



S4C Board Meeting Minute
21st March 2019, Canolfan S4C, Yr Egin, Carmarthen

Meeting No. 425

Present:

Non-Executive Board Members:

Huw Jones	(Chair)
Hugh Hesketh Evans	(Board Member)
Siân Lewis	(Board Member)
Anita George	(Board Member)
Owen Derbyshire	(Board Member)
Rhodri Williams	(Board Member)

**Executive Members of the
Shadow Unitary Board:**

Owen Evans	(Chief Executive)
Elin Morris	(Chief Executive Officer)
Amanda Rees	(Director of Content)

Also present:

S4C Staff:

Gwyn Williams	(Director of Communications)
Phil Williams	(Board Secretary)
Sharon Winogorski	(Chief Financial Officer) – items 7
Catrin Hughes Roberts	(Director of Partnerships) – item 6
Bethan C. Williams	(Assistant to Board Secretary)

MINUTES

STANDING ITEMS:

1. **Welcome and Declaration of Interest**

The Chair welcomed everyone to the Board meeting at Canolfan S4C Yr Egin.

The Chair asked members who had any interest to declare in the meeting's business to so declare their interest.

See the Register of Interests under the Board section on the S4C website for general declarations.

2. **Minutes of Board Meeting No. 424 held on 21st February, 2019**

Minutes of Board Meeting No. 424 held on 21st February were presented.

The minutes were approved by the Board.

3. **Matters arising from the minutes of Meeting No. 424**

4. **Action Points**

It was noted that Action Points were to be given further scrutiny at this meeting, in order to consider any "old" points that still needed to be actioned and to agree which elements should now be deleted from the list.

1. Appointment of Chair

It was noted that the DCMS had not yet published the advertisement for the post and not yet responded to OE's letter recommending an extension of three months to the Chair's period of office to ensure that S4C would not for a time be without a Chair.

The Board expressed concern that the appointment process had not yet started and noted that the extension of 3 months, if the process didn't start soon, would not be equivalent to three extra months of parliamentary time, since most of the extension period would run concurrently with Parliament's recess.

8. Editorial Agreement with the BBC

OE noted that he would be discussing the status of the draft agreement with Rhodri Talfan Davies.

10 & 11. Statement of Programme Policy 2019/20 and Review of the Statement of Programme Policy 2018/19

AR noted that she had drawn up a draft Statement of Programme Policy for 2019/20 but that the Content Committee first needed to consider the performance in 2018/19 before drawing up the Review of the Statement of Programme Policy for 2018/19 and submitting both for the Committee's consideration.

13. Ofcom

PW noted that discussions were continuing with Ofcom and that it appeared that Ofcom was keen to develop a joint document. Ofcom hoped to be able to share an amended document with S4C in due course.

23. The Archive and the National Library

OE had met with Library officials and a meeting had been arranged with Pedr ap Llwyd, the new National Librarian. It was resolved to submit an update to the Board on discussions with the Library, together with options for the Screen and Sound Archive in June, with a verbal update as required in April.

26. Investors in People

It was noted that Catrin Whitmore was aware of the desire to operate in accordance with the IIP principles, and updating S4C's human resources policies and procedures, would incorporate IIP good practice. It was emphasised that the intention was to implement good practice rather than achieving IIP status.

27. Content and Service Performance

It was noted that the strategic presentation to the Board in May would include an update on the options for *Newyddion 9*, a new children's strategy, new drama strategy, options for the sports provision and overarching options for the nature of the service in future.

29. Editorial Agreement with the BBC

Reference was made to the proposed Editorial Agreement with the BBC, which would include operational details regarding the statutory provision of BBC programming for S4C, arising from the Partnership, Funding and Accountability Agreement. Officers had submitted comment to the BBC on the first draft of the agreement, but there had been no further progress.

It was explained that the operation of the TSA and managing the migration of technical broadcasting services to Central Square would take priority in current discussions with the BBC.

The Board noted the importance of ensuring that the proposed Editorial Agreement was agreed.

31. Late Delivery

It was noted that the new system for managing Late Delivery had been introduced. It was resolved to give an update to the Board in June, and to circulate the interim report produced by RhB.

4 & 6. Diversity

It was emphasised that the Board expected to receive regular reports on how S4C was performing against S4C's diversity objectives.

3. Digital Hub

OE referred to S4C's digital plans and the concept of the 'Digital Hub', whilst noting that stakeholders had no single clear definition of the Hub's purpose and structure. The digital plans presented to the Board outlined S4C's strategy on the development of digital services and infrastructure.

7. Cyw's Longevity

Reference was made to the package of a dozen animated programmes developed in partnership with Boom in order to expand and benefit from the commercial value of the Cyw brand. It was noted that commercial sales and international interest was one way of proving the longevity of a brand's value.

