

**Senedd Culture, Communications, Welsh Language, Sport,  
and International Relations Committee**

***State of play: Public Service Broadcasting in Wales, March 2024***

**Response from the Department for Culture, Media & Sport, May 2024**

**Introduction:**

HM Government welcomes the publication of the Senedd Culture, Communications, Welsh Language Sport and International Relation Committee's report into public service broadcasting in Wales. We are grateful to the Committee for its consideration of this important issue.

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), we are committed to ensuring the interests of all nations and regions are reflected in the development of broadcasting policy. The Department for Culture, Media and Sport has regular discussions with the Welsh Government on a range of matters, including issues relating to broadcasting. We also welcome the ongoing contributions of Welsh authorities, including Creative Wales.

The incredibly valuable role that Wales plays both in the UK's broadcasting landscape and the wider creative economy is clear, and we are proud of our strong record of support for the creative industries in Wales. The UK Government will continue to work with the Welsh Government and stakeholders in the broadcasting sector to ensure that the sector serves all audiences of the UK nations and regions.

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

***Recommendation 1. The UK Government should make it clear that it supports Ofcom entirely in defending the rights of public service broadcasters in the event of disputes with other media platforms which arise from the Media Bill.***

**UK Government response:**

The UK Government agrees with the importance of ensuring the future sustainability of our public service broadcasters (PSBs). That is why we are legislating via the Media Bill to introduce a new online prominence framework to ensure our public service broadcasters continue to benefit from prominence on major TV platforms. PSBs receive this benefit in exchange for the additional obligations put on them; and this exchange is known as the 'PSB compact'.

As part of this new framework, we want to encourage healthy and effective negotiations between PSBs and platforms where both parties can explore mutually beneficial arrangements. To support these negotiations, and provide additional legislative direction to Ofcom, the Bill provides "agreement objectives" setting out expectations for the sorts of deals the UK Government wishes to see reached. This includes a clear objective which

seeks to ensure that arrangements do not adversely affect PSBs' ability to fulfil the public service remit.

Ofcom will ultimately enforce the new prominence regime, and in the event parties are unable to reach an agreement voluntarily, Ofcom will have the necessary powers to intervene via a 'backstop' dispute resolution mechanism. Ofcom guidance will also set out further detail on what they would deem to be "appropriate terms" which they will consult industry on before publication which will give stakeholders further opportunity to input.

***Recommendation 2. The UK Government should amend the Media Bill to change references to "appropriate" prominence of public service content to "significant" prominence of public service content.***

**UK Government response:**

The UK Government agrees with the need to ensure that PSB content is available and easy to find as viewers increasingly shift online. This includes prominence for valued S4C content in Wales.

Careful consideration has gone into the exact wording used in the Bill and we believe "appropriate" strikes the right balance between securing prominence for PSB services and ensuring the regime is sufficiently flexible, operable and proportionate. How prominence is delivered will look different depending on the TV platform. As such, requiring "significant" prominence raises operability concerns and would be too inflexible to, for example, account for regional variation which is crucial for S4C.

The term "appropriate" is already used under the linear prominence regime which has proven incredibly effective in delivering prominence for PSB content. The UK Government believes "appropriate" prominence, with further detail set out in a Code of Practice, is fundamentally the right approach.

***Recommendation 3. The UK Government should amend the Media Bill to increase Ofcom's powers in relation to the Welsh language on commercial radio in order to protect Welsh language content in areas with a significant Welsh-speaking population.***

**UK Government response:**

The UK 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 UK 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 new powers that require Ofcom to increase requirements on existing commercial stations to provide Welsh language programming could

affect the viability of commercial stations in Wales and reduce the choice of services available to Welsh listeners on both FM or DAB.

We agree with a number of witnesses who provided evidence to the House of Commons Welsh Affairs Select Committee report into broadcasting in Wales (published on 27 October 2023) who argued that community radio could play a greater role in providing choice for listeners in Wales. We plan to work closely with the Welsh Government and with Ofcom to explore options for supporting more community radio services in Wales, including the scope to help support new services that cater for Welsh language speakers. This will include looking at the possible role that new FM licences 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 4. The UK Government should significantly increase S4C's funding. This should include indicative funding for a number of years to enable S4C to adequately plan for the future.***

**UK Government response:**

In January 2022 the UK Government announced the Licence Fee Settlement to the end of the current Charter period. This was a strong settlement for S4C, which saw S4C become fully funded by the licence fee for the first time, providing it with financial certainty over a 6 year period which supports it to plan its service effectively.

The Licence Fee Settlement provided S4C with £88.8 million per annum of licence fee funding in 2022 and 2023, and annual inflation-linked uplifts to its licence fee income for the subsequent four years. It also included 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 delivered a 9% increase in funding for S4C following a five-year funding freeze prior to 2022.

S4C is vital to the people of Wales, and this settlement helps enable S4C to continue to support the Welsh economy, culture and society. It will also help S4C to reach more Welsh language speakers, including younger audiences, and deliver on the UK Government's commitment to support the ambition of 1 million Welsh speakers by 2050.

Looking further ahead, we are seeing a rapidly changing media landscape. The UK Government has therefore launched 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 explicitly consider the funding arrangements of Welsh Language Broadcasting.

