

# **Culture, Communications, Welsh Language, Sport, and International Relations Committee**

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## **Papers to note: full pack**

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Please note the documents below are in addition to those published in the main Agenda and Reports pack for this Meeting

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### **2.1 39th British–Irish Council Summit**

(Pages 1 – 2)

Attached Documents:

- Letter from the First Minister to the Legislation, Justice and Constitution Committee: British–Irish Council Summit in Jersey – 19 July 2023
- Response from the First Minister: 39th British–Irish Council Summit – 28 July 2023

### **2.2 Challenges facing the creative industry workforce in Wales**

(Pages 3 – 20)

Attached Documents:

- Letter from the Deputy Minister for Arts, Sport and Tourism: Challenges facing the creative industry workforce in Wales – 18 July 2023
  - Annex 1: Creative Wales Skills Fund – Project funding

### **2.3 Council of Europe Convention on an Integrated Safety, Security and Service Approach at Football Matches and Other Sports Events**

(Pages 21 – 31)

Attached Documents:

- Letter from the Legislation, Constitution and Justice Committee: Council of Europe Convention on an Integrated Safety, Security and



## Service Approach at Football Matches and Other Sports Events – 12 July 2023

- Annex 1: Legislation, Justice and Constitution Committee report – International agreements: Agreements considered on 10 July 2023 – July 2023
- Letter to First Minister: Council of Europe Convention on an Integrated Safety, Security and Service Approach at Football Matches and Other Sports Events – 14 July 2023
- Response from the First Minister: Council of Europe Convention on an Integrated Safety, Security and Service Approach at Football Matches and Other Sports Events – 25 July 2023

## 2.4 Local Authority Library and Leisure Services

(Pages 32 – 118)

### Attached Documents:

- Letter from the Local Government and Housing Committee: Local Authority Library and Leisure Services – 17 July 2023
  - Annex 1: Local Government and Housing Committee report – Local Authority Leisure and Library Services – July 2023

## 2.5 Scrutiny of Broadcasting

(Pages 119 – 238)

### Attached Documents:

- S4C Annual Report 2022–23: Scrutiny of Broadcasting

## **2.6 Locating Specialist Perinatal Mental Health Services in North Wales**

(Pages 239 – 240)

Attached Documents:

- Letter from Cymdeithas yr Iaith: Locating Specialist Perinatal Mental Health Services in North Wales – 10 July 2023

## **2.7 Welsh Government Draft Budget 2024–25**

(Pages 241 – 250)

Attached Documents:

- Letter to the Minister for Finance and Local Government: Draft Budget 2024–25 timetable – 17 July 2023
- Response from the Minister for Finance and Local Government: Draft Budget 2024–25 timetable – 21 July 2023
- Response from the Minister for Finance and Local Government to the Finance Committee: Proposed Changes to the Budget Protocol – 20 July 2023

## **2.8 Allegations surrounding the Welsh Rugby Union**

(Pages 251 – 258)

Attached Documents:

- Sport Wales response: Report on the Allegations concerning the Welsh Rugby Union – 20 July 2023
- Letter from the Deputy Minister for Arts, Sport and Tourism: Report on allegations surrounding the Welsh Rugby Union – 28 July 2023
- Welsh Government response: Report on the Allegations concerning the Welsh Rugby Union
- Sport Resolutions: An update on the Welsh Rugby Union Independent Review – 31 July 2023

## **2.9 A new future for broadcasting and communications in Wales**

(Pages 259 – 371)

Attached Documents:

- Report of the Expert Panel on a Shadow Broadcasting and Communications Authority for Wales: A new future for broadcasting and communications in Wales – 2 August 2023
- Report for the Expert Panel on a Shadow Broadcasting and Communications Authority for Wales: Review of the broadcasting powers and responsibilities in selected countries – January 2023
- Broadcasting trends: analysis for the Shadow Broadcasting Expert Panel: How future technology developments will impact audiences' viewing and audio consumption – 2 August 2023
- A new future for broadcasting and communications in Wales: children's media in 2023: An assessment of how the recommendations affect children's media – 2 August 2023

## **2.10 Scrutiny of the Welsh Language Commissioner**

(Page 372)

Attached Documents:

- Letter from the Welsh Language Commissioner: Assurance Report 2022–2023 – 19 July 2023

## **2.11 Welsh Government international relations**

(Pages 373 – 374)

Attached Documents:

- Welsh Government international visits – July 2023
- Welsh Government international visits – August 2023

## **2.12 Save Welsh Magazines & Websites**

(Pages 375 – 386)

Attached Documents:

- Letter to the Welsh Government, Creative Wales and the Books Council of Wales: Save Welsh Magazines & Websites – 11 August 2023
- Correspondence from Save Welsh Magazines Campaign: Save Welsh Magazines & Websites – 7 September 2023

## **2.13 Public Interest Journalism**

(Pages 387 – 412)

Attached Documents:

- Report of the Wales Public Interest Journalism Working Group: Of and For Wales: Towards a Sustainable Future for Public Interest Journalism – 21 July 2023

## **2.14 Legislative Consent: Data Protection and Digital Information (No.2) Bill**

(Pages 413 – 416)

Attached Documents:

- Welsh Government response: The Data Protection and Digital Information (No. 2) Bill Legislative Consent Memoranda No.1 and No.2

Huw Irranca-Davies MS  
Chair  
Legislation, Justice and Constitution Committee  
Senedd Cymru

19 July 2023

Dear Huw,

### **Inter-Institutional Relations Agreement: British-Irish Council Summit in Jersey**

Further to my letter of 12 June regarding the inter-institutional relations agreement, the British-Irish Council Summit in Jersey and the discussion of housing and energy policy, I would like to draw your attention to my [written statement](#) of today, and to the BIC [communiqué](#) summarising the outcomes of the Summit.

Whilst at the Summit, I took the opportunity to have informal, bilateral meetings with Jersey's Chief Minister Deputy Kristina Moore, Taoiseach Leo Varadkar TD, Tánaiste Micheál Martin TD, the First Minister of Scotland the Rt Hon Humza Yousaf MSP and Secretary of State for Levelling Up, Housing and Communities and Minister for Intergovernmental Relations the Rt Hon Michael Gove MP.

I have also copied this letter to the Climate Change, Environment, and Infrastructure Committee, the Local Government and Housing Committee, the Culture, Communications, Welsh Language, Sport, and International Relations Committee, and the Equality and Social Justice Committee.



**MARK DRAKEFORD**

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.



Delyth Jewell MS  
Chair  
Culture, Communications, Welsh Language, Sport, and International Relations Committee  
Senedd Cymru

[SeneddCulture@senedd.wales](mailto:SeneddCulture@senedd.wales)

28 July 2023

Dear Delyth

**Re: Inter-institutional relations agreement: 39th British-Irish Council Summit**

I am writing in response to your letter dated 6 July, requesting that future correspondence on the British Irish Council issued pursuant to the Inter-Institutional Relations Agreement between the Senedd and the Welsh Government be shared with the Culture, Communications, Welsh Language, Sport, and International Relations Committee. I confirm that I would be happy to do so.

A link to the communiqué for the last Summit is available via my post-summit written statement, which is available here: [Written Statement: British-Irish Council Summit in Jersey \(19 July 2023\) | GOV.WALES](#)

Yours sincerely

**MARK DRAKEFORD**

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Delyth Jewell MS  
Chair  
Culture, Communication, Welsh Language, Sport and International  
Relations Committee

18 July 2023

Dear Delyth,

### **Inquiry into the challenges facing the creative industries workforce in Wales**

Thank you for your letter of 21 June seeking additional information following my attendance at the Culture, Communications, Welsh Language, Sport and International Relations Committee on 25 May 2023. My responses to the additional information requested are set out below.

#### ***Objectives for the creative industries sector***

The Welsh Government's key objectives for the creative industries are set out in our priorities document [Priorities for the Creative Industries Sector in Wales \(English\).pdf](#). Our objectives are also aligned to our Programme for Government commitments related to skills and research development for the creative industries.

#### ***Creative industries survey data***

A link to the findings of Creative Wales' first industry survey can be found [here](#). The intention is to run this survey on an annual basis, with this year's due to go live in July 2023. It is anticipated that the final report will be available publicly in Autumn 2023 and published on the WG website. As requested, a link to the report will be shared with the Committee when available.

#### ***Support for the Arts and Music sub-sectors***

##### *Arts*

The Welsh Government has allocated an additional £1m of funding to support cost of living pressures in the arts sector via the Arts Council of Wales with £500k for 2022-23 and £500k for 2023-24. ACW have provided a breakdown of Cost of Living Awards made to its existing portfolio, this includes a number of organisations whose key focus is music and many more

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who have a significant element of their work that falls under the 'music' category. On 19 June ACW also launched a cost-of-living top up for existing grants. There will be four application rounds that run until January 2024.

### *Music*

Since its launch, Creative Wales has provided support to a range of businesses which make up the multi-faceted infrastructure of the live music sector. At the heart of the industry are the live music venues often regarded as the Research and Development department where artists learn their trade. Information on the schemes delivered to date to support the music sector is set out below:

Grass roots music venue pilot scheme 2020	Capital investment scheme for venues introduced just before covid outbreak which quickly developed into the recovery fund	£19,500 to 4 venues
Grass roots music recovery fund 2020	The very first support in the UK created to assist the music venues at the start of the COVID-19 outbreak	£401,551 to 22 venues
Music Capital fund 2021/22	The £10k maximum grant enabled the Music Industry to invest in its own recovery and growth following the pandemic by encouraging a step change to the industry's facilities, for the benefit of artists and audiences	£511,703.44 to 56 live music venues, recording studios, and rehearsal spaces
Music Revenue Fund 2022/23	Revenue funding of up to £10,000 for music labels and music management businesses to provide additional support and stronger campaigns around planned releases to improve their commercial outlook and sustainability	£129,000 to 13 businesses
Music Capital Fund 2023/24	A competitive Capital Fund aimed at supporting live music venues with larger scale capital projects	£200,000 allocation - Closing date for applications 14 July 2023.

These projects complement the funding awarded to the music sector through the Cultural Recovery Fund (CRF) which provided:

- CRF1: £4.2m to 72 venues
- CRF2: £2.56m to 60 venues and suppliers
- CRF3: £1.24m to 59 venues and suppliers

*Turnover in each sub-sector supported by Creative Wales over the past three financial years.*

## Turnover from 2019-2021 by subsector

Sector	2019	2020	% change	2021	% change
Creative Industries	£1,643m	£1,640m	-0.2%	£1,705m	4.0%
Screen	£531m	£424m	-20.2%	£575m	35.6%
Music	£194m	£321m	65.5%	£349m	8.7%
Digital	£289m	£269m	-6.9%	£270m	0.4%
Publishing	£612m	£614m	0.3%	£503m	-18.1%
Emerging	£257m	£245m	-4.7%	£239m	-2.4%

## **Audience attendance**

### *Arts*

ACW has gathered information on audience figures through its Arts Portfolio Wales 2022/23 survey. A link to the survey highlights is provided - [Arts Portfolio Wales Survey Highlights 2021/2022](#). These results show a slight increase in figures for the last full financial year, but these figures have not yet reached pre-pandemic levels. Comparing these figures with the Audience Agency data from November 2022, it highlights that Welsh and Scottish audiences are slower to return to face to face cultural activities than English Audiences.

### *Music*

Information relating solely to audience figures in Wales isn't currently collected. However, Creative Wales' close relationship and regular content with venues through its music stakeholder group allows us to gather reliable intelligence on issues such as audience levels and ticket purchasing trends. In addition, evidence gathered by representative bodies such as the Music Venues Trust are also used as a source of evidence to understand general trends. The Music Venues Trust annual report, which includes information on venues and attendance at a UK level can be found through this link - [MVT Annual Report FINAL web-enabled Single-Page-version.pdf.pagespeed.ce.9aZNccFsbl.pdf \(musicvenuestrust.com\)](#).

## **Wellbeing facilitators**

The Welsh Government is keen to identify opportunities to learn from good practice elsewhere to support improvements in employee management and workplace culture in Wales. Creative Wales is working closely with the UK wide Film & TV Charity with a view to including *The Whole Picture Toolkit* as a recommendation within the Creative Wales Production Funding guidance notes to encourage managers and creative leaders within the Welsh screen sector to look after their team's mental health.

The live music sector and other creative areas are keen to follow the lead taken by the Wellbeing Facilitator project in the screen sector. As a result, the second year of the Wellbeing Facilitator pilot scheme, which is union led and funded by Creative Wales, will review and identify how this model could work across other sectors.

Creative Wales has recently provided funding, via the Creative Skills Fund, towards the project Empowering Creative Freelancers Pilot which has trained 15 Mental Health First aiders across the four creative unions working in Screen, Digital and Music.

We continue to engage with the creative industries Policy and Evidence Centre (PEC) review of working practices in the creative industries. My officials recently met with PEC to discuss options to further support fair work in the creative industries in Wales in response to the recommendations set out in the PEC report. This includes utilising the UK wide network

developed to support the review work to look at the roadmaps being developed by other administrations in response to report findings to identify opportunities for learning.

### ***Activity supported by Creative Wales***

Detail on the 17 projects funding through the Creative Wales Skills Fund, including amount awarded to each project, is available at **Doc 1**.

### ***Equality, diversity, and inclusion***

#### *Equality, diversity and inclusion projects*

The following three projects funded through the Creative Skills Fund are designed to support and improve ED&I within the screen sector:

- Re-Focus project run by Hijinx - ReFocus is experiential Learning Disability Inclusion training for the screen industry which aims to address the chronic shortfall in representation of learning disabled and/or autistic people on screen and behind camera. There are two parts to this project: the first will provide one day, in person training which uses 'relaxed forum theatre and role-play sessions, led by Hijinx actors with learning disabilities and/or autism'. The sessions reflect everyday scenarios, providing real-life examples from situations on set, in post-production and during the development process of a screen project. The second part of the project is the establishment of a Creative Enabler Agency, providing trained Creative Enablers (CEs) to the sector to support people with learning disabilities/autism access work. Funding would support the training of a pool of CEs who could then be booked by productions.
- rad Cymru Wales project is run by training provider TRC. Creative Wales is funding the second year of this project, in partnership with BBC Cymru Wales and Channel 4. This scheme provides a paid eight-month traineeship for eight trainees based within eight Welsh independent television production companies. This initiative helps to remove barriers and enable people from under-represented backgrounds to access paid placements, training and guidance.
- Culture Connect Wales (CCW) run by Watch Africa CIC is a project Creative Wales funds in partnership with the broadcasters; BBC Cymru Wales, ITV Cymru Wales, S4C and Channel 4. Now entering its third year, CCW supports diverse talent in finding opportunities in the film and TV sector in Wales. Run by and for the community, CCW promotes jobs and opportunities, offers advice and support for people looking to get into the sector.

The Beacons project, also funded by the Creative Skills Fund is developing a number of new strands of support which will focus on developing skills for a diverse and healthy new workforce in the Welsh music industry, including:

- Resonant; aims to empower young people (aged 18-25) identifying as marginalised genders, to work behind the scenes in the Welsh music industry.
- SUMMIT 2024 an innovative music industry conference, designed and delivered by young people for young people in Wales. (Fourth summit held)
- Bwts - a new bilingual series of career awareness videos illuminating important routes into the music industry workforce. This series will provide an insight into the experiences of music industry professionals working in Wales and help young people to confidently plan their futures
- Transform Music to develop a training package alongside training providers Umbrella Cymru, Wales' Gender & Sexual Diversity support specialists. This partnership will focus on making music industry spaces in Wales safer for, and more inclusive of,

transgender and non-binary people. Once designed, this training package will be delivered to six music industry stakeholders across Wales.

In the digital sector, Creative Wales is supporting two new skills projects via the Creative Skills Fund:

- Games Foundry Wales, run by Iungo Solutions is a nine-month programme to allow multiple entry and exit points to service a range of technical roles within the games industry. The Foundry will target underrepresented career changers and underemployed people, supporting them to upskill for roles in games design and games development.
- Gêm is a stand-alone entry level Gaming Hub to support the strategic development of training provision that covers entry level requirements at levels 1, 2 and 3 on a BTEC framework with the aim to develop a creative workforce which reflects all communities. Gêm is run by Media Academy Cymru who have extensive experience of working with marginalised young people.

In addition, in the publishing sector, the Books Council of Wales has received funding from Creative Wales to deliver two phases of its New Audiences Fund. The Fund was developed in recognition of the challenges related to diversity and inclusion in the sector. It focuses on supporting content that reflects people of all ages and backgrounds and fair representation in the sector.

#### *Equality, diversity and inclusion data*

The Creative Wales annual statistics include breakdowns in relation to diversity data. This includes age, sex, ethnicity and disabled workers. The diversity data sets are available publicly and can be found [here](#), with these due to be updated with the 2022 data and published on the Welsh Government website by the end of the summer 2023.

The current data sets for Wales show that:

- On average, during 2019-2021, 40-49 year olds made up just under a quarter (24%) of those employed in the Welsh creative industries, the most represented age group within the sector.
- In 2021 there were more males working in the creative sector than females, at around 53% and 47% respectively.
- In 2021 97% of those in employment in the creative industries were White.
- In 2021, 4,000 people employed in the creative industries were disabled, accounting for 11% of total employment in the sector.
- During 2019-2021 an average of 21,500 people (approximately 60%) employed in the creative industries in Wales had an education at degree level or equivalent each year. This compares to the national average for all industries of 39%.
- During 2019-2021, approximately 4% of those employed in the creative industries had no qualifications. This is lower in comparison to the national average of 8% for all industries in Wales.

The Creative Wales Industry Survey also collects data on ethnicity, although this is limited to respondents who are business owners, directors or partners. The findings from 2022 showed that 94% of owners, directors and partners who were surveyed were White, 1% were from mixed/multiple ethnic groups and 1% were Asian/ Asian British. When comparing the data by region, north Wales had the highest proportion of owners, directors and partners surveyed who were White (99%), and mid Wales had the lowest (87%). When comparing the data by sector, owners, directors, and partners surveyed in the screen sector showed the most diversity in terms of ethnicity (94% White, 3% mixed/multiple ethnic groups and 2% Asian/ Asian British). However, it is evident from these figures that ethnic representation

was still not reflective of the population averages. The digital sector was the least diverse sector, with 100% of owners, directors and partners surveyed being White. A link to the full report and outline of findings can be found [here](#).

### **Skills development**

*Work being done to ensure all young learners can consider accessing further and higher education courses related to the creative industries*

The Welsh Government's Young Person's Guarantee (YPG) is a Programme for Government commitment and offers young people aged between 16 to 24 in Wales dedicated support to gain a place in education (including Further and Higher Education) or training, find a job or become self-employed.

As part of that commitment, we have provided £2m so that every FE college in Wales now has an enhanced Employment and Enterprise Bureau. Colleges have hosted a range of careers events involving alumni, employers, entrepreneurs, those providing alternative post FE support and Universities, amongst others - providing learners with the opportunity to connect and explore career pathways and options across a range of sectors including the Creative Industries. The bureaus deliver a range of other one to one, masterclasses and larger scale support, working with key partners, such as employers, regional skills partnerships, Careers Wales and Working Wales. Outcomes from employer visits to Bureaus have included organised work experience placements at companies.

In addition, the Inspiring Skills Excellence in Wales project supports young people to achieve skills excellence. The project provides the infrastructure for Skills Competition Wales which provides young people with the opportunity to challenge, benchmark and raise their skills by taking part in competitions across a range of sectors. A number of competitions are held for the creative industries including 3D Digital Game Art, Fashion Design and Technology, Graphic Design, Digital Media Production and an Inclusive Skills: Media competition.

Furthermore, Jobs Growth Wales+, our flagship training and development programme for 16-19 year olds, supports those who need the skills, qualifications, and experience to progress onto an Apprenticeship, set up their own business or land their dream job. This includes courses on IT & Digital Media targeting careers in IT, Computing and Creative Media sectors.

Careers Wales work with all secondary schools, special schools, Pupil Referral Units (PRUs) and colleges supporting young people to become more effective at planning and managing their careers in an ever changing and complex job market. This offer includes:

- At Key Stage 3 understanding how their subject option choices can impact their future career ideas.
- At Key Stage 4 learning more about their career options and how to take their next steps, this would include further and higher education courses related to the creative industries.
- Sixth form and further education students developing their understanding of post-18 transitions and future options, this would include higher education courses in the creative industries.

Careers Wales [digital tools](#) help learners explore potential career pathways, including pathways relating to creative industries and details relating to creative industries further and higher education courses.

Creative Wales is currently engaging with the Seren Programme leads to examine how engagement with industry can be offered to the brightest state school students to encourage them to consider further education within creative subjects.

A further £3m for Transition Funding has been allocated to further education institutions and local authority sixth forms for the 2022/23 academic year. The purpose of this funding is to enable institutions, in collaboration with schools, to provide guidance on post-16 pathways to learners in Y10 and Y11.

Our Apprenticeship support programme for businesses includes a Culture, Media and Design Framework Framework.

Due to the short-term “freelance” contract nature associated with the creative sector, apprenticeships starts have been limited. In 2019, a shared apprenticeship scheme was piloted in conjunction with Cardiff and Vale College and Sgil Cymru. The college employed the apprentices and Sgil Cymru brokered paid short term placements on film and TV projects in Wales. This CRIW shared apprenticeship scheme now recruits up to 30 apprentices in south and north Wales and is looking to extend the much valued CRIW brand to include opportunities for learners leaving FE/HE creative provision.

*Work undertaken to facilitate engagement between schools, colleges, and higher education institutions*

The Careers Wales offer includes:

- At Key Stage 4 learning more about their career options and how to take their next steps, this would include being aware of all options in schools, colleges, vocational, apprenticeships and employment
- Sixth form and further education students developing their understanding of post-18 transitions and future options, this would include higher education courses in creative industries.

Careers Wales [digital tools](#) help learners explore potential career pathways, including pathways relating to creative industries and details relating to courses linked to creative industries in schools, further and higher education.

Creative Wales is a member of the board of the Independent Venues Community, which is supporting Soundcheck Sessions, an initiative which offers young people (age 14+) the chance to attend a venue before doors open to the public, to watch the artist, playing that night, soundcheck and then participate in a Q&A with them along with some of the crew and venue team. Participants can come from local schools, colleges and youth groups, often giving them their first experience inside a grassroots music venue - [www.youtube.com/watch?v=ebSRvqPuleU](http://www.youtube.com/watch?v=ebSRvqPuleU)

The Commission for Tertiary Education and Research (CTER) will become operational from April 2024. Having all aspects of tertiary education and research under a single body will foster and support greater collaboration and cohesion and avoid sector fragmentation and unnecessary competition. CTER is empowered to ensure that our tertiary education and research sector is organised to meet the needs of learners, our education and training providers, employers and the Welsh economy and is essential in realising our strategic vision for the post compulsory education and training sector in Wales. We expect CTER to be well placed to work effectively and consistently across the tertiary education system, and with our education partners, to provide a co-ordinated approach to how provision at all levels post 16 is delivered across Wales.

We have identified a number of measures we can work on collectively to address the issues raised and deliver 16-19 curricula to support our wider education reforms, taking the opportunity to align with our Curriculum for Wales principles and purpose and our Programme for Government commitment to offer both pre- and post-16 learners a wide range of qualifications and qualification pathways of equal quality and value. This builds on the recent GCSE reform work to align with the new curriculum and will include expanding the range of made in Wales's vocational qualifications that meet the needs of our economy.

*Information on measuring the outputs from and impact of the creative element of the new curriculum*

The Welsh Government recently published its [Curriculum for Wales evaluation plan](#). This sets out how the Welsh Government will be evaluating the extent to which our reforms are achieving the aims we have set across the range of the curriculum, and engaging with learners, practitioners, and parents.

The Expressive Arts Area of Learning and Experience is one of six that has equal importance in the Curriculum for Wales, for all learners from age 3 to 16. Additionally, creativity is identified as an essential skill which is integral for learners to achieve the four purposes of the Curriculum for Wales and should be embedded across the curriculum.

One of the main initiatives to support creativity and the arts in education is the joint Welsh Government – Arts Council of Wales *Creative Learning through the Arts* programme. This well-established programme (commencing in 2015) is subject to a detailed independent evaluation process. A further report is due to be published in the Autumn, and reports to date have highlighted the programme's positive impact of the programme, particularly through its Lead Creative Schools strand, on supporting teachers and their teaching and on changing the attitude and culture of schools towards creativity and the arts. Most important of all is the impact on learners - the reports clearly show evidence from schools that consistently demonstrates increasing confidence among those learners engaged in the creative projects, learners being more excited about coming to school with attendance improving as a result, and better engagement being linked to better attainment.

*Funding allocated to the Screen Academies Wales project, and information on the projects interactions with schools and colleges*

The Screen Academies Network has been awarded £192,500 of funding via the Creative Skills Fund. This project is led by the University of South Wales in partnership with Bangor University and Screen Alliance Wales (SAW). SAW has an excellent track record of working extensively with both schools and colleges, providing outreach work, masterclasses and work experience placements. The new Academies will provide integrated training spaces to support students, communities and early career screen employees across Wales. Placing these new training facilities in the heart of industry and employing educational experts with direct contact to schools and colleges will connect industry development needs to the aspirations of future talent within these communities. A range of free to access, on-site activities such as tours, screening events, set visits and masterclasses will be complemented by an outreach programme to include school visits and community events broadening access at every available point.

*The changes needed to careers advice services in Wales to ensure that the creative industries are considered viable as a career choice by learners*

Careers Wales is a member of the Creative Wales Film & TV Skills Stakeholder Group which aims to encourage a partnership approach to developing the current and future screen sector workforce in Wales. Members include further, higher education and training





programme we both stimulate new games development companies but also the creation of batches of IP.

Our regular development funding provides games studios with up to £25,000 for the development of a title, with the objective of securing further commercial funding. In the 2022 round, we supported 14 games with a total of £330,320.

In 2012, we launched production funding for games, enabling studios to apply for top up funding to produce a game, based on Welsh spend rather than job creation. We have recently completed our first project using this fund, which is currently awaiting final ministerial approval.

Each year we encourage Welsh games studios to develop international market awareness by taking a delegation to the Games Development Conference in San Francisco. This has grown year on year and in 2023 Creative Wales led a delegation of 18 companies alongside the Minister for Economy. A small delegation will also attend Gamescom in Cologne in August of this year.

We have also delivered a pilot incubator programme for games companies in conjunction with Indielab. This pan UK programme included spaces for six Welsh games developers and saw them receiving a series of sessions designed to improve their business capabilities and growth in the sector. The companies will now work towards an investor pitch in October this year.

### ***Future planning***

The fast-moving changes in Artificial Intelligence (AI) are of particular relevance to the Creative Industries and the Welsh Government acknowledges the benefits of data-driven technologies like AI and opportunities for first to market providers in this area. However, there is growing concern regarding the protection of intellectual property rights in all areas of creativity, from the digestion and re-use of published works by AI, to the automatic creation of images, voice and other content by automated tools. This includes the creation of content in journalism. There are also considerations regarding automation of tasks which may have been conducted by well-paid specialists, particularly in the technology driven areas such as post production, design, rendering etc. Questions are being raised as to how the UK copyright framework recognises the rights of IP holders whose works are used to advance/feed AI, and what practical licensing arrangements could be put in place to recognise rights holders. In addition, concerns are being raised regarding the potential for bias in the data used to deliver AI services, disruption and impact on the labour market, concerns around misinformation, and the growing interest in services such as ChatGPT.

It is difficult to estimate the exact impact of AI on jobs, although US research suggests that jobs traditionally held by women will be disproportionately affected with resulting job losses almost inevitable. The recent example of the Writers Guild of America strike in May this year is an example of the impact on employment, where concerns were raised over the deployment of AI to write movie and TV scripts.

Creative Wales continues to work with technology and policy colleagues and partners, including the Books Council of Wales, to help ensure we better understand these risks, and the steps needed to help alleviate them. We support the need for appropriate regulation alongside relevant standards, governance and assurance mechanisms – to ensure that AI technologies are used in responsible, ethical, inclusive, and safe ways.

Yours sincerely,

A handwritten signature in cursive script, appearing to read 'Dawn Bowden'.

**Dawn Bowden AS/MS**  
**Ddirprwy Weinidog y Celfyddydau, Chwaraeon a Thwristiaeth**  
**Deputy Minister for Arts, Sport and Tourism**

Doc 1

Project Name	Name of Applicant Company	Funding Awarded	Project Summary
<b>Music</b>			
Music Manager Development Wales	Music Manager Forum (MMF)	£60,504	<p>This project will provide Introduction &amp; Essentials training to fast-track music management skills across Wales in areas such as copyright, royalties, and digital distribution of music training.</p> <p>MMF will seek to establish Welsh MMF Tribes, a series of monthly networking events in Wales. They will also provide two bursaries for emerging/mid-career music managers via the Music Manager Accelerator, a year-long business and leadership programme supported by YouTube Music, Arts Council England and Creative Scotland. This will provide £12,000 of funding from YouTube to support the start up of two Welsh music management businesses.</p>
Skills Sessions for Grassroots Music Venue	Music Venue Trust	£35,430	<p>The project aims to provide CPD (continued professional development) training/upskilling for venue managers on how to manage and build a programme at a Grassroots Music Venue. Training sessions include building relationships with external promoters, effective in-house promoting, payments press and PR, and administrative and monetary settlements. The benefits of such training are measurable and a rationale has been provided on the anticipated impact of such CPD training both on the venues themselves and the wider local economy.</p> <p>The training programme will be delivered in a one day series of face-to-face workshops. The one day event will be held in four regions across Wales; Cardiff, Swansea, Wrexham and Aberystwyth. It will also be made available online for wider reference and participants will be provided with a series of bilingual resources related to the training.</p>
Beacons Cymru	Beacons	£90,694	<p>To develop new strands of support which will focus on developing skills for a diverse and healthy new workforce in the Welsh music industry.</p> <p>Resonant; aims to empower young people (aged 18-25) identifying as marginalised genders, to work behind the scenes in the Welsh music industry.</p>

			<p>SUMMIT 2024 an innovative music industry conference, designed and delivered by young people for young people in Wales. (Fourth summit held)</p> <p>Bŵts - a new bilingual series of career awareness videos illuminating important routes into the music industry workforce. This series will provide an insight into the experiences of music industry professionals working in Wales and help young people to confidently plan their futures.</p> <p>Transform Music - to develop a training package alongside training providers Umbrella Cymru, Wales' Gender &amp; Sexual Diversity support specialists. This partnership will focus on making music industry spaces in Wales safer for, and more inclusive of, transgender and non-binary people. Once designed, this training package will be delivered to six music industry stakeholders across Wales.</p> <p>Future Disrupter - a series of essential insights and keynotes delivered by industry personnel and professional experts. The focus areas will be project management, finance, planning, funding and communication skills.</p>
<b>Screen</b>			
Business & Leadership Pilot Programme	NFTS Cymru	£39,315	<p>This project will provide bespoke training for leaders, managers and producers working in TV and film in Wales to equip them with the skills they need to run a successful creative business with a primary emphasis on commercialisation and enabling people to grow their business by securing funding, exploiting IP, becoming global, recruiting inclusively and succession planning.</p> <p>Masterclasses will be led by leading figures from the creative industries, based both in and outside of Wales, who will share their own professional expertise.</p>
Screen Academies Wales	USW	£192,500	<p>This project is seeking to create three new Screen Academies inside studio complexes to deliver the skills, education and training that can support the next generation of Welsh talent to flourish in this industry. Each of these Academies will have its own profile and work with industry employers to develop skills and training bespoke to its location:</p>

			<p>Greatpoint Studios Academy will be geared towards the skills and training required to support the studio's new Virtual Production studio space;</p> <p>Wolf Studios Academy will support training to deliver innovation in Animation and Games technology and its growing role within screen production;</p> <p>Aria Studios Academy will deliver the skills and training needed to support and grow Welsh-medium and international drama production.</p>
Re-Focus	Hijinx	£74,846.10	<p>Re-Focus is experiential Learning Disability Inclusion training for the screen industry which aims to address the chronic shortfall in representation of learning disabled and/or autistic people on screen and behind camera.</p> <p>There are two parts to this project; the first will provide one day, in person training which uses 'relaxed forum theatre and role-play sessions, led by Hijinx actors with learning disabilities and/or autism'. The sessions reflect everyday scenarios, providing real-life examples from situations on set, in post-production and during the development process of a screen project.</p> <p>The second part of the project is the establishment of a Creative Enabler Agency, providing trained Creative Enablers (CEs) to the sector to support people with learning disabilities/autism access work. Funding will support the training of a pool of CEs who could then be booked by productions.</p>
Training for the Future	Sgil Cymru	£124,000	<p>This proposal will deliver measurable benefits to 130 beneficiaries in the screen sector in Wales via a number of schemes including New Entrant Bootcamps, Stepping Up programme for individuals identified as ready to make the next step up in their careers, Learning to Drive Bursaries and Hardship Bursaries for apprentices.</p>
Developing HODs in Wales Programme	ScreenSkills	£32,000	<p>Supporting up and coming Heads of Department to shadow/work alongside existing HODs on HETV productions, enabling them to get experience/a credit.</p>
<b>Digital</b>			

Games Developer Foundry Wales	Iungo Solutions	£133,000	<p>A nine-month programme to allow multiple entry and exit points to service a range of technical roles within the games industry.</p> <p>The Foundry will target underrepresented career changers and underemployed people, supporting them to upskill for roles in games design and games development.</p>
Gêm	Media Academy Cymru	£142,343	A stand-alone entry level Gaming Hub to support the strategic development of training provision that covers entry level requirements at levels 1, 2 and 3 on a BTEC framework with the aim to develop a creative workforce which reflects all communities.
Hollow Pixel Academy	United Filmdom Ltd	£145,798	An animation apprenticeship programme (Level 4 Interactive Media) with a focus on Blender which is becoming the industry standard software for 3D animation.
<b>Cross Sector</b>			
National Youth Arts Wales / Music Futures / Professional Pathways	National Youth Arts Wales	£46,582	<p><b>Music Futures</b> is a contemporary music project for 20 young people aged 15-19, giving an insight into the commercial music industry in Wales. It offers an authentic industry experience, and a glimpse into a working musician's career, taking participants through the full life cycle of song writing – from writing and recording, to performing, touring, and promoting.</p> <p><b>Professional Pathways</b> will recruit 45 of Wales's most talented young theatre performers – aged between 16-22 to an intensive residential training programme giving them a first-hand insight into the range of careers open to them in the screen and digital sectors, learning from inspirational role models and speakers currently working within the TV and film industry.</p>
Creative Digital Sustainability, People, Pathways, Prospects	M-SParc	£181,356	Creative Sparc is a programme for 250 year 7 pupils, working with 10 Secondary schools across Conwy, Gwynedd and Anglesey with a focus on those in low socio-economic communities, supporting work experience for two pupils from each participating school, for year 10 and 11 pupils. Aligning with the new curriculum, the programme combines soft skills and includes cross-curriculum activities and is responsive to career and entry level job needs. The project will incorporate STEM with a focus on TV and live

			<p>events sound for films with experts and a ‘red carpet’ style premiere of their own film.</p> <p>The Skills Academy will see two cohorts of five individuals each, who are either recent graduates or looking to upskill to be placed in screen, digital content or music based businesses in Conwy, Gwynedd and Anglesey. They will be employed by M-SParc and the companies they're placed with will be supported to assist them to develop their skills, with the intention for them to go on and be employed.</p> <p>NetZero Pathway will provide 12 businesses in the Creative-Digital sector with a full digital review, providing them with a carbon footprint measure and a clear roadmap of how to lower their carbon emissions. This work will tie in to ALBERT and NetZero Pathway will upskill businesses in relation to carbon footprints so that businesses fully understand what their carbon footprint means, and how they can lower their emissions with a clear awareness of the impact this has both financially and ecologically on their business and environment.</p>
Empowering Creative Freelancers Pilot	Prospect (Bectu)	£77,800	Training of 12 freelance ULRs – Union Learning Reps and training of 15 Mental Health First aiders across the four creative unions working in Screen, Digital and Music.
<b>Partnership Funding</b>			
<b>All the following projects have secured funding from multiple partners including broadcasters, national funding bodies and other industry organisations</b>			
UK TV Accelerator	IndieLab	£29,370	<p>This UK wide programme works with up-and-coming independent production companies (indies) helping them to increase their commissioning and revenue growth, find funding and investment and expand their network of connections in the industry. Bursary funding will enable two TV companies based in Wales to participate, to bring their expertise to the cohort and their learnings into the Welsh creative economy.</p> <p>In addition, an online masterclass with leading industry speakers will be offered to a wider cohort of Welsh indies on subjects such as the development of a successful format.</p>

**Doc 1**

UK Digi Games Accelerator	IndieLab	£60,000	Indielab Games Celtic Accelerator will support emerging studios from across Wales and Scotland to find the knowledge, networks and investment they need to succeed. The programme will provide three months of support, and will feature dedicated in-depth masterclasses, and briefings with industry leaders, major studios, investors, publishers and decision-makers from across the sector.
rad Cymru Wales	TRC	£35,558	rad Cymru Wales is a paid eight month traineeship for eight trainees based within a Welsh independent television production company. This initiative helps to remove barriers and enable people from under-represented backgrounds to access paid placements, training and guidance.



