

Present:	Huw Jones	(Chairman)
	John Davies	(Member of the Authority)
	Hugh Hesketh Evans	(Member of the Authority)
	Guto Harri	(Member of the Authority)
	Marian Wyn Jones	(Member of the Authority)
	Siân Lewis	(Member of the Authority)
	Elan Closs Stephens	(Member of the Authority)
S4C Staff:	Ian Jones	(Chief Executive)
	Dafydd Rhys	(Director of Content)
	Elin Morris	(Director of Corporate and Commercial Policy)
	Gwyn Williams	(Director of Communications and Engagement)
	Sharon Winogorski	(Chief Finance Officer) – item 4
	Rachel Evans	(Deputy Director of Content and Broadcast)
	Steve Thomas	(Strategy and Policy Adviser) – item 4
	Carys Evans	(Head of Insight) – item 5
	Phil Williams	(Secretary to the Authority)
	Bethan C. Williams	(Assistant to the Secretary to the Authority)
Apologies:	Carol Bell	(Member of the Authority)

1. **Welcome and Declaration of interest**

The Chairman welcomed all present to the meeting and asked for any member with an interest in the business of the meeting to declare their interest.

See the Register of Interests section of the S4C Authority website for general declarations.

2. **Minutes of meeting 393 (held on 10.12.15) and matters arising**

2.1 The Minutes of meeting number 393 and a Summary from the Away Day held on the 12th of November were presented. The minutes were approved by the Authority.

2.2 **Matters arising**

[Summary: The Authority discussed the progress of a current complaint. JD explained the steps the committee had taken to deal with the complaint in an impartial manner. Following the discussion the Authority agreed that JD should respond to the complainant.]

3. **Chairman's Report**

The Chairman presented his report and referred to the following issues in particular.

3.1 **Parliamentary Debate sponsored by Simon Hart**

Reference was made to Simon Hart MP's debate held at 2 o'clock in the morning in the House of Commons. It was striking to see so many Members of Parliament present, and to hear the cross-party support for S4C. The response from the Minister, Ed Vaizey was also interesting as he valued the strength of opinion across the House for S4C.

The following day there was an oral question to the Prime Minister, with a positive response from him on the Government's support for S4C.

There will be further opportunities to pose questions on the floor of the House to John Whittingdale and Stephen Crabb during next week.

Members were delighted with the attention that had been created and the nature of the contributions and clear support for S4C. The stated intention is to continue discussions with politicians and stakeholders and to discuss the options with DCMS. The Assembly election period will commence on 6 April, and therefore it is hoped that there will be a positive announcement by the Government before that.

[Summary: Officers explained the various possible options available to S4C and the DCMS.]

3.2 **Future funding from the TV License Fee - an update on discussions with the BBC Trust and Executive**

[Summary: The Chairman and PW gave an update on the discussions with the BBC Trust and BBC Executive on S4C's future funding. The discussions were ongoing but both parties were initially keen to identify the common ground. The BBC Trust had recognised the need to agree on the principles for 2017/18 on the same basis as the Chancellor's letter.]

ECS stated that she was pleased that positive discussions are continuing but indicated her disappointment that no letter or projections have been presented to S4C to date.

3.3 **The Sir David Clementi review of the BBC's governance arrangements**

HJ referred to his letter to Sir David Clementi, noting that the letter outlines a number of principles that are important to S4C and also stressing that S4C has benefited from its collaboration with the BBC Trust.

The letter refers to the option of a unified board for the BBC, whilst citing some of S4C's concerns regarding such an arrangement. It emphasises the importance of ensuring that Sir David's recommendations should not lead to the creation of inappropriate precedents for the future funding and accountability arrangements for S4C.

It also noted the importance of the fact that there was no element of discretion in deciding on S4C's future funding and that the ultimate responsibility, in accordance with the Public Bodies Act, has to remain with the Secretary of State, as opposed to whichever body will be providing the public income to S4C in the future.

The Chairman and PW are to meet Sir David in early February.

ECS noted that she and the Trustees from the other Nations had met Sir David to discuss the issues related to the governance of the BBC within the nations, including the importance of representation on the BBC's board in the future. She was pleased that this has been reaffirmed in the letter from the Chairman to Sir David Clementi.

3.4 **The Welsh Affairs Select Committee inquiry into Broadcasting in Wales**

It was noted that IHJ and the Chairman as well as Rona Fairhead and ECS are to give evidence to the Committee on 1st February. It will be an opportunity to highlight several of S4C's major messages relating to future funding and a review of the channel's requirements.

