

Written evidence submitted by the Department for Digital, Culture, Media and Sport

Introduction

1. The Department for Digital, Culture, Media and Sport is pleased to respond to the Welsh Affairs Committee's call for evidence requesting views on the future of public service broadcasting in Wales. The broadcasting landscape has evolved rapidly over the last two decades, and it is important that we plan effectively for the future to support our public service broadcasters to meet the changing needs of UK audiences. This inquiry is therefore timely, and we look forward to the Committee's findings.
2. The UK's public service broadcasters (PSBs) are at the heart of our creative economy's success. They produce great British content loved across the UK and the world over. Our PSBs have a strong presence across Wales, with the headquarters of BBC Cymru Wales and ITV Cymru Wales both located in Cardiff, and S4C as the major Welsh language broadcaster. The Government wants this success to continue, and is committed to supporting our system of public service broadcasting, including to ensure the needs of Welsh and Welsh-speaking audiences are met.
3. The Government recognises the importance of viewers being able to access television content which reflects and represents people and communities from all over the UK, including Wales. We believe that regional and minority language broadcasting has an important role to play in the UK's broadcasting ecology, providing not only an opportunity for speakers to access content in a language familiar to them, but a means of cultural expression for communities across the UK. As part of the changes described in our Broadcasting White Paper, *Up Next*,¹ we intend, for the first time, to 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.
4. The Government's ambition is to reach the target of one million people in Wales being able to speak Welsh by 2050. We remain committed to supporting Welsh institutions such as S4C to achieve this ambition. This commitment is reflected in S4C's licence fee settlement and also through the proposals set out in *Up Next*. The Government intends to update S4C's public service remit to include digital and online services and remove the current geographical broadcasting restrictions, allowing S4C to broaden its reach and offer its content on a range of new platforms across the UK and beyond. S4C will also benefit from greater clarity on its ability to invest and generate commercial revenue.
5. In making these changes, the Government's intention is that our PSB system continues to contribute to the UK's world-leading creative economy. Wales plays a significant part in this success, for example through a major BBC production centre in

¹ [Up next - the government's vision for the broadcasting sector](#), 2022

Cardiff and the Creative Cluster hub in Swansea. In 2021, the creative industries sector in Wales saw a turnover of £1.9 billion, and the Film, TV, Radio and Photography sector alone saw a turnover of £494 million.²

6. The UK Government's £500 million Film and TV Production Restart scheme has also supported productions during the pandemic in the absence of insurance for Covid-19 related risks. The scheme has supported dozens of film and TV productions in Wales including *His Dark Materials*, *Big Zuu's Big Eats*, and *Yr Amgueddfa*.

Are the current models of funding for public service broadcasting in Wales sustainable to ensure the future of a successful and dynamic broadcasting industry in Wales?

7. The Government remains committed to supporting PSBs to deliver content that is culturally relevant, economically important and democratically impactful. One way in which we can achieve this is to provide certainty to those PSBs who receive funding through the Licence Fee – the BBC and S4C.
8. On 17 January, the Government announced the Licence Fee Settlement to the end of the current Charter period.³ The price of the TV licence will stay at £159 for two years, before rising in line with inflation from April 2024. The Government believes this settlement will give the BBC the money it needs to fulfil its mission and public purposes effectively, while making sure we support households through a difficult time.
9. The Government also announced S4C's licence fee settlement over the next six years. This provides a very strong settlement, with S4C receiving £88.8 million per annum for the first two years, which will then rise in line with inflation thereafter. It also includes a new commitment of an additional £7.5 million per annum to support S4C's digital development, ensuring S4C's offering remains sustainable in the digital age. Overall, this settlement delivers a 9% increase in funding for S4C following a five-year funding freeze.
10. This settlement means S4C has become fully funded by the licence fee for the first time from April 2022, which - as recognised by S4C's Chair, Rhodri Williams⁴ - provides S4C with financial certainty for the next period and will enable it to plan its service effectively. S4C is vital to the people of Wales, and this settlement will enable S4C to continue to support the Welsh economy, culture and society, reach more Welsh language speakers including younger audiences, and the UK Government's commitment to support the ambition of 1 million Welsh speakers by 2050.
11. The Government is committed to the licence fee for the rest of the current Charter as a means of funding the BBC and S4C. However, as set out in our Broadcasting White Paper, *Up Next*, the licence fee funding model is facing challenges. For

² Office for National Statistics, [Creative Industries by Region](#)

³ [TV Licence Fee Settlement](#), 2022

⁴ Comments in Rhodri Williams' Chair's Introduction, [S4C's Annual Report & Accounts 2021-22](#)

example, technology has revolutionised how, when, and where audiences can access and watch content. An increasing number of households are choosing not to hold a TV licence, as fewer people choose to watch live TV or other activities that require a TV licence. Should this trend continue as expected there are clear challenges on the horizon to the sustainability of the licence fee. We are therefore intending to review the licence fee funding model and will set out more detail on this in due course. No decision has been taken on what the future funding model will look like.

12. As S4C is also funded by licence fee income, any review will also need to consider the future funding model for S4C, and its specific needs so it can plan its services effectively, and continue to invest in delivering high-quality television content that is valuable to Welsh-language speakers and viewers interested in Welsh language and culture.
13. The BBC also provides and supports minority language output directly funded by the licence fee, including BBC Cymru Wales. Any review of funding will be expected to take into account whether and how the BBC itself should continue to deliver minority language broadcasting services and output.

