of linear TV remains important, and expect broadcasters to take account of where their audiences want to watch content.

Listing an event in either Group A or B does not guarantee that an event will be broadcast or available free-to-air. Rights holders are not required to sell rights to listed events and broadcasters are not obliged to purchase them or to show the events. The legislation sets out that to ensure that where live rights to a Group A listed event are made available, they must be offered for purchase by a qualifying service - it does not require that a qualifying service is the final purchaser. Group B events can have live coverage behind a paywall provided that secondary coverage, for example highlights, is offered to qualifying free-to air broadcasters.

The Government believes that the current list of events works well to deliver the best outcome and that it strikes an appropriate balance and therefore we have no plans to undertake a full review of the list.

As sports policy is devolved, it would be for the Welsh Government to comprehensively evaluate in the first instance whether there is currently the right balance between Welsh rights-holders' ability to generate sufficient income to invest in Welsh sport, and access for Welsh audiences to those sporting events. The UK Government would then take those considerations into account.

For similar reasons, while the Government would seek the input of Ofcom when considering any changes to the List, we do not think it would be appropriate for Ofcom to have the ability to amend the list of events. This is because a decision to add, or indeed remove, a sport from the List requires the consideration of a range of sports policy issues for which Ofcom currently do not have any responsibility. Additionally, due to the importance of such a decision to the public, it is right that the power remains with the Secretary of State, who is democratically elected and accountable directly to Parliament.

For sporting events not within the listed events regime, the competition organisers have, as rights holders, the discretion to consider this balance in the context of their sport. Broadcasting rights provide essential income, which enables sports national governing bodies to invest in better facilities for spectators, improve elite performance, hire the best coaches, and keep-up with mounting competition from rival sports and tournaments.

Recommendation 11: *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)

Recommendation 12: *We recommend that Ofcom resume offering FM licences, particularly targeting local and community radio stations.* (Paragraph 102)

Government response:

The Government believes that the proposed changes to commercial radio licensing requirements set out in Part 5 of the Media Bill, including the specific changes to Ofcom's remit with regard to localness, will help to reduce the burdens on commercial radio whilst ensuring that local news continues to be protected. By giving commercial stations more freedom and flexibility to adapt their services, these changes will help support the long-term viability of commercial radio across Wales.

The Government agrees there is a need to look at whether there is sufficient plurality of Welsh language programming, noting the BBC's proposals to expand its programming on BBC Radio Cymru 2. However, introducing or increasing requirements on existing commercial stations to increase the availability of Welsh language programming could affect the viability of commercial stations in Wales and reduce the choice of services available to Welsh listeners on FM or DAB.

We agree with a number of the Committee's witnesses who suggested that community radio could play a greater role in providing choice for listeners in Wales, and we are committed to working with the Welsh Government and with Ofcom to explore options as to how to support more community services in Wales including services that cater for Welsh language speakers. This will include looking at the possible role that FM may play, though decisions on whether to offer new FM licences to community radio stations in Wales is a matter for Ofcom to ultimately determine.

Recommendation 13: *We recommend that the Government amend the Draft Media Bill to ensure that [the duty on Ofcom to provide for a diversity of national and local analogue services on AM/FM] is retained.* (Paragraph 103)

Government response:

The Government supports a strong and vibrant radio sector encompassing the BBC, commercial and community stations and providing the widest possible choice for all radio listeners. Over recent years, we have taken a number of steps to ensure that as many stations as possible have the opportunity to broadcast to UK audiences.

This has included supporting the launch of the second national commercial digital radio multiplex in 2016, which has enabled many more commercial stations to provide a national service. In addition, with listening over AM and FM continuing to fall (it now represents below 30% of radio listening in the UK), we also have responded to a desire expressed by smaller stations and new entrants to open up access to the terrestrial DAB radio platform, including by passing legislation to enable Ofcom to license small-scale DAB networks and services across the UK. A number of licences have been awarded to date in Wales, in areas including Merthyr & Rhondda Cynon Taff, Newport & Chepstow, North Pembrokeshire, South Pembrokeshire, Llandudno & Betws-y-Coed, Swansea, Wrexham and Cardiff.

