



Present:	Huw Jones John Davies Guto Harri Siân Lewis Elan Closs Stephens	(Chairman) (Member of the Authority) (Member of the Authority) (Member of the Authority) (Member of the Authority)
S4C Staff:	Ian Jones Gwyn Williams Amanda Rees Elin Morris Steve Thomas Phil Williams Bethan C. Williams	(Chief Executive) (Director of Communications) (Creative Content Director) (Director of Corporate and Commercial Policy) (Strategy and Policy Adviser)- item 6.2 (Secretary to the Authority) (Assistant to the Secretary to the Authority)
Apologies:	Hugh Hesketh Evans	(Member of the Authority)

1. **Welcome and Declaration of interest**

The Chairman welcomed all present to the meeting.

He noted that this was Ian Jones' last meeting and thanked him for his key contribution and dedication to S4C since 2012.

Members with an interest in the business of the meeting were asked to declare their interest.

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

2. **Minutes of meeting 409, held on 13 July, 2017**

The minutes of meeting number 409 (held on 13.07.17) were presented.

The minutes were approved by the Authority.

3. **Register of Action Points and Decisions and Matters Arising**

The Register of Action Points and Decisions was submitted for information, and the following specific Matters were raised.

3.1 **Appointment of Authority Members**

It was noted that a question had been asked on the House of Commons floor regarding new members for the Authority, and that the Minister had indicated that advertisements would be published before the end of the year.

An element of concern was noted that the DCMS could delay until after the Review in order to consider structural issues before advertising for new members.

Officers were constantly reminding politicians and DCMS officials about the need to appoint new members. The Chairman had also discussed the subject with Karen Bradley and Alun Cairns.

3.2 **Internal Appeal of a Freedom of Information Request**

A note had been received from the Information Commission regarding the process of dealing with BBC Wales' request for an internal appeal with respect to their freedom of information request.

JD noted that the Complaints and Compliance Committee will consider the note together with the resources required for future freedom of information requests.

3.3 **Autumn Budget**

The Autumn Budget to be announced on 22 November was raised. It was noted that there was no intention to re-submit the S4C strategy or funding requirements to the Treasury as the Review was now in place, however, the need to remind the DCMS and the Treasury of the necessity to ensure provision in order to consider any recommendations regarding financing in due course should be considered.

It was decided that a factual note should be submitted to highlight to the DCMS and the Treasury the need (i) to protect DCMS's current grant funding level in the Autumn Budget and (ii) to indicate that provision is needed to respond to the possible recommendations of the Review.

3.4 **Contract for the Lease on the Egin Building**

[Summary: An update was presented regarding the process of signing the agreement for the Lease on the Egin building.]

3.5 **Borrowing Powers**

DCMS had provided information regarding the grant deposit, and S4C officials are currently discussing the detail of the arrangements.

The situation with respect to the Llanishen estate was raised and it was noted that the Council's officers had refused a pre-planning application for a housing only development. The intention is to try to market the site for a period of up to one year and if it is not sold to reconsider the planning options.

[Summary: The position with respect to prospective buyers was discussed in the light of the news about the pre-planning application.]

4. **Chairman's Report**

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

4.1 **Meeting with Euryn Ogwen Williams**

The Chairman noted that he, OE and IHJ had met with Euryn Ogwen Williams and Ffion Williams of the DCMS. It was a constructive meeting, and there had been an

opportunity to discuss a number of topics including working in partnership, structural issues and the Unitary Board model, the relationship with Ofcom and financial matters.

It was noted that the Authority was pleased to hear that there was a positive dialogue taking place with the Reviewer, and a discussion was held on a number of the relevant topics.

The appointment of officers to a unitary board was discussed, and it was noted that it would be necessary to ensure that the non-executive directors would have the right to appoint the executive members. It would not be possible to accept a situation where the appointment of officers to the S4C unitary board would be made by or approved by the Secretary of State. This would undermine S4C's independence and the fundamental principles of public service broadcasting.

It was suggested that the current title of the management team, the Strategic Board, may contribute to the confusion about the status of the current structure and the role of the Authority as S4C's non-executive board.

There was a discussion about the options for the structure of a unitary board, including the balance of non-executive and executive members. The BBC board was based on 10 non-executive members and 4 executive members. It was suggested that 6 non-executive members and 3 executive members would be a potential model, but any proposals for the structure would need to be carefully considered before they are submitted to the Reviewer.

It was agreed that a potential model for the structure of a Unitary Board structure for S4C should be drawn up to be presented to the Reviewer in good time for a further meeting in November.

