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Submission to House of Lords Communications Committee

BBC Charter Review Inquiry

About TAC

1. Teledwyr Annibynnol Cymru (TAC) is the trade association representing independent TV production companies in Wales.
2. There are around 55 companies producing a wide range of TV and other content – genres include children's; drama; comedy; factual; documentary; animation; entertainment; music; and sport.
3. Our members make content for the UK network broadcasters, and are involved in selling programmes and formats abroad in addition to being involved in international co-productions. We also make content for the Wales-based broadcasters such as BBC Wales and S4C, the latter of which as a publisher–broadcaster works very closely with our sector.
4. TAC is pleased to have the opportunity to give its views on the BBC for the purposes of this inquiry.

Are public purposes the best way to judge/analyse the BBC's performance?

5. The BBC is a public service broadcaster and it is reasonable for the performance of the BBC to be judged by a system of public purposes, providing that they are well-defined and have incorporated within them an understanding of the BBC's existence within a wider media and broadcasting ecology. Notwithstanding this, there is room for adjustment of those purposes which we will outline below.

What is the process by which the public purposes are set and, if they need to be amended, what process would be appropriate within the current Charter Renewal?

6. The public purposes are currently set out by the Royal Charter and Agreement and we consider that to be appropriate.

What are the pros and cons of the current purposes?

Sustaining citizenship and civil society

7. We agree that there should be a purpose which emphasises the need for impartial and high-quality news reporting, which is not subject to the influence of vested interests of any kind. We

believe traditionally the BBC has been strong in this area, although there have been significant cuts to news services as a result of initiatives such as Delivering Quality First, which in some cases has amalgamated operations but in others has arguably impacted upon some types of coverage. The BBC should also assist independent and local news gathering organisations.

Promoting education and learning

8. This is very much an important role for the BBC going forward. TAC members are involved in making a range of educational and learning programming both for the BBC's services and for S4C. There is a dearth of such services beyond these two broadcasters however and therefore the BBC should continue to have this remit. Of course education and learning are not confined to young people and we would argue that to continue with this purpose justifies a continuing strong obligation to provide factual documentary and current affairs which properly informs from a perspective which is driven by public ownership and objectives.

Stimulating creativity and cultural excellence

9. In recent years the Government has recognised the importance of Britain's creative industries, not just to our economy but also to British cultural life. It has invested in a series of tax breaks which are to help boost further the UK's production sectors.
10. The BBC already invests heavily in the creative industries, with figures provided by Frontier Economics showing that in 2013-14 this investment amounted to some £2.2bn, including £1.2bn externally ¹. S4C has been a key economic enabler to the development of an independent production sector in Wales.
11. The media sector will continue to grow and diversify over the next ten years, making the BBC's still significant in-house production base increasingly difficult to justify on its current scale. A key objective of the next Charter should therefore be to equip the BBC for this need to be more flexible and at the same time increase the investment made directly into the creative sector.
12. The independent production sector is well-suited to changing demand and shifts in commissioning patterns as all broadcasters adapt and adjust their strategies to meet audiences' ever-changing needs. Companies can scale up and down, more easily invest in the latest technology and use their wider range of contacts with talent and production partners, including overseas who can all help to bring a greater mix of content to the BBC's output.
13. TAC is not arguing strongly for the BBC to be moved immediately to a publisher-broadcaster model, but we would certainly argue that the principle of competition between in-house and indie producers needs to be significantly increased, in line with Lord Tony Hall's Compete or Compare agenda.
14. Where TAC is less comfortable with Lord Hall's agenda is the concept of the BBC's in-house production simply being preserved wholesale and moved into BBC Studios where it will be able to compete against the indie sector in gaining commissions from other broadcasters. We do not regard this as fair competition and would prefer to see a move to a slimmed-down production base with some core elements such as BBC News and the Natural History Unit preserved.

¹ Frontier Economics. The contribution of the BBC to the UK creative industries. 2015, p3

Representing the UK, its nations, regions and communities

15. This is a key purpose for the BBC. The UK is made up of nations and regions each with their own stories, perspectives and people, which if given their voice can make the content on offer to the UK as a whole and to audiences further afield a compelling and lively mix. However whilst the BBC has devolved some of its production, commissioning in Wales is mainly confined to content that is made specifically for Wales, rather than for the wider UK audience. We believe this shows a lack of understanding of what catering for the nations and regions of the UK is really about.

16. We would also point to the recently published proposal for BBC Studios, which states that:

‘We need to give careful consideration to the different context in each Nation: the market for local-only content is much smaller than network, with more fragile ecologies of independent producers. In addition, this output plays a unique role in the BBC’s programming portfolio, meeting the distinctive needs of audiences that may not be served by other broadcasters.’²

17. We would point here to the findings of the BBC Trust which in its recent Content Supply Review stated that:

‘The Trust will want to ensure that the BBC has developed considered, clear-sighted plans that set out what the right commissioning mix is across the Nations and regions. The Trust will also want to see how the BBC’s production centres across the UK intend to work more effectively together with the independent sector based in different parts of the UK to develop creative, sustainable, local ecologies’³

18. TAC agrees with this stance and we would like to see this included in the Charter and Agreement as an express objective to be delivered by the BBC and to be measured by whatever regulator replaces the Trust.