3.5 **DCMS bodies Chairs and Chief Executives meeting**

Yesterday the Chairman and IHJ attended a meeting for the Chairs and Chief Executives of DCMS bodies. The DCMS was keen to discuss issues relating to governance and diversity.

Members then discussed the Authority's performance review process and the Chairman noted that he intends to circulate headings for members' consideration. The process will consider the performance of the Authority and the contributions of the Chairman and Members and the review by PWC of S4C's governance will form an important part of the process this year.

4. **Chief Executive's Report**

IHJ submitted his report and referred in particular to the following issues.

4.1 **Efficiency Savings - proposed plans for coping with the consequences of the Spending Review**

IHJ presented a spreadsheet containing a list of recommendations for coping with the financial cuts announced in the Spending Review. He explained that the list contains examples of the type of cut that will need to be introduced and that he was submitting it to the Authority for discussion and to receive comments and guidance from them.

He noted that the proposed cuts focus on S4C's administrative activities rather than on cutting the content budget. If further cuts are forced upon S4C then cuts to the content budget are inevitable.

The Strategic Board has considered the impact of the latest cuts on the preparations for relocation and co-location and has decided to link the restructuring work for relocation and co-location with the Spending Review cuts in order to provide a suitable staffing and implementation structure earlier than originally planned. This means that the timetable for the restructuring process and the preparations for working on three sites would be completed earlier than originally planned.

IHJ explained that his intention is to complete the cuts plan in order to present all the relevant elements to the staff in a single announcement during February.

IHJ was thanked for submitting the plans and the meeting discussed the content and direction of the recommendations.

4.2 **The Assembly**

The proposal to discontinue the broadcast coverage of the Assembly was raised and it was noted that this seems a reasonable recommendation given that the Assembly's activities are now available on Senedd.tv. There will be a need to explain the reasons behind the decision to politicians, emphasising that the size of the compound funding cuts to S4C since 2010 means that hard decisions are required regarding the provision of S4C in the future.

4.3 **The Canteen**

The intention to close the canteen in the summer of 2016 was noted and questions asked on

whether S4C's tenants expect the provision of food and the extent of S4C's financial contribution towards the costs of the service. It was explained that the tenants have access to the facilities which are provided, but there is no obligation on S4C to continue to provide the service. S4C does not contribute towards the cost of the ingredients, but only towards staffing costs for the canteen.

The relocation plan anticipates closing the canteen in approximately two years so that the saving would only amount to the total cost for just two years if the canteen were to close this year. A further question was asked about the impact on staff relations as all the cuts are introduced and it was suggested that perhaps further consideration should be given to the impact of closing the canteen early against the size of the saving over two years.

4.4 **The Authority's budget savings**

It was noted that it is a positive sign that the Authority intends to seek savings from within its own costs, including recommending to the DCMS not to appoint a new member to the vacant seat.

4.5 **Restructuring**

IHJ explained that the Spending Review cuts have led to the need to revisit the timetable for planning the restructuring for relocation and co-location, and as a result the work of planning for working in three locations has been prioritised.

4.6 **Relocation and Co-location**

Members discussed the plan for co-location and the sharing of technical services and it was explained that feasibility work is continuing for the interim transmission plan from Broadcasting House, Llandaf, Cardiff before the new headquarters are ready. It is hoped to provide a progress report on the interim plans to the Authority by the meeting in March.

4.7 **Training**

It was noted that Skillset are still waiting to hear about their application for WEFO funding and as a result the danger of making a premature decision to cut the training budget was raised. IHJ explained that the Authority had approved the principles of the Training Strategy in 2015 and that the proposed cut is compatible with that strategy.

It was suggested that further cuts to the training budget could be considered along with persuading companies in receipt of stabilisation contracts to provide further training themselves.

4.8 **Promos**

IHJ was asked about the proposed cut to the Promos team and the effect of the cut on S4C's ability to produce a wide range of promotional material in order to contribute to the aim of increasing reach. GW explained that in his opinion new ways of working can be introduced to the team to increase efficiency, building on the work of the team to create more short-form content. He did not take the view that reducing the promos budget would affect reach or the challenge of increasing reach as S4C's current promos do not increase reach as they are broadcast to an audience that already watches the channel.

The outsourcing of promo production had been considered, but it was decided it would be more advantageous to keep the work in-house in order to provide flexibility to the communications and content departments and as it was possible to restructure the department to operate in a different way to create significant financial savings.

4.9 **Collaboration with the BBC**

IHJ was asked whether there was an intention to try to develop elements of the partnership with the BBC to provide content in the form of 'box-sets' through iStore. He explained that discussions were underway with the BBC to develop new elements based on the iPlayer project.