Delyth Jewell MS  
Chair, Culture, Communications, Welsh Language, Sport, and  
International Relations Committee

12 July 2023

Dear Delyth,

You will be aware that the Legislation, Justice and Constitution Committee is responsible for monitoring the implementation of non-trade international agreements in the Sixth Senedd.

During our meeting on 10 July 2023, we considered the Council of Europe Convention on an Integrated Safety, Security and Service Approach at Football Matches and Other Sports Events. This Convention places duties on Parties to prepare and deliver an integrated and balanced approach to safety, security and service in relation to football matches and other sporting events, with the aim of providing a safe, secure and welcoming environment at these events.

During our consideration of the agreement, we agreed to draw it to the attention of your Committee, in the event that you may wish to seek further information from the Welsh Government.

Our latest report is enclosed for your information.

Yours sincerely,

*Huw Irranca-Davies*

Huw Irranca-Davies  
Chair

# International agreements

Agreements considered on 10  
July 2023

July 2023



## 1. Background

- 1.** The [Legislation, Justice and Constitution Committee](#) is responsible for the scrutiny of non-trade international agreements in the sixth Senedd.
- 2.** International agreements signed by the UK Government can cover matters within devolved competence or matters which have important policy implications for Wales.
- 3.** The Committee will consider the impact on Wales of international agreements laid in the UK Parliament under the process established by the [Constitutional Reform and Governance Act 2010](#) (CRaG Act 2010). It provides an initial 21-day scrutiny period.
- 4.** Our consideration of an international agreement takes into account:
  - whether it engages the Senedd's competence; and/or
  - whether there are potential policy implications for Wales.
- 5.** On 10 July 2023<sup>1</sup>, we considered two international agreements that had recently been laid in the UK Parliament:
  - [UK/Switzerland: Agreement on Recognition of Professional Qualifications](#)
  - [Council of Europe Convention on an Integrated Safety, Security and Service Approach at Football Matches and Other Sports Events](#)
- 6.** We agreed to take further action in relation to both of the agreements; further details are set out below.

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<sup>1</sup> [Legislation, Justice and Constitution Committee, 10 July 2023](#)

## 2. Agreements requiring further action

### **UK/Switzerland: Agreement on Recognition of Professional Qualifications**

- 7.** This international agreement was laid in the UK Parliament on 20 June 2023, having been signed on 14 June. Its scrutiny deadline, as required by the CRaG Act 2010, is 6 September 2023.
- 8.** The UK and Switzerland both have high professional standards and similar recognition of professional qualifications systems. This agreement provides a framework for the mutual recognition of professional qualifications in the UK and Switzerland.
- 9.** The purpose of the agreement is to ensure that professionals with qualifications obtained in the UK seeking to practise a regulated profession in Switzerland (and vice versa) can access a “smooth and transparent system to have their professional qualifications recognised”<sup>2</sup>.
- 10.** The arrangements for the movement of persons to supply services is being temporarily governed by another UK/Switzerland agreement until the end of 2025. Following discussions held by a working group established under that agreement on the recognition of professional qualifications, it has been agreed that the UK and Switzerland will move from arrangements under their services mobility agreement to a system of mutual recognition.
- 11.** This agreement also rolls over arrangements that expire on 31 December 2024 from EU legislation that apply to UK and Swiss citizens, providing long-term “certainty for professionals, businesses, consumers and investors in both countries”<sup>3</sup>.
- 12.** The agreement relates to international relations, which is a reserved matter for the purposes of Schedule 7A to the *Government of Wales Act 2006* (the 2006 Act). The Explanatory Memorandum notes that the Secretary of State for Business and Trade has overall responsibility for the UK’s policy relating to the UK’s trade relations with Switzerland and for this agreement, whilst the Secretary

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<sup>2</sup> UK Government, Explanatory Memorandum: UK/Switzerland: Agreement on Recognition of Professional Qualifications, June 2023, paragraph 2.2

<sup>3</sup> Explanatory Memorandum, paragraph 3.3

of State for Foreign, Commonwealth and Development Affairs has overall responsibility for the UK's policy relating to the UK's relations with Switzerland.<sup>4</sup>

**13.** However, the Explanatory Memorandum also notes that the agreement relates to regulatory requirements for professional qualifications, certain aspects of which are devolved to Wales (and Scotland and Northern Ireland). On that basis, the Explanatory Memorandum confirms that the UK Government consulted the Devolved Administrations on the drafting of the agreement and the relevant draft text in advance of signature.<sup>5</sup>

**14.** The Explanatory Memorandum explains that the Agreement will need to be implemented across the UK to give effect to the provisions in domestic law. The UK Government is beginning work on implementation and the Professional Qualifications Act 2022 contains powers which can be used by UK or devolved Ministers to implement international recognition agreements.<sup>6</sup>

**15.** The Senedd withheld consent to the *Professional Qualifications Act 2022* following consideration of the Welsh Government's Legislative Consent Memoranda.<sup>7</sup>

**16.** In the Legislative Consent Memorandum on the Professional Qualifications Bill (as it was in June 2021) Jeremy Miles MS, Minister for Education and the Welsh Language, expressed concerns around the linking of professional qualifications to trade policy. He expressed concerns that:

*"...decisions could be badged as "trade" rather than "professional qualification" decisions and imposed on Wales in contravention of the Sewel Convention. Whilst assurances from UK Government Ministers and published guidance state this is not the intention, this is a clear risk due to the drafting of this Bill."*<sup>8</sup>

**17.** We agreed to:

- Write to the Welsh Government requesting its view on the relationship between implementing international obligations and the Sewel

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<sup>4</sup> Explanatory Memorandum, paragraphs 11.1 and 11.2

<sup>5</sup> Explanatory Memorandum, paragraph 10.1

<sup>6</sup> Explanatory Memorandum, paragraph 5.1

<sup>7</sup> [Plenary, 15 February 2023](#) and [Plenary, 5 October 2021](#)

<sup>8</sup> [The Welsh Government's Legislative Consent Memorandum on the Professional Qualifications Bill](#), paragraph 38

Convention, in light of the Senedd having refused consent for the parent legislation that is being considered for this Agreement's implementation.

- Write to the House of Lords' International Agreements Committee advising that we are seeking information from the Welsh Government and will share our findings in due course.
- Draw the agreement to the attention of the Children, Young People and Education Committee and the Economy, Trade and Rural Affairs Committee for information, and copy in both committees to the correspondence described above.

### **Council of Europe Convention on an Integrated Safety, Security and Service Approach at Football Matches and Other Sports Events**

**18.** This international agreement was laid in the UK Parliament on 21 June 2023, having been signed on 15 May 2019. Its scrutiny deadline, as required by the CRaG Act 2010, is 7 September 2023.

**19.** This Convention, also known as the "Saint-Denis Convention", is a convention of the Council of Europe, of which the UK is a founding member. The Convention places duties on Parties to prepare and deliver an integrated and balanced approach to safety, security and service in relation to football matches and other sporting events, with the aim of providing a safe, secure and welcoming environment at these events.<sup>9</sup>

**20.** The Convention was adopted in 2016 and covers aspects such as the coordination of national and local arrangements, including for private and public agencies, multi-agency emergency plans, and for the incorporation of clear policies and procedures on pyrotechnic use, violent or other prohibited behaviour and racist or other discriminatory behaviour in stadiums.

**21.** The Explanatory Memorandum confirms that no new legislation is required to implement the Convention's requirements, as existing legislation<sup>10</sup> satisfies the Convention's requirements, and lists applicable legislation for England, Wales, Scotland and Northern Ireland. There are 15 applicable laws to Wales.<sup>11</sup>

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<sup>9</sup> [UK Government, Explanatory Memorandum: Council of Europe Convention on an Integrated Safety, Security and Service Approach at Football Matches and Other Sports Events, June 2023](#), paragraphs 2.1 and 2.2, page 1

<sup>10</sup> Existing legislation includes the Health and Safety at Work Act 1974, the Civil Contingencies Act 2004, the Police and Crime Act 2009 and the Anti-social Behaviour, Crime and Policing Act 2014.

<sup>11</sup> Explanatory Memorandum, paragraph 2.1, page 3

**22.** The Explanatory Memorandum states that the Convention relates to devolved and reserved matters and that the Devolved Administrations were consulted on the drafting of the Convention and the preparation of the Explanatory Memorandum.<sup>12</sup>

**23.** The Welsh Government's National Events Strategy for Wales 2022-2030 sets out its main aims for attracting and supporting major events, including sporting events, and how the government intends to achieve these. The strategy lists several major events hosted in Wales which help to deliver on its ambition to "stand out amongst the global crowd".<sup>13</sup>

**24.** We agreed to draw the agreement to the attention of the Culture, Communication, Welsh Language, Sport and International Relations Committee in the event it wishes to seek further information from the Welsh Government.

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<sup>12</sup> Explanatory Memorandum, paragraph 7.1

<sup>13</sup> The Welsh Government's National Events Strategy for Wales 2022 to 2030, June 2022

Mark Drakeford MS  
First Minister  
Welsh Government

14 July 2023

## **Council of Europe Convention on an Integrated Safety, Security and Service Approach to Football Matches and Other Sporting Events**

Dear Mark

At our meeting on 29 June 2023, the Committee considered Council of Europe Convention on an Integrated Safety, Security and Service Approach at Football Matches and Other Sports Events.

The UK Government's Explanatory Memorandum confirms that the Convention engages both reserved and devolved matters and that the devolved governments were consulted on the drafting of the Convention and the preparation of the Explanatory Memorandum.

The Welsh Government's [National Events Strategy for Wales 2022-2030](#) sets out its main aims for attracting and supporting major events, including sporting events, and how the government intends to achieve these. The strategy lists several major events hosted in Wales which help to deliver on its ambition to "stand out amongst the global crowd".

As a result of this, the Committee would like to ask for the Welsh Government for further information on:

- Its view on the Convention, including its impact in Wales and how it relates to relevant Welsh Government strategies, including the National Events Strategy for Wales 2022-30;
- Its involvement in the Convention's development, including whether this is reflected in the Convention's documents;
- The nature of intergovernmental discussions relating to the Convention;
- To what extent the Convention's requirements are already in place for football matches and other sporting events in Wales;
- Whether further steps are needed to fully implement the Convention's requirements; and



- The role and responsibilities of the Welsh Government and others in implementing the Convention in devolved areas. .

I would be grateful if you could provide a response by 14 August 2023.

Yours sincerely



**Delyth Jewell MS**  
**Committee Chair**

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.



Delyth Jewell MS  
Committee Chair  
Culture, Communications, Welsh Language, Sport, and  
International Relations Committee

SeneddCulture@senedd.wales

25 July 2023

Dear Delyth,

**Council of Europe Convention on an Integrated Safety, Security and Service  
Approach to Football Matches and Other Sporting Events**

I am writing in response to your letter of 14 July regarding the above convention. In relation to your request for further information I can confirm:

- I welcome the ratification of the Council of Europe Convention on an Integrated Safety, Security and Service Approach to Football Matches and Other Sporting Events. It is based on an approach of co-operation between all public and private stakeholders involved in making sports events safe, secure and welcoming, including local communities and supporters and is an approach that is already followed in Wales, not just for sporting events, but for any major event. We take an inclusive approach on the planning and management of an event and encourage cooperation and coordination between all relevant agencies.
- The Welsh Government was not directly involved in the development of the convention, which was signed by the UK Government in May 2019, but we are supportive of its principles.
- Officials have discussed the ratification of the convention with their counterparts in UK Government including the Home Office, particularly in the context of the joint UK and Ireland bid to host the Euros.
- The requirements of the convention are already in place and therefore no further steps are needed to implement it. Existing UK legislation satisfies the requirements of the Convention, and it is largely based on the methodology of policing in Wales, which is

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[Correspondence.Mark.Drakeford@gov.wales](mailto:Correspondence.Mark.Drakeford@gov.wales)

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

already subject to continuous risk-based deployment, proportionate intervention and action to prevent, deter and detect criminal activity inside and outside the stadia and local vicinity.

- Responsibilities for implementing the convention lie across all partners involved in the delivery of an event including police and local authorities in Wales. As well as security and safety, this extends to those responsible for services to ensure football and other sports events are enjoyable and welcoming for all, in stadiums as well as public spaces where spectators and supporters gather before, during and after the matches. This includes aspects such as good catering and toilet facilities and the manner in which people are greeted and treated throughout the event. That is why the inclusive approach taken in Wales on the planning and management of an event is crucial.

I welcome the committee's interest in this convention.

Yours sincerely,

A handwritten signature in black ink that reads "Mark Drakeford". The signature is written in a cursive, slightly slanted style.

**MARK DRAKEFORD**

## Local Government and Housing Committee

Delyth Jewell MS

Chair

Culture, Communications, Welsh Language, Sport, and  
International Relations Committee

17 July 2023

Dear Delyth

### Local Government and Housing Committee inquiry into local authority leisure and library services

I enclose for your information an embargoed copy of our report on Local Authority Leisure and Library Services. The report is under embargo until 00.01 on Thursday 20 July, and I would be grateful if you could treat it in confidence until then.

The issues we have explored throughout the inquiry and the recommendations we have made in the report may be of interest to your Committee. In particular, I would like to draw your attention to recommendation 13:

*Recommendation 13. We endorse the recommendation of the Culture, Communications, Welsh Language, Sport and International Relations Committee that the Welsh Government should provide additional targeted funding to the sports and culture sectors to help venues and organisations that face closure but have a sustainable future beyond the immediate crisis.*

During the course of inquiry, it was clear that leisure and library services are in need of immediate support to help them navigate the current crisis. We have therefore endorsed the recommendation in your [report on increasing costs and its impact on culture and sport](#) and also recommended that the Welsh Government updates us on what additional financial support it will provide leisure and library services to deal with the current energy and cost-of-living crises.

We note in our report that the Welsh Government rejected the recommendation in your report, [Levelling the playing field: A report on participation in sport and physical activity in disadvantaged areas](#), that:



*"...the Welsh Government introduce a new national approach for participation in sport and physical activity in disadvantaged areas. This approach should bring together existing work and good practice that is already taking place as well as introduce new ideas to contribute to this approach. This should include measurable targets, set against a defined time period of five years, to ensure that there is equity in access to participating in sport and physical activity."*

When we questioned the Deputy Minister for Arts, Sport and Tourism on her rejection of your recommendation during an oral evidence session on 24 May she said that she:

*"...didn't want to waste time and resource developing a new strategy when we were already working to a strategy that was engaging with the sector and with stakeholders across local authority, across the third sector, with the general public and across Government."*

However, we see the benefits of having a policy framework for public leisure provision. Despite the Welsh Government having several strategies to encourage greater participation in sport and active recreation more generally, there is no apparent national vision for public leisure services, especially one that links health services and public leisure. We have therefore made the following recommendations in our report which relate to your conclusions on a new national approach for participation in sport and physical activity:

***Recommendation 5.** We recommend that the Welsh Government leads a rapid review of the current state of public leisure provision in Wales and works in partnership with key partners such as the WLGA, One Voice Wales, Sport Wales and the WCVA to consider improvements for the future of leisure services.*

***Recommendation 6.** The Welsh Government should take all reasonable steps to develop stronger links between public leisure and health services. This should include developing a new policy framework for public leisure, which closely links with health and wellbeing services. As part of the process, the role of Public Services Boards and Regional Partnership Boards in improving joint working between health and public leisure services should also be reviewed.*

We intend to seek Business Committee's agreement to schedule a debate on our report in the autumn. Ahead of that debate, I will ask the clerking team to share with you the Welsh Government's response to our report.

Yours sincerely



John Griffiths MS

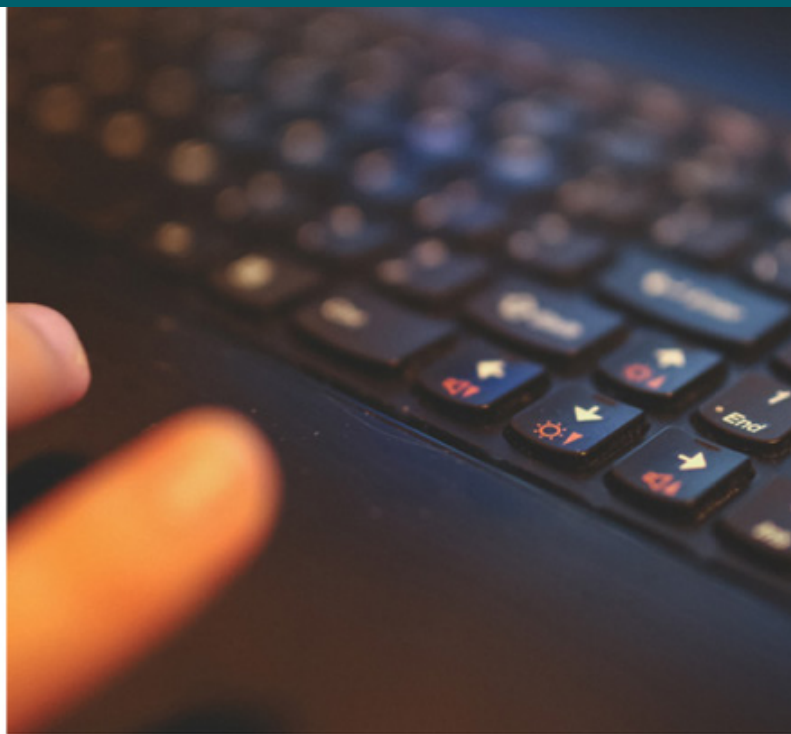
Chair

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.

# Local Authority Leisure and Library Services

July 2023



The Welsh Parliament is the democratically elected body that represents the interests of Wales and its people. Commonly known as the Senedd, it makes laws for Wales, agrees Welsh taxes and holds the Welsh Government to account.

An electronic copy of this document can be found on the Senedd website:  
**[www.senedd.wales/SeneddHousing](http://www.senedd.wales/SeneddHousing)**

Copies of this document can also be obtained in accessible formats including Braille, large print, audio or hard copy from:

**Local Government and Housing Committee**  
**Welsh Parliament**  
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# Local Authority Leisure and Library Services

July 2023



# About the Committee

The Committee was established on 23 June 2021. Its remit can be found at:  
[www.senedd.wales/SeneddHousing](http://www.senedd.wales/SeneddHousing)

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Current Committee membership:



**Committee Chair:  
John Griffiths MS**  
Welsh Labour



**Luke Fletcher MS**  
Plaid Cymru



**Jayne Bryant MS**  
Welsh Labour



**Joel James MS**  
Welsh Conservatives



**Sam Rowlands MS**  
Welsh Conservatives



**Carolyn Thomas MS**  
Welsh Labour

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The following Member was also a member of the Committee during this inquiry.



**Mabon ap Gwynfor MS**  
Plaid Cymru

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## Chair's foreword

Local authority leisure centres and libraries enrich the lives of communities across Wales. They provide people in the communities that surround them with a place to meet, take time out, expand their knowledge and support their health and wellbeing. They are also a visible link between what residents contribute through their council tax and the services they receive. The true value of such facilities to communities often becomes more apparent when the services are under threat.

For the past decade, councils have found it challenging to maintain their existing local leisure and library services. A sustained period of austerity, diminishing budgets, a global pandemic and more recently, rapid inflation and unprecedented increases in energy costs have forced councils to reassess their service provision. Leisure and library services have often felt some of the steepest cuts to budgets and changes to the offering, especially as public leisure services are provided on a discretionary basis. We considered whether there is a need to strengthen statutory and policy frameworks to protect these vital services, including developing stronger links with health and wellbeing services.

In an attempt to sustain their leisure and library services whilst simultaneously reducing spending, many councils have sought to deliver these services differently. Examples include establishing local authority trading companies, contracting the management to not-for-profit social enterprises or by transferring assets to community groups. Our inquiry explored the various delivery models in use and their advantages and disadvantages. A further development we examined is the increasing co-location of some services into community 'hubs', in part to save on costs, but also to improve accessibility to the broad range of services offered.

We heard about the financial and operational challenges currently facing local authorities to maintain leisure and library services. Rising energy costs have had a significant impact on leisure facilities in particular, especially those with swimming pools. There is an urgent need for immediate additional support to help them navigate the current crisis, but there is also a need for substantial investment in the decarbonisation and modernisation of leisure and library facilities. We have ageing buildings across Wales which are difficult to decarbonise and a real lack of capital investment. Our leisure and library services need to be fit for the future, so that those wider social benefits raised during the course our inquiry can be achieved.

I would like to thank all those who contributed to our report.

**John Griffiths MS**

Chair,  
Local Government and Housing Committee

## Recommendations

**Recommendation 1.** We recommend that the Welsh Government explores whether it should strengthen the Public Libraries and Museums Act 1964 to protect libraries from closure. ....Page 21

**Recommendation 2.** We recommend that the Welsh Government proceeds with its work on the Welsh Public Library Standards framework as a matter of urgency and that it updates the Committee on the timescales for introduction of the framework. ....Page 22

**Recommendation 3.** We recommend that the Welsh Government updates the Committee on progress in developing a new Culture Strategy for Wales and provides clarification on how the strategy will dovetail with the library standards framework. It should also clarify arrangements for collaborative working and streamlining Ministerial responsibilities in relation to library services and culture. ....Page 22

**Recommendation 4.** The Welsh Government should review the effectiveness of the Well-being of Future Generations (Wales) Act 2015 in ensuring the provision of public leisure services in Wales. It should share its findings with the Committee. ....Page 32

**Recommendation 5.** We recommend that the Welsh Government leads a rapid review of the current state of public leisure provision in Wales and works in partnership with key partners such as the WLGA, One Voice Wales, Sport Wales and the WCVA to consider improvements for the future of leisure services. ....Page 32

**Recommendation 6.** The Welsh Government should take all reasonable steps to develop stronger links between public leisure and health services. This should include developing a new policy framework for public leisure, which closely links with health and wellbeing services. As part of the process, the role of Public Services Boards and Regional Partnership Boards in improving joint working between health and public leisure services should also be reviewed.....Page 33

**Recommendation 7.** We recommend that the Welsh Government works with local authorities via the WLGA to provide support, guidance and share best practice relating to different models of service delivery..... Page 49

**Recommendation 8.** We recommend that the Welsh Government, in collaboration with local government partners, undertakes regular analysis and

publication of Wales specific data on the social value return on investment in delivery of both leisure and library services.....Page 57

**Recommendation 9.** We recommend that the Welsh Government should explore the options for establishing a Libraries Taskforce to promote the value of libraries and the contribution they make to their communities and wider societal benefits..... Page 58

**Recommendation 10.** We recommend that the Welsh Government, with local government partners, monitors and evaluates the efficiency and effectiveness of co-location in Wales to date and shares these findings with local authorities. .... Page 64

**Recommendation 11.** We recommend that the Welsh Government works with local authorities via the WLGA to ensure that transport, including community transport services, is a key consideration in decision-making on the co-location of services..... Page 64

**Recommendation 12.** We recommend that the Welsh Government allocates the £3.5 million in consequential funding to swimming pools, especially those which may be unviable without additional support. The Welsh Government should update the Committee when a decision about the allocation of the additional £3.5 million has been made.....Page 72

**Recommendation 13.** We endorse the recommendation of the Culture, Communications, Welsh Language, Sport and International Relations Committee that the Welsh Government should provide additional targeted funding to the sports and culture sectors to help venues and organisations that face closure but have a sustainable future beyond the immediate crisis. ....Page 72

**Recommendation 14.** We recommend that the Welsh Government updates the Committee on what additional financial support it will provide leisure and library services to deal with the current energy and cost-of-living crises. ....Page 73

**Recommendation 15.** We recommend that the Welsh Government updates the Committee on progress to develop a strategy to encourage primary schools to provide free swimming lessons, and how it is working with leisure providers on this strategy. ....Page 73

**Recommendation 16.** We recommend that the Welsh Government explores how it can raise awareness of the support for decarbonisation of leisure and library facilities..... Page 78



**Recommendation 17.** We recommend that the Welsh Government invests in supporting the decarbonisation and refurbishment of leisure and library facilities across Wales. This should include shorter-term solutions, as well a long-term strategy, to help local authorities and delivery providers improve the energy efficiency of their facilities as a matter of urgency. .... Page 79

# 1. Introduction

## Background

**1.** Public libraries and leisure centres provide people with a place to meet, work, learn and support physical and mental health. However, over the past decade, local authority spending on leisure and library services has reduced significantly. In an attempt to sustain these services whilst simultaneously reducing spending, several authorities have transferred responsibility for running some of their services to community councils, voluntary groups and social enterprises. Some facilities during that time have closed, while others have been consolidated to form larger one-stop shops providing additional services, such as housing support or money advice.

**2.** There are numerous models in use by local authorities to deliver their leisure and library services. These include, but are not limited to, providing services solely “in house”, through partnership arrangements, through local authority trading companies, contracting management to not-for-profit organisations or transferring assets to community groups.

## Our inquiry

**3.** At our strategic planning session on 20 October 2022, we identified the deliverability and sustainability of local government services as a priority area for the Committee. The following December, we decided to launch an inquiry looking specifically at local authority leisure and library services, and in January 2023 we agreed the following terms of reference:

- The current state of local authority leisure and library service provision;
- The financial and operational challenges facing local authorities to maintain these vital community services;
- Local authority arrangements and exit strategies where alternative delivery models utilised are unsuccessful;
- How the provision of other services provided by local authorities interact with leisure and library services;
- How local authorities use alternative models of service delivery in Wales, and the perceived benefits associated with them; and

- Good practice to ensure sustainability of local leisure and library services for future generations.

## Consultation

4. We launched a call for written evidence on 3 February. The consultation received 12 responses, and closed on 13 March 2023. All consultation responses have been published.

## Engagement

5. We visited a number of leisure centres and libraries as part of our inquiry. On 16 March, Members visited the following services:

### Deeside Leisure Centre

6. Since September 2017, Aura Wales, a Community Benefit Society (owned by the Council employees) has been responsible for managing most of Flintshire Council's leisure, library and heritage services. Deeside Leisure Centre is one of four Flintshire leisure centres run by Aura, but is the only leisure centre without a swimming pool. However, the leisure complex has an array of facilities, including an ice rink, skate park, 3G and grass sports pitches, fitness suites, a Spa and sports hall.

### Plas Madoc Leisure Centre

7. Freedom Leisure is responsible for managing all of Wrexham County Borough Council's leisure facilities, with the exception of Plas Madoc. The leisure centre is located on a housing estate in one of the most deprived areas in Wales. Splash Community Trust manage the running of Plas Madoc Leisure Centre. It is a not-for-profit charitable organisation and was set up following Wrexham Council's decision to close the leisure centre in 2014 in order to make savings. It was due to be demolished by the council, however, it was reopened later that year after the community trust was formed to take it on. The local authority still own the building, and currently lease the building to the trust.

### Gresford and District Community Library

8. In January 2014, Wrexham County Borough Council announced that it would be closing a number of community facilities in a bid to make savings, including Gresford library. The communities of Gresford, Marford and Rossett decided to establish a company limited by guarantee and registered charity to protect the library from closure and sustain its services. The Gresford and District Library,

under its community ownership, opened its doors on 6 May 2014. It is managed and staffed entirely by volunteers.

### **Neath Leisure Centre**

**9.** Neath Leisure Centre is a brand new multi-million pound leisure complex in the centre of Neath. It features a 25m swimming pool, 100 station gym, a health suite, retail floorspace, childcare facilities, a café and library. It was built by Neath Port Talbot Council, and part funded by the Welsh Government's Transforming Towns Fund. The local authority entered into a contract with Celtic Leisure, a registered charity, in 2003 to run its leisure facilities. However, control of leisure services in Neath Port Talbot will soon be transferred back to the council following a vote by councillors.

### **Sarn Library**

**10.** Sarn Library is one of 11 libraries serving the residents of the County Borough Council of Bridgend. It is one of six "full-time" libraries run by Awen Cultural Trust in partnership with Bridgend County Borough Council. Awen Cultural Trust is a registered charity, governed by a Board of Trustees. It currently works across three authority areas (Bridgend, Blaenau Gwent and Rhondda Cynon Taf).

### **Newport Live**

**11.** Newport Live is a registered charitable trust and company limited by guarantee which runs seven sports and leisure venues across Newport. Established in April 2015, it has a number of gyms, four swimming pools, a tennis centre and other sporting facilities. It also has a regional theatre and arts centre called The Riverfront. Newport Live is governed by a board of trustees and is operated on behalf of Newport City Council.

## **Formal evidence gathering**

**12.** We heard from six panels of witnesses between 23 March and 4 May 2023, before taking evidence from the Deputy Minister for Arts, Sport and Tourism ("the Deputy Minister") on 24 May.

## 2. Statutory and policy framework - Libraries

### Public Libraries and Museums Act

**13.** There are a myriad of statutory requirements and duties placed on councils, encompassing key service areas such as local education provision, adult social care and children’s services, transport, highways and planning among many others. Among the statutory requirements on councils is a duty under the Public Libraries and Museums Act 1964 to “provide a comprehensive and efficient library service” for everyone wishing to make use of the facility. It also requires councils to ensure adequate stock and availability of books and encourage “full use of the library service”. However, the Act does not define what a “comprehensive and efficient library service” is, leaving some scope for interpretation by councils.

**14.** In written evidence, the Chartered Institute of Library and Information Professionals (“CILIP”) said of the Act that it:

*“...rightly makes librarians proud of their sector and offers wider library stakeholders...a solid base from which to defend library services from cuts and diminishing standards of service.*

*The Act and its guarantee to provide library services across Wales offers the Welsh Government a network of consistent service delivery at the heart of local authorities.”<sup>1</sup>*

**15.** GLL (Better) told us that the problem with the 1964 Act is the use of the words “comprehensive and efficient”:

*“...it is how those words are defined. So, they are defined locally, and that places library services at risk. I think there would be merit in looking at the situation to see whether further protection could be built in .... So, there may be some merit in looking to see whether additional legislation would be helpful to make sure that the services that you value are retained.”<sup>2</sup>*

<sup>1</sup> Local Government and Housing Committee, [LALLS.09.CILIP](#).