***Recommendation 5. The UK Government should consider funding S4C according to a formula, to give S4C greater certainty over future funding. This formula could include linking S4C's funding to measures of inflation such as CPI or RPI, or have reference to overall licence fee revenue. It should include a ratchet mechanism to ensure that funding for S4C does not fall in real-terms.***

**UK Government response:**

The UK Government agrees that it is important that S4C has certainty over future funding. This is why S4C is now funded by a formula linked to CPI inflation for the rest of this Charter period, until 2028. The final determination of the 2022 Licence Fee Settlement confirmed that S4C would be fully publicly funded by the licence fee for the remainder of the current Royal Charter period, fixed in cash terms for the first two years before rising in line with CPI inflation from 2024 onwards. Decisions for S4C's funding beyond 2028 will be taken alongside Charter Review.

***Recommendation 6. The UK Government's BBC Funding Model Review must take evidence from S4C. The review must make specific reference to the public funding of S4C as the broadcaster is primarily funded from the licence fee.***

**UK Government response:**

The Terms of Reference of the UK Government's Funding Model Review, published in December 2023, set out a specific commitment to exploring the funding arrangements of Minority Language Broadcasting. S4C's funding arrangements are a key part of that work. The Secretary of State for Culture, Media and Sport invited S4C to provide evidence to support the Review, and S4C has responded to that request. We will use all relevant evidence, including evidence laid out in S4C's response, to support the findings of the Review in relation to minority language broadcasting, taking into account S4C's position as a recipient of public funding via the licence fee.

***Recommendation 15. The UK Government should set out how it will improve the provision of media content for audiences in Wales.***

**UK Government response:**

Internet access and streaming services have fundamentally changed how audiences access broadcast content, but our public service broadcasters and radio services are governed by laws written 20 and more years ago. As recognised by the Committee's report, the Media Bill is needed to enable our PSBs to compete in this digital new world, so they can produce great content for the audiences of the future. These reforms will ensure that Welsh audiences, as well as those in other parts of the UK, continue to have access to a wide range of media content.

The Bill modernises the 'mission statement' for public service broadcasting, replacing the current system of purposes and objectives with a streamlined remit that will ensure that our PSBs continue to focus on serving audiences across the UK. The new remit also gives the PSBs the flexibility to fulfil the remit on a wider range of platforms. This will ensure that viewers in all nations of the UK are able to access high quality media content in the way that works best for them, be that live, or on-demand.

The remit focuses on the distinctive role that PSBs play in our broadcasting landscape - producing a wide range of high quality content that reflect the needs of different audiences. This includes a commitment to produce comprehensive news coverage of international, national and local issues.

The remit is underpinned by a robust set of quotas, requiring PSBs to produce particular types of content, including independent and original productions, and content that is made in different areas of the UK. These regional quotas will ensure that great programmes continue to be made in all areas of the country including Wales, and should ensure that the Welsh production sectors continue to flourish.

Furthermore, in recognition of the important role our public service broadcasters - including S4C - play in the wider PSB system and the vital content they provide for Welsh audiences, the Bill will also introduce a new online prominence regime which will require major TV platforms to carry and give regional prominence to designated S4C services in Wales. This will ensure viewers in Wales can continue to find the content they value online.

The Media Bill will also update S4C's public service remit to include digital and online services, which will allow S4C to broaden its reach and offer its content on a range of new platforms. In addition, the Bill sets out changes that make qualifying for the listed events regime a PSB-specific benefit. This means S4C will qualify for the first time, and enshrine the important role our PSBs, including S4C, play in distributing important and valuable content to UK audiences.

***Recommendation 17. The UK Government appointment of the S4C Chair should require the agreement of the Welsh Government. This should be accompanied by offering a Senedd committee the opportunity to hold a pre-appointment hearing with the preferred candidate.***

**UK Government response:**

The UK Government recognises the Welsh Government and Senedd's interest in matters concerning S4C given the important role it plays in Wales and in the promotion of the Welsh language. Public appointments to S4C, including the Chair, are made in compliance with the Broadcasting Act 1990, which provides that appointments are made by the Secretary of State for Culture, Media and Sport. Whilst broadcasting policy is not a devolved matter, the DCMS Concordat with the Welsh Government states that 'DCMS will consult with the Minister for Heritage on "Welsh appointments" to the Boards of the BBC and S4C.'

In accordance with this, as has been standard for previous S4C appointments, the Welsh Government is invited to appoint a representative to the Advisory Assessment Panel, which is responsible for assessing which candidates are appointable for the role. The Welsh Government is consulted on the role specification prior to the launch of the campaign, and asked to suggest potential candidates to approach for the role. The responsible Welsh Government Deputy Minister is formally consulted for views at the final appointment decision stage. The S4C Chair role is also subject to a pre-appointment scrutiny hearing by a House of Commons Select Committee before an appointment can be confirmed. For the process that is currently underway to appoint a new Chair, this will be conducted by the House of Commons Welsh Affairs Select Committee. As confirmed in previous correspondence with the Senedd Committee and Welsh Government, the UK Government considers that the above measures already provide the Welsh Government with a formal role in the upcoming appointments process for the Chair of S4C and does not consider any changes to be required at this time. The UK Government remains committed to ensuring the future success of S4C and Welsh-language broadcasting.

It is also important to note that a reciprocal arrangement is currently in place for the appointment of a Welsh Member to the Board of Ofcom, a role for which Welsh Government Ministers are responsible. The UK Government is consulted on this appointment, but there is no requirement for UK Government Ministers to agree to the appointment.