

## **Ofcom Consultation - Modernising the BBC's Operating Licence**

The Welsh Government welcomes the opportunity to respond to the consultation to ensure that the BBC remains effective both now and in future and we thank Ofcom for its engagement to date on this matter. The review of the licence comes at a time of change and debate, not only for the BBC, but also for the wider broadcasting sector in Wales. The establishment of the expert panel on broadcasting in response to the broadcasting commitments set out in the Welsh Government's Co-operation Agreement with Plaid Cymru has seen the subject gain prominence in Wales, and the proposed changes to the operating licence will undoubtedly be closely scrutinised.

The BBC remains at the centre of broadcasting in the UK, providing wide and varied programming and services to both UK and international audiences. It continues to provide valued and trusted content to Wales, content that is essential to many communities across the country. The BBC also plays a vital role in assisting in the growth of our creative industries and the Welsh economy as well as helping to sustain and grow the Welsh language.

The Welsh Government recognises that change is required in the way the broadcaster is licensed to operate. Changes in viewing habits, the ongoing evolution of digital innovations and delivery platforms and an increasingly global marketplace requires a new approach to the way in which the BBC is governed, the way it engages with audiences, and its transparency. Updating the BBC's operating licence in response to these changes will allow the BBC to continue to deliver high quality, relevant content through the most appropriate channels, whilst providing more openness and transparency to stakeholders and the general public. The plans for greater flexibility to service provision will also provide the broadcaster with an opportunity to satisfy audience demands in a more strategic way, allowing for a more targeted service.

However, it is vital that any changes to the licence ensure that the BBC's public service obligations are still delivered to the level expected across the UK and that flexibility does not come at the cost of a negative impact on services in Wales for Wales. It is also imperative that an increase in flexibility concerning quotas is closely monitored to ensure that any changes to output are not to the detriment of programming expected from the viewing public.

We will not answer the consultation questions individually but will instead focus our response on the three broad themes set out in the document.

### ***Incorporating the BBC's online services into the operating licence***

The Welsh Government agrees that changes are needed to ensure the operating licence reflects the reality of how the BBC now serves its audiences, with changes in audience behaviour well documented over recent years. Ofcom's report, *Media Nations Wales 2022*, states that time spent watching TV from broadcasters in Wales fell by 12.6% compared to 2020, the largest proportional decrease of any UK nation. It is right therefore that changes are made to the licence to support effective regulation of the BBC's activities across both online and more traditional channels. In

implementing these changes though, due regard must be given to ensuring an appropriate balance across linear and online delivery. Despite the changes to content consumption generally, many citizens in Wales still value and rely on traditional means of accessing BBC content, including vulnerable groups. *Media Nations Wales* notes that people in Wales still spent 3 hours 8 minutes per day watching broadcast TV on the TV set in 2021. This is more than the UK average. *Media Nation UK 2022* confirms that people aged 65 and over watch, on average, nearly seven times as much broadcast TV as children and young adults. In 2021, over one-fifth (21.3%) of the Welsh population (662,000) were aged 65 years and over, up from 18.4% (562,544) in 2011.

There are also groups of society not able to access output digitally. The latest Ofcom *Connected Nations* report found that Wales sees 95% and 98% availability of connected superfast and 10 Mbit broadband connectivity respectively. Whilst both figures are high, the remaining percentage will undoubtedly be in rural areas, and likely still reliant on linear broadcast. Changes to the licence must support a continuity of service on the TV transmission model for those with no or limited access to the internet.

We recognise the challenge for the BBC, facing an increasingly difficult financial position, in ensuring a balance across delivery where an increasingly higher proportion of audiences are moving away from linear consumption. However, as a public service broadcaster, the BBC has a duty to serve all its audiences across the UK and will need to consider data and evidence on the habits and circumstances of those audiences in different parts of the UK when taking decisions on the provision of programming and services. There is a concern that an updated licence which concentrates too heavily on online services could be to the detriment to those citizens. Any change must consider the needs of different groups and ensure that the broadcaster continues to fully meet the needs of a diverse audience who may not have the ability or choose to access both linear and online content.