<sup>2</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 130

**16.** According to UNISON Wales, the statutory duty to provide library services needs to be “more specific” as the duty could be interpreted as needing to provide just one library.<sup>3</sup>

**17.** CILIP told us that the 1964 Act:

*“...does a lot of heavy lifting across the UK, and it's useful for people to rally around when there are cuts threatened. But it doesn't do an awful lot. It's really important in a public sense and it's really important that it's there as a starting point, but it's up to us as stakeholders—that's SCL, that's the national library, it's the Government, it's organisations like CILIP—to then decide what that means for us today, now, and how we're going to implement that.”<sup>4</sup>*

**18.** The Deputy Minister confirmed in oral evidence that no Welsh Ministers have used statutory powers under the 1964 Act to intervene and call a local inquiry when a library authority fails to provide the required service:

*“That's not to say that there haven't been discussions with local authorities over the years about the level of their public library services, and, generally, that's been sufficient in terms of being able to resolve any difficulties, and that's the route that we would prefer to go down.”<sup>5</sup>*

**19.** According to the Deputy Minister, strengthening the legislation “would tie it down too tightly and make the library services rather more inflexible.” She went on to say:

*“the library services we would want to be delivering are based on the needs of a particular community, the local authorities are best placed to make that decision. So, we would see legislation as actually being more restrictive rather than kind of freeing it up and giving more clarity.”<sup>6</sup>*

**20.** This was confirmed by the Minister for Finance and Local Government in a letter to us dated 6 June 2023:

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<sup>3</sup> Local Government and Housing Committee, [LALLS.06.UNISON.Wales](#)

<sup>4</sup> Local Government and Housing Committee, Record of Proceedings, 4 May 2023, paragraph 212

<sup>5</sup> Local Government and Housing Committee, Record of Proceedings, 24 May 2023, paragraph 13

<sup>6</sup> Local Government and Housing Committee, Record of Proceedings, 24 May 2023, paragraph 15

*“Library services vary in nature across Wales, and it is the responsibility of individual local authorities to determine the arrangements for the delivery of their library service, taking into account the need of their local communities. It would not be appropriate for the Welsh Government to constrain the ability of a local authority to deliver a service based on local needs.*

*A more closely defined description of a library service, enshrined in legislation, may impede the ability of local authorities to develop and innovate...This flexibility is the reason I have not considered linking the policy framework to the legislation.”<sup>7</sup>*

## **Welsh Public Library Standards**

**21.** While the ultimate responsibility for the provision of local leisure and library services lies with local authorities, duties under the Public Libraries and Museums Act 1964 require Welsh Ministers to:

*“superintend and promote the improvement of the public library service provided by local authorities and to secure the proper discharge by local authorities of the functions in relation to libraries conferred upon them as library authorities under this Act.”*

**22.** Since 2002, the Welsh Government has fulfilled this duty through the Welsh Public Library Standards (“the standards”) which set out their expectations on local authorities in terms of their library provision. These frameworks were refreshed every three years. According to the Minister for Finance and Local Government:

*“this approach has allowed us to monitor the level of provision, and also to support and encourage the development of new services in libraries.”<sup>8</sup>*

**23.** In 2017, the Welsh Government published its sixth framework - **Connected and Ambitious Libraries**. This framework expired in 2020, with the intention to roll it over for a further year to enable a review and development of a new framework. However, the pandemic disrupted this work.

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<sup>7</sup> Local Government and Housing Committee, 15 June 2023, [Paper.10](#)

<sup>8</sup> Local Government and Housing Committee, 15 June 2023, [Paper.10](#)

**24.** CILIP stated in written evidence that the standards have “put us in a strong position to promote and measure professional standards” and that they should be seen as “a route to ensure service delivery, professionalism and equity of service”.<sup>9</sup>

**25.** GLL (Better) highlighted that the standards have been “helpful” but have “not prevented the erosion of funding from, say, book stocks across Wales.”<sup>10</sup>

**26.** Similarly, Awen Cultural Trust said that the standards have contributed to making sure that the 1964 Act has “greater definition” despite not preventing libraries from closure:

*“...certainly speaking in Wales—and I think it’s been done better here than perhaps elsewhere in the UK—it has protected the library services. It doesn’t mean that libraries haven’t shut, but I do think that they’ve provided a framework whereby local authorities can be measured on their efforts and on their intentions around library services.”*<sup>11</sup>

**27.** However the lack of new and updated standards was an area of concern for Awen Cultural Trust and other stakeholders. CILIP told us that the lack of updated standards meant they were “currently limping along a little bit in the sixth framework”.<sup>12</sup>

**28.** We heard calls for a “complete review”<sup>13</sup> and “whole revamp”<sup>14</sup> of the standards. According to Awen, the standards are “too input-output focused rather than actually looking at delivering best value and the social value”.<sup>15</sup>

*“I guess a question for Government is, ‘Why are you asking those questions? What are you doing with the information? Why does it matter how much is actually being spent? Should it be more the results of that expenditure?’ Because somebody could be spending millions on their library service; it doesn’t necessarily*

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<sup>9</sup> Local Government and Housing Committee, [LALLS.09.CILIP](#)

<sup>10</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 130

<sup>11</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 123

<sup>12</sup> Local Government and Housing Committee, Record of Proceedings, 4 May 2023, paragraph 180

<sup>13</sup> Local Government and Housing Committee, Record of Proceedings, 4 May 2023, paragraph 220

<sup>14</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 125

<sup>15</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 125



*mean it's a good library service. So, I think it's really asking those deep questions as to why we want this information.*"<sup>16</sup>

**29.** The Welsh Local Government Association ("WLGA") said that it was timely for the framework to be reviewed considering the services libraries now offer "with all the digital elements plus more".<sup>17</sup> Collaboration with key stakeholders, including Welsh Government is key it said, with Cllr. Rob Stewart stating that local government is keen to take the "opportunity to discuss, improve, co-produce, redesign" the framework. This model of working, he noted, is better than using the "very blunt and ineffective stick of legislation".<sup>18</sup>

**30.** In terms of what the new standards should look like, Community Leisure UK Wales told us that "it's important that there's not a one-size-fits-all offer":

*"There are some examples, we believe, of where the standards framework has ensured consistency. One example is free Wi-Fi across Welsh libraries—and there's the question: would it have been possible without that standards framework and the core entitlement? But one of the cautions that we would argue for is, obviously, every community is different and every community has different needs as well, so if it's about equity of access, it's important that there's not a one-size-fits-all offer."*<sup>19</sup>

**31.** Similarly, Awen Cultural Trusts said:

*"...libraries are now very vibrant spaces; they're very different wherever you go, they're very localised, and I think whatever framework we have in place needs to reflect that, and that they mean a great deal of different things to many, many different people."*<sup>20</sup>

**32.** We heard that for older people in particular, it is important that the role of libraries in supporting digital skills development is maintained. According to the Older People's Commissioner for Wales:

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<sup>16</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 143

<sup>17</sup> Local Government and Housing Committee, Record of Proceedings, 4 May 2023, paragraph 378

<sup>18</sup> Local Government and Housing Committee, Record of Proceedings, 4 May 2023, paragraph 383

<sup>19</sup> Local Government and Housing Committee, Record of Proceedings, 23 March 2023, paragraph 92

<sup>20</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 144

*“This will enable older people who wish to develop skills to be online to access formal or informal training in a welcoming and familiar environment, helping to improve digital inclusion. However, libraries also act as sources of information and support for those older people who are unable or choose not to access the internet, reducing digital exclusion and this activity is essential.”<sup>21</sup>*

**33.** CILIP called for the standards to be used more effectively to “measure, develop and promote public libraries in Wales via better dissemination and professional discussion”. Its written evidence goes on to state that the standards could also be used to “measure the impact of budgetary cuts to services and to instigate meaningful feedback to local authorities addressing this impact”.<sup>22</sup>

**34.** The Society of Chief Librarians Cymru (“SCL Cymru”) noted the lack of connection between the standards and the 1964 Act. It called for greater clarity around what happens when authorities have fallen below what is considered “acceptable levels” of service provision:

*“...what is missing is the monitoring of performance as it relates to the standards. So, what happens afterwards where, potentially, authorities may have fallen down below what would be seen as acceptable levels? What takes place then? So, that needs to be a bit clearer, I think.*

*And then, on its flip side, where things have gone really, really well, we need to use it as a vehicle to advocate for libraries, so people can understand what they are and what opportunities they present.”<sup>23</sup>*

**35.** We also heard that more could be done in terms of sharing best practice. For example, CILIP told us:

*“I think librarians are obsessed, perhaps quite rightly, with who is not using their services, and that's very difficult to measure. But I think we do need to spend time...thinking about that in the new public library standards and how we do that. There are lots of really interesting cases across individual authorities, and sometimes individual libraries, where people are doing really*

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<sup>21</sup> Local Government and Housing Committee, [LALLS.05 Older People's Commissioner for Wales](#)

<sup>22</sup> Local Government and Housing Committee, [LALLS.09 CILIP](#)

<sup>23</sup> Local Government and Housing Committee, Record of Proceedings, 4 May 2023, paragraphs 210-211

*interesting work in these areas, but...it's not very strategic at a national level, and we'd really welcome that.*"<sup>24</sup>

**36.** Similarly, Community Leisure UK Wales commented that:

*"...there is great innovation happening across library services in Wales that can be applied in terms of programmes in other local authority areas as well. That isn't necessarily needed to be included in a standards framework, but is just generally in terms of sharing best practice."*<sup>25</sup>

**37.** According to Community Leisure UK Wales members, one thing that is missing from the current framework is a national body to lead public library development in Wales.<sup>26</sup> This was echoed by Awen Cultural Trust who noted that "there isn't a public body that's responsible for libraries."<sup>27</sup> One Voice Wales said that existing networks to share best practice should be extended to include community and town councils.<sup>28</sup>

**38.** The WLGA voiced concerns in written evidence that the library service suffers from a "lack of clear strategy" at Welsh Government level.<sup>29</sup>

**39.** The Deputy Minister told us that "officials began working on the seventh framework over the summer".<sup>30</sup> In terms of the work that Welsh Government officials have been doing with chief librarians on the new framework, it was said:

*"...the nature of libraries is really changing, and we'd like the seventh framework to recognise that change but also to support and develop the kinds of changes that are proving to be so effective in libraries."*<sup>31</sup>

**40.** The Deputy Minister said that her understanding and expectation would be that the review would take account of changes in digital as well as societal needs:

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<sup>24</sup> Local Government and Housing Committee, Record of Proceedings, 4 May 2023, paragraph 115

<sup>25</sup> Local Government and Housing Committee, Record of Proceedings, 23 March 2023, paragraph 93

<sup>26</sup> Local Government and Housing Committee, Record of Proceedings, 23 March 2023, paragraph 98

<sup>27</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 124

<sup>28</sup> Local Government and Housing Committee, Record of Proceedings, 23 March 2023, paragraph 101

<sup>29</sup> Local Government and Housing Committee, [LALLS 11 WLGA](#)

<sup>30</sup> Local Government and Housing Committee, Record of Proceedings, 24 May 2023, paragraph 26

<sup>31</sup> Local Government and Housing Committee, Record of Proceedings, 24 May 2023, paragraph 27

*“What we saw was a growth of digital provision through COVID, and I think we saw the benefits of that. It adds a whole new dimension to libraries. We would very much want to see that developed and made more consistent across all of our public libraries, so I would anticipate that being very much part of the seventh framework.”<sup>32</sup>*

**41.** She also told us that “libraries are integral to the considerations for the new culture strategy”, going on to explain that:

*“It will include how the library standards work. So, we've consulted with representatives of the libraries sector, and we're including them in the next phase of developing and reviewing the key themes, and developing the strategy. The strategy covers four areas of culture, and libraries being one of those significant areas. They've all got equal value and equal importance within the strategy, and I'm hoping that that will be published later this year.*

*It's developing the library standards and the culture strategy in tandem. So, again, I don't want to see the two things sitting separately, because the culture strategy clearly needs to inform the library standards as well. So, that's why it's important that we make sure that there is that close relationship between library officials, people working on the culture strategy, and the development of the framework.”<sup>33</sup>*

## **Our view**

**42.** Witnesses were not overwhelmingly for or against legislating for public library provision in Wales, although some noted that despite a distinctive framework in Wales, it has not prevented the erosion of funding or prevented closures. We therefore agree with witnesses that there is merit in looking at whether further protection could be built into the existing framework to help protect libraries from further closures. After all, libraries are community hubs, which support a wide variety of services and activities, not just the ability to borrow books.

**43.** Although there may be room to strengthen the legislation to prevent libraries from closures, we believe that the library services being delivered should be based

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<sup>32</sup> Local Government and Housing Committee, Record of Proceedings, 24 May 2023, paragraph 29

<sup>33</sup> Local Government and Housing Committee, Record of Proceedings, 24 May 2023, paragraphs 31-32

on the need of a community and that local authorities are best placed to make decisions around the delivery of their library service. We were not persuaded of the merits of enshrining a more prescriptive definition of a library service in legislation, especially when this could impede the ability of local authorities and delivery partners to develop their provision and to innovate. We heard about, and saw for ourselves, the innovative work taking place in libraries across Wales to engage with communities, and we would not wish to see this diminishing in any way. However, any future strengthening of the legislation to prevent libraries from closure should take into account that “a library service” today is very different to what it was in 1964 when the Act was introduced.

**44.** We note that the Welsh Government has no plans to strengthen the Public Libraries and Museums Act 1964. However, we would urge it to rethink this decision and give further consideration to whether the statutory framework should be strengthened.

**Recommendation 1.** We recommend that the Welsh Government explores whether it should strengthen the Public Libraries and Museums Act 1964 to protect libraries from closure.

**45.** Given recent developments and innovation in library services in Wales, driven in part as a consequence of the pandemic and cost-of-living challenges, we are concerned about the lack of a new and updated Welsh Public Library Standards framework. We heard calls for a complete revamp of the standards to reflect the services libraries now deliver and digital advancements. With the significant time that has lapsed since the last iteration, we sincerely hope that the seventh framework will not be largely based on the existing framework. In terms of what the new standards should provide, we believe that they should allow for flexibility. We agree with witnesses that a one-size-fits-all offer would be unsuitable to allow for differences by area and the needs of local communities. We would also like to see opportunities for sharing best practice built into the framework. There is important and effective work happening across libraries in Wales, and encouraging best practice sharing via the framework would help local authorities deliver their services in innovative ways, whilst making best use of the resources available.

**46.** We heard calls for a greater link between the Public Libraries and Museums Act 1964 and the Welsh Public Library Standards, and greater clarity around what happens when authorities fall below what are considered “acceptable levels” of service provision. We note however that the Minister for Finance and Local Government has opted not to consider linking the policy framework to the legislation. This, the Minister states, is to enable local authorities to maintain their

flexibility in terms of the level and type of library services they provide. However, we would encourage any performance and quality indicators in the new iteration of the standards to be reflective of the digital revolution and the transformation in the delivery of library services in recent years.

**47.** We heard from the Minister that libraries are “integral to the considerations for the new culture strategy” and that both the strategy and the seventh library standards are being developed in tandem. We strongly endorse this approach, ensuring such work is not undertaken in silos. In our view, this is especially important as we are concerned that leisure and library services are often overlooked or undervalued within the wider context of public service provision. We would therefore strongly encourage joined up working to reshape the way library services are provided. However, we note that the Minister for Finance and Local Government has responsibility for public libraries, and that the Deputy Minister for Arts, Sport and Tourism is responsible for the development of the new culture strategy. We are concerned that, as a result, issues relating to public libraries may not be a priority or a regular agenda item at Ministerial meetings. We would therefore be grateful if the Welsh Government could provide clarity on responsibilities and the approach being taken by Ministers and officials to work collaboratively and effectively on the culture strategy and the new library standards.

**Recommendation 2.** We recommend that the Welsh Government proceeds with its work on the Welsh Public Library Standards framework as a matter of urgency and that it updates the Committee on the timescales for introduction of the framework.

**Recommendation 3.** We recommend that the Welsh Government updates the Committee on progress in developing a new Culture Strategy for Wales and provides clarification on how the strategy will dovetail with the library standards framework. It should also clarify arrangements for collaborative working and streamlining Ministerial responsibilities in relation to library services and culture.

### 3. Statutory and policy framework – Leisure

#### Legislation

**48.** While there are long-standing duties on councils to provide library services to residents, the same does not apply to leisure services. There is no law which requires councils to provide leisure services to their residents, which are instead provided on a discretionary basis.

**49.** The Well-being of Future Generations (Wales) Act 2015 does require public bodies in Wales, including councils, to consider the long-term impact of their policy and budgetary decisions. The Act established seven well-being goals to ensure all are working towards the same purpose and reinforces the importance of leisure and recreation provision in Wales. Among the seven well-being goals that public bodies must work towards achieving that are relevant to leisure and library provision are:

- A healthier Wales - a society in which people’s physical and mental well-being is maximised and in which choices and behaviours that benefit future health are understood.
- A Wales of Vibrant Culture and Thriving Welsh Language - a society that promotes and protects culture, heritage and the Welsh language, and which encourages people to participate in the arts, and sports and recreation.

**50.** The Welsh Sports Association (“WSA”) in their written evidence noted that “as leisure is not a statutory service, it has been one of the first budget areas to come under pressure as finances are squeezed.”<sup>34</sup>

**51.** Similarly, we heard from Cwmpas that in periods of financial difficulty, non-statutory services, will be the first to feel the impact when difficult decisions must be made, therefore it is worth considering whether leisure services should be placed on a statutory footing:

*“...if we go back to 2010, the debates were that, actually, this isn't statutory—obviously, social services is statutory, education is statutory—and when the public sector had to make some difficult decisions, some of the first decisions were based around this agenda. If you think of us in Wales, we are a nation*

<sup>34</sup> Local Government and Housing Committee, [LALLS.07.Welsh Sports Association](#)

*that created the well-being of future generations Act, and if we all agree on the whole well-being part of this and the prevention part of this work that we do, then maybe it does need to be on the same, similar statutory footing.”<sup>35</sup>*

**52.** GLL (Better) said that it would welcome:

*“simple legislation, saying that there needs to be a health and leisure strategy that ensures that the leisure centre service joins up with the health service would be good.”<sup>36</sup>*

**53.** WSA agreed that there is a need to “explore the options” for legislating. However, it noted existing legislation in the form of the Well-being of Future Generations Act which has “helped crystallise the position of delivery of public leisure”, but is unsure whether it goes far enough<sup>37</sup>. In its written evidence, WSA recommended:

*“Strengthening existing duties in the Future Generations Act and ensuring ongoing delivery of accessible, affordable local services in Welsh communities.”<sup>38</sup>*

**54.** Similarly, Swim Wales, who stated that the idea of legislating would be a particularly “strong response”, also referenced the Well-being of Future Generations Act:

*“I think the framework is there across the well-being of future generations Act...I think there’s a very strong will across Wales, across all of our partners to do this...I’d like to think that the will and the overall strategy and ambition for Wales would override any need to legislate. But, clearly, if that’s not happening, then, we run out of alternatives.”<sup>39</sup>*

**55.** Community Leisure UK Wales questioned the purpose of legislating for public leisure, stating “as we can see with library services, it [the 1964 Act] doesn’t

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<sup>35</sup> Local Government and Housing Committee, Record of Proceedings, 23 March 2023, paragraph 68

<sup>36</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 135

<sup>37</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 217

<sup>38</sup> Local Government and Housing Committee, [LALLS.07.Welsh Sports Association](#)

<sup>39</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 218



protect them from closures”. Community Leisure UK Wales also believed that the Well-being of Future Generations Act:

*“provides some statutory protection for leisure and library services, because the associated well-being goals play a significant role, actually, in safeguarding leisure and library services in Wales.”<sup>40</sup>*

**56.** According to Sport Wales, regardless of the Well-being of Future Generations Act, the decision to keep facilities open, or at reduced hours, will come down to the perceived benefits of doing so against the bottom line.<sup>41</sup> However, it noted that the Act has helped “to significantly broaden the perspective of what that bottom line is”:

*“I think that we have all come to the nature of it being a bit of a false economy to cut back on leisure services and library services. Ultimately, that's going to have a knock-on effect on education, health, social services, et cetera, in the longer term, which will potentially be more expensive to the public purse if we're having to deal with the impacts of not providing those benefits. But I think the Act is there, at the moment, more as a carrot than a stick, and I don't think that is necessarily a bad thing. It is about using the Act to empower social change and to think broadly and long term about these things. But, ultimately, I don't think, if we're being really honest about it, that people are making determined decisions to keep things open, or at a certain level of service, based entirely on the future generations Act.”<sup>42</sup>*

**57.** UNISON Wales was clear on what it thought the priority should be, noting that “if councils had sufficient funding... we wouldn't be necessarily looking to see whether we need to legislate to bring councils into order around this”:<sup>43</sup>

*“...it is a bit of a chicken-and-egg situation; I think the lack of funding has meant that we've got a disparagement and a completely varied provision in terms of quality and quantity. So,*

<sup>40</sup> Local Government and Housing Committee, Record of Proceedings, 23 March 2023, paragraph 75

<sup>41</sup> Local Government and Housing Committee, Record of Proceedings, 23 March 2023, paragraph 79

<sup>42</sup> Local Government and Housing Committee, Record of Proceedings, 23 March 2023, paragraph 80

<sup>43</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 276

*essentially, it's, 'How can we get consistency clearly?' Well, I think we get consistency by improving funding to local government. But I think there is a role for clarification and tightening up on legislation. But I'm not one who supports over-prescriptiveness for councils, because I believe councils are responsible to their communities, and within a framework, they work well if properly and adequately funded."*<sup>44</sup>

**58.** Aura Wales also highlighted the need for sufficient funding:

*"Legislation may help...But what would be incredibly helpful in future, because we have received support from Welsh Government via local authority, is, if funds were made available for leisure services in particular, that, when they get passed on to local authorities, they're ring-fenced in some way so that, when there are difficult financial pressures for local authorities, that actually helps protect some of the support."*<sup>45</sup>

**59.** The WLGA also stated that this is a finance issue. Cllr. Rob Stewart hoped legislation would not be necessary, stating:

*"You can have all the legislation you want, but the funding needs to be provided, and that's the bottom line in all of this. Otherwise, you will leave local authorities with the unenviable task of diverting resources from education or social care to meet their legislative requirements."*<sup>46</sup>

**60.** Cllr. Carwyn Jones went on to say that:

*"We shouldn't spend time or resources making legislation in these areas, because these areas are so important to residents across Wales, so the most important thing that we can do is get together in partnership to see what the strategy and policy is for the future, so that we can improve the estate and the provision over the next 10, 20 or 30 years."*<sup>47</sup>

**61.** The Deputy Minister's evidence paper notes the concerns within the leisure sector that the challenging financial environment for local authorities "may result

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<sup>44</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 277

<sup>45</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 137

<sup>46</sup> Local Government and Housing Committee, Record of Proceedings, 4 May 2023, paragraph 374

<sup>47</sup> Local Government and Housing Committee, Record of Proceedings, 4 May 2023, paragraph 376

in a reduction or rationalisation of services over the coming years”. The paper does reflect on the fact that “leisure services are not protected as a statutory service in the same way as library services”, but does not address the possibility of legislating in this area.<sup>48</sup>

**62.** In oral evidence, the Deputy Minister told us that legislating for the provision of library services would probably outweigh the perceived benefits. She explained:

*“...this is an area of public service provision that is best determined by the local authority in terms of what the needs of their communities are. So, local authorities will consider what leisure services they provide in accordance with the requirements of the well-being of future generations Act, and I wouldn't want a further layer of legislation to sit either above that or between that that restricts what local authorities do.”<sup>49</sup>*

## Policy framework

**63.** There is no duty on Welsh Ministers to have oversight and promote improvements in public leisure services at present, although the Welsh Government does have several strategies to **encourage greater participation in sport and active recreation more generally**.

**64.** GLL (Better) told us that it would like to see duties placed on national and local government to publish a health and leisure strategy to ensure that the leisure centre service joins up with the health service. GLL continued by stating:

*“It would be helpful if local authorities were forced to have a coherent leisure strategy... I think that would give clarity to everybody, including our colleagues in the health service, so people knew what to expect for a universal leisure service.”<sup>50</sup>*

**65.** The Older People’s Commissioner for Wales told us that “being able to keep active is crucial in enabling everyone to age well”.<sup>51</sup>

**66.** In their written evidence, WSA called for “enhanced cross Government working to support public leisure services”.<sup>52</sup> According to WSA, one of the current

<sup>48</sup> Local Government and Housing Committee, 24 May 2023, [Paper 5](#)

<sup>49</sup> Local Government and Housing Committee, Record of Proceedings, 24 May 2023, paragraph 20

<sup>50</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 132

<sup>51</sup> Local Government and Housing Committee, [LALLS 05 Older People’s Commissioner for Wales](#)

<sup>52</sup> Local Government and Housing Committee, [LALLS 07 Welsh Sports Association](#)

challenges is “that sport’s place around some of the decision-making tables isn’t clear”:

*“...for example, in the public services boards, there isn't necessarily always a place for sport, and that may change now that Sport Wales is beginning to roll out the regional partnership model. I think that's one of the key areas of alignment that could happen. Sport's role and voice in, for example, the national exercise referral system has been tricky, and the level of subsidy that is provided to the national exercise referral system has been unchanged for the better part of a decade now. That's made delivery of it increasingly challenging. I think all of that comes back to how sport doesn't always have access to the decision makers in the right places, in education policy, in health policy...”<sup>53</sup>*

**67.** In its written evidence, WSA recommended that:

*“The key role of leisure services in delivering against our mix of priorities in sport, public health and community wellbeing should allow for a clear and defined place for physical activity in Governance and decision making within public service boards, Local Authority cabinets, the Welsh Government etc.”<sup>54</sup>*

**68.** Sport Wales explained that it is implementing a flagship programme relating to its work with and investment of local authority sport delivery:

*“The Regional Sport Partnership (RSP) model is a key element of encouraging greater collaboration of resources, expertise and opportunities among public bodies and partners in a local area.*

*Sport Wales is facilitating, through RSPs, partnerships that extend beyond traditional sport providers. This means bringing different local authority services together with sport and leisure, but also different partners including universities, housing associations, third sector charities, National Governing Bodies of Sport and others who can enhance and accelerate change in the sporting offer.*

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<sup>53</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 227

<sup>54</sup> Local Government and Housing Committee, [LALLS.07.Welsh Sports Association](#)

*This change has been brought about by aligning with Welsh Government regional working policies and a desire to support opportunities which can address the stubborn inequalities in participation among different sections of the community. It is also a recognition that local authorities have myriad requirements delivering vital services to their populations, and with smart working across public bodies, charities, and enterprises delivering leisure, sport and physical activity offerings across an area should become more sustainable.”<sup>55</sup>*

**69.** In December 2022, Sport England published a **report** evaluating the current state of public sport and leisure services in England. According to Community Leisure UK Wales, one of the positives that came from the report “is that Sport England quite clearly stated an intention for public leisure to become an active well-being service, and to be recognised as such.” They went on to say:

*“...I think that is something that would be very welcomed by public leisure operators, to have that collective commitment to say, 'Actually, public leisure is more than sport, physical activity; leisure is actually there for health and well-being.’”<sup>56</sup>*

**70.** One Voice Wales told us that they would want to contribute to a review of leisure services and that:

*“...it's a conversation to be had between the WLGA, One Voice Wales and the WCVA, as to how this could be possibly taken forward in collaboration with Welsh Government.”<sup>57</sup>*

**71.** Sport Wales felt that the WLGA would be the most appropriate body to carry out a review.<sup>58</sup> Whereas the WLGA felt that the Welsh Government should lead on any such review, in partnership with others. Cllr Carwyn Jones listed:

*“Sport Wales, the WLGA, the authorities, the big players, the FAW, all the stakeholders who have a part in this sector. And I*

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<sup>55</sup> Local Government and Housing Committee, [LALLS 03 Sport Wales](#)

<sup>56</sup> Local Government and Housing Committee, Record of Proceedings, 23 March 2023, paragraph 115

<sup>57</sup> Local Government and Housing Committee, Record of Proceedings, 23 March 2023, paragraph 113

<sup>58</sup> Local Government and Housing Committee, Record of Proceedings, 23 March 2023, paragraph 107

*think between us all we would be able to have a vision for the future so that we could plan jointly for the years to come.”<sup>59</sup>*

**72.** Cllr Rob Stewart went on to say:

*“I think the last thing we'd want to do is to have a strategy created in isolation and then provide it without any funds to deliver it. So, I think it's an opportunity for us to work together to do develop something really good.”<sup>60</sup>*

**73.** The Culture, Communications, Welsh Language, Sport, and International Relations Committee undertook an inquiry **on Participation in sport and physical activity in disadvantaged areas**. The Committee's report notes that despite physical activity being mentioned in policy documents, it is rarely the focus or a key indicator of success. Professor Melitta McNarry elaborated on this point by telling the Committee:

*“We really do need to start joining up policies and having policies that work to address these multiple things, using probably a whole-system approach, and thereby accounting for the fact that not one of those things happens in isolation. So, we can't just take education, we can't just take health and then look to treat them independently; we need to start looking at their intersections and interactions to get the greatest gains in the shortest period of time, and for the best cost-effectiveness, as well.”<sup>61</sup>*

**74.** The Committee concluded with the following recommendation:

*“We recommend that the Welsh Government introduce a new national approach for participation in sport and physical activity in disadvantaged areas. This approach should bring together existing work and good practice that is already taking place as well as introduce new ideas to contribute to this approach. This should include measurable targets, set against*

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<sup>59</sup> Local Government and Housing Committee, Record of Proceedings, 4 May 2023, paragraph 354

<sup>60</sup> Local Government and Housing Committee, Record of Proceedings, 4 May 2023, paragraph 357

<sup>61</sup> Culture, Communications, Welsh Language, Sport, and International Relations Committee, Record of Proceedings, 8 June 2022, paragraph 265

*a defined time period of five years, to ensure that there is equity in access to participating in sport and physical activity.”<sup>62</sup>*

**75.** The Deputy Minister rejected the recommendation, stating:

*“Sport Wales helped the sector produce a national vision and developed its own strategy for sport in Wales in line with that vision that is supported by other public bodies, such as Public Health Wales and Natural Resources Wales. This vision is for an active nation where everyone can have a lifelong enjoyment of sport. This was developed following extensive consultation led by Sport Wales following the independent review of Sport Wales commissioned by the Welsh Government in 2017.”<sup>63</sup>*

**76.** When we raised the Deputy Minister’s rejection of the recommendation during our oral evidence session, she explained that she:

*“...didn't want to waste time and resource developing a new strategy when we were already working to a strategy that was engaging with the sector and with stakeholders across local authority, across the third sector, with the general public and across Government. As a result of that vision and that strategy, we've developed things...like the daily mile. We've also talked about the 'Health Weight: Healthy Wales' strategy—all of that came out of that vision that was established by Sport Wales. So, it was really about not reinventing the wheel. We just felt that we were already doing that.”<sup>64</sup>*

## **Our view**

**77.** Local authority leisure services are provided on a discretionary basis – there is not a statutory or policy framework in place. We heard evidence that there is some merit in exploring options for legislating, but it was argued that if local authorities had sufficient funding, there would be no need for legislation.

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<sup>62</sup> Culture, Communications, Welsh Language, Sport, and International Relations Committee, [Levelling the playing field: A report on participation in sport and physical activity in disadvantaged areas](#) – August 2022

<sup>63</sup> Culture, Communications, Welsh Language, Sport, and International Relations Committee, [The Welsh Government’s response to the recommendations in the Senedd’s Culture, Communications, Welsh Language, Sport and International Relations Committee report “Levelling the playing field: A report on participation in sport and physical activity in disadvantaged areas”](#), 28 September 2022

<sup>64</sup> Local Government and Housing Committee, Record of Proceedings, 24 May 2023, paragraph 46

**78.** A number of stakeholders noted existing legislation in the form of the Well-being of Future Generations (Wales) Act 2015 which has helped protect the provision of public leisure services. However, we heard concerns that the Act may not go far enough.

**79.** We are not convinced that there is currently a need for legislation, but we would encourage the Welsh Government to review the effectiveness of the Well-being of Future Generations Act in ensuring the provision and protection of public leisure services in Wales.

**Recommendation 4.** The Welsh Government should review the effectiveness of the Well-being of Future Generations (Wales) Act 2015 in ensuring the provision of public leisure services in Wales. It should share its findings with the Committee.

**80.** While we are not convinced of the need for legislation at the moment, we do see the benefits of having a policy framework for public leisure provision. We note that the Welsh Government has several strategies to encourage greater participation in sport and active recreation more generally, but there is no apparent national vision for public leisure services, especially one that links health services and public leisure.

**81.** Several witnesses called for a health and leisure strategy to ensure that leisure services join-up with health services. A strategy could be helpful in standardising what is expected of local authorities in terms of leisure provision - it would enable local authorities to plan their provision, and for the public to know what they can expect from their leisure service.

**82.** We were interested to hear about Sport England's report on the current state of public sport and leisure services, which found that public leisure should become an active well-being service and be recognised as such. We believe this is something that would be welcomed in Wales. It should be recognised that public leisure is more than simply sport, but plays a critical role in promoting positive health outcomes, including the prevention and management of physical and mental illnesses. We recommend that the Welsh Government leads a rapid review of public leisure services in Wales and works closely with partners such as the WLGA, One Voice Wales, Sport Wales and the WCVA.

