

---

**S4C Authority Meeting Minute**

11 February, 2016, S4C, Llanishen, Cardiff

**Meeting No. 395**

---

<b>Present:</b>	Huw Jones	(Chairman)
	Carol Bell	(Member of the Authority)
	Hugh Hesketh Evans	(Member of the Authority)
	Guto Harri	(Member of the Authority)
	Elan Closs Stephens	(Member of the Authority)
<b>S4C Staff:</b>	Ian Jones	(Chief Executive)
	Dafydd Rhys	(Director of Content)
	Elin Morris	(Director of Corporate and Commercial Policy)
	Carys Evans	(Head of Insight) – item 7
	Sharon Winogorski	(Chief Finance Officer) – item 8
	Phil Williams	(Secretary to the Authority)
	Bethan C. Williams	(Assistant to the Secretary to the Authority)
<b>Apologies:</b>	John Davies	(Member of the Authority)
	Marian Wyn Jones	(Member of the Authority)
	Sian Lewis	(Member of the Authority)
	Gwyn Williams	(Director of Communications and Engagement)

**1. Welcome and Declaration of interest**

The Chairman welcomed everyone 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 394** (held on 14.01.2016)

The minutes of meeting 394 were presented and were approved by the Authority.

**Matters arising****Point 5.1.8 – Maintaining the broadcast hours**

IHJ confirmed that DRh will report back in June/July regarding striking the balance between maintaining the hours and maintaining the quality and originality of the service.

**Point 4.1.3 – Restructuring**

IHJ explained that he had decided to delay announcing the restructuring plans to staff until mid March. This will allow the Authority to consider the plans for operating at three locations at its meeting in March. It is also proposed to postpone a number of the cuts under the CSR until the end of the year following the recent announcement by the DCMS regarding financing 2016-17.

#### **Point 4.3 – Plans for savings**

He explained that officers had given further consideration to a number of the proposals submitted to the Authority to deal with the Spending Review cuts, including the provision of a canteen. It had been decided not to close the canteen in the Summer and to consider options for increasing the income from the provision and charging tenants for the tea and coffee provided. Further consideration will be given to the provision by the summer of 2017.

#### **Point 4.6 - Interim Transmission Plan**

It was reported that discussions were ongoing regarding the option to co-locate S4C's broadcast services with the BBC in Llandaf in the interim period before the new broadcasting centre in Cardiff is completed. It was hoped to be in a position to submit a recommendation to the Authority soon. It was noted that the business plan for the Interim Transmission Plan is subject to the confirmation of S4C's borrowing powers by the Secretary of State.

#### **Point 4.7 – Training**

IHJ noted that discussions were ongoing with representatives of the production sector in order to ensure that companies are preparing and implementing training schemes as part of the production agreements.

#### **Point 5.1.6 – HD Service**

The original intention was to reintroduce the HD service by September, but IHJ explained that consideration was being given to try and launch the service in June in time for the 2016 Euro Championship.

**[Summary:** There was a discussion on the pros and cons of reintroducing HD and the need for a promotional campaign.]

**It was agreed to aim at reintroducing the HD service on Sky and Freesat in time for the 2016 Euro Championship.**

### **3. Action Points Register**

There was discussion about the new format for the Action Points Register and it was noted that it is a useful tool for keeping track of the completion of the Authority's decisions. It was decided that each action point should be deleted when completed and that a delivery date should be specified for each item, if applicable. The names of officers will be included alongside the action points in the minutes.

It was noted that the Action Points Register will only include a summary of the decisions, and that more detail can be included in the minutes. It will be important to ensure consistency between the summary and the full record.

**The intention for the Action Points Register to be updated following each meeting of the Authority and to be submitted for discussion at the Strategic Board following the Authority meeting was noted.**

Reference was made to the action point concerning the use of English in dramas and it was noted that this was an operational matter and that it could be struck off.