Changes must also reflect the importance of the Welsh language in Wales and ensure the rights of Welsh language speakers are promoted and protected on more digital and online channels, for example by ensuring Welsh language content remains visible and searchable. We welcome reference in the consultation document to introducing requirements to ensure content is discoverable. It is imperative that this is maintained to ensure public service broadcasting content remains discoverable and promotable to key audiences, whether across the UK or in specific nations and regions.

### **Providing the BBC with greater flexibility in how it can best deliver to audiences**

The BBC entertains, educates and informs and is respected across the world. It is a cornerstone of public service broadcasting, providing a wide range of trusted content including rolling national news, prime-time entertainment and drama as well as special interest programmes including in Welsh. The services it delivers have traditionally been undertaken in an environment of relative broadcasting stability. Content has been delivered primarily through linear means with the television providing the platform for consumption. As such, the historical levels of constraint

put on the BBC concerning the way in which it delivers to audiences has been, largely, fit for purpose.

However, since the relatively short period of time since the current licence was agreed, the broadcast landscape has changed dramatically. The ways in which content is consumed, the times that audiences consume content, and the emergence of rival media providers mean that it is inevitable that the ways in which the BBC operates and is governed have to change. Against a backdrop of increased competition, innovation, scepticism and financial uncertainty of changes to the licence fee funding model, the BBC sees itself in a difficult position. The Welsh Government agrees that providing the BBC with greater autonomy and flexibility around the ways in which it operates will provide an opportunity for the organisation to respond to challenges and provide more targeted content via channels other than traditional linear ones.

However, any move to provide greater flexibility must come with the right checks in place to ensure essential programming and services are still made available to audiences. This must also recognise the different needs of audiences across the UK.

Public service broadcast news, for example, is hugely important to Welsh citizens, not least due to the relatively weak indigenous news sector in Wales and current economic constraints on other media outlets. We welcome the intention to retain quotas to ensure the BBC continues to provide a substantial amount of news and current affairs across its services and to retain the existing news and current affairs quotas for the nations and regions. The move away from daily and weekly news quotas into a yearly requirement does, however, raise some concerns. Wales has seen a significant decline in the provision of printed news in recent times, with the availability of regular local and national news becoming scarcer. The BBC alongside other PSBs has, largely, filled this gap with its news and current affairs output. Whilst the Welsh Government understands the rationale for this suggested change, there is a risk that the move to a yearly requirement could, potentially, see a drop off in regular, up to date news. We welcome the safeguards being suggested to ensure delivery, including regular bulletins, but feel that this action would need to be monitored carefully to avoid a detrimental impact on communities across Wales reliant on current BBC news services.

The recent decision to merge the BBC News Channel, the most successful of the UK's continuous TV news operations, with the BBC's World News channel has also been highlighted as an example where self-autonomy could result in a negative impact on audience needs. Significant concern regarding this decision has been raised by stakeholders in Wales and the Welsh Government has provided a separate response to Ofcom on this matter. This response clearly states that the current condition that the BBC News channel must provide more international news and more local/regional news than other main continuous news channels in the UK should be retained in Public Purpose 1.

We note the balance of Ofcom's proposals across maintaining some current quota requirements as set out in the existing licence alongside adapting others in response to changing circumstances. We are pleased to see the retention of quotas to safeguard the general provision of original UK content and regional production.

Quotas have had a positive impact on the independent production sectors in the nations and ensure the adequate provision of important BBC programming relied on by audiences. This includes output specific to Wales, including Welsh language programming.

We note proposed changes to replace some quotas with conditions and increased transparency requirements. This includes removing quotas for different types of programmes. The Welsh Government agrees that any move to provide greater flexibility must come with the right checks in place to ensure changes are transparent, based on a clear evidence base and monitored to ensure delivery continues to meet audience needs. There is a risk that increased flexibility will result in a decreased focus on output in areas that may be considered 'unprofitable' both financially and in terms of viewing figures over the longer term. This could lead to a reduction in output in some areas / genres. Whilst a relaxation of constraints around delivery will allow the BBC to adapt to the changing landscape of broadcasting, it does provide the potential for a lack of focus in certain areas of minority or niche programming. A recent example of this in Wales is the decision to cancel *Stiwdio*, the only Welsh language culture show on BBC Radio Cymru. This decision has been met with disappointment and indeed anger from a number of stakeholders in Wales. There is a risk that greater flexibility could increase the likelihood of similar valued content declining in future. We believe that any move to a more relaxed approach will require greater levels of scrutiny of the BBC from Ofcom and commitment from the broadcaster that their overall mission and remit is not compromised. We welcome the commitment to safeguards to ensure a consistent output for all viewers. We suggest that consideration should be given to ensuring a baseline or minimum level of delivery across genres and output where quotas are being removed.