**Recommendation 5.** We recommend that the Welsh Government leads a rapid review of the current state of public leisure provision in Wales and works in partnership with key partners such as the WLGA, One Voice Wales, Sport Wales and the WCVA to consider improvements for the future of leisure services.



**83.** We strongly recommend that the Welsh Government introduces a new framework for public leisure services which makes the connections between health and wellbeing services and public leisure. We note that the Deputy Minister rejected the Culture Committee's recommendation for a new national approach for participation in sport and physical activity in disadvantaged areas, on the basis that the Welsh Government already has its own strategy for sport. However, we feel that there is a pressing need to establish stronger links between health and leisure services. This would ensure the voice of public leisure and sport is heard within and across the various regional partnership models in Wales, as well as support better joined-up policies focused on prevention and positive health outcomes.

**Recommendation 6.** The Welsh Government should take all reasonable steps to develop stronger links between public leisure and health services. This should include developing a new policy framework for public leisure, which closely links with health and wellbeing services. As part of the process, the role of Public Services Boards and Regional Partnership Boards in improving joint working between health and public leisure services should also be reviewed.

## 4. Delivery models

**84.** Local authorities over the past decade have gradually been transferring the management of their leisure facilities, and to a lesser extent libraries and other cultural facilities, to external partners.

**85.** These partners are often in the form of a trust, a community benefit society, a social enterprise or to the community itself. A little over a decade ago, only a handful of authorities in Wales had opted to move to a different model for running some of their services. However, as austerity increased and council budgets continued to diminish, more authorities decided to contract their leisure services, and sometimes library services, to an external provider.

**86.** Cwmpas noted in its written evidence:

*“When managed effectively in a way that develops these services and facilities as community assets, alternative models of service delivery can provide essential services and create considerable social value.”<sup>65</sup>*

**87.** UNISON Wales on the other hand is opposed to outsourcing. It noted in its written evidence its concerns that councils have “sought to outsource services to make cost savings”, and that “the ‘austerity narrative’ adds a new level of urgency to making short-term financial decisions.” It is worried that a move to reduce costs “at the expense of the workforce” is a way to ‘soften up’ public services for privatisation. It goes on to state that “many people feel that co-operatives, mutuals and social enterprises are simply a ‘more acceptable face’ of outsourcing.”<sup>66</sup>

**88.** In oral evidence, UNISON Wales said that “there is no advantage to outsourcing in any form or model”:

*“In terms of the staff experience, our survey has demonstrated that there are no benefits to staff; in fact, quite the opposite. There are lots of detrimental experiences of staff in terms of leisure services, but also library services as well. There's a greater reliance on zero-hours contracts, or under-hours contracts... and moving away from the National Joint Council—that's the national local government terms and conditions and pay... We have attempts to move away from the local government*

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<sup>65</sup> Local Government and Housing Committee, [LALLS.04 Cwmpas](#)

<sup>66</sup> Local Government and Housing Committee, [LALLS.06 UNISON Wales](#)

*pension scheme. And because these are outsourced, then the council basically says it's nothing to do with them.*"<sup>67</sup>

**89.** Despite enterprises often being owned by its employees, UNISON Wales said that the stake staff have is often "minimal", and that:

*"The engagement with the recognised trade unions, where the membership in those bodies would be the majority of the staff, is poor, and often they set up alternative ways of engaging with the staff to bypass the organised, recognised trade unions."*<sup>68</sup>

**90.** Aura Wales on the other hand said:

*"...we are an employee-owned community benefit society, so, obviously, we, the board, have to talk to our shareholders, which we do regularly, with our employees, but our employees are bought into Aura—they're part of Aura in a much broader way than it's just Aura that employs them."*<sup>69</sup>

**91.** Community Leisure UK Wales told us that despite originally establishing larger trusts for financial savings, "in the last few years, they have become popular because of that social value and being embedded in all parts of the organisations". It also stated that "contracts are renewed with the recognition that, actually, working with a charitable trust model delivers that wider social value to the community":<sup>70</sup>

*"Working with a charitable operator for your leisure and library services actually allows a local authority to then allocate resources and focus on other essential services knowing that their leisure and library services are in good hands and actually will be looked after for the benefit of communities."*<sup>71</sup>

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<sup>67</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 244

<sup>68</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 284

<sup>69</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 249

<sup>70</sup> Local Government and Housing Committee, Record of Proceedings, 23 March 2023, paragraph 176

<sup>71</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 177

**92.** In its written evidence, WSA stated that it is “model agnostic” and that different approaches suit varying local circumstances.<sup>72</sup>

**93.** We heard of some benefits of operating services through a trust or charity, which include potential tax reliefs and access to grants beyond the reach of local authorities. For example, Community Leisure UK Wales said that one of the advantages to a social enterprise running an independent facility is the charitable tax relief that they receive. It described the charitable national non-domestic rate relief of 80 per cent as “quite significant on actually running a facility”.<sup>73</sup>

**94.** Similarly, Cwmpas said:

*“...the advantage in terms of getting the community to step up is setting up a legal structure that allows them to access capital from outside the local authority. That's the one advantage, because as a non-profit distributing company, whether they're defined as a co-operative or a social enterprise, they could develop relationships with third-party funders in doing that.”<sup>74</sup>*

**95.** It went on to say that relying on volunteers can also lead to savings:

*“The other advantage, obviously, is linking that facility back into the community, and the company developing their membership base, so they get members of the company who will become volunteers, who may volunteer within the business, on the board as part of that governance, or may volunteer to be part of the running of the service. So, there's an element of reducing the potential cost of delivering that service.”<sup>75</sup>*

**96.** On volunteers, Aura Wales said that they “bring with them a range of experience” in areas such as “finance, marketing, PR, education, HR and the charities sector, as well as leisure, libraries, play and heritage”.<sup>76</sup> However, Cwmpas did note that good governance can be a challenge when relying on volunteers:

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<sup>72</sup> Local Government and Housing Committee, [LALLS.07.Welsh Sports Association](#)

<sup>73</sup> Local Government and Housing Committee, Record of Proceedings, 23 March 2023, paragraph 57

<sup>74</sup> Local Government and Housing Committee, Record of Proceedings, 23 March 2023, paragraph 53

<sup>75</sup> Local Government and Housing Committee, Record of Proceedings, 23 March 2023, paragraph 53

<sup>76</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 56

*"Lots of them come from the starting point of setting up a pressure group to save the facility, and they have a board, and we can support them and train them to develop good governance. But good governance never ends, so, actually, the challenge is when board members, who are volunteers, leave and it's actually how you replace them and how you ensure that they're representative."*<sup>77</sup>

**97.** UNISON Wales described the budgetary benefit of outsourcing as "illusionary", stating:

*"...if you're going to be able to give 100 per cent business rate relief to a library service or a leisure service that's outsourced, you should also be able to give 100 per cent business rate relief if you retain it in-house. It shouldn't be an unlevel playing field, which distorts the economics of the situation. It can't be right that you cede democratic control and the ability to adapt a service just because there is a model that provides some financial benefit from doing that without any benefit to the service that is being provided or to the workforce that is providing that service."*<sup>78</sup>

**98.** Another suggested benefit of being an independent organisation was quicker decision making and action in terms of developing services. Aura Wales described themselves as being "a bit more agile, and that's not a criticism of local authorities" who have a myriad of responsibilities.<sup>79</sup> Community Leisure UK Wales said:

*"...being a charitable organisation, being an independent organisation, you are quicker in your decision making in terms of where you're going to invest in your facility, in the events that you are going to run and the partnerships that you have with your local community."*<sup>80</sup>

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<sup>77</sup> Local Government and Housing Committee, Record of Proceedings, 23 March 2023, paragraph 35

<sup>78</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 246

<sup>79</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 54

<sup>80</sup> Local Government and Housing Committee, Record of Proceedings, 23 March 2023, paragraph 247

**99.** For example, Awen Cultural Trust said that it was “agile enough” to change its services during the pandemic and the cost-of-living crisis.<sup>81</sup> Newport Live told us that it was able to open one of its locations in the city centre to the homeless within 48 hours at the start of the pandemic.

**100.** However, UNISON Wales on the other hand argued that being able to do things quicker, does not necessarily make it better.<sup>82</sup>

*“...there is a track record of alternative providers implementing changes very quickly without any consultation with either the local authority or with the staff that provide those services. In fact, that's one of the criticisms that we put in our report, that the social partnership model that we benefit from in public services is not always translated or taken on board by the outsourced providers.”<sup>83</sup>*

**101.** A common theme in the evidence relating to delivery models was that a partnership approach should be adopted, regardless of the model being used. Community Leisure UK Wales said:

*“...good practice is where local authorities and leisure and culture trusts, or whichever is the operator, adopt a partnership approach, where they co-design, co-develop the service to address common goals.”<sup>84</sup>*

**102.** It went on to say that treating the relationship as a “client-supplier” one, “focusing specifically on low-cost services” has not worked:

*“We work with all of these organisations, and they very much want this to be a partnership approach with the local authority and do not want them to be treated as a client-supplier relationship.”<sup>85</sup>*

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<sup>81</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 104

<sup>82</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, Paragraph 249

<sup>83</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, Paragraph 248

<sup>84</sup> Local Government and Housing Committee, Record of Proceedings, 23 March 2023, Paragraph 123

<sup>85</sup> Local Government and Housing Committee, Record of Proceedings, 23 March 2023, Paragraph 124

**103.** When we visited Newport Live, we heard that the relationship with Newport Council is critical to its success. Swim Wales also told us that a connection and support network needs to be maintained.<sup>86</sup> Similarly, Cwmpas said:

*“If you're going to transfer an asset, then it needs to be that and it needs the support with it. You can't just hand that over to a fledgling community group where we can go in and help them to set up as a charitable incorporated organisation or a community interest company or a community benefit society; you need the ongoing support from the local authority to make that work, because without that ongoing support, it's highly likely that that will fail.”<sup>87</sup>*

**104.** According to Audit Wales, the Auditor General's report on Community Asset Transfers published in 2018, found that there was scope for local authorities to “provide better and more visible help and support before, during, and after the ‘community asset transfer’ process.”<sup>88</sup>

**105.** With regard to social enterprises, the Auditor General for Wales in his report ‘A missed opportunity’ - Social Enterprises found that:

*“Local authorities are mostly not encouraging social enterprises and are not seeking to grow and widen their role and Social Enterprises are often at the fringes of local authority business. As a result, local authorities are missing out on the potential for Social Enterprises to help deliver services that can improve people's quality of life.”<sup>89</sup>*

**106.** For a partnership approach to work, Cwmpas said that there must be a “political realisation” among local government that an element of control in terms of political decision making is lost when you transfer a service:

*“You can't really have your cake and eat it in terms of control, ownership, management...Elected members need to be realistic that, if they're going to do it, it's not just about saving, the bottom line of the 80 per cent mandatory rate relief; it's about giving the model—spinning that model out and giving it the best chance to have the freedom to be entrepreneurial and*

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<sup>86</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, Paragraph 185

<sup>87</sup> Local Government and Housing Committee, Record of Proceedings, 23 March 2023, paragraph 121

<sup>88</sup> Local Government and Housing Committee, [LALLS 12 Audit Wales](#)

<sup>89</sup> Local Government and Housing Committee, [LALLS 12 Audit Wales](#)

*to make changes, and develop better services for the people in that community, really.”<sup>90</sup>*

**107.** Aura Wales noted that as a charitable, not-for-profit organisation, they “don’t have party obligations” and when making decisions, do not have to worry about what a political party might say or what the political ramifications might be.<sup>91</sup> However, UNISON Wales felt that there is no:

*“...substitute for having accountability for those services, which is democratically accountable through the local councillors, which, as soon as you outsource these facilities, you lose that direct accountability.”<sup>92</sup>*

**108.** Regardless of the delivery model, we heard of the importance of sharing good practice and learnings. UNISON Wales told us that they “hope that councils will learn the lessons from the experiences across councils in Wales and share those experiences”.<sup>93</sup> Likewise, Community Leisure UK Wales said that it is important to ensure that:

*“we continue to support and share best practice of alternative models of service delivery, whether it’s the larger trusts, the smaller independent charities or the in-house delivery of local authorities.”<sup>94</sup>*

**109.** In its written evidence, Community Leisure UK Wales cautions local authorities to not make decisions “based solely on cost management” but instead, to “focus on the delivery of leisure and culture as public services”. Ultimately, changing contracts from leisure trusts to another model is “unlikely to support Councils with their budget pressures nor will it increase investment”.<sup>95</sup>

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<sup>90</sup> Local Government and Housing Committee, Record of Proceedings, 23 March 2023, paragraph 143

<sup>91</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 57

<sup>92</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, Paragraph 249

<sup>93</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, Paragraph 268

<sup>94</sup> Local Government and Housing Committee, Record of Proceedings, 23 March 2023, paragraph 182

<sup>95</sup> Local Government and Housing Committee, [LALLS.02 Community Leisure Wales](#)



## Delivery of leisure provision

**110.** The majority of councils no longer rely solely on “in-house” operations to deliver services, with a significant shift in how leisure services are delivered in Wales.

**111.** Half of all councils in Wales have outsourced the management of their leisure services to a leisure ‘trust’. Two authorities have established local authority trading companies to run their leisure provision (Gwynedd and Denbighshire). Eight councils in Wales continue to run their own leisure and library services ‘in-house’, soon to increase to nine as Neath Port Talbot County Borough Council brings its leisure services back into council control (expected 2024).

**112.** Community Leisure UK Wales provided the below table that gives a brief overview of the various delivery models by authority:

<b>Local Authority</b>	<b>Leisure Provision</b>	<b>Library Provision</b>
Blaenau Gwent	Aneurin Leisure (Trust)	Aneurin Leisure (Trust)
Bridgend	Halo Leisure (Trust)	Awen Cultural Trust (Trust)
Caerphilly	In-house	In-house
Cardiff	GLL (Trust)	In-house
Carmarthenshire	In-house	In-house
Ceredigion	In-house	In-house
Conwy	In-house	In-house
Denbighshire	Denbighshire Leisure (LATC)	In-house
Flintshire	Aura Leisure & Libraries (Trust)	Aura Leisure & Libraries (Trust)
Gwynedd	Byw'n Lach (LATC)	In-house
Isle of Anglesey	In-house	In-house
Merthyr Tydfil	Wellbeing@Merthyr (Trust)	Wellbeing@Merthyr (Trust)
Monmouthshire	In-house	In-house
Neath Port Talbot	Celtic Leisure (Trust) <sup>2</sup>	In-house
Newport	Newport Live (Trust)	In-house
Pembrokeshire	In-house	In-house
Powys	Freedom Leisure (Trust)	In-house
Rhondda Cynon Taff	In-house	In-house
Swansea	Freedom Leisure (Trust)	In-house
Torfaen	Torfaen Leisure Trust (Trust)	In-house
Vale of Glamorgan	Legacy Leisure (complex trading structure)	In-house
Wrexham	Freedom Leisure (Trust)	In-house

**113.** As WSA told us, there is roughly an even split in Wales today around whether leisure services are delivered in-house, or whether they are contracted to a third party, suggesting that there is no “default option in Wales at the moment”.<sup>96</sup>

**114.** According to written evidence from Audit Wales, the Auditor General for Wales has completed eight local audit reviews in the last five years looking at leisure services. He found that:

*“In some cases, the difficult fiscal environment was the catalyst for electing to work with a leisure trust and remove direct management and control of leisure services from local authorities.”<sup>97</sup>*

**115.** The Auditor General for Wales also found that:

*“In some authorities there were weaknesses in the quality, range and depth of information used to complete options appraisals when deciding on outsourcing. For example, poor financial information underpinning the different options that resulted in a skewed consideration of which option to pursue, and Members not being provided with sufficient and timely financial information to aid decision-making.”<sup>98</sup>*

**116.** There was no strong view among witnesses about which delivery model works best for leisure services, with Cwmpas noting that “different models will suit different communities”.<sup>99</sup>

**117.** WSA highlighted that “different models present different challenges and different opportunities”. For example, where there has been a community asset transfer, it said:

*“...there's a real opportunity to deliver something in partnership with the community, something where the community really buys into it, where local people have a real stake and say. Because it's not a contracted relationship I think there's no financial safety net in those delivery models, and a lot of those facilities that came through the community asset transfer*

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<sup>96</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 202

<sup>97</sup> Local Government and Housing Committee, [LALLS 12 Audit Wales](#)

<sup>98</sup> Local Government and Housing Committee, [LALLS 12 Audit Wales](#)

<sup>99</sup> Local Government and Housing Committee, Record of Proceedings, 23 March 2023, paragraph 121

*process are probably those most under threat at the moment.*<sup>100</sup>

**118.** On contracted services run by a third party on behalf of local authorities, WSA noted that those parties are “able to access alternative financing arrangements”. As a result, it suggested that some third party deliverers have “been able to modernise more effectively and readily, perhaps, than some of the in-house deliverers”.<sup>101</sup> However, on in-house delivery, WSA said that local authorities are “still in the situation where closing leisure centres, et cetera, is a politically difficult decision” and that brings with it a level of protection, despite the often increased costs.<sup>102</sup>

**119.** Sport Wales highlighted the importance of ensuring that public leisure services, in whatever format they may take, are “representative of the communities they are based in.” They went on to say that delivery models should be looked at “through the lens of equalities and tackling the undervalued or underrepresented groups that you may not necessarily see if it's a sport-specific model or a commercial-specific model.”<sup>103</sup>

**120.** Leisure trusts were keen to promote the benefits of outsourcing, with GLL (Better) stating:

*“...we're pleased and proud in the social enterprise leisure trust movement... The city of Cardiff now pay £1 million a year to have their leisure centres run, when it cost them £3 million, but the facilities are better used now than ever, because, jointly with the council, we've ensured that the investments have gone in the right place, because we know the marketplace and we know what the commercial competitors are going to get up to.”*<sup>104</sup>

**121.** When we visited Neath Leisure Centre, we heard that Celtic Leisure were provided an annual management fee of £1.4 million from the council and that fee was increased to £4.4 million post-pandemic to reflect changes in usage patterns,

<sup>100</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 180

<sup>101</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 181

<sup>102</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 182

<sup>103</sup> Local Government and Housing Committee, Record of Proceedings, 23 March 2023, paragraph 13

<sup>104</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 61

wage inflation and current financial pressures. Neath Port Talbot County Borough Council has recently voted to bring its leisure services back under local authority control. It is estimated that running services in-house will cost the council £5.4 million, mainly due to pension contributions and non-domestic rates.

**122.** Swim Wales told us that they “see a correlation between the leisure trusts being closer to the community” and that “the feedback loop between the community itself and the leisure trusts seems to be stronger”:

*“Sometimes, in some of those operating models, there's a distance between the head and the tail. So, talking to the community, finding out what the community wants, can be a hard thing to do, getting that insight and data, and then reacting fairly quickly. So, I do think it's a bit like the oil tanker and the speedboat—some of these leisure trusts are more of the speedboat model, where they can listen, readjust, and, next week, they can put on a class...That's as opposed to maybe some of the other feedback loops, where you fill in a form, it goes into the reception, it goes up the ranks, through the local authority, and somebody might read it in six months' time. I'm not saying that's always the case, but for me, they seem a lot more flexible and adaptable, and closer to the people.”<sup>105</sup>*

**123.** Cllr. Rob Stewart, talking about his own authority (Swansea), said that outsourcing “was the best option”. He continued by stating that:

*“...across Wales, people will be in different positions and they may choose a different way. Had I been able to get another £1 million or £2 million a year, I would probably have tried to retain or bring everything in-house, but there were additional costs to doing that over and above what we do. We are still subsidising our partnership arrangements with Freedom, and, as I said, we're also pumping in additional money to assist them with their energy bills through this cost-of-living crisis.”<sup>106</sup>*

**124.** Cllr. Carwyn Jones on the other hand said, having looked at leisure provision in his own area (Anglesey), that there were “no advantages to outsourcing it”.<sup>107</sup> The rural nature of the county was a factor in this outcome.

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<sup>105</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 188

<sup>106</sup> Local Government and Housing Committee, Record of Proceedings, 4 May 2023, paragraph 278

<sup>107</sup> Local Government and Housing Committee, Record of Proceedings, 4 May 2023, paragraph 274

**125.** The WLGA stated in its written submission that councils will not close leisure facilities, but that “all options [are] being considered” and could lead to “difficult decisions being taken in the next financial year”.<sup>108</sup>

## Delivery of library provision

**126.** While trusts are a significant feature within the leisure sector in Wales, the shift to outsourcing council library and cultural facilities has not moved at a similar pace. Instead, councils have generally favoured retaining management of libraries. At present, four authorities have outsourced their provision to a leisure or cultural trust.

**127.** We heard from SCL Cymru that their membership “is made up of all the different models of delivery” but regardless of the model, they are all governed by the same standards.<sup>109</sup> Similarly Community Managed Libraries National Peer Network (“CMLNPN”) said:

*“I’ve spoken to and visited hundreds of community libraries, and the general feedback that you get talking to people is that they don’t know who runs it, necessarily. Whether that’s a good or a bad thing for that community organisation, I don’t know, but the service at the point that they receive it is the same.”<sup>110</sup>*

**128.** CILIP Wales told us that changing the model of delivery should not be “because a local authority can’t manage its statutory duty” and that local authorities should “think about what they’re losing if they are changing that model”.<sup>111</sup>

**129.** Cwmpas, in its written evidence, noted that community trusts are sometimes established quickly to respond to an urgent desire to save a facility from closure. It commented that the process is:

*“highly demanding of individuals’ time, needs high levels of skill and capacity, often involves considerable financial commitments and even taking on serious liabilities.”<sup>112</sup>*

**130.** Similarly, CMLNPN told us that community run libraries can “be more financially viable, a cheaper alternative”, but depends on two key areas:

<sup>108</sup> Local Government and Housing Committee, [LALLS.11.WLGA](#)

<sup>109</sup> Local Government and Housing Committee, Record of Proceedings, 4 May 2023, paragraph 137

<sup>110</sup> Local Government and Housing Committee, Record of Proceedings, 4 May 2023, paragraph 140

<sup>111</sup> Local Government and Housing Committee, Record of Proceedings, 4 May 2023, paragraph 153

<sup>112</sup> Local Government and Housing Committee, [LALLS.04.Cwmpas](#)

*“They are the skills and experience and the enthusiasm of the community that's involved—that group—however it's structured and whoever is involved. In many cases, if it's a charity that has formed as a 'friends of' group to take over the ownership of a community library, it's what experience and skills are spread across the board of those trustees. That is what invigorates a really successful community library, but, at the same time, working very closely with other libraries across the sector, whatever model or structure you've taken, is really, really important.”<sup>113</sup>*

**131.** Cwmpas also warned that “we must not presume that community ownership is an easy answer to budgetary pressures within local authorities”. Expanding on the challenges faced by community run libraries, it said:

*“...if there wasn't an economic model there, as part of a sustainable social enterprise, social business, that was always problematic. So, it was a lot easier when the library was linked to something else, when there was an economic potential model there that included the library—and Awen Cultural Trust is a good example of that—by putting libraries and culture and theatres together. And I know, for lots of those smaller single libraries—I'm thinking here of an example up in the Afan valley—the community worked really hard, but it was based on voluntary endeavour and grant giving and raising money constantly from funds, because there wasn't that economic model, a sustainable model there.”<sup>114</sup>*

**132.** Similarly, CILIP said:

*“...we have seen that alternative models are no cheaper to run or can attain the quality of local authority delivered services. The model only works in affluent areas where staffing levels remain stable and volunteers are plentiful. The greatest need for excellent public library services might arguably not be in these authorities.”<sup>115</sup>*

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<sup>113</sup> Local Government and Housing Committee, Record of Proceedings, 4 May 2023, paragraphs 163-164

<sup>114</sup> Local Government and Housing Committee, Record of Proceedings, 23 March 2023, paragraph 37

<sup>115</sup> Local Government and Housing Committee, [LALLS.09.CILIP](#).

**133.** This point was also raised by Gresford and District Library trustees when we visited. They acknowledged that the area where the library is located is “middle class” and there was already an active group of people in the community, so when the library faced closure there was “a big momentum to do something about it”.

**134.** According to CMLNPN:

*“There are nearly 20,000 volunteers supporting community libraries in England & Wales to grow and thrive. This not only benefits library service provision, embedding community voices throughout, but provides significant benefits and opportunities to the volunteers.”<sup>116</sup>*

**135.** CILIP raised concerns that skills can be lost by outsourcing.<sup>117</sup> This concern was also raised by UNISON Wales. In written evidence it said:

*“The use of volunteers means there is a de-professionalisation of the service offered to the public.”<sup>118</sup>*

**136.** According to UNISON Wales:

*“Libraries do not function properly without well-trained and motivated staff and library workers should be at the heart of library provision. Libraries, and the public they serve, need professional paid library staff present at all times because library staff are experienced, trained, safe, objective, multi-skilled, reliable and accountable. They are qualified in knowledge and information management, abide by an ethical framework, and must respect equalities legislation. If trained staff are not available to advise and guide, the service suffers.”<sup>119</sup>*

**137.** One Voice Wales told us that one of the models they are encouraging is the role that community and town councils can play in terms of providing funding to community interest companies:

*“One that certainly comes to mind is Resolven. A number of years ago, the community council funded the establishment of a CIC, and that helped to retain the library provision in that area. I understand, though, that some of the problems with that*

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<sup>116</sup> Local Government and Housing Committee, [LALLS.10 Community Managed Libraries National Peer Network](#)

<sup>117</sup> Local Government and Housing Committee, Record of Proceedings, 4 May 2023, paragraph 135

<sup>118</sup> Local Government and Housing Committee, [LALLS.06 UNISON Wales](#)

<sup>119</sup> Local Government and Housing Committee, [LALLS.06 UNISON Wales](#)

*kind of model is that, obviously, it's reliant on volunteers to maintain that service, and I understand that there have been problems in terms of the number of volunteers that are available to retain that service on an ongoing basis.*"<sup>120</sup>

**138.** We heard that another benefit of community owned libraries is the “level of ear-to-the-ground consultation” and “the ability to reflect the needs of marginalised voices.”<sup>121</sup> It was suggested that they can provide “activities, services, support and outreach which goes above and beyond” what local authorities can offer<sup>122</sup> and can also be more agile to new developments or pressures.<sup>123</sup> CMLNPN told us:

*“What we've found is that the provision of a really successful community-led library is based on the passion in that community and what it wants to see delivered. It's therefore very embedded in understanding the local voices and engaging with people and consulting with people properly. I think that's the important thing.”*<sup>124</sup>

**139.** Similarly, Gresford and District Community Library told us that they can be flexible and respond to what people want. For example, the local primary school visits on a monthly basis and they hold activity groups such as knitting.

**140.** The Deputy Minister noted in her written evidence that small community run facilities are the most at risk venues as these are often not protected by contracts or the “financial backstop” in the shape of a local authority.<sup>125</sup>

**141.** However, the Deputy Minister told us in oral evidence that she “wouldn't dare” offer any advice and support for local authorities as to what they might do in terms of models for delivery of leisure and library services:

*“...it is horses for courses. I have two local authorities in my constituency. One provides direct leisure services, the other one is a trust. Which one is better? You pay your money, you take your choice. They are very different models, but they deliver a level of service, and I think that is what the local authority*

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<sup>120</sup> Local Government and Housing Committee, Record of Proceedings, 23 March 2023, paragraph 127

<sup>121</sup> Local Government and Housing Committee, Record of Proceedings, 4 May 2023, paragraph 139

<sup>122</sup> Local Government and Housing Committee, [LALLS 10 Community Managed Libraries National Peer Network](#)

<sup>123</sup> Local Government and Housing Committee, Record of Proceedings, 4 May 2023, paragraph 141

<sup>124</sup> Local Government and Housing Committee, Record of Proceedings, 4 May 2023, paragraph 146

<sup>125</sup> Local Government and Housing Committee, 24 May 2023, [Paper 5](#)



*ultimately has to look at: what is the most effective way of delivering the service that its community needs.*<sup>126</sup>

**142.** In a letter to us, dated 12 June 2023, the Deputy Minister reiterated that it is up to local authorities to “determine which model best meets the need for their community.” She also confirmed that the Welsh Government is “not aware of any specific evidence as to the efficiency of particular models within Wales.”<sup>127</sup>

## **Our view**

**143.** There was no strong overarching view among witnesses about which delivery model works best. We heard that all options have their advantages and disadvantages, and it was clear from the evidence received that there should not be a one size fits all approach – different models will suit different local authorities, dependent on their geography, the needs of their communities, their resources and so on. However, we believe that when considering delivery models, the main consideration for local authorities should be the level and quality of leisure and library services provided and their value to communities. Decisions should not be taken purely for cost management.

**144.** We also believe, where services have been outsourced, a partnership approach to service delivery between the local authority and third-party deliverer should always be maintained. Accountability for the provision of services should ultimately lie with the local authority, regardless of the model of delivery.

**145.** Our view is that it should be up to local authorities to decide what delivery model best suits their communities. However, we would encourage wider sharing of good practice, learnings, and experiences.

**Recommendation 7.** We recommend that the Welsh Government works with local authorities via the WLGA to provide support, guidance and share best practice relating to different models of service delivery.