It was also noted that discussions were underway with Radio Cymru to see if there are opportunities to develop content that may appeal to young people across S4C's and the BBC's services.

4.10 **Business matters**

Questions were asked about the planned restructuring of the business department. It was explained that the intention was to amend the business department's systems in order to introduce a revised system for negotiating programme prices and to simplify the relationship between S4C and its suppliers by introducing a new structure for the department and combining the duties of a number of positions within the business and finance departments where there is an element of duplication of responsibilities or skills.

As part of their work plan as internal auditors, PWC will consider the commissioning process, and PWC's recommendations will contribute to the restructuring of the department and its systems.

It was noted that S4C's procedures have not evolved since the introduction of the principles of the Terms of Trade under the 2003 Act, and that other broadcasters have adapted their ways of working in order to reflect the differing arrangements in terms of programme rights.

It was explained that the production companies are also keen to simplify the process for discussing an idea and then a programme with S4C and its business, content and communications departments - simplifying the current process that includes 18 steps between the submission of an idea and the broadcast.

4.11 **Over time payments**

The Strategic Board is keen to re-negotiate the provisions for overtime in order to reduce current expenditure. At present different departments within S4C implement their overtime policy in several different ways leading to inconsistency in dealing with staff and increased costs in some sections as a result. The need for reforming the arrangements for IT support outside working hours was explained in order to save costs and to provide a service in its place suitable for maintaining the IT systems that underpin the online viewing platforms.

The Authority approved the direction of the proposed plans and agreed that they should receive progress reports when appropriate.

It was also suggested that officers should give further consideration to a number of elements of the plans such as the canteen.

5. **Possible Impact of cuts on the Content of S4C's Service - Discussion Document**

[Summary: DRh presented the discussion document which considers the nature and needs of the audience by 2020 and the need to ensure quality and originality within peak hours. The meeting discussed the hours of broadcasting and the pattern of the schedule. DRh emphasised the aims to provide original programmes for children and to target new viewers under 45.]

HD

It was noted that officers are continuing to plan for the reintroduction of HD on satellite by the autumn.

DRh was thanked for the presentation and **it was decided that officers should continue to develop the plans.**

It was also decided that officers should give further consideration to the balance between maintaining hours with maintaining quality and originality - including considering the issues of value for money, performance and reach - a further report will be presented to the Authority in due course.

6. Last month's programmes

There was discussion about last month's programmes.

[Summary: During the conversation there were examples of successful programme promotion. Contradiction was seen with programme slots where half an hour may not be long enough for drama but too long for some documentaries. Disappointment was noted that there was no Christmas film this year and there may have been too many music programmes over Christmas and the New Year.]

It was noted that there are a number of interesting programmes in the schedule at present, and that this indicates that the Content Strategy is bearing fruit.

MATERION CHWARTEROL

7. Reports from the Committees

Report of the Audit and Risk Management Committee

HHE presented a report from the Audit and Risk Management Committee meeting held on 10 December. He explained that the committee had focused on the new draft Strategic Risk Register presented to the committee and there was a discussion on the new format and purpose of the register. He noted that the committee was pleased to see the register being developed to create links between the Strategic Priorities, Performance Measures, Operational Objectives and the main Strategic Risks. It was explained that the committee would consider the substance of the risks at its next meeting when a revised version of the register will be presented which will include the Operational Objectives for 2016/17.

The need to ensure that there is a mechanism in the Strategic Risk Register to refer operational risks to the committee when appropriate was identified.

8. S4C Policy for Political Broadcasts and Election Broadcasts 2016

[Summary: A draft Policy for Political Broadcasts and Election Broadcasts during 2016 was presented. The historical background of the group of public service broadcasters was explained. Due to the timing of the Ofcom Consultation it is not possible to await Ofcom's decision this year. Officers presented recommendations to the Authority and following the discussion the Authority authorised the recommendations.]

MATERION ERAILL

9. **Viewers Hotline Report and Complaints and Compliance Report**

The Viewers Hotline Report was presented for information.

It was noted that no new complaints have been received since the last meeting of the Authority.

10. **Draft Work Programme for 2016/17**

An update to the Work Programme outlining the Authority's work for 2016/17 was presented.

11. **Any Other Business**

The draft Action Points Register was presented for the Authority's comments and it was decided that the register should be included in the Authority's papers for each meeting in order to give an update on the action points for the previous six months.

No further matters were discussed.

Date of next meeting:

Thursday, February 11, 2016