Bringing the UK to the world and the world to the UK

19. The UK’s creative industries play an important part not only in boosting the UK’s economy but in promoting the UK to the world, through quality productions, entertainment and storytelling. The BBC is an important partner in this work, with a brand that is still a byword for quality abroad. However there is a need to ensure that everything the UK has to offer is being adequately ‘marketed’. The Welsh Government has made some welcome steps in this area and TAC’s members attend TV trade fairs on their own volition but the BBC could perhaps do more to promote Wales as an originator of content or indeed as somewhere which offers good locations and skilled production staff.

20. We believe there is scope for BBC Worldwide to do more to promote the different nations and regions of the UK as places within the UK’s overall creative industry which can offer something unique to those who might wish to work with the BBC on co-productions or buy series which were produced in Wales and which to some extent reflected Welsh Culture.

² BBC Studios: Strengthening the BBC’s role in the creative industries. BBC, September 2015, p13

³ BBC Trust. Review of the Supply arrangements for TV, Radio and Online. June 2015, p17-18

21. A now-oft quoted example of the success such an initiative can have is the programme *Hinterland / Y Gwyll*. This Nordic-noir style drama uses the evocative scenery of mid Wales and a mix of the English and Welsh languages to create a distinct brand of crime thriller which has itself being screened in Nordic countries and been sold all over the world. The series is produced by Welsh indie Fiction Factory with investment from Welsh language broadcaster S4C, distributor All 3 Media, BBC Wales, BBC4 and the Welsh Government. The second series is currently being screened on S4C. We would welcome further enterprise of this nature involving the BBC which also recognises that the nations and regions are a cultural and creative asset, rather than an obligation needing to be filled in terms of supplying quotas or content to local nations services only.

Delivering to the public the benefit of emerging communications technologies and services

22. We have some reservations about whether the BBC should be getting too involved in developing technology. In the modern world there are a great many large companies investing very large sums of money into developing new technology and we question the ability of the BBC to keep pace with this. The BBC's ill-fated Digital Media Initiative should be a reminder of what can go wrong when the BBC's strategy in this field is not adequate to the market or well thought out.
23. Some services, where they are involved utilising existing new platforms, such as the i-player, are demonstrably of benefit to the Licence Fee Payer, providing as they do the ability for them to watch BBC programmes online or suitably enabled TVs either live or via catch-up (though regarding the latter we do recognise the need for the Licence Fee to accommodate such use of BBC content). However we feel any other proposed technological development should be subject to strict guidelines including an assessment of their likely application in the wider media landscape.

What is the current process for the settlement decision in 2017 and what alternative mechanisms exist for setting the licence fee; and what are their advantages and disadvantages?

24. The committee is of course aware that since it began its inquiry the DCMS has agreed a new TV Licence Fee settlement with the Director General of the BBC, although it has been emphasised by Government that this deal is subject to Charter Review. This creates an unstable environment, not only for the BBC itself but for others that are funded via the Licence Fee, not least the Welsh language broadcaster S4C. S4C's status as a publisher broadcaster means it is a vital engine of growth for the creative industries in Wales.
25. Since 2010 S4C has received most of its public funding via the TV Licence Fee. This has caused it to now be partly overseen by the BBC Trust and partly by the S4C Authority.
26. Regrettably it also means that its future is currently bound up with that of the Corporation, at least to the extent of both funding and governance.
27. We wish to see the Government make clear as a result of Charter Review how S4C will continue to be editorially and managerially independent. TAC has for some time been calling for a rise in the total of the equivalent of 10% of the value of S4C's public funding (ie currently a £6.7m DCMS grant plus around £75m of Licence Fee money) and for its funding to be linked to inflation – as the TV Licence Fee itself now is.

28. Specifically we believe it is fundamentally wrong to expect S4C, which is an independent broadcaster, to make budget cuts every time such cuts are imposed upon the BBC itself. There is no comparison between a corporation receiving well over £2bn of public funding and an organisation receiving just over £80m. In real terms S4C has received a cut in its funding of around 36% since 2010.
29. TAC would like to see a clearer separation of the part of the Licence Fee that goes to S4C and the amount of Licence Fee money going to the BBC. Rather than the current situation where the money is diverted once through the Trust, the cleaner option would for the money to be diverted 'upstream' so that it was clearly marked for S4C's use. The BBC should not have a say on the level of S4C's funding from the Licence Fee – to us it is not acceptable that one broadcaster can determine the funding of another, irrespective of whether that funding originates from the same source. If its future depends on the majority of its budget being overseen and decided by the BBC Trust or BBC Executive it is hard to see how it can maintain its operational and editorial independence.
30. If, as has been suggested by the current BBC Trust Chair and others, the future regulation of the BBC should be carried out by a more independent regulator which is BBC-specific, TAC would not want that regulator also to be overseeing S4C. We have found the Trust, whilst communicative, often lapsing into a stance of the BBC 'paying for S4C' and similar language. It was notable that when questioned on the implication of her proposals at this year's Oxford Media Convention, the BBC Trust Chair was unable to clarify how S4C would fit into her proposed model. This is an example of how TAC fears S4C will always be an afterthought if it is being regulated or overseen by a body which is also overseeing a much larger organisation in the form of the BBC. Such an organisation will always be fundamentally 'BBC-centric' if not in attitude then in its focus.
31. There is potential cost-saving if the BBC and S4C are both subject to a change in their governance systems in which they both have a separate unitary board and are externally regulated by Ofcom.