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<sup>126</sup> Local Government and Housing Committee, Record of Proceedings, 24 May 2023, paragraph 111

<sup>127</sup> Local Government and Housing Committee, 15 June 2023, [Paper 11](#)

## 5. Social value

**146.** We heard that the benefits of leisure and library services to communities cannot be overstated. According to Community Leisure UK Wales:

*“They promote physical and mental well-being through various programmes and partnerships and that includes adult education, early years provision, school holiday programming, and, of course, the national exercise referral scheme. So, they reduce inequalities and ill health, they reduce the time that patients spend in hospital on NHS care, and they do that, really, by contributing to developing the Well-being of Future Generations (Wales) Act 2015 through integration of arts, culture, sport and leisure.”<sup>128</sup>*

**147.** It went on to say that there “is a real threat to the health and well-being of our communities” when those services are withdrawn, because they also lose critical support for health and well-being, educational and employment opportunities, and social cohesion.<sup>129</sup>

**148.** In its written evidence, Cwmpas highlighted a report published by Public Health Wales recently on the **Cost-of-living crisis: a public health emergency**. Cwmpas states that PHW make clear that the cost-of-living crisis is having a “profound impact on public health”. As such, Cwmpas believes it is vital that community-based library and leisure services are seen as “key assets” in this context and that:

*“Removing these assets and services from communities can have a profound impact on an already dangerous and worsening public health crisis... ensuring a consistent and sustainable delivery of library and leisure services can be a key preventative measure and investment for our health and care.”<sup>130</sup>*

**149.** Evidence received from the Older People’s Commissioner for Wales highlights the importance of leisure facilities to older people:

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<sup>128</sup> Local Government and Housing Committee, Record of Proceedings, 23 March 2023, paragraph 5

<sup>129</sup> Local Government and Housing Committee, Record of Proceedings, 23 March 2023, paragraph 5

<sup>130</sup> Local Government and Housing Committee, [LALLS.04.Cwmpas](#)

*“Leisure centres provide facilities and a range of activities for communities, including older people. If action is not taken to protect accessible leisure facilities, not only will Wales continue to see unmet demand for sport and physical activity among older people, but there is likely to be an increase in social isolation and a decline in the health and well-being of older people.”<sup>131</sup>*

**150.** With regard to libraries, the Older People’s Commissioner told us that:

*“...libraries play a crucial role in building digital skills among older people and already provide access to information and support services.”<sup>132</sup>*

**151.** SCL Cymru noted that:

*“Library services contribute to a range of Welsh Government outcomes such as literacy, skills and learning, digital inclusion, poverty, health and well-being.”<sup>133</sup>*

**152.** We heard from UNISON Wales that libraries have:

*“...really come into their own in terms of providing spaces for people who don't have the capacity in their own homes for study or for the equipment in terms of technology and Wi-Fi access, so it provides an equal platform for communities to access those services. And library services provide services for all ages from reading groups for young children right up into support for people looking to apply for jobs, with CV preparation. It provides study, it provides a warm place, and this is all of the things that are above and beyond just looking to see whether you've got reading materials that are going to interest you, but, obviously, access to books that you don't have to pay for. So, it provides that equal platform for communities.”<sup>134</sup>*

**153.** Similarly, in terms of leisure services, UNISON Wales noted that:

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<sup>131</sup> Local Government and Housing Committee, [LALLS.05 Older People’s Commissioner for Wales](#)

<sup>132</sup> Local Government and Housing Committee, [LALLS.05 Older People’s Commissioner for Wales](#)

<sup>133</sup> Local Government and Housing Committee, [LALLS.01 Society of Chief Librarians Cymru](#)

<sup>134</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 233

*"...we have all sorts of campaigns to combat obesity and other chronic health problems that are preventable through people having more healthy lifestyles, and in order to have more healthy lifestyles, you need to have good access to affordable leisure services."*<sup>135</sup>

**154.** WSA felt that the Well-being of Future Generations (Wales) Act 2015 has helped in making sure that local authorities pay some regard to the wider benefits of leisure facilities, and the things against which they deliver in terms of education, health, community well-being and community safety.<sup>136</sup>

**155.** In its written evidence, Cwmpas referred to its 2022 mapping exercise which found that:

*"social enterprises across Wales produce significant social value, including improving health and well-being, supporting vulnerable people and addressing social exclusion, creating employment opportunities and providing access to services."*<sup>137</sup>

**156.** Cwmpas also highlighted the economic development impact of alternative not-for-profit delivery models, including addressing social exclusion and creating employment opportunities:

*"I think, particularly when you look at the ones that have moved away from local authority provision, by creating that economic anchor locally, providing the good quality jobs close to where people live in terms of from a foundational economy perspective, but also by creating an independent economic anchor away from the public sector, there's potential around the social value supply-chain work and procurement. You find that actually, they find that slightly easier, moving away from the sort of public sector procurement regime by becoming more independent, to try and get that spend to remain local as well."*<sup>138</sup>

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<sup>135</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 234

<sup>136</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 199

<sup>137</sup> Local Government and Housing Committee, [LALLS.04.Cwmpas](#)

<sup>138</sup> Local Government and Housing Committee, Record of Proceedings, 23 March 2023, paragraph 7

**157.** Sport Wales noted the “broad way” in which social value can be captured, adding that its own analysis for sport more generally was that for every £1 spent, there was a social return of £2.88:

*“...I wouldn’t necessarily say that is a absolute given in terms of those outputs. What it does do is really help create the conversations that are required between not just local authorities, but also health services, education services, about how we pool resources to see the preventative impacts of that funding, the preventative impacts of those collaborative programmes around social prescribing, around education and so forth, to maximise the impacts of leisure facilities.”<sup>139</sup>*

**158.** Similarly, Community Leisure UK Wales noted data it had that leisure trusts specifically create “£101 of social value per person using their facilities and services and that is measured through savings to the NHS, reduced crime levels and improved mental and physical health of communities.”<sup>140</sup>

**159.** Aura Wales explained that they work with a company to review and investigate the value of some of their programmes and projects. For example:

*“One was in libraries, which was about our tackling of social isolation and loneliness, and when we reviewed those interventions and interviewed the participants, the social value for every £1 spent was £8.75. And in our active communities teams, we work collaboratively with community safety to identify areas of high anti-social behaviour, and we go in and deliver interventions using sport as a tool to engage young people. Those programmes were evaluated and, for every £1 spent, £13.16 of social value was created.”<sup>141</sup>*

**160.** Swim Wales told us that “there needs to be a lot more data and insight as to social value and the return on social value”.<sup>142</sup> This view was supported by GLL (Better). It noted that more understanding and analysis of social value is clearly required, and that:

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<sup>139</sup> Local Government and Housing Committee, Record of Proceedings, 23 March 2023, paragraph 149

<sup>140</sup> Local Government and Housing Committee, Record of Proceedings, 23 March 2023, paragraph 154

<sup>141</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 90

<sup>142</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 194

*“...it’s sometimes difficult for councillors without a quantitative value in relation to the social value. So, I think that that can be difficult, and what we have done recently is to work with Sheffield Hallam University, and with other specialists in the sector, to actually quantify how much does a council get back from, say, a £1 investment. And what we have found in Lincolnshire is that we are generating over £5 for every £1 of investment, which I think is a very powerful way of demonstrating value. So, I think that that also is important—that we shouldn’t be afraid of quantifying what we do.”<sup>143</sup>*

**161.** In their written evidence, WLGA stated:

*“There is...a clear need for a robust framework to measure the social return on investment provided within leisure and library services, in terms of preventative and person-centred approaches and demand on higher cost services such as Social Care and Health services.”<sup>144</sup>*

**162.** Audit Wales told us that the Auditor General for Wales in his 2018 report on Community Asset Transfers found that local authorities were finding it difficult to monitor and measure the wellbeing and social impact of a transfer and that the scale of transfers and their value was not captured or formally recorded locally or nationally.<sup>145</sup>

**163.** Similarly, their written evidence refers to the Auditor General’s report on Social Enterprises that found:

*“...despite Social Enterprises providing services that help public bodies deliver their wellbeing objectives and other statutory responsibilities, local authorities are mostly not monitoring or evaluating their activities nor their impact.”<sup>146</sup>*

**164.** Aura Wales said that one of the main challenges “is trying to explain to people who have other budgetary demands that we can save you money”:

*“...we do save the health service, the public health service, the police, in terms of anti-social behaviour, and local authorities in*

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<sup>143</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 84

<sup>144</sup> Local Government and Housing Committee, [LALLS.11 WLGA](#)

<sup>145</sup> Local Government and Housing Committee, [LALLS.12 Audit Wales](#)

<sup>146</sup> Local Government and Housing Committee, [LALLS.12 Audit Wales](#)

*terms of some of their social services—we save them money. But I think one of the challenges is that we're not very good at actually explaining all of that, and we certainly don't quantify it, in a way. So, people are looking at the budgets for libraries and leisure and don't realise that they're actually saving other people's budgets and there doesn't seem to be that connection. So, I think that's something that we can all do to try and ease that disconnect.”<sup>147</sup>*

**165.** Audit Wales referred to its 2021 report on Local Authority Services in written evidence. The report found that recreation and cultural services “are well used and highly valued by citizens”. However, Audit Wales said:

*“Despite having a high social value, helping to maintain personal wellbeing and playing an important preventative role, these are often discretionary services and have seen the largest cuts in funding across all local authority activities...of all local authority services, recreation and sport have seen the largest reduction in expenditure and library services the third largest cut. Yet these were also the services with high citizen value and were regularly used by people – 85% of citizens we surveyed regularly used local authority recreation and sport services and 76% library services.”<sup>148</sup>*

**166.** It went on to say:

*“...the quality and depth of information that is presented to members to inform discussions and support decision making is not always comprehensive and lacked detail in key areas. For instance, the legal basis for a service is not always included, how services contribute to the delivery of wider priorities such as prevention can be brushed over and the impact on wider responsibilities such as equalities and socio-economic challenges not captured.”<sup>149</sup>*

**167.** In its written evidence, the WLGA noted that the “central role” leisure and library services play in facilitating all of the many provisions in council

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<sup>147</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 23

<sup>148</sup> Local Government and Housing Committee, [LALLS 12 Audit Wales](#)

<sup>149</sup> Local Government and Housing Committee, [LALLS 12 Audit Wales](#)

communities can be “poorly recognised” and “undervalued” at times at both council and Welsh Government level.<sup>150</sup>

**168.** SCL Cymru called for more awareness and understanding of what libraries deliver, starting with the Welsh Government:

*“On the ground, we're all engaged in this work. There is a little bit of a missing trick, though, that starts with Welsh Government...So, when the programme for government was developed and the strategies that developed as a result of that...the strategy for an ageing society...So, libraries are delivering in spades on that strategy. No-one at Government level has made that sum and realised that this is the case, so we're not part of these conversations. It's just completely missing a trick and possible investment, then, into the library offer and that focus on what we are actually delivering.”<sup>151</sup>*

**169.** It went on to say that when the strategies are put together “it’s a battle to get libraries in there.” Using the new culture strategy as an example, it noted:

*“...we are lobbying hard to get an awareness and an understanding of what libraries can actually deliver within the cultural space. It will be the only strategy, though, and for authorities to be hanging their hats on that strategic direction, it's really important right now. And it's a challenge, and we're all feeling not very confident that our voices are going to be heard loud enough within that strategy.”<sup>152</sup>*

**170.** The notion that libraries are not well understood in Government was echoed by CILIP:

*“...the digital strategy for Wales that came out just didn't reference libraries, and so, we organised a cross-sector response. I think public libraries suffer a little bit...in that they're sort of positioned here under the culture division, which is appropriate, but actually, they work across all sorts of issues, so they're in health, in education; they're cutting across all of these things, and there isn't brilliant working across those sectors.”<sup>153</sup>*

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<sup>150</sup> Local Government and Housing Committee, [LALLS.TI.WLGA](#)

<sup>151</sup> Local Government and Housing Committee, Record of Proceedings, 4 May 2023, paragraph 171

<sup>152</sup> Local Government and Housing Committee, Record of Proceedings, 4 May 2023, paragraph 172

<sup>153</sup> Local Government and Housing Committee, Record of Proceedings, 4 May 2023, paragraph 178



**171.** The Deputy Minister told us that Sport Wales has re-commissioned Sheffield Hallam University to undertake research on the social and economic value of sport in Wales and that a report is expected later this year. She explained that the previous report published in 2018 looked at:

*“...the economic value of sport in Wales, the wider social impacts of sport in relation to health, subjective well-being, social capital, education, crime, volunteering, and what the outcome of that report showed then was that, for every £1 we invested, there was a return of £2.88.”<sup>154</sup>*

## **Our view**

**172.** Library and leisure services provide health and well-being, as well as social and economic, benefits to communities. We were given multiple figures relating to the wider social value of these services. For example, Sport Wales said that for every £1 spent on sport there was a social return of £2.88 and according to Community Leisure UK Wales, leisure trusts create £101 of social value per person using their facilities and services which is measured through savings to the NHS, reduced crime levels and improved mental and physical health of communities. The major value that leisure and library services provide to their communities cannot be overstated. However, stakeholders told us that more understanding and analysis of social value is needed.

**173.** We believe there should be an emphasis on social value when local authorities determine how best to deliver leisure and library services. We would encourage the Welsh Government to work with local authorities to consider what social value outcomes they want to achieve through public leisure and library services, and design and deliver their services accordingly. Having up-to-date, Wales-specific data on social value that is shared with local authorities would help them make informed decisions about service delivery.

**Recommendation 8.** We recommend that the Welsh Government, in collaboration with local government partners, undertakes regular analysis and publication of Wales specific data on the social value return on investment in delivery of both leisure and library services.

**174.** We were concerned to hear that library services and the social value they can create may sometimes be overlooked by the Welsh Government. Libraries provide a wide range of services and activities, and it is important that there is awareness

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<sup>154</sup> Local Government and Housing Committee, Record of Proceedings, 4 May 2023, paragraph 53

and understanding within government of what they can deliver and their benefit to wider services such as health and education.

**175.** At present, there is not a national body to lead public library development in Wales. We believe that the Welsh Government should consider establishing a Libraries Taskforce to promote the social value of libraries and share best practice, which could include providing library services with evidence and data to inform their decision making.

**Recommendation 9.** We recommend that the Welsh Government should explore the options for establishing a Libraries Taskforce to promote the value of libraries and the contribution they make to their communities and wider societal benefits.

## 6. Co-location

**176.** Local authorities are increasingly looking to co-locate some of their services, predominantly in a drive to save on costs. WLGA stated that this was the result of austerity measures, but that it has forced local authorities to be innovative in its service provision. Cllr Carwyn Jones told us about the number of buildings local authorities have and their use:

*“...we have old buildings and too many buildings, and so I think there are discussions ongoing in many authorities across Wales to work to a greater degree in partnership, where the third sector and public provision come together to offer more things under one roof.”<sup>155</sup>*

**177.** Cllr. Rob Stewart believes that the days of having individual buildings to do different things “are probably behind us” and that local authorities are “trying to address some of the ongoing costs of running services by co-locating them in a single location”.<sup>156</sup>

**178.** SCL Cymru mentioned the potential benefits of co-locating services, whether that is through a hub model with permanent services under one roof or bringing services in periodically, such as cancer screening or GP surgeries.

*“It is a fantastic opportunity... I call it 'upselling' or 'cross-pollinating' services, particularly around health. [...] It's also about bringing partners in. So, we work with so many different partners in libraries. It's working with the health board, it's working with Public Health Wales, things like 'stay steady' clinics, working around falls prevention. So, they'll come in and they'll use our venues, and they have an opportunity then to access our customers in the community.”<sup>157</sup>*

**179.** However CILIP Cymru in its written evidence did express concerns that the move to a hub model could lead to a decrease in professional librarians and a “broader move towards more generic services staffing”. It stated that this may

<sup>155</sup> Local Government and Housing Committee, Record of Proceedings, 4 May 2023, paragraph 319

<sup>156</sup> Local Government and Housing Committee, Record of Proceedings, 4 May 2023, paragraph 242

<sup>157</sup> Local Government and Housing Committee, Record of Proceedings, 4 May 2023, paragraphs 202-203)

highlight a “decrease in local authority interest in and promotion of the library as a professional place of work”.<sup>158</sup>

**180.** Cllr Rob Stewart, responding to this, stated:

*“I don't want to distill down or degrade the expertise that the librarians have, but I think you have to balance that against the need to run a multiservice hub, and, within that model, if a librarian is unable to staff a facility that may be open seven days a week, and we don't have trained, qualified librarians who are able to do that not just in the main big hub, but also in our local hubs around our community, then you look at how best you can cover that with staff that are trained in multiple disciplines to offer the best service you can to the community.”<sup>159</sup>*

**181.** Despite some benefits to co-location of services, Cllr. Carwyn Jones noted challenges for rural areas of Wales and the need for transport links:

*“...the geographical problem we have in Wales, it's fine in the populous areas, where you have people living close to some hub, but we live in remote geographical areas. Trying to maintain those services in every part of Wales is a challenge, and it's never going to be made profitable... people have to be able to access these services and the importance of active travel is part of that.”<sup>160</sup>*

**182.** Similarly, the Older People's Commissioner said in written evidence:

*“The creation of hubs which bring together several services, and where they prevent a local service from being closed permanently, is welcomed as it allows for the provision of library and leisure services to be preserved within a community. If hubs in new sites are created, cooperation between local authorities and local transport providers is essential to ensure that older people can still access leisure and library services via public transport.”<sup>161</sup>*

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<sup>158</sup> Local Government and Housing Committee, [LALLS.09.CILIP](#).

<sup>159</sup> Local Government and Housing Committee, Record of Proceedings, 4 May 2023, paragraph 329

<sup>160</sup> Local Government and Housing Committee, Record of Proceedings, 4 May 2023, paragraph 350

<sup>161</sup> Local Government and Housing Committee, [LALLS.05.Older People's Commissioner for Wales](#)

**183.** Awen Cultural Trust suggested that local authorities should look at alternative models of service delivery, but that this should be less parochial, noting that:

*“Rather than have 22 local authorities in Wales looking to do 22 different things, there may be a future in greater strategic partnerships, in creating a critical mass of services, and that's where you derive better value from. So, I think the next step for local authorities in Wales, rather than just looking at their own patches to see where the efficiencies might be, is to see what can be done by working together and whether that's via the regional economic partnership areas that we've got or on a health board basis, perhaps.”<sup>162</sup>*

**184.** In response to whether there is a role for Public Services Boards to consider how services could be co-located, Cllr Carwyn Jones said:

*“I think, possibly, if there was a national policy that would set the framework, then the public services board would be probably ideal to drive it forward, if there was a national policy saying, 'x amount for x amount of years', it would be a good agenda item for the public services board. In its absence, probably it is the ad hoc way that we'll go about it throughout Wales, as we do at the moment.”<sup>163</sup>*

**185.** Cllr Rob Stewart added:

*“I think there's no reason why that discussion shouldn't happen in a PSB. But we also have the same partners in our corporate joint committees, we also have the same partners in our city region meetings. So, the discussions go on in various venues...the opportunity is there, but it's on a case-by-case basis; when the opportunity arises, you don't need to wait for a regional meeting to have the discussion; you get on and explore the opportunity.”<sup>164</sup>*

**186.** The Deputy Minister's evidence paper refers to a “trend for local authorities to deliver library services via community hubs” and that “evidence indicates that this has increased the use of services, reduced costs and contributes to the resilience

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<sup>162</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 29

<sup>163</sup> Local Government and Housing Committee, Record of Proceedings, 4 May 2023, paragraph 323

<sup>164</sup> Local Government and Housing Committee, Record of Proceedings, 4 May 2023, paragraph 325

of services.” It notes that co-location of such services may have “prevented the closure of services in some instances”.<sup>165</sup>

**187.** Regardless of their success, the Deputy Minister stressed during the oral evidence session that it:

*“...would very much be down to a local authority to determine whether or not that would be effective in their particular area. Because the impact, really, we don't yet know; it's still a very new innovation.”<sup>166</sup>*

**188.** The Deputy Minister acknowledged that there is no “one-size-fits-all” option and that co-location may be more challenging for local authorities that cover very large rural areas:

*“...transport is challenging in most areas at the moment, as we know...But, obviously, that would be one of the considerations that a local authority would have to think about, in terms of, if they were going to co-locate a number of services or create some kind of cultural hub, would they do that in an area where they knew that transport was available to get to, so that that made it accessible to somebody, or would that mean that, by doing that, there would be other communities that wouldn't be able to access, and so, therefore, that they would feel that that wouldn't be the way forward.”<sup>167</sup>*

**189.** The Deputy Minister’s evidence paper also refers to the co-location of library services with other cultural services which “encourages use and sustainability”. In her oral evidence, she rejected the argument that co-location “dumbs down the expertise in libraries.” She said:

*“...we still have to...have a statutory public library service that meets particular standards. So, that will still require library expertise, it just means that that service can be located with other services. And if somebody is accessing another service, while they're accessing that other service, they might see that there's a library there and go and use that as well. For some people, the library is still a place where they just want to go and*

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<sup>165</sup> Local Government and Housing Committee, 24 May 2023, [Paper.5](#)

<sup>166</sup> Local Government and Housing Committee, Record of Proceedings, 24 May 2023, paragraph 64

<sup>167</sup> Local Government and Housing Committee, Record of Proceedings, 24 May 2023, paragraph 68

*borrow a book; for other people, it can be...something very new—digital, something where we can do very innovative things.*<sup>168</sup>

## Our view

**190.** We heard that local authorities are increasingly co-locating some of their services into community ‘hubs’, partly in a drive to save on costs, but also for wider benefits, such as improving the accessibility of services. Hubs can offer several benefits to communities in that they offer a wide range of services under one roof, ranging from parent and toddler groups to health and housing support, and others.

**191.** However, we heard that some witnesses were concerned that the role of librarian as a profession could be diluted where the hub model is applied. Some feared that the need for staff with more generic service knowledge will replace professional librarians, impacting negatively on the library provision as a result. To ensure the continued use of libraries, we believe that library services should be positioned in a prominent place within hubs. We would encourage the sharing of best practice among local authorities and their delivery partners in terms of how to make effective use of libraries within hub models. Profitable services in hubs should not be prioritised over libraries - local authorities and delivery partners should consider their social responsibilities when making decisions about co-locating services and their design.

**192.** We also heard of challenges in co-locating services in rural areas. If services are to be co-located, they need to be accessible to all. As we heard in evidence, transport is clearly an issue at present, and should be a key consideration in any decision to co-locate. This should include the use of community transport services.

**193.** It was clear from the evidence received that local authorities need to make decisions based on the needs of their own communities, and that more evidence and robust data is needed to inform decision-making. We heard that evidence to date indicates that the co-location has increased the use of services, reduced costs and contributes to the resilience of services. Given that hubs are a relatively new innovation, we recommend that the Welsh Government continues to monitor and evaluate their success, and that findings are shared with local authorities in order to inform their decision-making. Local authorities must adopt an intelligent approach to decision-making on co-location, particularly in relation to library services, to ensure that they take into account the importance of libraries within the overall services provided in hubs.

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<sup>168</sup> Local Government and Housing Committee, Record of Proceedings, 24 May 2023, paragraph 69

**Recommendation 10.** We recommend that the Welsh Government, with local government partners, monitors and evaluates the efficiency and effectiveness of co-location in Wales to date and shares these findings with local authorities.

**Recommendation 11.** We recommend that the Welsh Government works with local authorities via the WLGA to ensure that transport, including community transport services, is a key consideration in decision-making on the co-location of services.



## 7. Financial support

**194.** Regardless of who runs leisure and library services, the recent financial challenges, particularly in relation to energy costs, has resulted in difficult decisions for councils and those running the facilities. The energy crisis has disproportionately affected leisure centres, especially those with swimming pools where energy use is high. This has raised the prospect of reduced opening hours and closures in some areas.

**195.** As stated by Audit Wales in their written evidence:

*“...both leisure and library services have operated in particularly challenging circumstances in recent years. The effects of the pandemic, ongoing recruitment and retention problems in public services, inflationary pressures and limited protection from budget cuts are all having an adverse impact.”<sup>169</sup>*

**196.** Referring to the most recent data published by StatsWales, Audit Wales went on to say:

*“...it is clear that local authorities have found it challenging to maintain investment in library and leisure services in the last 12 years. Between 2009-10 and 2021-22, spending by local authorities on libraries has fallen in real terms by 39%, from £67.2 million in 2009-10 to £40.9 million in 2021-22; and spend on recreation and sport by 43% from £214.2 million to £122.1 million in the same period.”<sup>170</sup>*

**197.** We heard that energy costs in the sector have roughly tripled for some organisations<sup>171</sup> and that some trusts operating services on behalf of authorities report an increase of up to £1 million per local authority contract.<sup>172</sup> Aura Wales, for example, told us that its energy bills grew by over £600,000 in the last year and that without local authority support with its energy costs, it suggested that it “couldn’t have survived”.<sup>173</sup> Leisure centres were not included in the UK Government’s Energy Bills Discount Scheme.

<sup>169</sup> Local Government and Housing Committee, [LALLS 12 Audit Wales](#)

<sup>170</sup> Local Government and Housing Committee, [LALLS 12 Audit Wales](#)

<sup>171</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 205

<sup>172</sup> Local Government and Housing Committee, [LALLS 07 Welsh Sports Association](#)

<sup>173</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 110

**198.** When we visited Plas Madoc Leisure Centre we heard that the energy crisis was “crippling” the charity and that they are currently in negotiations with Wrexham County Borough Council in terms of support.

**199.** We heard from Swim Wales that energy costs may be “three to five times” higher now than they were, and that there could be as much as a £30 million gap in the finances of leisure trusts. While the local government settlement and the use of reserves may have eased some of those pressures, there could be a “best-case” funding gap of £10-12 million over the next 12 months as a result of leisure centre energy bills.<sup>174</sup>

**200.** Sport Wales told us that the sector was “quite resilient” coming out of the pandemic as a result of “a lot of really innovative work to protect itself” and investment from the Welsh Government. However, it said that:

*“...the perfect storm of staffing, the cost of living and operation costs and inflation and the energy crisis that have come about now have almost, to an extent, undone a lot of that work, or at least set us back to a point—. We would have thought this would be a really positive, redemption year almost, if I can use that term, and, instead, it's just firefighting new and emerging challenges.”<sup>175</sup>*

**201.** Written evidence from Community Leisure UK Wales notes that 80 per cent of its members project a deficit outturn at year end, with an anticipated combined deficit of over £5.4 million for only leisure trusts.<sup>176</sup> Leisure trusts receive a management fee from the local authority to manage the facilities, but Community Leisure told us that the:

*“...management fee has stayed flat, so that's actually a real-terms reduction, or, in some cases, they've also been reduced in the past few years...the operators then become more reliant on income from trading, so that means you are more reliant on your cafes or on your events taking place, in parks, summer events.”<sup>177</sup>*

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<sup>174</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraphs 207-209

<sup>175</sup> Local Government and Housing Committee, Record of Proceedings, 23 March 2023, paragraph 22

<sup>176</sup> Local Government and Housing Committee, [LALLS.02 Community Leisure Wales](#)

<sup>177</sup> Local Government and Housing Committee, Record of Proceedings, 23 March 2023, paragraph 48

**202. Earlier this year it was reported that up to 150 swimming pools in Wales were at risk of closure due to energy costs**, raising the prospect of closures in some areas. Swim Wales estimated that, before the pandemic, 500,000 people in Wales participated in aquatic activity each week across 309 pools in Wales.<sup>178</sup> However, GLL (Better) told us that it “currently costs over £12 to provide a swim and nobody pays more than £5, so that money has to come from somewhere.”<sup>179</sup>

**203. The UK Government announced a £63 million fund** in March to support swimming pools in England. The Deputy Minister noted in her evidence that the Welsh Government will receive around £3.5 million in consequential funding as a result of this announcement. The evidence paper goes on to state that:

*“...the Welsh Government is currently considering the potential use of the c£3.5m consequential funding that will be received recognising the significant funding already provided to Local Authorities and wider funding available to the sector. It must also be noted that it is an important principle of devolution that consequential funding is not ringfenced for similar purposes in devolved governments.”<sup>180</sup>*

**204.** The Deputy Minister continues by asserting that:

*“Welsh Ministers are continuing to assess and consider where the greatest impact will be when making funding decisions in line with Welsh circumstances and priorities in the context of the range of identified pressures, including active discussions on pay and mitigating the cost-of-living crisis that we continue to face.”<sup>181</sup>*

**205.** On whether the Welsh Government will be spending the consequential funding on swimming pools, the Deputy Minister told us during the oral evidence session that the £1.2 million available to help 120 swimming pools with energy costs “isn’t going to go anywhere near touching what they need”.<sup>182</sup>

**206.** The Deputy Minister continued by noting that “a wider conversation is needed with the sector about long-term sustainability around energy-saving

<sup>178</sup> Local Government and Housing Committee, [LALLS 08 Swim Wales](#)

<sup>179</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 116

<sup>180</sup> Local Government and Housing Committee, 24 May 2023, [Paper 5](#)

<sup>181</sup> Local Government and Housing Committee, 24 May 2023, [Paper 5](#)

<sup>182</sup> Local Government and Housing Committee, Record of Proceedings, 24 May 2023, paragraph 88

measures”, particularly around how swimming pools manage their energy efficiency for the longer term.<sup>183</sup> According to the Deputy Minister:

*“£1.2 million divided between them is £10,000. That's one month's energy bill. That isn't a solution. The solution is long-term energy efficiency. I understand all of the pressures and the difficulties that all of these pools and leisure centres are facing, but a one-off payment of £10,000, to me, is not efficient use of that money, because that doesn't solve the problem. I think we've got to work in collaboration with local authorities and leisure providers to look at a longer-term strategy and, hopefully, local authorities can get their leisure services over this hump and work with us to put longer term energy efficiency measures in place.”<sup>184</sup>*

**207.** Despite this, Swim Wales told us that a figure of £3.5 million in consequential would provide the sector with “a lifeline”<sup>185</sup>.

**208.** The Culture, Communications, Welsh Language, Sport, and International Relations Committee undertook an inquiry during Autumn 2022 on **increasing costs and its impact on culture and sport**, publishing a report in November 2022. The Committee made several recommendations, including:

*“The Welsh Government should provide additional targeted funding to the sports and culture sectors to help venues and organisations that face closure but have a sustainable future beyond the immediate crisis.”<sup>186</sup>*

**209.** The Deputy Minister for Arts, Sport and Tourism accepted the recommendation, noting in her response:

*“The Welsh Government recognises the exceptional inflationary pressures to utility costs and costs of living pressures at the arm's length bodies and also local sector organisations. To assist with these pressures, Welsh Ministers have agreed to provide £3,750,000 during the 2022-23 financial year to the National Library of Wales; Amgueddfa Cymru - National*

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<sup>183</sup> Local Government and Housing Committee, Record of Proceedings, 24 May 2023, paragraph 88

<sup>184</sup> Local Government and Housing Committee, Record of Proceedings, 24 May 2023, paragraph 97

<sup>185</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 210

<sup>186</sup> Culture, Communications, Welsh Language, Sport, and International Relations Committee, **Report on the impact of increasing costs**, November 2022

*Museum Wales; the arts sector via the Arts Council of Wales, the sports sector via Sport Wales; the independent museums and community libraries in Wales; the Books Council of Wales; and the independent creative industries in Wales.*<sup>187</sup>

**210.** It is unclear whether this additional targeted funding will be available in the 2023-24 financial year.

**211.** WSA called for a “long-term plan for the financial stability” of public leisure services.<sup>188</sup>

**212.** Community Leisure UK Wales suggested that the financial challenges faced by leisure and library services could be addressed by:

*“...ensuring that local government is properly resourced, because it is the key partner in leisure and library services, whether it delivers them itself or it works with a charitable operator or another model, obviously, taking into consideration increased costs of living and inflation.”*<sup>189</sup>

**213.** Cllr. Rob Stewart noted that the local government settlement, despite being more than was expected is “still well below inflation” which has resulted in “huge pressures”. He said that in most councils, education and social care will take the majority of the budget, “so you've got to try and cover all of your other services with what's left”.<sup>190</sup>

**214.** We also heard of challenges around meeting national living wage increases. Community Leisure UK Wales told us:

*“...from 1 April, a 9.7 per cent increase in the national living wage, which is the right thing to do, but to be able to afford to put a 9.7 per cent increase across all pay scales in an organisation adds a lot of pressure on the bottom line....And that's not to say that operators do not want to pay; of course*

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<sup>187</sup> Welsh Government, [Response to the Culture, Communications, Welsh Language, Sport, and International Relations Committee's Report on the impact of increasing costs](#), January 2023

<sup>188</sup> Local Government and Housing Committee, [LALLS.07 Welsh Sports Association](#)

<sup>189</sup> Local Government and Housing Committee, Record of Proceedings, 23 March 2023, paragraph 181

<sup>190</sup> Local Government and Housing Committee, Record of Proceedings, 4 May 2023, paragraph 241

*they do want to pay that, it's just talking about budgets and the affordability of that.*<sup>191</sup>

**215.** In addition to challenges in maintaining adequate pay differentials and national living wage increases, Aura Wales also noted that there are costs associated with bringing people into the sector in terms of paying for qualifications such as national pool lifeguard and swimming teacher.<sup>192</sup>

**216.** Coupled with the increasing cost of energy, the WSA noted increasing evidence that the cost of living is having an impact on participation levels in sport, most notably for those on lower incomes. The WSA asserted that it does not want to see participation become the preserve of the middle and upper income brackets in Wales.<sup>193</sup>

**217.** For example, Swim Wales told us that many children leave school unable to swim, “particularly those from less affluent families and those from ethnically diverse backgrounds”.<sup>194</sup> We heard that only 50 per cent of the 1,600 plus primary schools in Wales actively take part in school swimming, which is not mandated or regulated by Estyn in the way that other subjects are.<sup>195</sup> It went on to say:

*“It's not a blame thing, but I think we've taken our eye off the ball with regard to school swimming in a big way, because those children that can't afford those lessons—. The average lesson pre COVID was £6.50 for a swimming lesson, and post-COVID, in the current environment across Wales, the average cost of a swimming lesson is £12.50. So, we've nearly doubled the cost of a swimming lesson. Those children in those harder-to-reach areas, underserved areas, socially and economically deprived areas, have no chance, and that's why school swimming is so important. We celebrate the 150,000 who are in those lessons—that's fantastic—but they're the ones that can afford it. We're going to have a situation very soon where, dare I*

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<sup>191</sup> Local Government and Housing Committee, Record of Proceedings, 23 March 2023, paragraph 31

<sup>192</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 16

<sup>193</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 205

<sup>194</sup> Local Government and Housing Committee, [LALLS.08.Swim.Wales](#)

<sup>195</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 167

*say it, white middle-class children will be able to swim and the rest won't.*<sup>196</sup>

**218.** The Deputy Minister told us that she recently met with the Minister for Education to discuss the lack of schools that are actually engaging in swimming lessons. She went on to say:

*“What we provide is free swimming, and Welsh Government is funding that, but that's not free swimming lessons, and lessons cost money. Swim Wales provide qualified teachers, and so on, but their concern is the cost of the swimming lesson, and I absolutely get that. But I think part of the answer to that is we have every school involved in swimming lessons.. To take one of the councils, in my own constituency, in Merthyr Tydfil, there is not one school in Merthyr Tydfil that engages in swimming lessons, and one of those schools actually has a pool and they don't deliver swimming lessons for the kids. I have met with the Minister for education to discuss that, and we're going to try and do some work jointly with local authorities on persuading them of the value of ensuring that children have free swimming lessons delivered by school from an early age.”*<sup>197</sup>

## **Our view**

**219.** Rising energy costs have had a huge impact on local authority leisure services. We heard that energy costs may be three to five times higher now than they were a few years ago, and that some leisure service providers would not have survived the winter without local authority support towards their bills.

**220.** The energy crisis has been particularly challenging for leisure facilities with swimming pools. We were surprised to hear that it currently costs over £12 to provide a swim, which is more than double what people normally pay to use the pool.

**221.** We are aware that the UK Government announced a £63 million fund in March to support swimming pools in England. As a result, the Welsh Government will receive around £3.5 million in consequential funding, of which only £1.2

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<sup>196</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 169

<sup>197</sup> Local Government and Housing Committee, Record of Proceedings, 24 May 2023, paragraph 104

million is revenue. We heard that the Welsh Government is yet to decide how it will use this funding.

**222.** We acknowledge that £1.2 million will not go very far in terms of helping swimming pools with energy costs. However, given the current situation, we believe that any contribution, regardless of amount, will make a difference. For that reason, we recommend that the Welsh Government allocates the consequential funding to public swimming pools. As we heard, there are 500,000 people aquatically active across the whole of Wales every week, including 150,000 children in swimming lessons.<sup>198</sup> Swimming offers physical and mental health benefits, and is also a life skill. It is therefore important that swimming pools remain open.

**Recommendation 12.** We recommend that the Welsh Government allocates the £3.5 million in consequential funding to swimming pools, especially those which may be unviable without additional support. The Welsh Government should update the Committee when a decision about the allocation of the additional £3.5 million has been made.

**223.** Nonetheless, we agree with the Deputy Minister that allocating the consequential funding to swimming pools does not offer a solution to energy efficiency issues, and we urge that work to develop a longer-term strategy, as well as shorter-term solutions, is progressed at pace. We will explore this in greater detail in the next chapter, but it is clear that leisure and library services are in need of more immediate support to help them navigate the current crisis. We therefore endorse the recommendation made by the Culture, Communications, Welsh Language, Sport and International Relations Committee in its November 2022 report on increasing costs and its impact on culture and sport. That Committee recommended that the Welsh Government should provide additional targeted funding to the sports and culture sectors to help venues and organisations that face closure but have a sustainable future beyond the immediate crisis.