As a result of changes such as these, there are now more than 600 BBC, licensed commercial and community stations across the UK, providing a rich diversity of listening, and we expect even more to become available as the rollout of small-scale DAB continues.

The proposed changes to Ofcom's remit, as set out in the Media Bill, are a reflection of the shift to digital listening over the last ten years and the wide choice of radio and audio services that listeners have - including services that are increasingly available online. We believe that these changes, which will update and simplify commercial radio licensing, will help sustain a choice of radio services and secure the wide availability of local radio news.

Recommendation 14: *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)

Government response:

The Government continues to make funding available to support the growth of the community radio sector by way of the Community Radio Fund. The Fund distributes £400,000 on an annual basis to help fund the core costs of community radio stations (of which there are approximately 300 across the UK) and enable the sector to move towards self-sustainability. In addition, in recent financial years we have been able to secure three separate uplifts to the Fund (totalling £500,000), in recognition of the significant public value provided by the sector in relation to issues such as tackling loneliness.

We also commissioned an external evaluation of the Fund, the report of which was published in March 2022. This report found that the Fund has been instrumental in allowing the sector to bring in people with the skills and experience to grow their commercial income streams.

We are grateful for the Committee's recognition of the value of the Community Radio Fund. Any increase to the base level of the Fund will need to be considered in the context of wider economic conditions at the next Spending Review.

Recommendation 15: *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)

Government response:

The intention of the Community Radio Fund is to help stations within the sector move towards self-sustainability. As such, the guidance from its assessing panel remains that proposals to promote long-term financial security and posts which could become self-sustaining will be favoured over those which are less likely to have such an effect. Given the high levels of demand for support from the Fund, the Government is of the view that retaining a focus on long-term sustainability remains appropriate.

Recommendation 17: *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)

Government response:

The Government agrees that community radio stations are extremely valuable in enabling important public messaging to reach the widest possible audience. We have already carried out targeted campaigns in collaboration with community radio, for example agreeing a partnership during the Covid-19 pandemic with a number of stations targeting ethnic minorities, enabling vital messaging to be heard by people who may not have received it in other ways. Campaigns such as this have demonstrated the significant impact that government advertising on community radio can have.

Recommendation 19: *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)

Government response:

The Government notes this recommendation which is also for the Welsh Government. In 2022, the UK saw a record-breaking £6.27 billion of film and high-end TV (HETV) production spend, with inward investment accounting for £5.37 billion (86%), underlining the UK's reputation as a world-leading location for film and TV production. Major productions filmed in Wales during this period include Sex Education (series four), Doctor Who (series 14 and anniversary special), The Pact II, and The Lazarus Project (series two).

The UK Government has stable and generous screen sector tax reliefs available for film, HETV, animation, children's TV and international co-productions. At Spring Budget 2023, the government announced that film, HETV, children's TV and animation tax reliefs will be reformed into a single Audio-Visual Expenditure Credit (AVEC), which will provide a greater benefit than the current tax reliefs. Under the AVEC, film and HETV productions will be eligible for a credit rate of 34% and animation and children's TV production will be eligible for a higher rate of 39%.

DCMS has funded the British Film Commission (BFC) with £5 million over three years to support the growth of seven geographic production hubs across the UK nations, including Cardiff. The BFC has also provided considerable support to Wales's expanding studio infrastructure since 2021 through its DCMS-funded Stage Space Support and Development (SSSD) initiative including investment, planning support and general guidance to separate studios and developments. In Wales, the BFC has supported Bay Studios Swansea and Dragon Studios, Great Point Seren Studios, Roath Lock Studios and Wolf Studios in Cardiff.