It was noted that the Action Point involved an element of concern that the popularity and longevity of the Cyw brand and provision could erode over time. Cyw was ten years old and it was appropriate to consider the longevity and relevance of the provision. The February 2018 Action Point noted that a report would be presented to the Board.

It was resolved that the Content Committee would consider the longevity of the Cyw brand and receive a report on the subject, together with a presentation from SWR on the future of the brand, its characters and presenters at their meeting in April.

8. Development of "Repeats" Strategy

It was noted that the Repeats Strategy will be presented for the Board's consideration at its meeting in May as part of the presentation on the Future Strategy.

10. International Award Strategy Development

It was noted that the International Award Strategy would be presented for the Board's consideration at its meeting in May as part of the presentation on the Future Strategy.

5. Chair's Report

The Chair presented his report and made particular reference to the following matter.

Update on discussions with the NAO

PW gave an update on discussions with the NAO in relation to S4C's external auditing arrangements from 2019/20. A further meeting had been held with NAO officers to discuss contractual arrangements between the NAO, S4C and the DCMS, the transfer arrangements from Grant Thornton to the NAO, the scope and fees of the audit work together with an opportunity to present S4C's business structure and assessment of strategic risk. It had been a positive and constructive meeting and draft agreements have now been drawn up.

- (i) Following the discussion, the Board approved the following recommendations:**
- (ii) to appoint the NAO as S4C's external auditors for 2019/20 until the relevant legislation is revised (when the Secretary of State will be permitted to appoint the NAO under statutory provisions), with the appointment being applicable to the S4C Group (including the Public Fund and all S4C's commercial subsidiaries);**
- (iii) to allow the NAO access to the S4C Group's activities for the purpose of carrying out Value for Money audits;**
- (iv) to authorise the Chair, Chair of the Audit and General Purpose Committee and Chief Executive to:**
 - (a) approve the agreement between S4C (and its commercial subsidiaries) and the Secretary of State, and the agreement between S4C (and its commercial subsidiaries) and the NAO for the appointment of NAO as external auditors;**
 - (b) agree and publish a tender document for the provision of S4C's internal audit services for 2019/20 – 2021-22, with the Audit and General Purpose Committee to consider and submit any proposals received for the Board's approval (in accordance with the Committee's Terms of Reference);**
 - (c) agree with Grant Thornton to continue to advise on any relevant financial matters currently being pursued;**
 - (d) conditional upon the completion of any work under (c) above, to agree and eventually publish a tender document to provide financial and tax advisory services to the S4C Group, with the Audit and**

General Purpose Committee considering any proposals received and submitting its recommendation to the Board; and

- (v) conditional upon (i) - (iii) above, to instruct the Commercial Board to appoint the NAO as auditors for the commercial subsidiaries in line with the proposed agreement between S4C, the NAO and the DCMS.**

6. Chief Executive's Report

The Chief Executive presented his report and made particular reference to the following matters.

Legislative Changes

EM presented a note provided by the DCMS including instructions for the Office of Parliamentary Counsel to draft a parliamentary bill to update the relevant statutory provisions in accordance with the recommendations of the S4C Review.

A discussion ensued on the draft instructions with the Board expressing that they were glad to see that the instructions drawn up by the DCMS were in line with most of the Review's recommendations.

It was noted that there would be a further opportunity to discuss drafting issues with the DCMS and Parliamentary Counsel following the drafting of the bill, and if the bill was then submitted to Parliament that there would also be an opportunity for MPs scrutinising the Bill on the relevant Standing Committee to propose amendments.

S4C VAT Status

An update was given on discussions in relation to S4C's VAT status.

Relocation, Co-location and Parc Tŷ Glas Progress Report

OE referred to the monthly progress report on the Relocation, Co-location and Parc Tŷ Glas decommissioning projects.

It was noted that the BBC had become responsible for running S4C's broadcasting technical services under the TSA provisions on 25th February, with 34 S4C staff transferring to the BBC. The next few months will be an opportunity for S4C and the BBC to develop new methods of collaboration on the provision of technical services, and for staff to become familiar with BBC procedures before relocating to Central Square in 2020.

It was proposed to establish an internal co-location committee to manage the project, as with the Relocation project.

Young Audiences Content Fund

It was noted that SWR had been invited to sit on the Fund's advisory committee which is administered by the BFI. It was asked whether SWR's membership would create a conflict of interest which might mean that S4C would not be able to apply for funding from the Fund. It was explained that SWR's position as S4C's Commissioner of Children and Young People Content had been noted and that the Fund had confirmed that this would not prevent S4C from applying to the Fund.

Y Byd yn ei Le: Wales Week

A constructive session was held jointly with ITV Wales as part of the activities of Wales Week in London, with discussions about the leadership of the Urdd and National Eisteddfod with SL and Betsan Moses. It was a good opportunity to welcome a number of stakeholders from London to one of S4C's activities.

