



S4C Authority Meeting Minute

22 November, 2017, S4C, Llanishen, Cardiff

Meeting No. 412

Present:	Huw Jones	(Chairman)
	John Davies	(Member of the Authority)
	Hugh Hesketh Evans	(Member of the Authority)
	Guto Harri	(Member of the Authority)
	Siân Lewis	(Member of the Authority)
	Elan Closs Stephens	(Member of the Authority)
S4C Staff:	Owen Evans	(Chief Executive)
	Amanda Rees	(Creative Content Director)
	Llion Iwan	(Head of Content Distribution)
	Sharon Winogorski	(Chief Finance Officer) – item 6
	Phil Williams	(Secretary to the Authority)
	Bethan C. Williams	(Assistant to the Secretary to the Authority)
Apologies:	Gwyn Williams	(Director of Communications)
	Elin Morris	(Corporate and Commercial Director)

STANDING ISSUES:

1. **Welcome and Declaration of interest**

The Chairman welcomed all present to the meeting.

ECS declared an interest in the subject of the Financial Assurance Report to be presented to the BBC Board, in her capacity as Director for Wales on the BBC Board, and noted that she would not participate in the discussion regarding the report.

No other declarations were made.

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

2. **Minutes of meeting 411** (held on 26.10.17)

The minutes of meeting number 411 were presented.
It was noted that a date needs to be arranged for the Complaints Committee.

The Authority approved the minutes of the meeting on 26 October.

Action Points/Matters Arising

2.1 The Llanishen Estate

[**Summary:** It was noted that discussions were ongoing with potential buyers.]

2.2 S4C Archive

ECS had sent a letter for the attention of Elin Morris and Heather Stewart, BFI, who is responsible for large projects, so that they can discuss the matter further.

OE plans to meet with Linda Thomas to discuss collaboration between the Library and S4C on archiving projects, and the public access to the S4C collection.

2.3 Agreements with the BBC

It was noted that the Partnership Agreement and the TSA had been signed on the 7 November, and that there had been a positive reaction to the announcement in the press, although the amount of attention was low as the partnership and the intention to co-locate have been public for some time.

2.4 Relocation

The new Project Manager will be starting on his work in December. OE was keen to discuss the Relocation project with staff, and had already met a large number of staff and noted his desire to include them in the process of planning for the move to the Egin.

OE will provide an update on the staffing plans for the Egin by December following a series of meetings with each department.

An update is also expected from the University regarding the commitments from other companies within the building in Carmarthen. The conditions of the agreement with the University indicated that around 60% of the space available in the building needed to be filled before the terms of the agreement for the S4C lease are met.

2.5 A New Strategy for S4C

A new strategy will be created for the whole organisation, which will include elements for programmes, promotions, partnerships, training, digital developments, commercial undertakings, how to improve S4C's ability to work in partnership, and financial options in terms of the future strategy. A draft strategy will be presented at the Authority's Away day in January, and then presented for final approval in February.

2.6 FOI Requests

The need to ensure that there are appropriate resources available to deal with requests received was noted. Options will be presented to the next Complaints Committee meeting.

It was noted that a substantial request had recently been received, relating to seven

agreements between the BBC and S4C concerning the Co-location project.

2.7 **Appointments to the Authority**

An update was given regarding appointments to the Authority. It was noted that DCMS officers were very aware that a statement had been made which confirmed that there would be developments before Christmas. It was suggested that discussions between government departments are currently slowing down the process.

DCMS officers were of the opinion that no additions or changes would be required to the job description agreed in December 2016, as a result of possible comments within the Review, as it is considered that the job description is sufficiently flexible to respond to any possible recommendations. There was an element of concern that not all relevant DCMS departments understand the severity of the current situation.

A member asked what the minimum number of members was, and it was explained that the Authority has the power to choose a quorum itself, noting that a decision had recently been taken to reduce the quorum from four to three until the new members are appointed. The Authority can consist of up to nine members and a chair. The statutory provisions state that the Authority's decisions would still be valid even if there were fewer members than the minimum of 4 in the act.

2.8 **Internal Audit Work Programme for 2017/18**

Unfortunately, no internal audits have been completed so far this year. It was explained that this could create a problem with the committee's work programme for the year.

Concern was expressed by Members regarding PWC's work schedule, and the risk created in delivering the work programme which is necessary for the preparation of the annual report and the financial statement.

There was a discussion about S4C's recent audit tenders and it was noted that there had been little interest expressed by audit companies. This may be due to the level of fee S4C offers for the work, and a misunderstanding about the nature and range of work. It was suggested that S4C should prepare the way in Carmarthenshire for the next tenders in order to raise awareness of the opportunities available to local audit companies when the current tenders expire.

It was noted that PW will discuss the work of the internal auditors with Kevin Williams, PWC.

2.9 **Informal Meetings with staff over Lunch**

Members discussed the options for meeting and having informal discussions with staff. There was a feeling that the informal lunchtime meetings were no longer fulfilling their purpose, but others felt that the meetings were important and offered staff the opportunity to express their concerns to Members, and for Members to get to know some of the staff.