The UK Government is also working to grow a UK-wide skilled workforce to meet the demand created by the screen tax reliefs. In April 2023, the British Film Institute (BFI) announced £9.6m of National Lottery funding over three years to support skills development and training across the UK. Six Skills Clusters have already been announced for: The North of England, the Metro-London Area, Scotland, West Midlands, Northern Ireland, and Berkshire. The BFI expects to make a further announcement on a Skills Cluster in Wales in the first quarter of 2024, in keeping with the fund's stated ambition to establish at least one cluster in each nation of the UK.

DCMS also provides funding to the National Film and Television School (NFTS) of approximately £2m per year to support NFTS sites, including NFTS Cymru Wales in Cardiff. They also receive regular funding from DfE, and have received government support for the duration of their 50 year history.

Recommendation 20: *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)

Government response:

The Government has been consistent in its aim to support Channel 4's long term sustainability alongside measures to protect the wider production ecosystem, which is a British success story.

On 8 November the Government announced a package of mitigations to accompany the removal of Channel 4's publisher-broadcaster restriction. The Government worked closely with producers of all sizes and from across the whole of the UK on the mitigations, including through a Call for Input, which will safeguard Channel 4's important role driving investment into the sector in the event they choose to start a production business. This will include increasing Channel 4's independent production quota from 25% to 35% of qualifying programmes (that is, from 450 hours to 625 hours), and new measures to ensure fair and open access to Channel 4's commissions with oversight from Ofcom.

Channel 4's support for producers across the whole of the UK remains a priority for this Government. We therefore welcome Channel 4's commitment to continue to spend at least 50% of their budget for main channel commissions outside of London (against the 35% requirement in their licence), and that this will not be affected by the removal of their publisher-broadcaster restriction. The level of Channel 4's regional programme making quotas is set by Ofcom. Ofcom will consider whether any changes are required to these quotas as part of their consultation on the terms of the next Channel 4 licence.

This Media Bill also includes a requirement for Ofcom to review the impact of Channel 4 starting a production business, should they choose to do so, on the fulfilment of the public service remit for television, as part of one of their five-yearly reviews of the UK's PSB system. That remit, which will be updated by the Media Bill, includes requirements about the range and amount of independent productions, as well as the range and amount of programmes made outside of London.

Recommendation 21: *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)

Government response:

The apprenticeship reforms of the last decade, including the introduction of the Apprenticeship Levy, has enabled employers of all sizes to make a long-term, sustainable and high-quality investment in training.

While the Apprenticeship Levy is UK-wide, apprenticeship policy and spending is devolved meaning the devolved administrations receive a Barnett consequential on English apprenticeship spending. It is for the devolved administrations to allocate their funding in devolved areas as they see fit, including investing in their skills programmes.

There will not be a formal review of the Apprenticeship Levy or system at this time, but we are committed to protecting the quality of apprenticeship training and improving the system in England to respond to the legitimate concerns raised by employers. We recently announced a suite of improvements to the system, including launching a new digital platform in Autumn 2023 to help employers and learners identify apprenticeship opportunities and reducing the steps needed to register to take on an apprentice by a third.

The Government continues to work with the creative industries, in particular through the Creative Advisory Group with DfE, DCMS and industry representatives. We are working to ensure technical training routes in England, such as apprenticeships, can work for the particular needs of the creative industries. Beyond apprenticeships, by September 2024, we will offer creative T Levels on Craft & Design and Media, Broadcast & Production. In addition, we also provide Skills Bootcamps which are short, dynamic and flexible employer-led training courses. From early 2024, we will launch delivery of Skills Bootcamps to prepare adults for jobs in the creative industries, teaching skills such as Content Creation, TV Production, Project Management for Creative and Cultural Sectors, Augmented Reality and Emerging Technologies, and UI/UX Design for Games.

Recommendation 22: 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)

Government response:

Public service broadcasters' quotas for regional programme making are overseen by, and remain a matter for, Ofcom. DCMS officials have raised this matter with Ofcom following the publication of the Committee's report and we remain of the view that Ofcom have the necessary powers to identify, examine, and if necessary close, any loopholes related to the regulatory regime for regional programme making. The Government therefore does not see a need to legislate in this area.