#### 4. **Chairman's Report**

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

- 4.1 He referred to the Secretary of State's decision not to cut S4C's grant from the DCMS in 2016-17, ensuring that S4C will not lose £ 400k in 2016-17, and also the decision to conduct an independent review of S4C in 2017. He was pleased with the financial decision of the Secretary of State and with the announcement of a review as S4C has been calling for a review. He had written to the Secretary of State, ministers and other members to thank them for their support for S4C.

He wanted to ensure that the Authority takes advantage of the period prior to the review to prepare S4C's case thoroughly. There will be opportunities during the coming months to reflect on the issues that must be considered and how to prepare for them.

He noted that the proposed timetable will mean that it will not be possible to receive certainty regarding the future and long-term funding of S4C during the same timeframe as the review of the BBC. Conducting a review in 2017 will create uncertainty over the funding and accountability arrangements between S4C and the BBC under their new structure.

- 4.2 There will be a need to ensure that S4C's requirements in terms of the review's outcomes are for clearly ambitious and important matters, and we should therefore ensure that the opportunity is not wasted on quasi-administrative issues.

There was a discussion about the importance of discussing and agreeing on a clear narrative for each and every element of S4C's work and each potential area the review will consider; including the requirements of the audience, the content strategy, financial planning and the governance of S4C. It was noted that officers are considering potential areas for the review's terms of reference to enable the preparation of a narrative and to identify areas that may need further research by S4C.

- 4.3 It was noted that if S4C hopes to receive an amount close to £74.5m from the BBC, it is reasonable to expect that the BBC is eager to have accountability arrangements similar to the provisions of the Operating Agreement for 2017-18. The need to negotiate and agree upon such arrangements in the near future was noted, but because of the proposed review these arrangements will not create a precedent for the long term. However the intention is to try to reach an understanding with the BBC - subject to a number of issues including the recommendations of the White Paper, the contents of the new BBC Charter and the recommendations of the Review in 2017.

A meeting had been arranged with officers from the BBC Trust tomorrow to continue to discuss the principles of the read-across and the options for 2017-18.

- 4.4 Reference was made to the need to ensure clarity regarding the borrowing powers, whilst noting that the powers are very important to the business plans for the relocation and co-location plans. It was explained that the current business plan identifies the need to borrow around £10m, but it is likely that this amount could increase to approximately £13m due to the additional costs of the proposed interim plan yet to be agreed with the BBC or approved by the Authority.

The Chief Executive explained that the original co-location plan discussed and developed in collaboration between S4C and the BBC was based on a business plan which would see S4C pay an annual rent to the BBC for the office space and an annual payment for technical services. Since then, the BBC has varied the scheme to include significant advance payments by S4C. Funding these payments has led to having to seek borrowing powers from the Secretary of State.

He noted the intention to write to the Secretary of State shortly to highlight a number of short-term issues such as seeking clarity on borrowing powers. He explained that the Act envisages giving borrowing powers to S4C but that the Secretary of State and the Treasury need to note the maximum amount and the details of the powers. He wanted to separate matters such as borrowing powers from the review in 2017 as borrowing powers are a quasi-administrative matter and not a matter related to the long-term strategy and vision for S4C.

**It was decided that the Chairman should submit a formal request to the Secretary of State to confirm the borrowing powers for S4C, including a maximum loan of £13m.**

#### 4.5 **Sir David Clementi Meeting**

The Chairman referred to the meeting he and the Secretary had held with Sir David Clementi to discuss his forthcoming report on the governance of the BBC, noting that it was a friendly and positive meeting.

**[Summary:** He had asked about the governance structures and arrangements of S4C. He noted that his report would not include references to S4C as it is beyond its remit. He understood the concern about potential "unintended consequences" for S4C.]

It is expected that he will publish his report in early March, and in the meantime discussions on 2017-18 and the 'read-across' until 2021/22 will continue with the BBC.