It was noted that no Staff Survey had been held for a number of years, and that officers had been arguing against holding one at the time due to unusual factors such as the response to the Relocation project. The Authority was still of the opinion that it was important to conduct regular staff surveys, and to understand more about the views and concerns of staff in order to allow officers to respond positively and to try to solve any problems. OE explained that he had already spent a lot of

time meeting and discussing with staff, and he was very keen to maintain an open dialogue and relationship with them, giving them the opportunity to discuss difficult topics such as Relocation and the planning of the office and the work patterns at the Egin.

There were a number of suggestions for the format of meetings between Members and S4C Staff, e.g. a social gathering with Christmas Carols and a formal meeting once a year led by the Chairman.

It was decided to continue with the previous arrangement of holding a quarterly informal meeting over lunch, with the next date to be arranged.

2.10 **The Cyw Brand**

[Summary: Discussions were continuing regarding the longevity of the Cyw brand together with development work on the brand, the characters and on the sale of formats.]

The work on developing the Cyw brand in terms of selling formats internationally continues. **A report will be presented to the Strategic Board before Christmas, and then to the Authority in the new year.**

2.11 **Training**

Reference was made to an update on the Training Strategy in the action points, and it was noted that the work was continuing on developing the strategy.

It was noted that there will be an opportunity to discuss training priorities with TAC when the TAC representatives attend the Authority's meeting in December.

Members and officers were asked to consider any issues that need to be discussed with TAC during the December meeting and to send them to the Chairman.

2.12 **Inviting Ministers to the Events**

It was suggested that an invitation be sent to the Minister, Matt Hancock MP to attend, and to participate in S4C's events, such as at the Royal Welsh Show.

2.13 **Viewers' Evenings / Audience Views**

Following the preparations for recent Viewers' Evenings, and meeting officers from Menter Môn, the need to consider ways of finding out the views of those who do not attend the evenings and those who do not watch S4C has been identified. It was noted that this would form part of the activities of the Insight department, and also that the current system of viewers' evenings should continue to be developed.

2.14 **The Commercial Board**

It was noted that a review of the commercial strategy will form part of the overall strategy review to be presented by the Chief Executive in January.

3. **Chairman's Report**

3.1 The Chairman presented his report and referred specifically to the following issues.

3.1.1 **The Review**

Discussions between OE, HJ and PW and the Reviewer and his officers within DCMS are continuing. The DCMS aims to publish the report in mid-January 2018.

3.1.2 **Appointments**

Consideration was being given to the Unitary Board model, with an independent Chairman, five non-executive members and three executive members. DCMS lawyers believe that legislation may be needed to achieve this. S4C was of the opinion that a unitary board structure could be achieved without legislation, by updating the MOU between the DCMS and S4C, and by agreeing on suitable appointments processes, and in particular delegating the ability for the non-executive directors to appoint the executive directors, rather than the Secretary of State.

The reviewer appreciated the need to ensure a balance of skills within the membership of the body as a whole, rather than advertising for members with specific skills.

3.1.3 **Ofcom**

The reviewer understood that S4C was already regulated by Ofcom under legislation rather than a licence. DCMS officials had been asking many questions about the statutory regulatory structure, and understood the complexity of the picture.

3.1.4 **Funding**

The reviewer and the DCMS were continuing to discuss S4C's funding issues, including options for dealing with the proposed cuts in the DCMS grant funding, the inflationary pressures facing S4C and the reimbursement costs of the loan for relocation and co-location.

[Summary: The officers' views on the financial situation up to 2021 were noted.]

Initial discussions had been held with DCMS officials discussing options that could alleviate the situation over the next few years, including funding the proposed cuts from the DCMS's annual reserves, considering a source of funding to deal with the effect of inflation, and changing the loan into grant funding, or at least adjusting the repayment schedule.

3.1.5 **Preparing for the Away Day in January**

It was noted that the purpose of the away day will be to discuss the new strategy that OE is preparing. Members will have the opportunity to propose topics for discussion at the December meeting, or suggestions can be e-mailed to the chair.

3.1.6 **Feedback from the Viewers' Evenings at Llangefni and Abergavenny**

A summary of the feedback from the Viewers' Evenings at Llangefni and Abergavenny was presented. It was noted that both evenings had been positive, with approximately 70 viewers attending. Due consideration will be given to the feedback by the Content committee and the officers.

There was a discussion about the structure and purpose of the viewers' evenings, and it was pointed out that it is difficult to attract those who do not watch S4C to discuss the output. A feedback session had been arranged with Momentum, the

company which coordinates the audience at the viewers' evenings, to better understand the challenges of attracting people to come and discuss S4C's output.

The Authority was keen to consider digital/online options for ascertaining the views of viewers, to use partners to canvass audience views and to consider how to make the viewers' evenings more accessible to parents with children.

A meeting held between S4C officers and representatives of Menter Môn was discussed, and it was noted that comments made by Menter Môn suggested that S4C were either unwilling or unable to partner with the Mentrau Iaith.

3.2 **Financial Assurance report Q1 and Q2 2017/18**

A draft financial assurance report was submitted for Q1 and Q2 2017/18 which is to be submitted to the BBC in accordance with the provisions of the Partnership, Funding and Accountability Agreement.