Visit to MG Alba

OE spoke of his visit to MG Alba in Stornoway. It had been a good opportunity to discuss collaborating with MG Alba, and to learn more about the structure of broadcasting and its challenges in Scotland, including the BBC Alba service and the new BBC Scotland service. The aim was to continue the collaboration.

Adequate Funding Campaign

OE noted that preparatory work was being carried out for the Government's Spending Review which is to be conducted in June, with a Comprehensive Spending Review to follow in the next two years.

Update on S4C's role with respect to the Welsh Government target of a million Welsh speakers

CHR provided an update to the Board on S4C's role with respect to the Welsh Government's target of a million Welsh speakers. The report focussed on language and education partnerships, being amongst the key objectives of S4C's Partnership Strategy for 2018-21.

Reference was made to specific partnerships with the following organisations.

The National Centre for Learning Welsh

Officers from the Centre and S4C had been working together on developing S4C's content to match the Centre's new syllabus, with the Centre tailoring its lessons for specific series.

It was noted that introducing a 'learners' button and zone on the website was being considered to facilitate access to relevant content.

Mudiad Meithrin

Work was continuing on developing a MoU between S4C and Mudiad Meithrin.

Cyw's content is being used as part of the Clwb Cwtsh scheme.

Education

A pilot scheme was being run using *Amser Maith Maith Yn Ôl* to introduce elements of Welsh history in schools. Specialist advice had been given by teachers who are developing the humanities specification for the new curriculum. Canolfan Peniarth were developing a resource pack to complement the series.

It was noted that the *Hanes Cymru Trwy'r Iaith* series was currently being developed. S4C has requested the sector to propose ideas for an ambitious, multi-platform campaign.

Language Technology

Discussions were continuing with the Government on developing voice recognition software and services.

Other partners

It was asked whether the S4C strategy would be expanded to include other stakeholders relevant to the development of the language, such as the Urdd, National Eisteddfod and Mentrau Iaith. OE explained that the next step would be to expand collaboration with these organisations. It was suggested that collaboration on education with the WLGA should be discussed, and also with the Government's education department, since the association represented all education authorities in Wales.

The Board welcomed the progress report on S4C's education partnerships but noted that the Action Point involved gaining a better understanding of how S4C could contribute to achieving the Government's strategic objective. It was resolved to revisit the Government strategy to analyse in more detail whether S4C is taking all necessary steps in helping to reach the target.

It was resolved that GW would draw up a communication plan to present S4C's activities in the context of reaching the target of a Million Welsh Speakers.

Preparing for the Strategic Session in May

OE gave an outline of what will be presented to the Board in May.

It was noted that the strategy headings would lead to a discussion on priorities and expenditure in a number of areas, such as promotion and marketing, content (television and digital), the sector and the industry. The document will focus on the short-term (for 2019/20), medium-term and long-term (up to 2027).

OE explained that work was being undertaken to develop an 'industrial policy' for S4C. To this end, research had been commissioned in order to better understand the current state of the industry in Wales.

It was resolved that OE would present the strategic options for the Board's consideration in May.

It was resolved that the Board would receive a quarterly update on achieving the Digital Plan's objectives as presented to the Board in February.

Report on Operational Objectives for 2018/19

OE gave a verbal report on progress relating to the Operational Objectives for 2018/19, with the Chair proposing that the Chief Executive's evaluation response should be used as the basis for producing a formal progress report on Operational Objectives.

It was resolved to present the 2018/19 Operational Objectives Progress Report to the Board's meeting in May.

Operational Objectives for 2019/20

A discussion was had regarding developing Operational Objectives for 2019/20. The Board noted that the service's performance is crucial for the Objectives. A discussion then ensued on appropriate performance measures for the television and online services as part of the performance measurement framework.

It was noted that S4C's performance should be viewed in the wider context of PSB services and online media services, including SVOD services. It was noted that any target should be ambitious yet achievable within the wider pattern of media usage.

It was resolved to develop Operational Objectives for 2019/20 using the Chief Executive's Objectives as a basis. For considering objectives for the performance of the service, it was noted that a performance indicator framework was already in place and that a positive target should be developed to ensure that the service performed satisfactorily within that framework.

7. 2019/20 Budget and Draft 5 Year Financial Plan

ShW presented the draft Financial Plan for the 5 years from 2019/20 until 2023/24, which included the draft Budget for 2019/20.

Technical Expenditure on the Llanishen Estate

Technical expenditure was down over the plan period, as the technical services will be co-located with the BBC under the provisions of the TSA Agreement. As S4C's direct costs decreased, TSA contractual costs were introduced into the Plan. It was noted that these figures hadn't yet been confirmed with the BBC and would be signed off following work on the Operational Design of the new broadcasting systems at Central Square.