4.2 The Reviewer was aware that there was already a statutory relationship between S4C and Ofcom, and he was of the opinion that the current relationship should be the basis of any future developments.

Ofcom's plans for the regulation of the BBC were discussed, and the system of detailed, quantitative quotas for the various types of commission, the hours per genre and the number of original hours within the television and radio services' schedules. It was noted that the Authority would have concerns about following a similar model in terms of S4C's service, as it would restrict commissioning decisions and would mean that the schedule and strategy would have to be configured to achieve these quantitative targets exclusively. It was noted that this would extend the current definition of 'regulation'.

When considering any fundamental changes to S4C's regulatory and accountability arrangements, it was noted that it was important to ensure that the discussion, and the Reviewer's focus, is concentrated on understanding the issue or problem that is being resolved, rather than on a wish to change the system only in order to do away with a unique situation.

It would be necessary to ensure that any new regulatory arrangements were proportionate to the function, and also to remember the context of S4C's wider accountability, and the current requirements in terms of accountability to the DCMS, the WAC and CMS Committees in Westminster, to the Welsh Assembly and to the BBC Unitary Board (for financial matters).

Ofcom is a television regulator, and Ofcom's powers do not encompass the online content areas of the BBC and S4C. In considering the increasing importance of

online platforms and new types of content, the creation of new heavy-handed structures with a television regulator ignores the context of the use of S4C's content. In terms of the BBC, Ofcom and the BBC have developed a MOU that states that the BBC would 'take account' of Ofcom's view in the context of online content where Ofcom does not have regulatory powers.

It was noted that it was important to remind the Reviewer of the Authority's statutory duty to ascertain the views of the viewers. This duty places a responsibility upon the Authority to consult with the audience about S4C's service. This responsibility is more important than following a structure of quantitative targets in delivering the service.

Ofcom's responsibilities with respect to the regulation of guidelines for traditional EPGs were referred to, and it was noted that the PSB broadcasters are of the opinion that Ofcom should also be considering how to secure the appropriate status for broadcasters on smart TV sets in the future - but that Ofcom had not to date shown an appetite or willingness to do so. It was suggested that the Reviewer's attention be drawn to positive issues that Ofcom could consider rather than to creating a system of quantitative quotas for the only Welsh language television service.

It was agreed that informal discussions should continue with the Ofcom officers, as should discussions on the options for a relevant regulatory structure with the Reviewer.

- 4.3 It seemed that the review team did not believe that there would be a lot of political desire to find more revenue income for S4C in the short term. However, there was an understanding of the importance of the need to ensure a link between S4C's income and inflationary pressures.

The importance of securing leadership, principles and a framework that could be used in 2022 to consider S4C's long term funding was noted.

AR noted an element of concern about BBC Wales' ability to increase programme budgets following the BBC's recent financial commitments to Wales. She explained that this could have an impact on the budget expectations of S4C's suppliers. There was also a risk that in the future production companies would present their best ideas to the BBC before submitting them to S4C.

It was decided that discussions should continue with the Reviewer and that a series of technical briefing notes should be prepared in areas such as a Unitary Board, Ofcom, a process for considering Adequate Funding, the commercial undertakings and the service's hourly pattern.

5. **The Partnership Agreement with the BBC**

The Chairman referred to decisions made by the Authority via e-mail since the special meeting of the Authority on 8 September.

5.1 **Approval of the S4C and BBC Partnership Agreement**

Following the Authority's meeting on 8 September further discussions were held with the BBC in London to reach agreement on the details of the new Partnership Agreement.

Constructive discussions took place with the BBC Company Secretary once again, and the parties were able to reach an understanding on a draft to be presented to

the Authority and to the BBC Unitary Board.

The revised draft of the agreement was submitted to the Authority via e-mail on September 14th.

[Summary: Reference was made to the changes included in the new draft of the Partnership Agreement sent to Members.]

The Authority unanimously approved the Partnership Agreement submitted (with the exception of ECS who had declared an interest in the matter, and as a result had not voted) by e-mail on September 15, delegating the right to the Chairman to discuss minor changes with the BBC if necessary.

It was noted that the BBC Board had considered the draft Partnership Agreement at its meeting on 21 September and had approved the agreement subject to a small number of drafting suggestions, delegating the authority to ECS to discuss any further changes with S4C on their behalf.

Following the approval of the Authority to the Partnership Agreement by email on 15 September 2017, the Authority approved further recommendation by e-mail to authorize Owen Evans to sign the introduction of the agreement in his capacity as S4C Chief Executive Officer (if the Partnership Agreement between S4C and the BBC will sign before 2 October 2017) or as a Chief Executive (if the agreement is signed on or after 2 October 2017), with the Chairman signing the deed itself and presentation on behalf of S4C.