It was explained that the purpose of the report was to provide financial assurance with respect to S4C's use of licence fee funds. The report was based on a draft document submitted to the Authority in April. Officials had discussed the document with the BBC, and the BBC was happy with the format.

The report does not present an assessment of the performance of the S4C service, but rather focuses on the appropriateness of the spend of licence fee money, and the appropriate principles in the Government's manual, Regularity and Propriety, which is an extension of the type of reporting to the DCMS.

The necessity for a separate financial reporting process for the BBC was queried, and whether the production of specific financial assurance reports was an unnecessary, additional workload. The need to ensure that as much as possible of S4C's money was spent on the service, rather than on tasks such as preparing reports, was emphasised.

It was explained that the report was not onerous to prepare, and that there was a requirement under the new Partnership, Funding and Accountability Agreement with the BBC to prepare such a report. In discussing the format of the report with the BBC, officers had sought to ensure that the report did not create any new work, and that existing work and data could be used, thus avoiding the need to create new work streams.

The Authority approved the draft Financial Assurance report for Q1 and Q2 2017/18 for submission to the BBC.

4. **Chief Executive's Report**

The Chief Executive presented his report, and specifically referred to the following issues.

4.1 **Agreements with the BBC**

The Partnership, Funding and Accountability Agreement and the TSA had been signed, and OE was looking forward to continuing to develop the partnership with the BBC locally and centrally.

4.2 **Human Resources**

He had tendered for a suitable Human Resources support service for the Relocation

and Co-location projects. He was also considering appointing a new HR manager for the long term, as there was currently no appropriate support available in S4C.

4.3 **Relocation Project**

He was very keen for staff to be involved in the planning of the move, the new office space and new flexible working practices. He had encouraged teams to discuss how they want to work in the Egin. In the new year, he hoped that there will be a clearer picture in terms of preparing for the move and that the staff response to the project will be more positive.

4.4 **A New Strategy**

OE explained that he was eager to develop a new comprehensive strategy for S4C that will draw all elements of the body's activities together. The intention is to submit a draft of the strategy for discussion at the away day in January.

Ambition was needed in the strategy, including the aim to reach the Oscars awards within five years. LII was already working on a strategy to achieve that.

He was also keen to develop the role of S4C in promoting new technology through the medium of Welsh, such as voice recognition technology for the control of televisions and other devices.

It was noted that the intention was to re-launch the Clic brand for S4C's online service, and to update App so that it offers more information on programmes and individual suggestions for users.

It was interesting to note that the audiences at viewers' evenings were still referring to the "Clic" provision rather than "Gwyllo ar S4C".

4.5 **Meeting Partners**

During the month, he had continued to meet representatives of the production companies, other partners and politicians.

He noted that he was very keen to develop the engagement of S4C's partnerships and had already held a meeting with the main partners, such as the Welsh government, Radio Cymru, the Urdd, the national Eisteddfod, and Menter Caerdydd.

5. **Last Month's Programmes**

[Summary: There was a discussion about the programmes broadcast during the past month including the drama and entertainment provision, and some of the programmes provided by the BBC were discussed.]

QUARTERLY ISSUES:

6. **Quarter 2 Financial Report 2017/18**

ShW presented the financial report for quarter 2 2017/18.

She explained that new financial planning was underway in order to prepare a number of scenarios for dealing with the financial pressures of the next few years.

She was asked whether S4C had a reserves policy, whilst stating that such a policy could be a way of safeguarding funds at the year end, or of reducing the risk of transferring money from one year to next. It was explained that S4C did not have such a policy, but that S4C carries a small percentage of income forward from one year to the next, where this money has been earmarked for specific projects. The assets of the Commercial Fund were also defined as fixed assets.

It was also explained that the approach of the DCMS to retaining reserves and bringing forward money from one year to the next has been very strict in recent years, and that they perceive any money that has not been earmarked to specific projects as an underspend which could be considered when assessing the future funding needs of public bodies. As a result, S4C did not have a specific reserves policy.

However, the DCMS view had recently changed. They now see that there are risks within their public bodies, and that reserves within the bodies are a means of protecting and reducing the financial risk to DCMS, if problems arise within individual organisations.

[Summary: The topic of the cost of consultants was raised. OE explained that he had already reviewed the expenditure on such consultants.]

7. **Reports from the Committees**

Commercial Board Meeting

[Summary: The minutes of the Commercial Board meeting were submitted. It was noted that a verbal update had been presented to the Authority at its October meeting. The FCA Advert was discussed and an update was given about the Wales Lottery.]

8. **Viewers' Hotline Report**

The Viewers' Hotline report was submitted for information.

The comments made about problems with the technical availability of the Clic service were discussed. It was explained that the technical support for Clic was based on IT support during office hours only, and this depended on one person. Officers are considering the options for arranging suitable technical support for the online provision.

9. **The Complaints Report**

The complaints report was submitted for information.

10. **Authority Work Programme**

The Authority's Work Programme was submitted for information. It was noted that an Away Day will take place in January 2018.

11. **Any other business**

No other matters were discussed.