Ofcom Pension Fund

It was noted that the last payment relating to the Ofcom Pension Fund deficit had been made in February.

The Board approved the 2019/20 Budget in the context of the 5 Year Financial Plan.

8. Monthly Analysis Presentation

CE presented the Monthly Analysis Report for the month of February.

9. Presentation on the International Drama Strategy Review

GML presented a review of the International Drama Strategy including a review of the Strategy's performance to date, the dramas already broadcast, the Strategy's objectives

of creating a *Cymru Noir* brand and of putting Welsh identity and stories about Wales on an international stage, the scheme to re-establish S4C as a co-production partner and to develop new co-production models, and of international partnerships already established.

The Strategy had created a number of successful and high quality series and succeeded in attracting a new and younger audience to the channel, together with re-establishing S4C as an international co-production drama partner.

It was noted that S4C faced a number of challenges which affected its ability to provide high quality international drama, including its ability to foster talent in the sector, attract the best talent to work for S4C rather on the productions of other broadcasters, and the low level of S4C's budgets (compared with other international drama).

A number of recommendations were made for future consideration, including the creation of a new role to strengthen S4C's ability to develop new ideas, prioritising the launch of the 'S4C Originals' brand, to seriously consider increasing S4C's expenditure on international drama and budgets per hour, creating a catalogue of titles for the international market, developing further plans to foster and develop creative and technical skills, including the development of Welsh language authors.

The development of talent had been an important priority for the Strategy. The number and quality of plays broadcast is testament to the talent that exists, whilst noting the continuing concern about the community of people available to develop and write plays for television.

It was noted that creative and technical talent needed to be developed as part of developing the proposed Industrial Policy.

The tax rebate incentive scheme for producing drama in the UK was discussed, together with the minimum expenditure of £1m per hour. The threshold means that in reality neither S4C nor its partners and production companies who work for S4C are able to benefit from the scheme.

It was noted that the complexities of the current tax incentive scheme should be considered as part of developing the Industrial Policy.

Members asked how the International Strategy fitted with the general drama framework, including other kinds of drama that fall outside the international or *noir* category. GML explained that a wide variety of drama was proposed for the schedule, with dramas such as *35 Awr*, *Byw Celwydd* and *Parch* contributing to a diversity of subjects and styles.

Members asked about the inter-relationship between soap-operas and international drama, and what were the benefits or challenges in terms of developing skills and ideas. It was explained that soap-operas from the outset had given actors and crews different opportunities and offered a stability that was lacking with individual projects. It was sometimes difficult to attract acting and technical talent from soap-operas to individual productions, because of the stability that soap-operas could offer, and this had been a perpetual problem for S4C and other broadcasters.

The Chair thanked GML on behalf of the Board for her presentation and for leading on drama provision over the past 7 years, and for the notable successes, and wished her well with her next venture.

10. **Image Tracking Presentation 2018/19**

It was noted that yesterday Beaufort presented the S4C Image Tracking Report for 2018/19. A copy of the report was provided to the Members.

11. **Reports from Committee meetings**

The following reports from Committee meetings held since the Board meeting in February were presented.

12. **Meeting of the Audit and General Purpose Committee held on 20th February 2019.**

Draft minutes of the Audit and General Purpose Committee meeting held on 20th February were presented to the Board for information. HHE had given a verbal report to the Board at its meeting in February.

HHE noted that Shirley Garrod had been appointed to the BBC Board and Chair of its Audit Committee. HHE noted that he intended to write to her in order to establish S4C's relationship with the new Chair.
13. **Meeting of the Content Committee held on 20th February 2019.**

The draft minutes of the meeting of the Content Committee held on 20th February were presented to the Board for information.
14. **Minutes of the Meeting of the Commercial Board held on 13th February 2019.**

The draft minutes of the meeting of the Commercial Board held on 13th February were presented to the Board for information. OE had given a verbal report to the Board at its meeting in February.
15. **The past month's programmes**

An extended discussion was had about the past month's programmes.
16. **Viewers' Hotline and Complaints and Compliance Reports**

The Viewers' Hotline report was presented for information. The following matters from the Hotline Report were noted.

Newid Hinsawdd – Ysgol Gartholwg had made use of the series and Members enquired how we could encourage more schools and teachers to avail themselves of S4C content. It was explained that regular discussions were held with Government education officers to encourage schools to use S4C resources, and to ensure that relevant S4C resources were available on the 'Hwb' educational portal.

Reference was made to questions about the availability of subtitles on Clic. It was explained that subtitles were available but that an element of confusion or technical faults prevented some people from getting them. It was noted that the Hotline would confirm the position with the Digital Department in order to provide a clear response to further comments.
17. **Programme of Work**

The Board's draft Programme of Work for 2019 was presented for information.
18. **Any Other Business**

No other business was discussed.