#### 5. **Chief Executive's Report**

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

##### 5.1 **Review of 2015 Operational Objectives**

IHJ presented the review of the 2015 Operational Objectives and explained that the review process is based upon the Authority's discussions and guidance on the objectives in 2014.

Specific reference was made to the recommendations below:

##### 5.2 **Ambassadors Scheme**

He referred to the Ambassadors scheme and noted that the number of ambassadors is relatively small. IHJ noted that he wanted to develop the plan faster, but that the lack of human resources is slowing down the plan with only one communications officer working on the project. There are plans within the Communications Department to devote more resources to develop the project. The success of the Sky Academy was raised and it was suggested that GW should have further discussions with GH.

##### 5.3 **Training**

There was a discussion about the role and duty of S4C with respect to responsibility for training on behalf of the industry and the question asked whether the production companies should by now be bearing the burden. It was suggested that as S4C's financial resources fall that its main responsibility as a public broadcaster should take precedence over taking care of industry training. It was also suggested that possibly S4C may not now be recognized for the significant investment it makes in the training sector annually.

It was noted however that specific schemes such as establishing Cyfle and the pioneering work it had undertaken in terms of the training of young technicians to work through the medium of Welsh had contributed significantly to creating a solid foundation for the

industry in the early days of S4C.

The question was asked whether working in partnership with other agencies such as Skillset and the government agencies reduces the benefit to S4C and to the industry in Wales in particular.

The Chairman noted that he considers it appropriate to consider questions relating to S4C's role and investment in training on a regular basis.

The proposed Skills Academy, which is being led by the University of Wales Trinity Saint David, was raised and a question asked what is S4C's assessment of the possible role and impact of the project. The need to continue to consider the benefits of the plan was noted and to assess whether the academy will create added value, or is there a risk that it will duplicate and further complicate the training sector, before presenting a recommendation to the S4C Authority in respect of S4C's relationship with the proposed initiative.

#### 5.4 **Identifying the Audience**

The project to identify the audience held in 2015 was raised and a question asked on how the project findings will influence S4C's communication and content plans. IHJ explained that the project findings are now central to the work of the Content and Communications departments, with the strategy already targeting viewers under 35, mixed language homes and those who are fluent yet only casual viewers. The new comedy series "Anita" is an example of this, a sitcom that includes an element of bilingualism in an attempt to target those homes where the children speak Welsh and the parents do not.

It was noted that it may be eighteen months until all the elements of the strategy which respond to the findings of the project will be seen on screen, but DRh confirmed that some elements will be seen before then.

#### 5.5 **S4C's Partnerships Strategy**

There was discussion about S4C's partnerships strategy, and how S4C monitors the performance and governance of partnerships. IHJ explained that a specific plan is developed for each partnership, which includes clear objectives. He noted that providing added value to S4C, creating an impact and increasing the awareness of S4C's services are important objectives for each strategic partnership.

The Chairman noted that questions about the purpose, value and assessing the performance of partnerships have been raised on several occasions by the Authority and **it was decided that officers should consider appropriate metrics for S4C's key partnerships.**

#### 5.6 **Commercial Objectives**

Reference was made to the commercial objectives, and it was noted that it would be beneficial for the Authority to periodically give further consideration to the strategic elements relating to the Commercial Board's plans.

It was noted that the Authority would not want to create a situation where the Authority acts as a 'shadow director' to the Commercial Board, but given its overarching responsibility for all of S4C's activities it was appropriate to ensure that the Authority, as the sole shareholder of the commercial companies, is able to scrutinise and ensure the appropriateness of investments and the investment strategy and risk of the group.

As the Authority gives the Commercial Board a "de facto" brand licence to use the S4C brand it would be reasonable for the Authority to consider the appropriateness of plans

where there may be a risk to the S4C brand.

There is a further reference to the way of formalising the process of scrutinising investments and elements of the strategy under the Commercial Board Chairman's report (below).

#### 5.7 **Operational Objectives 2016-17**

IHJ presented the draft Operational Objectives 2016-17. He explained that the intention for 2016/17, following the recommendations of the Authority, is to present a half-year report in September to enable the Authority to monitor performance during the year.