What impact will the privatisation of Channel 4 have on the broadcasting sector in Wales?

14. Channel 4 is a great UK success story and, in a rapidly changing media landscape, the Government wants it to thrive in the long-term while maintaining its distinctiveness.
15. As set out in our Broadcasting White Paper, *Up Next*, Channel 4 - along with all broadcasters - is facing challenges to its future success and sustainability. This is due to the rapidly evolving media landscape, including unprecedented competition for viewers, programmes and talent from overseas as well as new, rapidly growing, streaming platforms.
16. As the Secretary of State has said, she is carefully considering the business case for a sale of Channel 4 and we will set out more detail in due course.

What should the future of public service broadcasting in Wales look like given the growth of global streaming platforms and changing viewing habits especially of younger generations of consumers?

17. The Communications Act 2003⁵ was the last major update to broadcasting legislation to be enacted in the UK. Since then, television broadcasting has switched from predominantly analogue to digital, and the broadcasting landscape has changed dramatically with the rise in popularity and availability of video-on-demand and other internet-delivered services. As set out in *Up Next*, the Government has recognised that work is needed to update broadcasting legislation to align it with the current

⁵ [Communications Act](#), 2003

landscape, across the UK as a whole and with specific measures reflecting the unique needs of Wales.

18. The Government will set out a new public service remit for television broadcasters in the UK. We will replace the outdated set of fourteen overlapping “purposes” and “objectives” that our PSBs must contribute to with a new, updated remit, focussed on the things that they are uniquely positioned to deliver, and would make us poorer as a nation – culturally, economically and democratically – if they were not provided. This will include programmes which are reflective of Welsh life, language and culture, which we recognise form a key component of the output of BBC Cymru Wales, ITV Cymru Wales and S4C, among others.
19. The Government also recognises the need to ensure that high quality public service content is discoverable and easily accessible to UK audiences. The current framework guarantees that the first five channels the British public find when they switch on their TVs are operated by PSBs. However, this framework pre-dates the widespread availability of TV programmes online and only covers the prominence of linear PSB channels within electronic programme guides. The Government recognises that audiences viewing habits have changed since the framework was produced, with increasing numbers of viewers accessing content online, including through PSBs’ catch-up and on-demand services.
20. In July 2019, Ofcom recommended that new legislation should be introduced to keep PSB content prominent and to support the sustainability of the PSBs. We have committed to taking forward Ofcom’s recommendations, including those additional recommendations set out in their ‘*Small Screen Big Debate*’⁶ PSB review in July 2021.
21. As set out in our Broadcasting White Paper, *Up Next*, the Government’s intention is to legislate so that public service content – including much-loved programming from BBC Cymru Wales, S4C and ITV Cymru Wales – is made available and given appropriate prominence across major online TV platforms.
22. Audiences increasingly watch content online, and in many cases bypass traditional distribution platforms altogether. These trends are likely to further accelerate, creating challenges to the long term sustainability of the PSB system in the UK. However, legislating for prominence will represent a boost to the sustainability of public service broadcasting, including that of our minority language broadcasters, meaning viewers can continue to access the content they value online.
23. Over the longer term the needs of Wales and Welsh audiences will continue to inform the Government’s broadcasting policy agenda, and the provision of public service broadcasting across all the nations and regions of the UK will be one of many issues to be considered in the next Charter Review.

⁶ Ofcom, [Small Screen: Big Debate](#), 2021s

What steps need to be taken by the UK Government, sporting bodies and broadcasters to ensure the survival of free-to-air broadcasting?**Would a move away from free-to-air sports broadcasting ensure more investment in grassroots sport in Wales?**

24. The Government is committed to ensuring the continued success of public service broadcasting. We believe that the purpose of a modern system of public service broadcasting is to ensure that viewers continue to have access to a wide range of public service content on a free-to-air basis. As set out in our Broadcasting White Paper, *Up Next*, we are taking action to give our PSBs greater flexibility in how they deliver their remits, while ensuring there are effective powers available should intervention be necessary. This will make it easier for them to make their content available on a wider range of free-to-air platforms.
25. When it comes to the free-to-air provision of sport specifically, we remain committed to ensuring that viewers have easy access to culturally relevant content. This includes certain sporting events of national interest, like the FIFA World Cup and the Wimbledon Tennis Finals. We believe that where possible these events should be shown on free-to-air television to be enjoyed by as wide an audience as possible.
26. The Government recognises that sporting events, such as the rugby autumn international matches, are a particular highlight of the Welsh sporting calendar – as well as more widely in the UK – attracting significant audience interest, and we know that sports broadcasting is particularly important to S4C and its audiences.
27. In our Broadcasting White Paper, *Up Next*, we announced our intention to make qualification for the listed events regime a PSB specific benefit. This will more clearly enshrine the important role our PSBs play in distributing important and valuable content to UK audiences. For the first time this will mean S4C will be in scope as a qualifying broadcaster, and can benefit from the Listed Events regime in recognition of its role as a PSB.
28. Although the listed events regime exists to ensure that events of national significance are available to as wide an audience as possible, it is important that this is balanced with the ability of sporting organisations to generate revenues to invest in their sports at all levels. 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. We believe the current list of events strikes the appropriate balance, and therefore we currently have no plans to undertake a full review of the list.
29. Sports policy and grassroots funding decisions are devolved and are therefore a matter for the Welsh Government.