**Recommendation 13.** We endorse the recommendation of the Culture, Communications, Welsh Language, Sport and International Relations Committee that the Welsh Government should provide additional targeted funding to the sports and culture sectors to help venues and organisations that face closure but have a sustainable future beyond the immediate crisis.

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<sup>198</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 152



**Recommendation 14.** We recommend that the Welsh Government updates the Committee on what additional financial support it will provide leisure and library services to deal with the current energy and cost-of-living crises.

**224.** We are concerned that the cost-of-living crisis is having an impact on participation levels in sport. For example, we heard that the cost of swimming lessons has doubled since the pandemic, making it unaffordable for families, particularly those on lower incomes. We were surprised and disappointed to hear that only 50 per cent of primary schools in Wales take part in school swimming, and that some schools with pools may not even deliver swimming lessons. We appreciate that leisure providers provide free swimming for children in Wales through a Welsh Government initiative, but they need to be able to swim for this to be of benefit. Given the increased costs of swimming lessons, it is more important than ever that children have free swimming lessons in school, especially as swimming and water safety are life skills.

**225.** We welcome the fact that the Deputy Minister has met with the Minister for Education to discuss the lack of schools engaging in swimming lessons, and that they have agreed to undertake joint work with local authorities on persuading them of the value of ensuring that children have free swimming lessons delivered by school from an early age. We believe that there should be an uniform approach across Wales to ensure that children leaving primary school have the ability to swim and that the Welsh Government should work with local authorities and their delivery partners on such a strategy.

**Recommendation 15.** We recommend that the Welsh Government updates the Committee on progress to develop a strategy to encourage primary schools to provide free swimming lessons, and how it is working with leisure providers on this strategy.

## 8. Capital funding and decarbonisation

**226.** While there are immediate hurdles for councils and trusts to navigate, such as energy costs, there are also longer-term challenges to address too, particularly in relation to decarbonisation.

**227.** GLL (Better) told us:

*“All the buildings have got a massive carbon challenge. So, even as we move through getting the energy crisis stabilised...there's still a clear and present and major problem for Cardiff Council and GLL, particularly in leisure centres: £70,000 a month missing that is just going to the energy companies, basically.”<sup>199</sup>*

**228.** Aura Wales also described ageing facilities across Wales which are “difficult to decarbonise”.<sup>200</sup> Community Leisure UK Wales told the Committee that council “leisure facilities are consistently in the top five of high-emitting buildings”,<sup>201</sup> and that investment in decarbonisation and modernisation of leisure and library facilities will “ensure that they remain attractive, accessible, but also environmentally friendly”.<sup>202</sup>

**229.** We heard calls for a long-term strategy of building renewals. According to GLL (Better):

*“There's a transition we all need to go through on this journey to carbon neutral, reducing energy consumption. It's going to take a lot of capital, it's a big journey, we've all got to go on it together, and it's not about outsourcing or insourcing; it's about partnership working.”<sup>203</sup>*

**230.** Awen Cultural Trust noted that it was unaware of public sector capital funding that could be accessed by leisure or cultural trusts for decarbonisation programmes:

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<sup>199</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 19

<sup>200</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 110

<sup>201</sup> Local Government and Housing Committee, Record of Proceedings, 23 March 2023, paragraph 30

<sup>202</sup> Local Government and Housing Committee, Record of Proceedings, 23 March 2023, paragraph 182

<sup>203</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 119

*“What we don't have in Wales is that public sector decarbonisation capital scheme that we can access. We're doing a lot ourselves, but I would urge Government to think of that, so that we can access the capital to really make a difference, not just to tackle the energy costs, but to get us to that net-zero position that we all want to get to.”<sup>204</sup>*

**231.** The Welsh Government do provide capital funding to Sport Wales to administer, which can be used to assist with the decarbonisation of leisure facilities and make them more energy efficient. The latest round of funding, £3.1 million, was announced earlier this year.

**232.** In terms of access to Sport Wales funding, we heard that while the fund is specific to national partners such as local authorities and national governing bodies, “there is nothing, in theory, stopping those organisations that you noted there [community run facilities] having conversations, and the local authority, an NGB, or a national partner coming in on their behalf”.<sup>205</sup> Sport Wales noted that it has funded “a number of organisations, be they specific clubs, leisure trusts, community-run facilities”<sup>206</sup>. However, it said that “the scope of the challenge extends beyond the capacity of the capital funding available”.<sup>207</sup>

**233.** Similarly, WSA told us that they welcomed “the record levels of capital investment coming via Sport Wales into the sector”, however:

*“...local authority leisure services' capital requirements are probably quite a lot higher than those going through Sport Wales. And Sport Wales is funded to deliver sports development activity, for the most part, and shouldn't necessarily be expected to fund the capital requirements of local authority leisure provision, especially given the scale of them.”<sup>208</sup>*

<sup>204</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 105

<sup>205</sup> Local Government and Housing Committee, Record of Proceedings, 23 March 2023, paragraph 27

<sup>206</sup> Local Government and Housing Committee, Record of Proceedings, 23 March 2023, paragraph 27

<sup>207</sup> Local Government and Housing Committee, [LALLS.03 Sport Wales](#)

<sup>208</sup> Local Government and Housing Committee, Record of Proceedings, 29 March 2023, paragraph 158

**234.** Cllr. Carwyn Jones told us that:

*"...it is hard to access this money as a local authority outside the realms of grant funding from the Government, to be honest. I don't think there are many other avenues."*<sup>209</sup> (para 364)

**235.** Local government noted a potential lack of vision for public leisure and library services accompanied by long-term capital funding. Cllr. Carwyn Jones stated that:

*"One thing that's worked very successfully here in Wales is the twenty-first century schools policy, where £1.4 billion was invested in building 150 new education establishments. But what we don't have in the area that we're discussing today is that kind of policy: what's our vision for leisure and libraries and joint provision for the future? If there were a policy in Wales to invest over the next 20 or 30 years in provision, then authorities would be able to collaborate in the knowledge that a capital grant was available to create new, effective hubs that would provide multi-agency services to our residents".*<sup>210</sup>

**236.** Cllr. Rob Stewart reflected on the size of the challenge to decarbonise its buildings in Swansea alone, albeit looking at the broader estate not only leisure and library facilities:

*"We've worked on the detail of our net-zero targets for the council for 2030, and I think we came up with a figure of about £700 million if we wanted to decarbonise the whole of our estate. I think, in the most recent budget, the allocation was about £20 million for that purpose. So, if we're serious about doing those sorts of things, not just in leisure, but in all of our services, then we're going to have to find a lot more money and attract a lot more investment in order to do that."*<sup>211</sup>

**237.** According to Cllr. Stewart the reality is that "some of the buildings...whether they're for leisure purposes, libraries or other services, will not be able to be brought up to the sorts of standards that we will need."<sup>212</sup> This was echoed by Cllr.

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<sup>209</sup> Local Government and Housing Committee, Record of Proceedings, 4 May 2023, paragraph 364

<sup>210</sup> Local Government and Housing Committee, Record of Proceedings, 4 May 2023, paragraph 320

<sup>211</sup> Local Government and Housing Committee, Record of Proceedings, 4 May 2023, paragraph 359

<sup>212</sup> Local Government and Housing Committee, Record of Proceedings, 4 May 2023, paragraph 359

Carwyn Jones who said that in order to reach net zero by 2030, things need to be accelerated very quickly in terms of capital funding, but:

*“...there are some buildings that have gone past the point where you can really spend—you're putting a sticking plaster on them, and maybe it's a case of throwing good money after bad with some buildings.”<sup>213</sup>*

**238.** The Deputy Minister’s evidence paper refers to Community Leisure data which suggests leisure operators have already made investments in energy efficient systems where they can. However, nearly two thirds of the leisure estate is ageing and past its replacement date. It highlights the challenges faced by leisure providers with the current financial pressures, noting that “leisure trusts are unable to invest further in decarbonisation and facility refurbishment.” It notes that while local authority leisure centres and swimming pools face immediate revenue challenges, “the lack of capital investment is a more pressing issue, particularly in the context of the Welsh Government’s commitment to achieving a zero-carbon economy”.<sup>214</sup>

**239.** The Deputy Minister’s paper continues by highlighting that “local authorities and other public sector organisations can access technical and financial support from the Welsh Government’s Energy Service, to improve the energy efficiency of their swimming pools and leisure centres (including those managed by leisure trusts).” The paper also notes that the Welsh Government has “committed £16m in capital funding over the next two years to Sport Wales to develop facilities across Wales, which includes helping upgrade sport facilities with energy saving measures.”<sup>215</sup>

**240.** During the oral evidence session, the Deputy Minister told us that:

*“...the level of local authority funding has increased significantly, including capital funding, and so it is a matter for local authorities to determine how they address their net-zero objectives across their estates, including sports and leisure facilities.”<sup>216</sup>*

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<sup>213</sup> Local Government and Housing Committee, Record of Proceedings, 4 May 2023, paragraph 361

<sup>214</sup> Local Government and Housing Committee, 24 May 2023, [Paper 5](#)

<sup>215</sup> Local Government and Housing Committee, 24 May 2023, [Paper 5](#)

<sup>216</sup> Local Government and Housing Committee, Record of Proceedings, 24 May 2023, paragraph 119

**241.** She said that the Welsh Government does not currently have any plans to develop a scheme similar to the 21<sup>st</sup> Century Schools and Education Programme for leisure and library services, stating that:

*“...this is very much a service that is delivered via local authorities, and we are trying to support local authorities to be able to do that with the level of funding that we are able to deliver.”<sup>217</sup>*

**242.** The Deputy Minister also said that she hopes that the Welsh Government is “doing enough” to promote its Energy Service:

*“...that is something that I’m always happy to take back and have a look at...if there is any concern that what is available isn’t reaching the parts that it should reach, because...we do engage with the sector at a specific level, but if we have to look further and wider than that, then I’m quite happy to do so.”<sup>218</sup>*

## **Our View**

**243.** There are significant challenges facing local authorities and trusts in decarbonising ageing leisure and library facilities, which is particularly concerning given the Welsh Government’s Net Zero plan.

**244.** We are concerned that some trusts are unaware that they can access the capital funding available to make leisure facilities more energy efficient and sustainable, which is administered by Sport Wales. There is an urgent need to address this given that a number of leisure operators are in desperate need of support.

**Recommendation 16.** We recommend that the Welsh Government explores how it can raise awareness of the support for decarbonisation of leisure and library facilities.

**245.** Regardless of the funding currently available, we believe that the Welsh Government needs to invest more in the decarbonisation and modernisation of leisure and library facilities as a matter of urgency. We are concerned that current funding will simply not go far enough, especially considering that it will be impossible to bring some buildings up to standard. We are also concerned that decarbonisation of leisure and library facilities appears to be less of a priority,

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<sup>217</sup> Local Government and Housing Committee, Record of Proceedings, 24 May 2023, paragraph 119

<sup>218</sup> Local Government and Housing Committee, Record of Proceedings, 24 May 2023, paragraph 122

compared to other local authority services. We find this surprising if the Welsh Government is to meet its Net Zero Carbon targets.

**246.** We agree with stakeholders that a long-term strategy for modernisation and decarbonisation is needed. There seems to be a lack of vision for public leisure and library services accompanied by long-term capital funding. We would welcome a policy similar to the 21st Century Schools and Education Programme to ensure that our leisure and library facilities are fit for the future. However, we also recognise that leisure and library services are in need of more immediate support to improve the energy efficiency of their facilities. We would therefore urge the Welsh Government to also consider what additional short term funding could be provided to leisure and library services towards decarbonisation.

**Recommendation 17.** We recommend that the Welsh Government invests in supporting the decarbonisation and refurbishment of leisure and library facilities across Wales. This should include shorter-term solutions, as well a long-term strategy, to help local authorities and delivery providers improve the energy efficiency of their facilities as a matter of urgency.

## List of oral evidence sessions.

The following witnesses provided oral evidence to the committee on the dates noted below. Transcripts of all oral evidence sessions can be viewed on the [\*\*Committee's website\*\*](#).

Date	Name and Organisation
23 March 2023	<p><b>Jennifer Huygen, Head of Policy and Strategic Partnerships,</b> Community Leisure UK</p> <p><b>Owen Hathway, Assistant Director for Investments, Insights, Policy and Public Affairs,</b> Sports Wales</p> <p><b>Glenn Bowen, Interim Chief Executive,</b> Cwmpas</p> <p><b>Lyn Cadwallader, Chief Executive</b> One Voice Wales</p>
29 March 2023	<p><b>Diana Edmonds, National Libraries Director,</b> GLL (Better)</p> <p><b>Mark Sesnan, Chief Officer,</b> GLL (Better)</p> <p><b>Richard Hughes, Chief Executive,</b> Awen Cultural Trust</p> <p><b>Sara Mogel, Chair,</b> Aura Wales</p> <p><b>Sian Williams, Leisure Development Manager,</b> Aura Wales</p> <p><b>Matthew Williams, Head of Policy and Communications,</b> Welsh Sports Association</p> <p><b>Fergus Feeney, Chief Executive Officer,</b> Swim Wales</p> <p><b>Dominic MacAskill, Regional Secretary,</b> UNISON Cymru Wales</p>
4 May 2023	<p><b>Amy Staniforth, Relationship Manager,</b> Chartered Institute of Library and Information Professionals Wales</p> <p><b>Nicola Pitman, Chair,</b> Society of Chief Librarians Cymru</p>



Date	Name and Organisation
	<p><b>Chris Neath, Network Manager,</b> Community Managed Libraries National Peer Network</p> <p><b>Sharon Davies, Head of Education,</b> Welsh Local Government Association</p> <p><b>Councillor Carwyn Jones, Portfolio Holder – Corporate and Customer Experience,</b> Isle of Anglesey County Council</p> <p><b>Councillor Rob Stewart, Leader,</b> Swansea Council</p>
24 May 2023	<p><b>Dawn Bowden MS,</b> Deputy Minister for Arts, Sport and Tourism</p> <p><b>Jason Thomas, Director Culture, Sport and Tourism,</b> Welsh Government</p> <p><b>Neil Welch, Head of Sport,</b> Welsh Government</p> <p><b>Mary Ellis, Head of Libraries, Archives &amp; Resilience,</b> Welsh Government</p>

## List of written evidence

The following people and organisations provided written evidence to the Committee. All Consultation responses and additional written information can be viewed on the [\*\*Committee's website\*\*](#).

Reference	Organisation
<b>LALLS 01</b>	Society of Chief Librarians Cymru
<b>LALLS 02</b>	Community Leisure UK Wales
<b>LALLS 03</b>	Sport Wales
<b>LALLS 04</b>	Cwmpas
<b>LALLS 05</b>	Older People's Commissioner for Wales
<b>LALLS 06</b>	UNISON Wales
<b>LALLS 07</b>	Welsh Sports Association
<b>LALLS 08</b>	Swim Wales
<b>LALLS 09</b>	CILIP Wales
<b>LALLS 10</b>	Community Managed Libraries National Peer Network
<b>LALLS 11</b>	Welsh Local Government Association
<b>LALLS 12</b>	Audit Wales

**For the period  
01 April 2022 to  
31 March 2023**

**S40**



## **Annual Report and Accounts 2022-23**

### **For the period 01 April 2022 to 31 March 2023**

Presented to Parliament pursuant to paragraphs 13(1) and 13(2) of schedule 6 to the Broadcasting Act 1990.

Laid before the Welsh Parliament in accordance with a resolution of the Parliament under Standing Order 15.1(v).

HC 1344

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This Annual Report and Statement of Accounts has been prepared in a form directed by the Secretary of State for Culture, Media and Sport with the approval of the Treasury.

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# Introducing S4C

**S4C serves the audience with content that entertains, excites and reflects Wales in all its diversity.**

As a public service broadcaster we have a duty to create the platform and ecosystem to stimulate the creative industries in Wales, to create ambitious and unique content that appeals to all ages, backgrounds and linguistic abilities.

S4C aims to be a destination for creative, engaging and attractive Welsh language content, available to enjoy on a variety of platforms in Wales and beyond.



# S4C's History

**Before the creation of S4C, a limited number of Welsh language programmes were broadcast on BBC 1 and ITV.**

During the 1970s, the UK government decided a fourth television channel would be established alongside BBC 1, BBC 2 and ITV. This proposed fourth channel was seen by many as an opportunity for a new beginning in public service broadcasting in Wales. Following intensive campaigning, S4C was established by the 1980/1981 Broadcasting Acts.

S4C (Sianel Pedwar Cymru – Channel Four Wales) started broadcasting at 18:00 on Monday, 01 November 1982. To begin with, 22 hours of Welsh language programmes were broadcast every week, alongside English programmes from the Channel 4 service.

Today, S4C is a wholly Welsh language channel broadcasting over 115 hours of programmes each week on the linear service. S4C also publishes content on a variety of other platforms.

S4C's main offices are in Canolfan S4C Yr Egin, Carmarthen. There are also S4C offices in Caernarfon, Gwynedd, and in Central Square, Cardiff.



# How to watch and contact S4C

## On television in Wales



**Freeview: 4**  
(including HD on 104)

**Sky: 104**  
(including HD)

**Freesat: 104**  
(including HD)

**Virgin TV: 104**  
(HD)

## On television in England, Scotland, and Northern Ireland



**Sky: 134**  
(including HD)

**Freesat: 120**  
(including HD)

**Virgin TV: 164**  
(HD)

## Online across the UK



### S4C Clic

[www.s4c.cymru/clic](http://www.s4c.cymru/clic)  
and through the app where available via your device's app store.

### BBC iPlayer:

[www.bbc.co.uk/tv/s4c](http://www.bbc.co.uk/tv/s4c)  
and through the app where available via your device's app store.

## Contact S4C...

S4C is always pleased to hear our viewers' opinions.

If you want to share your opinion about our programmes or if you want further information, we'd be happy to hear from you.

You can contact S4C by phone, email, social media, or by letter.



**Website:**  
[www.s4c.cymru](http://www.s4c.cymru)



**E mail:**  
[s4c@s4c.cymru](mailto:s4c@s4c.cymru)



**Call:**  
**0370 600 4141**

Carmarthen office:  
Canolfan S4C Yr Egin, College Road,  
Carmarthen, SA31 3EQ

Caernarfon office:  
S4C, Doc Fictoria, Caernarfon, LL55 1TH

Cardiff office:  
S4C, 3 Central Square, Cardiff, CF10 1FS

You are welcome to contact S4C in Welsh, and if you do so we will respond in Welsh and this will not lead to any delays.

# Chair's Introduction

## Rhodri Williams

On behalf of the S4C Unitary Board, I am delighted to present the S4C Annual Report and Accounts for the year ended 31 March 2023.

During the reporting year, S4C marked 40 years since its launch in November 1982. Much has changed over the past forty years, and the challenges facing S4C are very different in today's digital world. S4C now exists in an extremely competitive market, with content from all corners of the world fighting for viewers' attention.



S4C must therefore respond positively to the current environment and take advantage of the opportunities available to us. We must now seek out the audience and catch their attention, rather than expect viewers to come to us.

In preparing to celebrate the channel's birthday, during March 2022, the Board approved S4C's new strategic priorities for the period from April 2022. I and my colleagues on the Unitary Board are grateful to S4C staff and to the production sector for their support of these new priorities, and their commitment to S4C's renewal so that it remains relevant for the next period in its history.

Our new strategic priorities set out a clear direction for S4C's transformation from a linear channel to a digital publisher. An outline of the rationale for this new direction appears elsewhere within this Annual Report.

In evaluating progress against these strategic priorities after the first year of its implementation, it is good to see that they are already succeeding.

The reach of S4C's content has increased over the past year – particularly among younger viewers who would not traditionally watch the linear channel. This is to be welcomed, and it is vital that we continue to commission engaging content to keep attracting and retaining this audience.

It is our use of a wider range of platforms that has contributed in part to reaching the younger audience. Viewing of S4C content through Clic and iPlayer streaming platforms is becoming more and more popular, and increasing numbers are encountering our content through our presence on social media.

Pack Page 126

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**It's an exciting time as S4C transforms into a public service publisher in the digital world. This will be an on-going process, with S4C continuing to transform as our audiences' expectations develop further over the years.**

”

This fact is highlighted as our content is given a second life after coming to the attention of different audiences. A series such as 'Pen Petrol' is an example of this – originally only released on our digital platforms, it has, due to its popularity, now been published on a wider range of platforms, including the linear service.

Similarly, international attention given to our dramas following their broadcast on our linear service is leading to an increase in the numbers viewing them on demand on Clic and iPlayer. The drama 'Dal y Mellt' is a prime example, with an increase in the numbers viewing on demand following the announcement that the drama would be distributed via Netflix in the UK.

It is therefore essential that we invest in our presence on these – and future – platforms, so that S4C content reaches viewers on the platform of their choice and offers the best experience.

In recent months, S4C has worked to make the Clic app available on a wider range of platforms. In addition, the app was launched with a more modern appearance to coincide with S4C's birthday. The new design is already available on platforms including iOS, YouView, and Amazon Fire Stick; and it will reach further platforms over the coming months.

The Unitary Board itself has reviewed its governance structures and arrangements to ensure that we are sufficiently agile to support delivery of the strategic aims. We have reviewed the composition and terms of reference of our committees, and the new arrangements have worked well over the past year.

Membership of the Unitary Board has remained fairly consistent during the reporting year. Anita George's term of office as a non-executive Board member ended in early July 2022, and Suzy Davies was appointed as a new non-executive member in early August 2022. With respect to the executive members, Llinos Griffin-Williams became a member of the Board when she joined S4C as Chief Content Officer at the beginning of the reporting year.

The governance arrangements of our commercial activities were also reviewed to facilitate the delivery of the new commercial strategy agreed during 2022-23 to align with the strategic priorities. The commercial strategy is outlined in this Annual Report, and we will continue to refine the governance of commercial activities while implementing the new strategy.

Delivery of the strategic aims has been greatly facilitated by the financial security that S4C has had since April 2022. Indeed, the certainty of funding through the Licence Fee has allowed us to be more ambitious.

S4C is very grateful in this regard to the Department for Digital, Culture, Media and Sport (DCMS) as it was, and to the then Secretary of State, for confirming in January 2022 that S4C would receive an additional £7.5m funding through the Licence Fee from April 2022. This additional funding enables us to invest in our strategic priorities, including transforming the Clic app and expanding the availability of the app on different devices.

Over the coming months, we look forward to working further with DCMS officials on the proposed Media Bill. We very much hope that the Bill will ensure the prominence and availability of S4C's services, in order to facilitate reaching viewers.

The proposed Media Bill will also enable the remaining recommendations made by the late Euryng Ogwen Williams in his Independent Review of S4C – Building an S4C for the future – prepared for the DCMS in March 2018. The outstanding recommendations to be addressed through the Media Bill include:

- Updating S4C's public service remit to include digital and online services and removing the current geographical broadcasting restrictions;
- Amending current approval requirements to give S4C greater freedom to invest and generate commercial revenue; and
- Replacing the S4C Authority with a new Unitary Board comprising executive and non-executive directors (although we already have approval from the Secretary of State to operate as a shadow Unitary Board on an administrative basis).

Despite the financial security offered through the Licence Fee, the funding that S4C now receives is static for the first two years, before increasing in line with inflation in subsequent years. This has created a challenging situation for us in the face of recent inflation levels. The Board has therefore taken steps to minimise internal costs as much as possible to safeguard budgets for commissioning content. We are also very grateful to our partners in the sector for their willingness to work with us, and with each other, to ensure the best value for money for our audiences.

It's an exciting time as S4C transforms into a public service publisher in the digital world. This will be an on-going process, with S4C continuing to transform as our audiences' expectations develop further over the years.

The Board and I are very grateful to S4C staff, our partners in the sector, and everyone else for their support on the journey as S4C looks forward to the next 40 years.

# 2022-27 Strategy

# On 17 March 2022, the Unitary Board approved S4C's new strategy for the five years from 01 April 2022. The new strategy follows months of discussion at Unitary Board and Management Team level, and internal consultation.



**The past few years have been a period of major change for S4C, with the headquarters moving to Carmarthen and co-locating S4C's technical broadcast services with those of BBC Wales in Central Square, Cardiff. In addition, as a result of the 2018 Eyrn Ogwen Williams Review, we have begun to develop our digital service, laying a strong foundation for our plans for the future. However, our business model must continue to adapt and evolve over the coming years.**



Since 01 April 2022, all S4C public money comes through the Licence Fee. This budgetary certainty for the period to the end of March 2028 – together with the additional £7.5m per annum announced to S4C by the Secretary of State for Digital, Culture, Media and Sport in January 2022 – offers us the opportunity to transform S4C for the future.

Our new strategy is based on S4C's evolution from traditional Public Service Broadcaster to a Public Service Media Publisher, which is ultimately relevant to modern international media.

It requires S4C to transform, moving from 'linear or digital' considerations, in order to commission content for distribution across multiple platforms. In that respect, it is a bold scheme that challenges the traditional models that S4C and other broadcasters have followed for decades.

We will therefore reprioritise our spend towards more multi-platform content, maximising value for money for our audience across a range of platforms, including our current linear channel.

# Our Strategic Priorities



## Prominence and Availability

**Like the rest of the public service broadcasters, the S4C linear TV service relies heavily on the prominence it receives on digital terrestrial, cable and satellite television in Wales. Ensuring viewers in Wales see the services that are relevant to them at the start of electronic programme guides is an important part of getting the best value from the investment made in the content. As viewing habits develop and increasingly rely on digital platforms, it is essential that S4C is given prominence on digital user interfaces on fair and reasonable terms.**

Our strategy prioritises how we distribute our content on a wider range of platforms than the traditional linear service in order to respond to audience demands.

## Wales and the Welsh Language

**The Welsh language is central to S4C and its services. Our content in the Welsh language is the reason our audience wants to come to us and we must ensure that they want to spend time with our content and stay with us.**

Promoting the Welsh language with relevant content therefore remains a fundamental priority for S4C and is central to our existence. We need to ensure that we facilitate access to and use of the Welsh language for everyone of all ages and linguistic abilities.

The Welsh Government's strategy 'Cymraeg 2050: A million Welsh speakers' emphasises the importance of S4C in that regard and, undoubtedly, S4C has a prominent role to play in leading the way across the three main themes of the Cymraeg 2050 strategy, namely: to increase the number of Welsh speakers, increase the use of the Welsh language and create favourable conditions to ensure the prosperity of the Welsh language.

In confirming S4C's financial settlement from the Licence Fee for the period 01 April 2022, the Secretary of State at the time acknowledged the key contribution that S4C can make to the delivery of the Cymraeg 2050 strategy. We are therefore working closely with the Welsh Government, and other key partners on delivering this vital strategy.

By establishing S4C as the home of the national experiences of Wales, we can take ownership of national events – from music to sport – and leading the conversation around them. As a result of these national events, we can attract more diverse audiences and new speakers, offering them access to a wider range of S4C content that they would not normally consider, thus increasing the amount of Welsh they see and hear.



## Our Audience

**Broadcasting is more competitive than ever before, with a range of international publishers now seeking to attract audiences to their content across a range of platforms.**

The creativity and needs of our audience must therefore be at the heart of everything S4C does – a focal point for our opportunities and strategic decisions, and central to the way S4C commissions, schedules, distributes, develops, sells and communicates. Creativity should drive our decisions.

Understanding our audience by collecting relevant data on their habits is a vital part of the process, allowing us to personalise the experiences of individuals in their involvement with S4C content. Similarly, we will continue to gather regular feedback on appreciation and feelings towards S4C from different representative groups, as well as looking at the overall performance of our content.

We have a good idea of the demographics of our audience, but there is a need to continue this analysis and scrutiny to identify further their characteristics.

All the data we collect will be drawn together in a clear dashboard, to be used to inform all our decisions – in order to ensure what we do is for the benefit of the audience.

By getting to know our audience better, and building relationships with them as individuals, we can tailor our content to ensure we meet their needs.

In addition, special focus on reaching a greater proportion of younger viewers in mixed-language households will be an important element of broadening the audience, and helping to ensure S4C's continued relevance in a linguistic landscape that is always changing.

Colleen Ramsey: Bywyd a Bwyd



## Publishing Our Content

**The combination of new digital platforms, together with new global content providers, has revolutionised viewing habits in Wales, as everywhere else. Welsh language content distributed by S4C has to compete with content from some of the world's leading production companies.**

In recent years, we have seen our content – particularly our dramas – sold to other broadcasters and platforms around the world. We want this to continue, by commissioning content of the highest standard, that is internationally recognised.

At the same time, we must extend our reach and grow the impact of our service within communities. By commissioning engaging content which gives rise to conversations, we aim to reach a wider audience locally. In that respect, we will continue to prioritise drama, sport, and content for children – which have already proved successful in attracting a wider audience to S4C.

S4C content on whatever platform it is distributed must be compelling and of high quality. S4C content must also be distributed in the appropriate formats and on the platforms that are popular with users. We do not think of S4C as a linear television channel from now on, but as a distributor of Welsh language content on a range of platforms (with the linear service being one of those platforms).

As a result of that evolution, our content strategy will also evolve to better serve our audience. Using consumer data to drive our commissioning decisions we will publish bold, engaging content that seeks to meet the needs of our audience and stimulates the mind.

We will also consider the target audience at the beginning of the commissioning process, in order to decide on which platform or combination of platforms the content should be published for their attention in order to reach the greatest possible proportion of that audience. Varying the commissioning process in this way will facilitate our commitment to creating more digital-first and digital-only content.

In addition, the communication and promotion around the commission will also be discussed at the beginning of the development process, to ensure that a creative package is developed at the outset to meet the needs of the audience, and to reach them in the most effective way.

## Supporting the Economy

**As a public institution, S4C has a responsibility to maximise the benefit to Wales from our influence and resources.**

Creating and maintaining purposeful partnerships with other broadcasters and various other organisations will be an increasingly important part of S4C's future. There is a need to take a more strategic and long-term approach by grasping the strengths and abilities of others from different sectors to drive our creativity and innovation and to help us address some of the biggest challenges.

Alongside this corporate strategy, we also developed a new strategy for S4C's commercial activities. This commercial strategy will ensure that we identify partners across the world in order to obtain new markets for our content, and place an emphasis on co-producing content of the highest quality in Wales to bring additional investment to the sector and best value to S4C's audience.

Maintaining interesting partnerships – both in Wales and internationally – will be an effective way of developing talent, improving skills, ensuring diversity and empowering Welsh communities to feel that they want to be part of S4C.



## Diversity, Inclusion and Representation

**Diversity, inclusion and representation are central to all S4C's activities.**

Everyone in Wales and beyond who watch S4C content, on any platform, must feel that they are reflected in our range of content.

We also want our workforce and our suppliers' workforce to include the widest range of people, and are working with production companies and other partners to attract new talent to the sector.



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Ffyrnig



# Our New Strategy

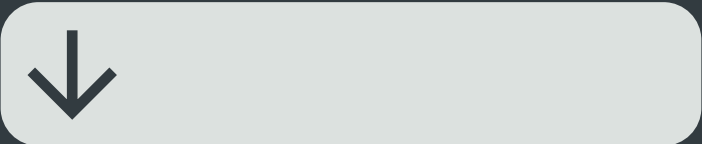


## 2022-27 Strategy


**Our purpose**  
is to ensure that the Welsh language is an important part of everyone's life in Wales by providing bold and innovative content that celebrates our contemporary culture.



**Our vision**  
is of a Wales where the language belongs to us all, and of uniting the nation through our content.



**As we set out to implement our new strategy, we will pay due attention to our values as an organisation, namely:**



- Diversity
- Engagement
- Innovation
- Ambition

## Get to know, and build a relationship with our audience

- Use data to ensure that the audience informs all our decisions.
- Understand our audience and personalise their experiences.
- Create a clear dashboard to measure our value and performance.

### In order to realise these objectives, we will:

- ✓ Define our measurements - set clear targets that we can measure reliably;
- ✓ Create a dashboard and set up a 'listen to our audience' programme; and
- ✓ Use data to personalise experiences, and build relationships with our audience.



## Create noise with bold content

- Understand our audience and produce content that creates the conversation and is internationally recognised.
- Extend our reach and increase the impact of our service within communities.
- Prioritise drama, sport and children.

### In order to realise these objectives, we will:

- ✓ Follow the model: Identify the Audience > Commission Content which appeals to the audience > Publish on the most appropriate Platform to reach the audience;
- ✓ Define our priorities based on audience needs;
- ✓ Develop long-term content strategies - for the drama, sport, children genres; and
- ✓ Create a plan for partnerships, co-productions, and developing international markets.



## Establish ourselves as the home of Welsh national experiences

- Take ownership of national events and hold the conversation around them; from music to sport.

### In order to realise these objectives, we will:

- ✓ Plan a comprehensive programme of events across Wales; and ensure a prominent presence for S4C;
- ✓ Develop our use of social media - create noise, and communicate our purpose; and
- ✓ Launch our new brand.



## “Welsh belongs to all of us” – working with others to reach a million Welsh speakers

- Work with our partners to achieve the million and double usage, and ensure that we are seen as a prominent partner contributing to the prosperity of the Welsh language.

### In order to realise this objective, we will:

- ✓ Define and formalise our relationship with our partners, to create a clear partnership strategy; and
- ✓ Play a leading role in the growth of the Welsh language, and lead the way forward.

## “Provide your content on your platform”

- Ensure prominence and availability across the main viewing platforms.
- Schedule content across all platforms, rather than take a ‘linear-first’ approach.
- Build commercial relationships with our partners.
- Develop talent to convey digital content.
- Ensure prominence to our diverse communities on and off screen.