Following the approval of the Authority via e-mail of the Partnership Agreement on 15 September 2017, the Authority approved a further recommendation via e-mail to authorise Owen Evans to sign the introduction of the agreement in his capacity as S4C's Chief Executive Designate (if the Partnership Agreement between S4C and the BBC is signed before 2 October 2017) or as Chief Executive (if the agreement is signed on or after 2 October 2017), with the Chairman signing the deed itself and the introduction on behalf of S4C.

5.2

Authority to sign the TSA and the Lease Agreement for the Egin

It was noted that officers were aiming to sign the TSA with the BBC within the next two weeks. It was explained that the intention was for IHJ to sign the TSA on behalf of S4C, as he had been leading the project for three years.

[Summary: Reference was made to IHJ's contractual terms for leaving his role as S4C's Chief Executive in order to confirm his legal authority to sign on behalf of S4C.]

It was noted, therefore, that it was possible for him to continue to act on behalf of S4C, provided that the Authority ensures that he is given the appropriate authority to do so.

The Authority approved a recommendation via e-mail on 26 September to authorise IHJ to continue acting on behalf of S4C in the matter of the TSA while still under contract with S4C, and, subject to agreement on the drafting of the TSA, to authorise him to sign on behalf of S4C, provided the agreement is signed by 31 December 2017.

In addition, the Authority approved a recommendation to allow IHJ to

execute the signing of the Lease Agreement for the Egin subject to the resolution of any remaining issues between S4C and UWTSD, provided the agreement is Signed by 31 December 2017.

5.3 The arrangements for publishing the agreements were raised. It was explained that S4C's priority is the Partnership Agreement with the BBC, as it provides stability for the relationship between S4C and the BBC until 2028. S4C's intention to co-locate technical broadcasting services has been part of S4C's public narrative for three years.

5.4 **Letter from Cymdeithas yr Iaith**

The Chairman referred to a letter from Cymdeithas yr Iaith which had been sent individually to Members. A response had been sent acknowledging the receipt of the letter and stating that the Authority would consider its content at its September meeting.

There was a discussion regarding the letter and the Authority's response. The Chairman had considered the headings of a response, and referred to a suggested response in his report to the Authority.

It was agreed that the Chairman should respond to Cymdeithas yr Iaith on behalf of the Authority using the draft response provided in his report.

6. **Chief Executive's Report**

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

6.1 **Salary review**

The Chief Executive presented a report recommending raising general annual salaries at a rate of 1% from August 2017 and 1.75% from August 2018, which are the same rates as the BBC has offered. He explained that the costs of the scheme had been considered, and that the scheme could be introduced within the current budget due to changes in the staffing structure and a number of current vacancies.

It was noted that the negotiations on the BBC conditions of employment contain a large number of elements, not just salary increases, and that this should be taken into account when making any comparisons.

There was a discussion about the recommendations and the rationale for following the BBC's proposals and the offer of a two-year package.

It was agreed to approve the recommendation to introduce an overall salary increase of 1% from August 2017 and 1.75% in August 2018 to be discussed with BECTU representatives.

6.2 **Operational Objectives Review 2017-18**

IHJ presented a half year review of S4C's Operational Objectives for 2017-18.

There was a discussion about the definition of 'juggernaut' programmes and the need to not over-use the term for programmes that do not transform the schedule was noted. AR explained that programmes that are "highlights", or programmes from an existing event are different from "Juggernauts". The term is used to refer to series that could return to the schedule after the first series.

The Visit Wales annual theme was raised and officers were asked if there was a proposal to provide children's programmes based on the Legends theme. It was explained that there was no intention to offer specific provision for children, but that programmes on the Legends theme would be broadcast in the autumn.

They were also asked whether there was a proposal to collaborate on the Visit Wales theme for 2018, namely the Sea. It was explained that there was a desire to collaborate more with partners, but there was no specific intention to work together to develop content to coincide with the theme of the Sea.

There was a discussion about developments in the provision for Welsh learners. It was explained that specific programmes for learners did not achieve a significant reach among learners and that therefore the intended was to consider alternative methods of delivering the programmes within the timetable.

6.3 **Internal Archive Project**

It was confirmed that the work of digitising and archiving the S4C library was continuing and that it would be completed by December.

It was suggested that S4C should re-consider seeking financial assistance from the HLF to complete the project and in order to develop plans to offer public access and online access to the archive in due course. IHJ noted that he had discussed working with the Library with Rhodri Glyn Thomas and Linda Thomas during the Eisteddfod.