With audience consumption of news and current affairs moving away from traditional broadcast, in particular for younger viewers, we agree that content made specifically for iPlayer and BBC Sounds needs to be more discoverable. We also welcome the introduction of a condition of the licence that the BBC has to produce daily output of news across their website, including the requirement to include links to online and third-party material. This, in some part, will mitigate concerns around younger audiences accessing news through unchecked, unregulated media outlets which can, to some degree, be tackled through the BBC's provision of current affairs content through online means.

The provision of informative, timely content to audiences is an essential aspect of the BBC's remit. The current conditions to support the delivery of learning resources have indeed provided excellent support to viewers, in particular, to children and young adults, especially during the COVID-19 pandemic. However, it is clear that the organisation's 'learning' reaches further than children and young adults, with its provision of resource for a wider demographic. Whilst we agree that greater transparency around learning provision to *all* viewers would be useful in ensuring the BBCs continuation of these services, the correct balance must be struck to ensure that focus on scrutiny and reporting is not taken away from children and younger adult consumption. We welcome the greater emphasis on learning as a whole but urge caution regarding the wider shift in focus.

***Increased transparency to hold the BBC to account***

The BBC has faced calls for greater accountability and transparency. The proposals set out in the consultation regarding greater accountability are welcomed, especially at this time of change for broadcasting. We agree that any update to the operating licence must include an enhanced level of accountability and transparency for the BBC in order for there to be effective scrutiny and confidence in the broadcaster's delivery of services by audiences and stakeholders. It is also essential, through the proposed changes to the licence, that the BBC clearly sets out its strategy and plans, providing clarity on its delivery and direction, especially in areas where it feels improvements can be made. These proposals must consider increased reporting, transparency and scrutiny at a nation level where possible.

We agree that strategies and plans should include detail of how the BBC will deliver its services to all nations within the UK, including Wales, how it will commit to ensuring prominence to services across all platforms and how it plans to meet its requirements and how it has delivered against them. This should reflect and be based on the evidence available to the BBC on the type of audience and audience habits and needs, including differences in requirements, across the UK.

Proposals relating to the adaptation or removal of some broadcast quotas do raise concerns around how the organisation can be easily held to account for delivery in future. Whilst the relaxing of quotas will provide the BBC with a greater level of autonomy and flexibility, there has to be full consideration given to how decisions being made by the BBC are impacting on the overall balance of programming and delivery. The move towards greater transparency will help to ensure the reasons for decisions, and their impacts, are clear.

The introduction of an objective for the BBC to report publicly on diversity and representation is welcomed by the Welsh Government. As a public service broadcaster, the BBC is duty bound to produce content and services that are representative of all people and communities across the whole of the UK. Ensuring that work in this area is fully transparent and reported publicly will allow for comment, dialogue and greater trust of the organisation from an audience that, in some quarters, has questioned its openness and inclusivity. The Welsh Government welcomes previous conversations with Ofcom on diversity reporting.

The additional safeguards, allowing Ofcom to step in and hold the BBC to account if there are any concerns regarding delivery against new licence requirements, are an important mechanism to help to mitigate some of the risks associated with increased autonomy and flexibility. This will be particularly important in the short term when the impact of changes to the licence, in the context of the fast-paced nature of change in the sector, are still being assessed.

## ***Conclusion***

On balance, the Welsh Government agrees that the proposed changes to the operating licence will support the evolution of the BBC into an organisation fit to meet the challenges of the current and future broadcast landscape. We look forward to the outcome of the consultation and would welcome the opportunity to engage with Ofcom on this matter in future.