### In order to realise these objectives, we will:

- ✓ Schedule the publication of content across all platforms;
- ✓ Increase the availability and prominence of our content across contemporary viewing platforms;
- ✓ Refine our processes to reflect our new publishing strategy; and
- ✓ Work with the sector to develop a training strategy.



## Reflect Wales in all its diversity

- Ensure we reflect Welsh communities by setting clear diversity targets, both internally and across our productions.

### In order to realise this objective, we will:

- ✓ Work with the sector to ensure we reflect our communities in all their diversity; and
- ✓ Set clear targets for diversity in our content, and measure against these targets.



## Create value using our resources

- Create a clear corporate plan with specific objectives.
- Identify commercial opportunities to help us realise the true value of our products.

### In order to realise these objectives, we will:

- ✓ Develop a new commercial strategy;
- ✓ Identify alternate markets for our content;
- ✓ Refine our funding processes to reflect our new multiplatform strategy;
- ✓ Define our shopping list, and protect our rights; and
- ✓ Refine our procurement processes to reflect our strategy.



## Inspire and nurture talent in Wales

- Support our partners in the sector to inspire and develop new talent in Wales, through partnership across the creative sector.

### In order to realise this objective, we will:

- ✓ Invest in resources to enable us to understand the needs of the production companies, and the wider sector; and
- ✓ Ensure a clear path for new talent, and develop our skills and capacity to deliver our strategy.

# Chief Executive's Report

**(incorporating the annual performance review)**

# Chief Executive's Report

(incorporating the annual performance review)

## Siân Doyle

The past year has been a special time to be part of the S4C team.

It has been an exciting year as we begin to implement the 2022–27 Strategy. We are grateful to the Department for Digital, Culture, Media and Sport (DCMS) for the additional settlement of £7.5m from the Licence Fee since April 2022, which has enabled us to develop the new strategy. As a result, we have a transformation programme to ensure that the service meets the needs of the audience – both in Wales and beyond – so that S4C remains relevant and prominent in the multi-platform world.



And of course, it was also a year in which S4C celebrated – the service's 40th anniversary; and our role as Wales' football home as we followed and shared every step of Wales' journey to the World Cup in Qatar.

S4C staff must be thanked for their commitment during a particularly busy year, and to the sector for responding so positively to the 2022–27 Strategy, as we evolve the service to keep S4C and the Welsh language at the forefront for the next 40 years.

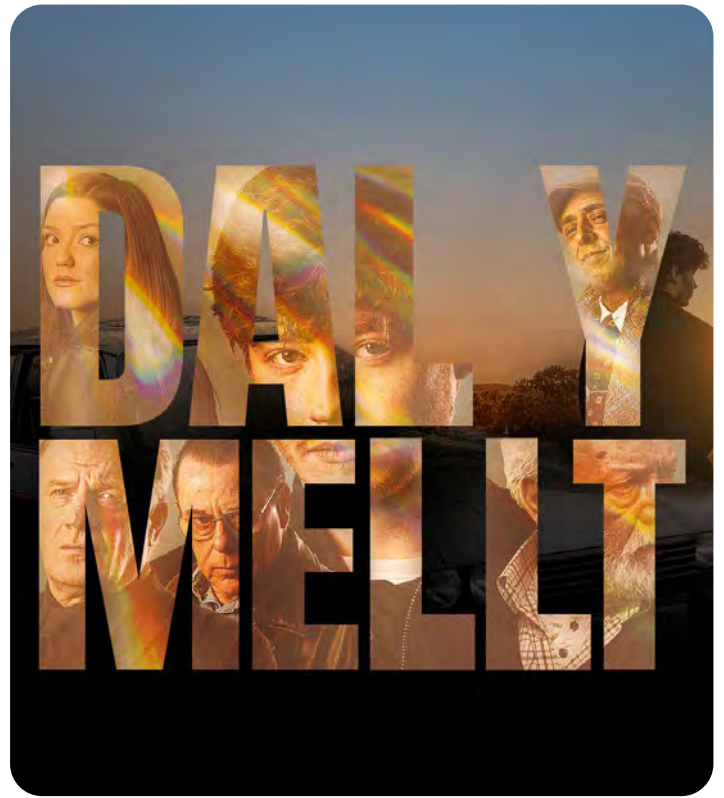
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## Strategy 2022-27

When S4C launched in 1982, there were only four channels. Today, there are hundreds, and our strategy and priorities reflect the significant transformation that all broadcasters face today, as audience expectations increase in how they want to watch and choose their content, within a sea of content for them to choose.

It is encouraging to see that the priorities of our new strategy – attracting new and younger audiences to the service – are already succeeding, with many of these measures having increased significantly.

While viewing of linear TV is falling across all channels, we have seen an increase in take-up of S4C. Our weekly reach was at its highest for five years, up 8% on last year. The contribution of the 16-44 age group to our viewing hours increased significantly, which is now at its highest for a decade.



**Get to know, and build a relationship  
with our audience**

**Create noise with bold content**

**“Provide your content on your  
platform”**

**Establish ourselves as the home of  
Welsh national experiences**

**“Welsh belongs to all of us” – working with others to reach a million Welsh speakers**

**Creating value using our resources**

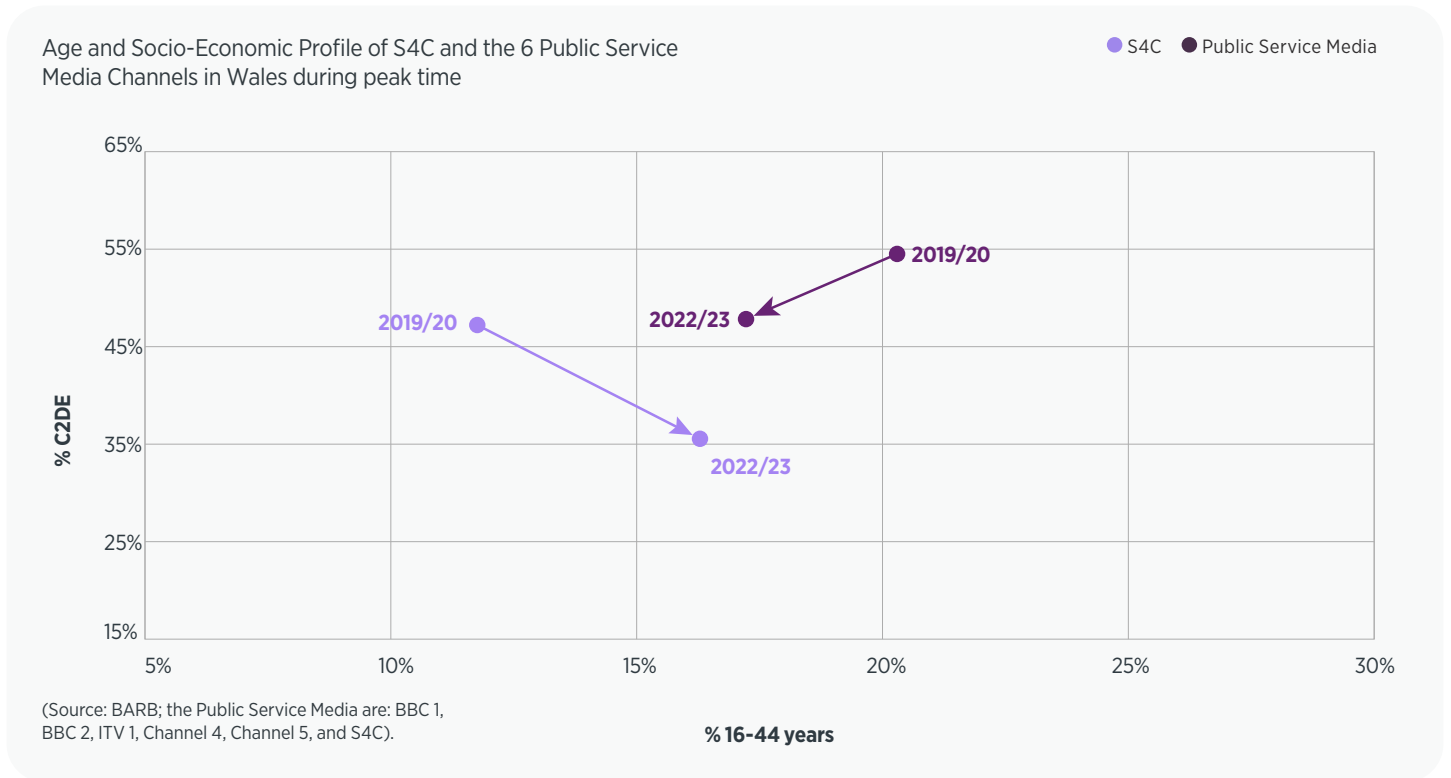
**Inspire and nurture talent in Wales**

**Reflect Wales in all its diversity**



Indeed, over the past five years, as the average audience profile of the six public service media channels in Wales gets older, the age profile of S4C's audience has become younger.

At the same time, the socio-economic profile of the S4C audience has deviated away from the C2DE group at a slightly faster rate than the average for the public service media channels. As a result, our content strategy over the next period includes offering programmes that will appeal to this important group.



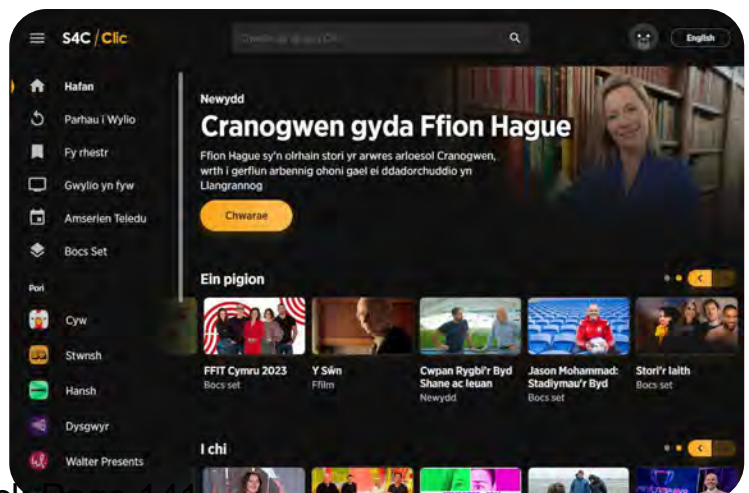
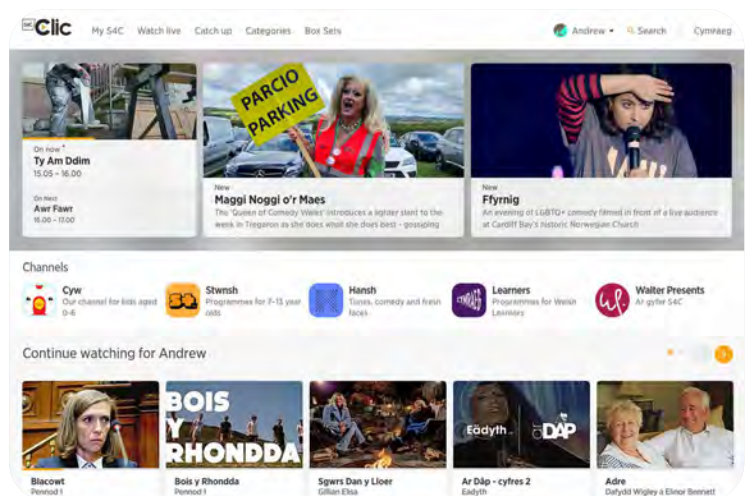
### Bringing S4C content to the audience

The challenge today is how S4C can be loud and bold enough to compete with the endless hours of content from hundreds of channels, streamers and other platforms around the world. Research by Enders found that in 2010 there were fewer than 5,000 hours of content available for the audience to choose from – by 2023, there are over 120,000 hours available to choose as more platforms are launched.

Despite all the competition, there are opportunities – and we have to take advantage of them.

S4C had only one linear channel when the service was launched. Now, with all the different platforms available, there is great opportunity for S4C to share its content further. Enders estimate that half of 16-24 year olds will no longer watch content on the traditional TV set. We must therefore ensure that everyone can enjoy S4C content on their chosen platform – whether by watching catch-up, box sets, on Clic or iPlayer, or finding S4C on YouTube and other social media.

We are indebted to DCMS for the additional settlement from the Licence Fee that has enabled our transformation programme, which includes developing our presence on different platforms to reach the audience. The launch of Clic 2.0 offered an opportunity to update the look and feel of the app, while also introducing additional features for the benefit of the audience. It is pleasing to see that S4C/Clic is now available on 67% of smart TVs, with work continuing at pace to further increase this availability, and facilitate S4C's prominence in the multi-platform world.



Top: The old Clic  
Clic 2.0

### Provide content on the audience's platforms of choice

As well as reaching new platforms, we also need to know our audiences, and what they want to watch. And there is much thanks to the research team for the work that has been done over the past year – developing a new dashboard that has enabled us to deliver a commissioning process that is more flexible and better meets audience viewing needs.

As we build our platforms strategy, the audience has responded positively.

The increasing use of S4C content across the various platforms therefore undoubtedly means that scheduling content across those platforms is now as important as scheduling on traditional linear television.

It is good to see S4C's formats also going further afield, many of which have been sold and adapted successfully during 2022–23, such as *Gwesty Aduniad* (Darlun) which is now on the BBC as *Reunion Hotel*. And as we attract younger audiences over the period, it's been great to see the Hansh brand go from strength to strength

Our viewing figures on Clic and iPlayer is at an all-time high with a 10% increase since last year. When our *Dal y Mellt* drama was released in October 2022, 50% of viewing after the linear broadcast day was via different catch-up methods. And other series have seen similar trends, such as *Goglebocs Cymru* where 60% of the series' viewing hours were on-demand after the original broadcast, reflecting the viewing habits of young people. *Goglebocs Cymru* is also noteworthy due to the very high appreciation of the series amongst younger audiences (and particularly 16–24s).

### Creating noise with our content

Bold content that grabs audience attention is essential, and marking the 40th anniversary of the channel's birth was a moment to celebrate and reflect on the next 40 years of the service.

To mark the occasion, the film *Y Sŵn* (Joio) was commissioned telling the story of the battle to establish S4C. Thousands had the opportunity to enjoy *Y Sŵn* in cinemas across the UK before S4C broadcast it, which is something that we intend to emulate with *Sinema Cymru*. This is our new film partnership with *Cymru Greadigol* supported by *Ffilm Cymru*, which will create a Welsh film every year and put Wales on screen at international festivals. In support of the scheme, we also launched *O'r Sgript i'r Sinema*, a ground-breaking course with *National Film* and *TV School Cymru*, to develop a new wave of writers who will be able to write these new films with the ambitious aim of following the footsteps of *TG4* and the achievements of *An Cailín Cúin* this year.

We had a landmark year with drama, including the first Welsh drama on Netflix after the streamer purchased Iwan 'Iwacs' Roberts' adaptation of his *Dal y Mellt* novel for S4C (*Vox / Abacus*). We were pleased to see *Y Golau* (*Triongl / Duchess Productions*), our first drama co-production with Channel 4 receiving great acclaim before also selling internationally. This was the most watched drama on Channel 4 during the period, showing that S4C's vision of stories about and from Wales travels and holds audiences. It was also the first production that actor Joanna Scanlan made in Welsh following her appearance on our successful Welsh language learning format *laith ar Daith* (*Boom Cymru*) in 2021, while also demonstrating how we can attract well-known talent to S4C and support new speakers.

We did not just see successes in drama. S4C and our production partners also brought accolades back to Wales through major awards – Broadcast Award for *Drych: Fi Rhyw ac Anabledd* (*Wildflame*); and a New Voice Award for our *Hansh Tisio Fforc?* series (*Afanti*).

We are also particularly pleased this year to see our excellent brands continue to entertain, including *Am Dro* (*Cardiff Productions*), *Priodas Pum Mil* (*Boom Cymru*), and *Cân i Gymru* (*Afanti*).

Measuring performance and viewing on other platforms is also core, and new performance measures have been agreed during the period, and are outlined in this report for the first time. One of the key objectives of the 2022–27 Strategy is to offer the content people want to watch on the platforms they use. So as we expand the opportunities to engage with the service on different platforms and devices, it is very encouraging to see that the audience is growing too.

Our children's content continued to attract consistent audiences across all platforms. *Cyw hatched Cywion Bach* to support new speakers and the language transmission of younger viewers and their families, and we saw the success of new dramas such as *Y Goleudy* (*Boom Cymru*) and *Itopia* (*Boom Cymru*) for older children – through the support of the UK Government's Young Audiences Content Fund – also make their mark and win nominations and awards.



Y Golau

## Wales' National Experiences

In the historic World Cup year, it was a privilege to be part of Jambori'r Urdd with 330k children singing to celebrate Wales reaching the World Cup for the first time since 1958.

Sport is a core part of our output for Welsh audiences as we reflect this important part of our culture. And it also introduces S4C to new audiences who enjoy our sports brands such as Sgorio (Rondo Media).

However, S4C is not just the home of Welsh football. Our sports content continued to attract great audiences across all sports. We were proud to broadcast prestigious football matches – from the Wrexham women's game against Connah's Quay to Wales' World Cup qualifier against Ukraine.

Our rallying broadcasts always bring great audiences on our social media channels, and a loyal cohort following the Giro d'Italia, Tour de France and Triathlon Cymru in the Welsh language through S4C.

And rugby continues to be a favourite as we broadcast all Six Nations matches, from the men's team to the under-20s.

S4C's coverage of live events are evolving from television-only broadcasting to multi-platform streaming offering a fuller service to audiences across Wales and beyond. We were proud to be live streaming from three platforms in the Urdd in 2022, and as the main broadcaster of the Royal Welsh Show we broke records in terms of audiences reached through Facebook, YouTube and on television. We broadcasted a comprehensive programme from Tafŵyl for the first time, and our coverage from the National Eisteddfod was once again multi-platform.

As the war in Ukraine shattered lives, there was a special fundraising concert on S4C, in partnership with the Disasters Emergency Committee (DEC) Cymru, to show our support to the people of Ukraine. And there were special reports from the front line on Newyddion S4C (BBC Wales) and on Y Byd ar Bedwar (ITV Wales) with content receiving nominations for RTS Cymru awards.

Our new digital news service is also going from strength to strength, with steady increases in app downloads, and growth in service reach on Facebook and Instagram. In the coming year we will be launching a new news service on TikTok.



## “The Welsh language belongs to us all”

Throughout the reporting period we have provided strategic resources to ensure that our content confirms what we offer as the national broadcaster for Wales.

The new role of the Welsh Language Strategy Lead will implement a new memorandum of understanding with the Welsh Government which outlines S4C's role in the objective of a million speakers and doubling use by 2050. The memorandum was launched as our impressive series Stori'r Iaith (Rondo Media) arrived on screens in February 2023, with four different presenters – Sean Fletcher, Alex Jones, Elis James and Lisa Jên – discussing their relationship with the language. The series is already used within education and stimulates the conversation about what the Welsh language is today.

During the reporting period, I am pleased that we have increased our provision of subtitles in Welsh as per our commitment, including on our children and live programmes, such as Heno (Tinopolis). 46% of our programmes now have Welsh subtitles – an increase of 21% on the previous year.



Heno

## Reflecting Wales and Growing Talent

Through our content, and the workforce that creates it for us, it is vital that S4C reflects Wales as a whole. We have continued with this important objective of ensuring that we improve our representation and diversity – both on screen and behind the cameras.

We integrate these principles into everything we do in S4C, as well as with our partners in the sector. During the year, the post of Diversity, Sustainability and Social Purpose Lead was created to implement this aim. And S4C continued to work with valued partners including It's My Shout, Screen Alliance Wales, Culture Connect Cymru, rad Cymru, and set up the first S4C advisory panels (on race and ethnicity). The process of joining the Diamond project, which measures diversity and representation on and behind screen for UK broadcasters, has also been initiated, so that we have robust data and a foundation for improvement.

## Creating value through our resources

A number of the elements of the 2022–27 Strategy stem from recommendations made in the independent report to the DCMS that the late Ewyn Ogwen Williams published in 2018. We have continued to realise these recommendations, and reviewed and relaunched S4C Masnachol so that we create value through our resources. After the successful sale of Parc Tŷ Glas and our historic investment in Wildseed, there is now a clear focus on the future strategy. We were delighted to be a partner with Cymru Greadigol and Rondo to launch the Aria studios on Anglesey in February 2023. This year we will also be launching a Content Fund and Growth Fund to build our resources here in Wales through clear and purposeful investment.

## Thanks to our partners

So many of our services are enriched by our strategic partnerships and we are so pleased that these relationships have evolved strategically over the past year.

We were delighted to work with the Football Association of Wales, the Urdd, BBC Wales, and the Welsh Government as part of Team Wales around the World Cup at Qatar. As part of S4C's support, the successful Cymru yn America concert (Orchard Media) was held in New York where Rob McElhenney and Ryan Reynolds received a 'Diolch y Ddraig' award from the Welsh Government for their contribution to Wales.

We saw amazing engagement around the world with S4C's content from the concert, with one clip from the red carpet – originally broadcast on the Heno (Tinopolis) programme – attracting 383k viewing sessions on TikTok. Other clips from the red carpet and the presentation of the 'Diolch y Ddraig' award attracted over 50k viewing sessions each on Facebook; and an interview with Rob and Ryan after receiving the award received over 70k viewing sessions on YouTube.

S4C also welcomes our partnership with DCMS, and we are so pleased to see that the draft Media Bill has been published in Westminster. This will take steps to give S4C and Welsh language content formal prominence on new platforms. This – and giving status to public broadcasters and the Welsh language for the first time – is very welcome.

We are indebted to all our production partners – 70 of them in 2022–23 – who create and produce content for S4C that continues to win prizes and entertain the audience. Nearly 80% of our budget is spent on commissioning content, with over 98.4% of this content produced in this creative sector here in Wales.

## Performance review 2022–23

At the end of the first year of the 2022–27 Strategy I am therefore very pleased to report positive progress with highlights such as:

- S4C's weekly reach (in Wales) has increased to 324,000 – 8% higher than last year and the highest for five years;
- S4C's weekly reach to Welsh speakers is 150,000, which is 14% higher than last year and also the highest for five years;
- Viewing of S4C's peak-time programming up 16% since last year, and our 16–44 age audience was at its highest for a decade, and 45–64 at its highest for 9 years;
- S4C's share of viewing at its highest for a decade, showing we are performing well against other channels;
- S4C catch-up audience (1–7 days after broadcast day) at record levels;
- An increase of 10% in viewing of S4C programmes across Clic and iPlayer; and
- S4C's viewing hours on YouTube almost doubled.

More detail on different aspects of our performance over the past year can be found in the following pages.

## Priorities for 2023–24

As we look towards the second year of the Strategy, our priorities in 2023–24 will remain constant and will build on this year's successes. We will continue to:

- Create bolder content to attract a younger audience and a C2DE audience;
- Embed the transition to a multi-platform world and maintain the momentum of implementing our platform strategy; and
- Implement our 'OUR culture' programme to create a S4C which is among the best in the world.

In the middle of S4C's fortieth birthday year, it is a matter of pride to see these achievements and progress as we embark on the next period in the history of the service – but this is just the first step on our journey to deliver the 2022–27 Strategy. Putting the Welsh language at the heart of everything we do whilst offering the best possible service is essential.

A big thank you to S4C staff, and to all partners across Wales and beyond, who support and enable this.



# S4C Content's Reach

## S4C television viewing figures

The graphs below sets out the reach (on television) of the S4C service on a weekly and annual basis, plus S4C's average audience in the peak hours. The percentages quoted indicate the change compared to the previous year.

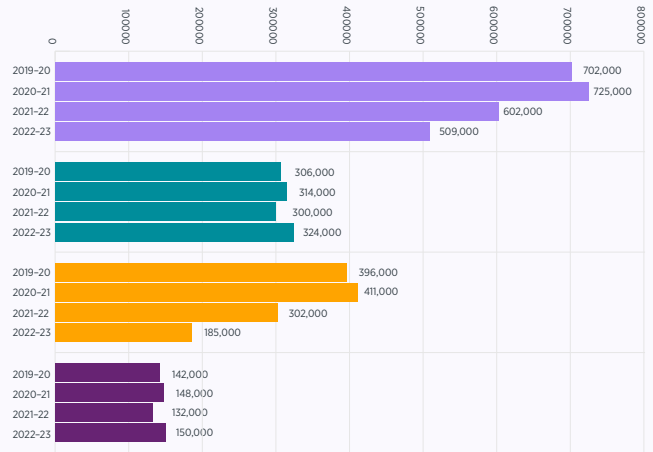
While viewing of linear TV is falling across all channels, we have seen an increase in take-up of S4C. Our weekly reach in Wales and amongst Welsh Speakers in Wales were at their highest for five years.

● UK ● Wales ● Outside Wales ● Welsh Speakers in Wales

### Weekly reach (at least 3 consecutive minutes)

(Source: BARB)

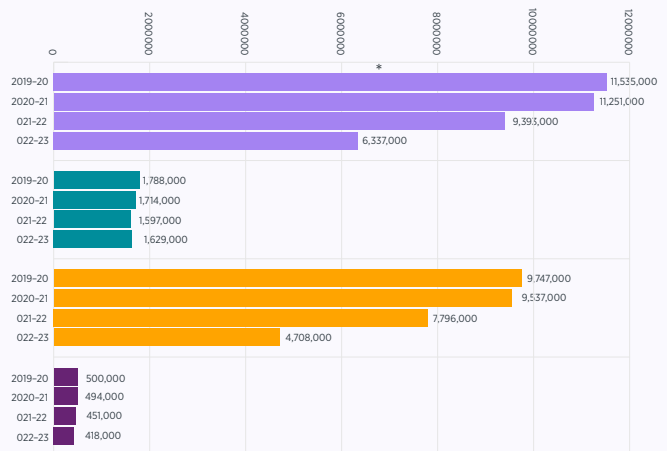
An 8% increase on last year in weekly reach in Wales - the highest in five years



### Annual reach (at least 3 consecutive minutes)

(Source: BARB)

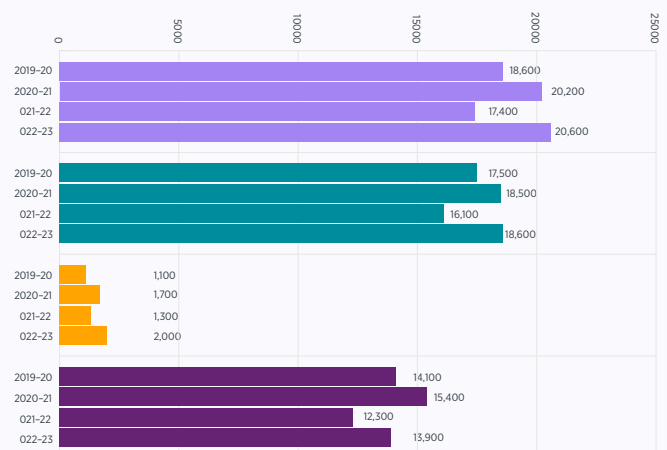
A 2% increase in annual reach in Wales



### S4C's average audience in the peak hours (7pm-10pm)

(Source: BARB)

An 18% increase on last year in across the UK, and an increase of 16% in Wales - the highest in five years



# S4C Content's Reach

## S4C Online Viewing

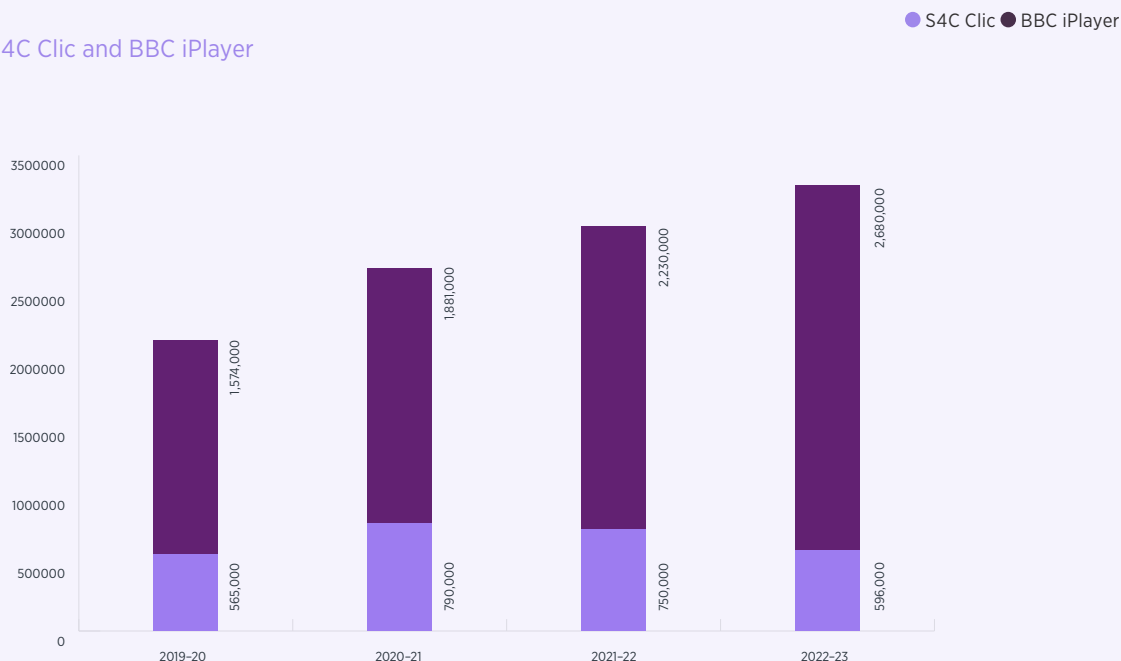
The graphs below set out viewing hours for S4C's online services across the UK.

A significant increase in the use of S4C's on-line services was seen across the UK once again during 2022-23, with the patterns emerging over recent years continuing to develop as S4C offers more programmes and content on social media - such as YouTube - and via new delivery methods including box set dramas.

**Our viewing figures on Clic and iPlayer is at an all-time high with a 10% increase since last year.**

**On YouTube, S4C's viewing hours have almost doubled.**

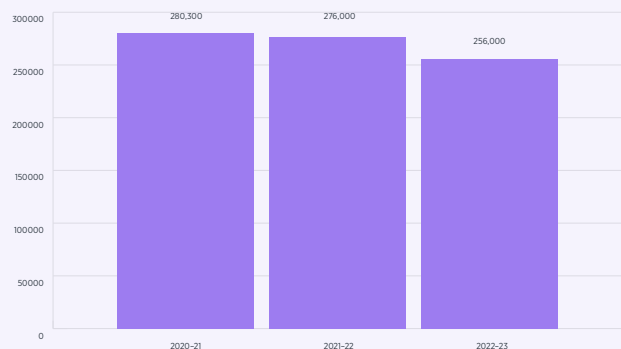
Hours viewed on S4C Clic and BBC iPlayer



(Source: S4C & BBC)

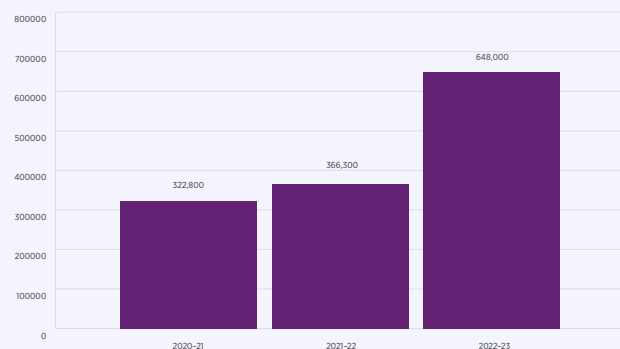
In line with industry standards, viewing hours for S4C Clic and BBC iPlayer presume that 1.5 persons watch each stream of content on television, with 1.0 person watching each stream on other devices (laptop, tablet and smartphone).