Members discussed a number of the proposed objectives.

##### **Acquisitions**

The proposal to increase the use of acquisitions within the schedule was raised and the need to ensure that a quantitative target does not influence the requirement to ensure a quality and original schedule was noted. IHJ explained that officers are considering a number of factors including ensuring that acquisitions fit into the schedule and, where possible, to seek to present them as original Welsh language programming, as with the Arctig Gwyllt Iolo series.

The need to ensure that the quantitative target for acquisitions will not be achieved through overdependence on children's programming was emphasised. S4C's service needs to provide original children's programming and not only international acquisitions in order to introduce Welsh culture to the younger audience.

#### 5.8 **Programmes from Specific Areas**

There was a discussion about commissioning programmes from certain specific areas. Some concern was expressed that the proposal could lead to regional quotas rather than commissioning on the basis of the quality and originality of the ideas. It was explained that the specific objective relates to North East Wales in response to the strong comments received at the viewers' evening in Mold, but that the commissioning policy will continue to be based on the quality and originality of ideas rather than regional quotas.

**Following the discussion, the extension of the Stabilisation Agreements for 6 months until June 2017 was approved, whilst seeking to negotiate pre-purchase agreements by the end of 2016 and reporting back on progress to the Authority.**

IHJ explained that the work of developing a staffing structure for working across three locations will continue, with the work now taking into account the possible implications of the Spending Review. The intention is to present the proposed plans to the Personnel Committee at its meeting on 25 February, followed by the Authority at its meeting in March.

#### 6. **Commercial Board Report**

CB presented a verbal report following a meeting of the Commercial Board held yesterday and noted that a written report will be presented to the Authority meeting in March.

**[Summary:** She presented an encouraging report on the revenue from advertising sales and sponsorship during 2015. The outlook remains promising for 2016. An update was given on a couple of the commercial projects and the need for the Board to decide on the dividend policy for 2015-16 was noted.]

**It was decided that an update should be provided once a year to the Authority regarding the strategic issues of the commercial investments, including issues related to reputation and the S4C brand.**

## **QUARTERLY MATTERS**

7. **Content and Insight Report - Quarter 3 2015/16  
(including a discussion about last month's programmes)**

The Content and Insight Report for Quarter 3 2015/16 was presented by DRh and CE and there was a discussion about last month's programmes.

**[Summary:** There was a discussion about the pattern of repeats within the schedule and the fact that core programmes are performing better recently was mentioned. The need to focus on understanding the expectations of those Welsh speakers who choose not to watch S4C on a regular basis was noted. Also raised was the challenge of coping with the impact on the schedule of events such as the Olympics, the Queen's Jubilee and the elections in Q2 2016-17.]

8. **Quarter 3 Financial Report 2015/16**

**[Summary:** SW presented the Financial Report for Quarter 3 2015/16. She referred to the cash flow profile for the quarter and the financial savings during the period. The profile was similar to previous years.]

9. **Reports from the Committees**

**Report from the Content Committee**

In the absence of the Content Committee Chairman the report of the Committee meeting held in December was not presented. The Report will be presented to the Authority meeting in March.

## **OTHER MATTERS**

10. **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.

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

An update of the work programme for the Authority in 2016/17 was presented.

The dates in the Strategic Partnership agreement with the BBC were discussed and it was noted that officers are continuing to discuss the Programme Plan with the BBC. The intention is to present the plan for 2016-17 and the performance review of 2015-16 to the meeting of the Content Committee in March.9.

**It was decided that the Authority's Strategic Priorities should be reviewed annually at the Away Day.**

12. **Any Other Business**

It was noted that the Authority is keen to consider organising a meeting of the Authority in North Wales to coincide with the Viewers Evening at Blaenau Ffestiniog.

No other matters were discussed.

**Date of next meeting:** Thursday 10 March , 2016