ECS noted that the BFI had received significant grants to digitise film and television archives, and that they were cooperating with the National Library. It was suggested that the BFI and the Library should be contacted to discuss possible opportunities to work together in order to facilitate the digitisation of S4C's archive and to open it to the public online.

6.4 **Registration on the website**

The project to introduce the requirement to register in order to use the S4C website, in the same way as the iPlayer, was raised. It was explained that the IT department is currently focusing on integrating the BSM system with the new BBC systems. The meeting noted the need to ensure that the preparations for the TSA should not be detrimental to S4C's ability to develop new elements of the service for the audience.

There was a discussion about the benefits that could be introduced to the audience in return for registering to use the website, and it was noted that the offer of "box sets" was one proposal being considered.

6.5 **Virgin Media**

It was noted that GH had introduced the Chairman to Tom Mockridge, Chief Executive of Virgin Media at the Cambridge Festival.

Virgin had sent a letter to Kevin Brennan MP explaining their position on S4C's EPG number across the UK.

GH noted that Tom Mockridge would be very open to a discussion on how Virgin Media and S4C can work together to promote S4C's service on the Virgin platform.

6.6 **Wales Lottery**

EM explained that a presentation on the performance of the Wales Lottery was to be given to the next Commercial Board meeting.

The Board was very keen to consider the performance of the lottery and the options for the future. The original assumptions made by the consultants appear to have been far too optimistic, and the current performance of the lottery was significantly lower than the assumptions made.

IHJ noted that Tom Parry Davies and Gareth Davies were confident that the Lottery would continue to grow steadily.

It was also noted that the presence of the company at the National Eisteddfod and the Royal Welsh Show had been disappointing. The company had now contracted Liberty Marketing to undertake their marketing work.

It was also disappointing that there had only been one winner, and that they had decided to opt for no publicity about their win.

IHJ was asked whether any stories about the grants by Hanfod Cymru had been published. It was explained that approximately £30k of grants has been distributed to date. Stories were publicised in the areas where the grants were distributed. An element of concern was noted that there was insufficient awareness of Hanfod Cymru among societies across Wales. Hanfod Cymru officials were in the process of visiting societies throughout Wales to promote the grant fund.

7. **Discussion of the past month's Programmes**

[Summary: There was a discussion on the past month's programmes which, amongst others, referred to Bang, Yr Ymadawiad, the programme on Merched y Wawr at 50 and the Opening Concert from the National Eisteddfod - Hedd Wyn: A Oes Heddwch?]

QUARTERLY ISSUES:

8. **Communications Report Quarter 1 2017-18**

GW introduced the Communications Report for Quarter 1, 2017-18 and specifically referred to the following issues.

The priority for the communications strategy was focused on promoting the first episodes of new series.

[Summary: Reference was made to the promotional campaigns for a number of programmes and series. Special campaigns had been prepared for each to try to appeal to specific elements of the audience.]

Public events had been held at Gelli Gyffwrdd, Foel Farm and at the Urdd Eisteddfod.

A print campaign promoting the Cyw products had been successful, with a significant increase in visits to the Cyw goods store. However these visits had not increased the sales during the period.

There was a discussion about the popularity of Cyw products, and it was suggested that many of the products were relatively expensive compared to similar products for children. It was also felt that the shop on the website was too complicated, and it was possible that this could deter sales. The importance of Cyw products in promoting the brand and S4C was noted.

It was decided that the issues relating to the sale of Cyw products, including the type of item, their prices, how they can be purchased - including issues related to the online shop- should be considered and presented in a report to the Authority in due course.

9. **Viewers' Hotline Report**

The Viewer' Hotline Report was presented for information.

[Summary: Reference was made to a complaint received by the Viewers' Hotline and to the steps S4C officers are taking in response.]

10. **The Authority's Work Programme**

Following recent changes to the Authority's schedule of meetings, the dates of the next meetings were noted:

23rd October, 11am	- Content Committee
26th October, 1.30pm	- Authority in Caernarfon with a link to Cardiff
26th October, 6pm	- Viewers' Evening, Llangefni Rugby Club
7th November, 6pm	- Viewers' Evening , St. Mary's Priory, Abergavenny
22nd November, 9am	- Away Day
13th December, 9am	- Authority in Cardiff

11. **S4C Annual Report on the implementation of the relevant Language Standards**

An annual report on the implementation of the relevant Language Standards was presented to the Authority for information. It was noted that this was the first report of its kind to be presented to the Welsh Language Commissioner.

12. **Any other business**

No other matters were discussed.

Date of next meeting:

Thursday, 26 October, 2017