Hours viewed of every S4C Facebook page



(Source: Facebook)

Hours viewed of every S4C YouTube channel

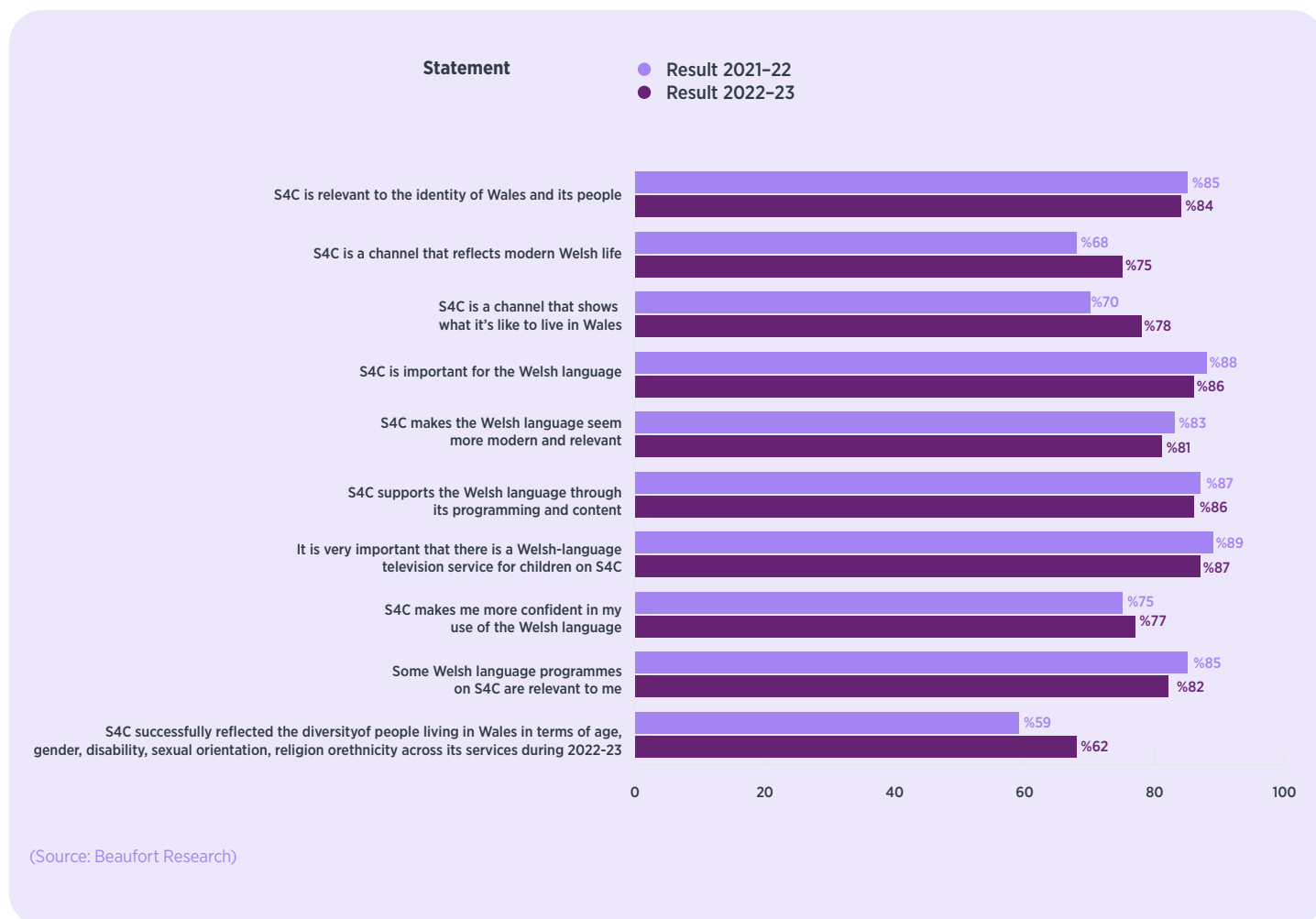


(Source: YouTube)

# Tracking S4C's Image

**S4C undertakes an annual survey which tracks the service's image – including amongst Welsh speaking S4C viewers.**

During 2022-23, the S4C Image Tracking Survey found that the percentage of S4C viewers who can speak Welsh agreed with the following statements:



This year's results have all increased or remained relatively equal to last year, which provides a positive reflection of S4C's public perception.

## S4C's Top 10 programmes on television during 2022-23



	Programme	Genre	Date	Reach
1	Sgorio Rhyngwladol: Cynghrair y Cenhedloedd (Belgium v Wales)	Sport	22/09/2022	456,000
2	Sgorio Rhyngwladol: Grwpiau Cwpan Ewrop (Croatia v Wales)	Sport	25/03/2023	408,000
3	Cwpan FA: Coventry v Wrecsam	Sport	07/01/2023	320,000
4	Rygbi Ewrop: Cwpan Pencampwyr Ewrop (Leicester v Ospreys)	Sport	20/01/2023	195,000
5	Cwpan Y Byd 2022 (Wales v USA)	Sport	21/11/2022	188,000
6	Clwb Rygbi: Pencampwriaeth Unedig Rygbi (Ospreys v Leinster)	Sport	07/01/2023	186,000
7	Clwb Rygbi Rhyngwladol Dan 20 (Wales v Ireland)	Sport	03/02/2023	184,000
8	Sgorio Rhyngwladol: Grwpiau Cwpan y Byd (Wales v Ukraine)	Sport	05/06/2022	160,000
9	Patrôl Pawennau	Children	29/08/2022	137,000
10	Goglebocs Cymru	Entertainment	02/11/2022	135,000
11	Taith yr Haf 2022 (South Africa v Wales, second test)	Sport	09/07/2022	130,000
12	Eisteddfod Genedlaethol 2022: Mwy o'r Maes	Events	31/07/2022	123,000
13	Rygbi Ewrop: Cwpan Her Ewrop (Scarlets v Brive)	Sport	31/03/2023	119,000
14	Y Wal Goch	Entertainment	03/06/2022	115,000
15	Llofruddiaeth Logan Mwangi	Current Affairs	30/06/2022	113,000
16	Clwb Rygbi Rhyngwladol: Chwe Gwlad (Cymru v Lloegr)	Chwaraeon	25/02/2023	97,000
17	Y Tîm tu ôl i'r Tîm	Dogfen	20/11/2022	93,000
18	Cân i Gymru	Cerddoriaeth	03/03/2023	92,000
19	Garddio a Mwy	Adloniant	25/07/2022	91,000
20	Y Golau	Drama	15/05/2022	89,000
21	Clwb Rygbi Rhyngwladol: Chwe Gwlad Menywod (Cymru v Ffrainc)	Chwaraeon	22/04/2022	85,000
22	Sgwrs Dan y Lloer	Ffeithiol	22/12/2022	83,000
23	Tlws FA: Bromley v Wrecsam	Chwaraeon	22/05/2022	83,000
24	Ralio+	Chwaraeon	19/09/2022	81,000
25	Priodas Pum Mil	Adloniant	29/01/2023	79,000



# Content

# To our partners in the production sector – diolch!

We are very grateful to our partners in the production sector for their continued support of S4C.

During 2022–23, we worked with the following producers on content for our linear service and the various digital platforms:

Al Touring Ltd t/a Targed

Atebol Cyfyngedig

Avanti Media Ltd t/a Afanti

Barn Media Ltd

BBC Studios Productions Ltd

Beastly Media Ltd

Boom Pictures Productions Ltd

British Broadcasting Corporation

Captain Jac Ltd

Cardiff Productions Ltd

Carlam Ltd

Ceidiog Cyf

Chwarel Cyf

Cloth Cat Animation Limited

Copa90

Craith 3 Ltd

Cwmni Da

Cynhyrchiadau Alpha Productions Ltd

Cynrychiadau Twt Productions Ltd

Dal Y Mellt Cyfyngedig

Darlun Cyf

DocShed Ltd

Dream Team Television Ltd

Eisteddfod Genedlaethol Cymru

Ffilmiau Twm Twm Cyf

Fiction Factory

Fresh Catch Films

Gogglebocs Cymru Cyf

Gorilla TV Ltd t/a Bait Studio

Grandpa Productions Ltd

Gritty Productions Ltd

Hall of Mirrors Ltd

Hello Deer Productions Ltd

Hoho Rights Ltd

Its My Shout Productions Ltd

ITV Broadcasting Ltd (Production)

ITV Services Ltd

Jet TV Ltd

Joio

Kailash Films

Kreu Media Ltd

Lefel Dau Cyf

Limegreentangerine Ltd

Little Bird Films Ltd

Llywodraeth Cymru

Media Atom Ltd

Men Who Sing

Moilin Cyf

Mona Films Ltd

Nerth dy Ben

Nimble Dragon Ltd

Opra Avanti Ltd

Orchard Media & Events Group

PRS For Music Ltd

PYST Cyf

Rondo Media Cyf

Sain Cyf

Slam Media

South Wind Blows Ltd

Sunset & Vine Productions Ltd

Swnllyd Cyfyngedig

Telesgop

Tinopolis

Tinopolis Interactive Ltd

Tree on the Hill Films Ltd

Wes Glei Cyf

Whisper Films Ltd

Wildflame Productions Ltd

Y Golau Cyf

Yellow Barrels Ltd

Every effort has been made to identify and list all suppliers who worked with us – on content published during 2022–23, or due over the next period – and we apologise for any accidental omissions.

# Film and Television Awards 2022– 23

S4C's content win national and international awards and nominations.

Winning an award or nomination in a film or television festival is a recognition of the quality of programmes produced by the independent production companies for S4C.

## RTS Wales Awards 2022

### Winners

#### News and Current Affairs

**John Owen: Cadw Cyfrinach (Wildflame)**

#### Breakthrough 2022

**Rachael Solomon (Boom Cymru)**

#### Digital

**Yn y Garej: Philip Mills (Tinopolis)**

#### Made in Lockdown

**Tŷ am Ddim / The Great House Giveaway (Chwarel / Channel 4)**

### Nominations

#### Breakthrough

**Justin Melliush – Craith / Hidden (Severn Screen)**

#### Breakthrough

**Euros Llŷr Morgan – DRYCH: Galar yn y Cwm (Carlam)**

#### Children

**Deian a Loli: Digwyl y Meirw (Cwmni Da)**

#### Children

**Mabinogiogi: Clustiau'r March (Boom Cymru)**

#### Digital

**Pa Fath o Bobl (Boom Cymru)**

#### Drama 2020

**Un Bore Mercher / Keeping Faith (Vox Pictures)**

#### Drama 2021

**Yr Amgueddfa (Boom Cymru)**

## BAFTA Wales Awards 2022

### Winners

#### Entertainment

**Bwyd Byd Epic Chris (Cwmni Da)**

#### TV Film

**Grav (Regan Developments / Tarian)**

#### Children

**Hei Hanes! (Cwmni Da)**

#### Single Documentary

**Y Parchedig Emyr Ddrwg (Docshed)**

#### Factual

**Ysgol Ni: Y Moelwyn (Darlun)**

#### Presenter

**Chris Roberts – Bwyd Byd Epic Chris (Cwmni Da)**

#### Director – Factual

**Dylan Williams – Y Côr (Cwmni Da)**

#### Short Film

**Y Cythraul Celf / Affairs of the Art (Beryl Productions International Ltd)**

### Nominations

#### Entertainment

**6 Gwlad Shane ac Ieuan (Orchard)**

#### Entertainment

**Am Dro! (Cardiff Productions)**

#### Entertainment

**Iaith ar Daith (Boom Cymru)**

#### Children

**Bex (Ceidiog)**

#### Children

**Deian a Loli (Cwmni Da)**

#### Children

**Efaciwis (Wildflame)**

#### News and Current Affairs

**Covid, y Jab a Ni (Cloud Break Pictures)**

#### Factual

**Gwesty Aduniad (Darlun)**

#### Single Documentary

**John Owen: Cadw Cyfrinach (Wildflame)**

#### TV Drama

**Yr Amgueddfa (Boom Cymru)**

#### Breakthrough

**Lemar! Freckleton – Curadur (Orchard)**

#### Presenter

**Elin Fflur – Sgwrs Dan y Lloer (Tinopolis)**

### Nominations

#### Presenter

**Jason Mohammad – Trelai, y Terfysg a Jason Mohammad (Hall of Mirrors)**

#### Author

**Owen Thomas – Grav (Regan Developments / Tarian)**

#### Editing – Factual

**Alun Edwards – John Owen: Cadw Cyfrinach (Wildflame)**

#### Editing – Factual

**John Gillanders – Huw Edwards yn 60 (Rondo)**

#### Editing – Fiction

**Urien Deiniol – Enid a Lucy (Boom Cymru)**

#### Photography and Lighting – Fiction

**Ryan Eddleston – Grav (Regan Developments / Tarian)**

#### Photography and Lightning – Factual

**Mei Williams – Peter Moore: Dyn Mewn Du (Kaliash Films)**

#### Sound

**John Markam – Cyngerdd Tangnefedd Llangollen (Rondo Media)**

**Broadcast Sports Awards 2022**

**Nominations**

Best social media campaign  
**Wales v Ukraine**

**C21 International Drama Series Pitch Awards**

**Nominations**

C21 Drama Series Pitch  
**Pigeon (Triongl)**

**Broadcast Awards 2022**

**Winners**

Best 'multichannel' programme  
**DRYCH: Fi, Rhyw ac Anabledd (Wildflame)**

**Nominations**

Factual  
**Ysgol Ni: Y Moelwyn (Darlun)**

Children  
**Efaciwis (Wildflame)**

Best short-form format  
**Tisho Fforc? (Afanti)**

**Celtic Media Festival – Torch Awards 2022**

**Winners**

Children  
**Sol (Antena)**

Current Affairs  
**Prif Weinidog mewn Panedmig (Zwwm Films)**

**Nominations**

Children  
**Deian a Loli: Digwyl y Meirw (Cwmni Da)**

Children  
**Mabinogiogi: Clustiau'r March (Boom Cymru)**

Current Affairs  
**Llofruddiaeth Mike O'Leary (ITV Wales)**

Comedy  
**Rybish (Cwmni Da)**

Live Music  
**Curadur: Lemfreck (Orchard)**

Factual Entertainment  
**Bwyd Epic Chris (Cwmni Da)**

Feature Documentary  
**John Owen: Cadw Cyfrinach (Wildflame)**

Individual Documentary  
**DRYCH: Byw Heb Freichiau (Zwwm Films)**

**Nominations**

Individual Documentary  
**DRYCH: Chwaer Fach Chwaer Fawr**

Drama Series  
**Yr Amgueddfa (Boom Cymru)**

Single Drama  
**Grav (Regan Developments / Tarian)**

Short Drama  
**Hen Wragedd a Ffyn (It's My Shout)**

History  
**Terfysg yn y Bae (Tinopolis)**

Sports Documentary  
**Stori Jimmy Murphy (Docshed)**

'Spirit of the Festival'  
**Blwyddyn Covid: Lleisiau Cymru (Kailash Films)**

# S4C listening to our viewers

Ensuring a regular dialogue and relationship with the audience is very important to S4C.

Throughout the year, the audience engages with S4C's programmes on social media and through Gwifren Gwylwyr, S4C's viewers' helpline.



Bois y Pizza



## Gwifren Gwylwyr (Viewers' Hotline)

Our viewers can contact S4C directly by either phoning, emailing, via social media or sending a letter to Gwifren Gwylwyr. The bilingual service is available from 09:00 until 22:00 seven days a week.

The Gwifren Gwylwyr team usually work in S4C's office in Caernarfon every day of the year. Every comment received about programmes and services is logged and stored. The team prepares a summary of comments received for officers and members of the Board.

8,894 contacts were received by S4C's Gwifren Gwylwyr in 2022-23. Of these 3,952 were complimentary about programmes while 1,001 were complaints or criticism of some form.

## Audience Reaction Panel

In addition to collecting viewer feedback through the Gwifren Gwylwyr, S4C has an Audience Reaction Panel that consists of 1,400 individuals, recruited to reflect the population of Wales.

The panellists provide S4C with their opinion about and appreciation scores for S4C's programming.

# Ensuring value for audiences

**S4C aims to ensure that the highest possible percentage of S4C's public income is spent on content and services that are comparable in terms of quality with that of other UK networks, whilst ensuring programmes are produced in the most efficient way and ensuring S4C's overheads remain low.**

Value for money is the relationship between S4C's cost and performance as a service and as an organisation. For a public service broadcaster, this means providing a high quality, comprehensive service on television and online platforms that is used and valued by the audience, and doing so efficiently in terms of the financial resources available.

S4C's first priority is to provide high quality services, on television and

on relevant online platforms, which meet the needs of the audience. It is also important to ensure that the investment in S4C's services ensures appropriate value for money. It is therefore a key objective to ensure that the highest possible percentage of S4C's public income is spent on programmes and content.

Ensuring that S4C's running costs as an organisation continue to be a small percentage of S4C's spending is another aspect of this objective.

S4C has delivered significant efficiencies and cost savings over recent years with staffing, estate and technological rationalisation. As a result, administration and overheads are now just 3% of S4C's total spend – a figure which has continued on a downward trend since 2018–19 – with the remainder of spend supporting content creation and distribution.

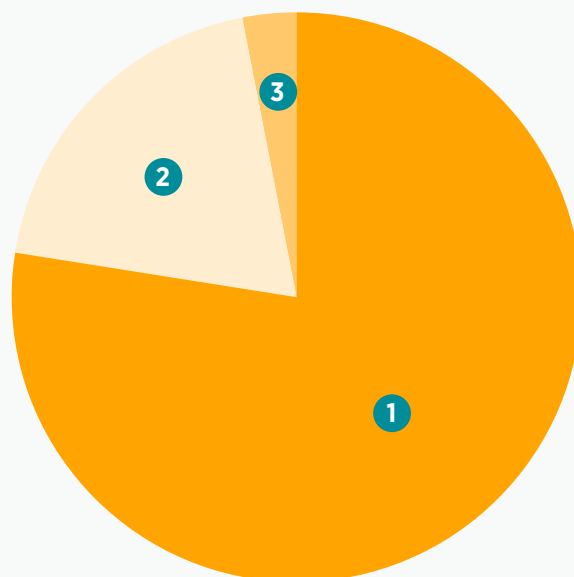
## Prioritising spending on programmes and content – allocation of S4C's expenditure

Most of S4C's public finance is invested in programmes and content.

The allocation of the S4C Public Service Fund during 2022–23 shows that the majority of S4C's expenditure continues to be directly invested in its programmes and content, which represents both investment in the services provided for the audience and investment in the production sector in Wales.

<b>1. Cost of programmes transmitted</b>	<b>77.67%</b>
<b>2. Costs associated with transmission and distribution of S4C's programme service</b>	<b>19.29%</b>
<b>3. Operating and administration costs</b>	<b>3.04%</b>

More information on S4C's expenditure can be found in the Statement of Accounts.



## S4C is one of the most cost-efficient public service broadcasters in the UK

By working closely with producers to manage the cost of producing each hour of content, S4C has a proud record of commissioning cost-effective programmes and has managed to protect the number of hours that are broadcast, as well as the range, variety and quality of the service.

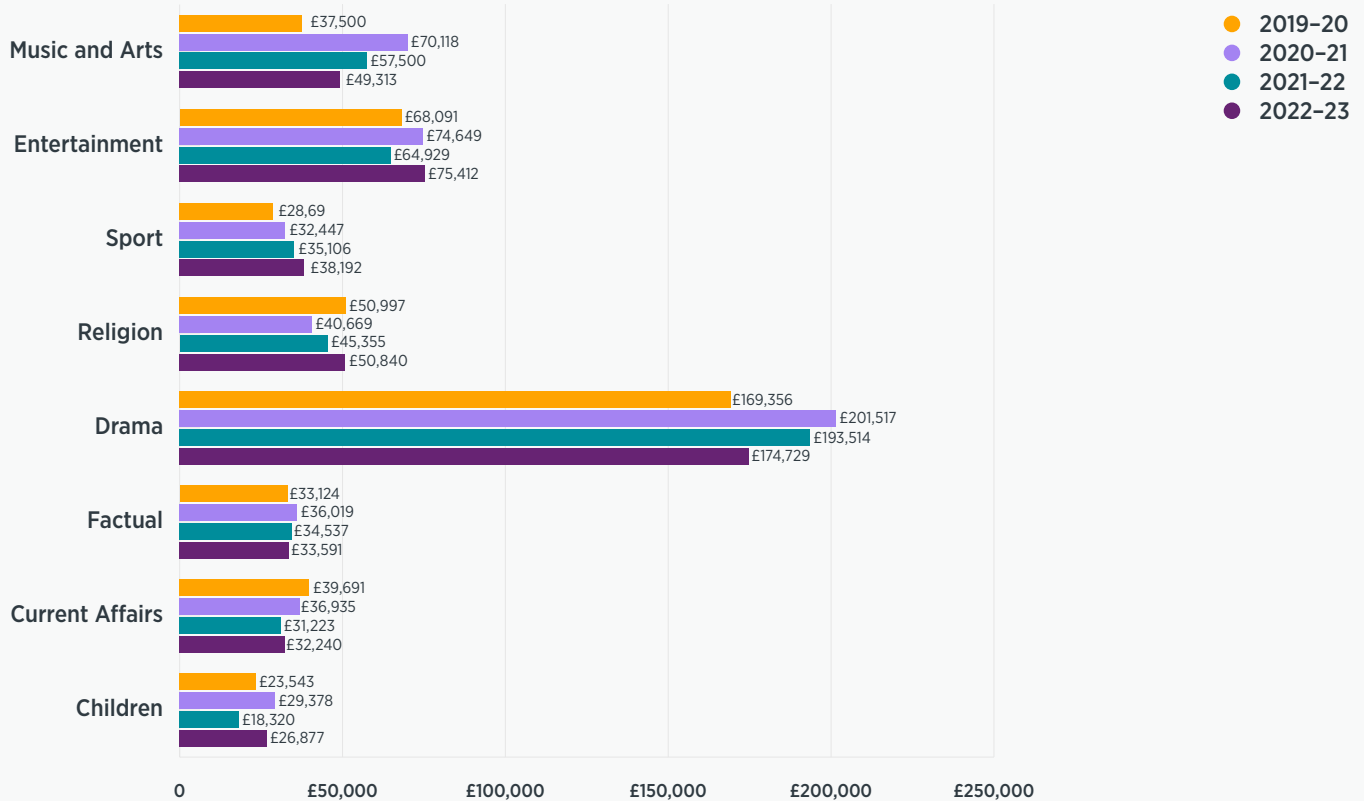
S4C is one of the most cost-efficient PSBs in the UK with a cost per hour significantly lower than other broadcasters, commissioning at a fraction (typically 25 - 33%) of similar genre rates applied by other public service broadcasters.

However, we know that the cost of making programmes is increasing, with global spending on some genres – particularly scripted drama – rising to unprecedented levels. This places greater pressure on future budgets as we compete for on- and off-screen talent. Recent trends in the creative industries have also had inflationary effects on production costs.

We continue to work with TAC (Teledwyr Annibynnol Cymru) and individual production companies to obtain the best value for audiences from our public funding.

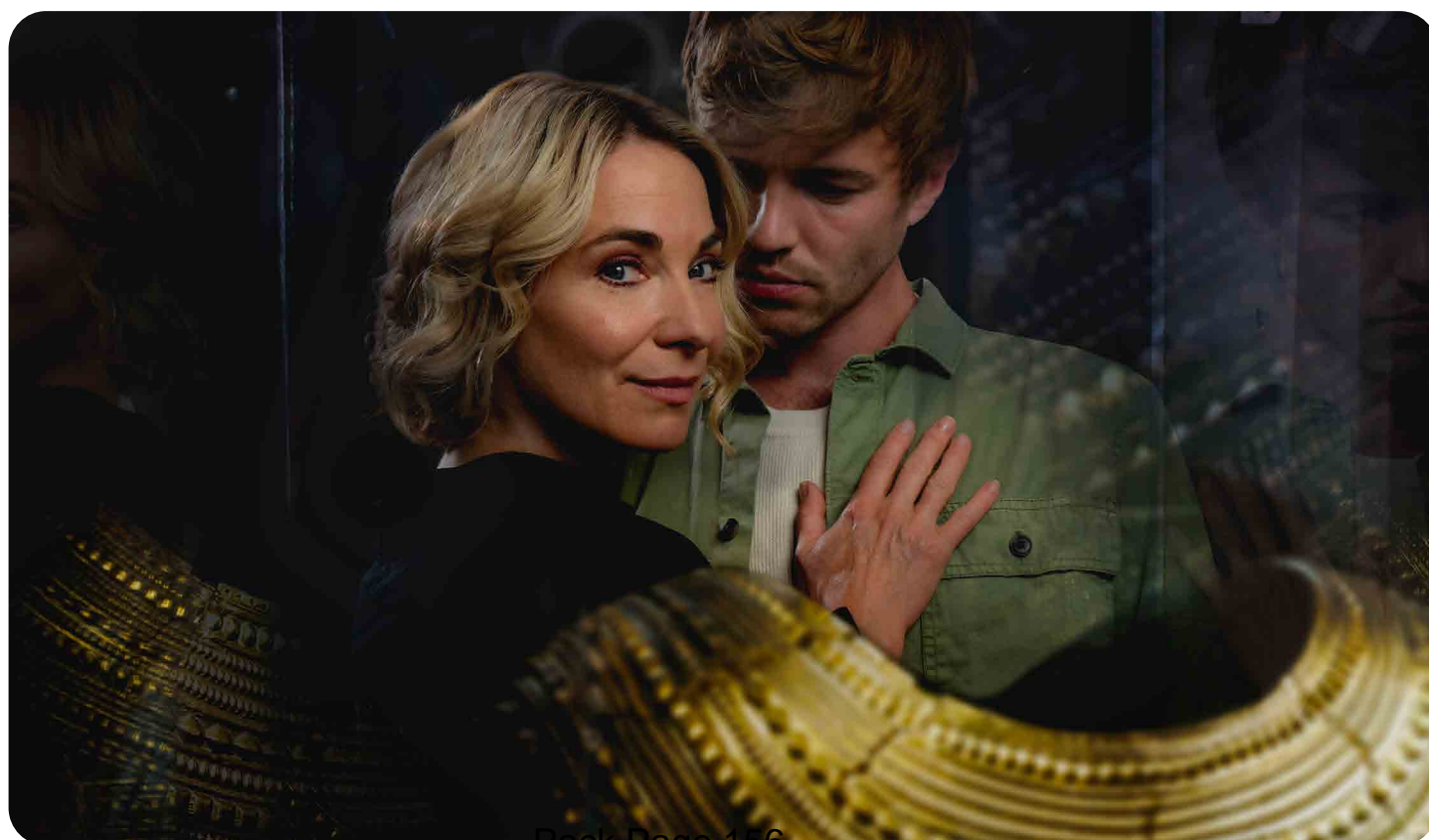
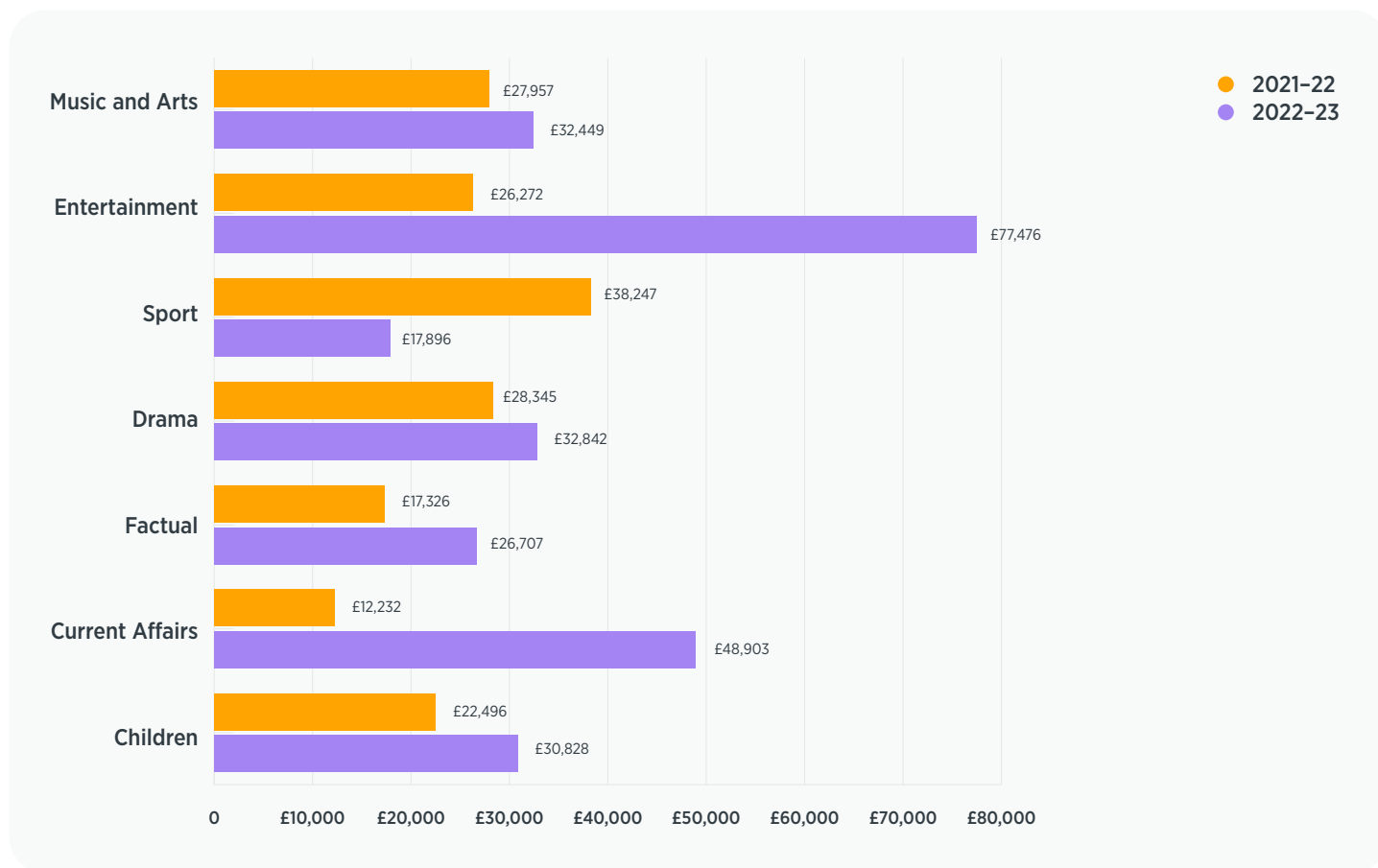


### Cost per hour – programmes commissioned by S4C (excluding digital only and digital first)



The effect of Covid-19, alongside the change in S4C's VAT status, has resulted in substantial increases or decreases over recent years in the cost per hour of some genres – in particular drama, arts and culture, and religion.

**Cost per hour – digital only and digital first content commissioned by S4C (excluding social media content)**





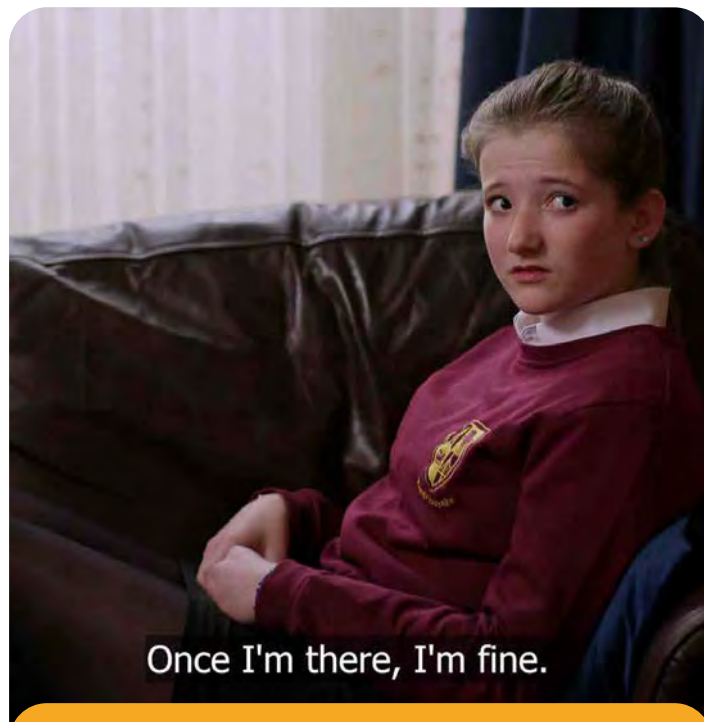
# Welcoming everyone to watch S4C – support services for our audience

**Making S4C’s content available to the widest possible audience is very important to S4C.**

Access services continue to provide an important means to enable S4C to expand its audience and its appeal.

Subtitling in Welsh and English, together with signing, audio description and descriptive second screen services provide a range of services that enhance S4C’s offering and make content available to those with particular needs as well as to a wider community of Welsh speakers, non-Welsh speakers and learners of all levels of fluency.

The following services were provided during the year:



## Welsh subtitles

These subtitles are provided primarily for d/Deaf and hard of hearing people who understand Welsh as well as for people learning to speak Welsh. Welsh language subtitles were provided on 45% of programmes. Welsh language and English language subtitles are also available on the S4C Clic service, and English subtitles are available on the BBC iPlayer.

## English subtitles

The aim of this service is to enhance the appeal of programmes to non-Welsh speaking, and d/Deaf and hard of hearing viewers. By pressing the “subtitle” button on the remote control, subtitles can be accessed on all kinds of programmes, including live programmes. Some programmes were broadcast with automatic on-screen subtitles. These are usually repeats of popular programmes. During the year, subtitles were available on 79.35% of programmes (Ofcom’s target is 53%).

## Audio Description

The audio description service on selected programmes provides a commentary in Welsh to fill the gaps during periods when there is no dialogue in programmes. It includes additional description that assists blind or partially sighted users. The service was provided on 11.98% of programmes (Ofcom’s target is 10%).

## Signing

A number of programmes, usually at weekends and lunchtimes during the week, are broadcast with BSL (British Sign Language) for d/Deaf viewers and those who use BSL. The service was available on 6.10% of programmes (Ofcom’s target is 5%).

# Content 2023–24

**Programme Policy Statement 2023–24**

**S4C's Chief Content Officer,  
Llinos Griffin-Williams, outlines  
S4C's content priorities for  
the coming year.**



**Pack Page 158**

## S4C is transforming

**S4C is stepping into its 40s with confidence, passion and ambition as we create bold and powerful content that represents contemporary Wales.**

Providing a voice for communities across Wales and beyond, we will reflect a diverse nation with comprehensive and popular content that welcomes new and existing Welsh speakers – inspiring people to hear, see and speak Welsh in Wales, the UK and beyond.

A lively, exciting offer will entertain our loyal viewers and engage with a new audience by providing a Welsh perspective on the world. We have a clear strategy to appeal to viewers in the 25–44 age group and the C2DE socio-economic group, which guides content commissioning decisions for 2023–24, as well as forward planning for content in 2024–25.

S4C will also be a creative, engaging partner for co-productions as S4C aims to attract younger and wider audiences.

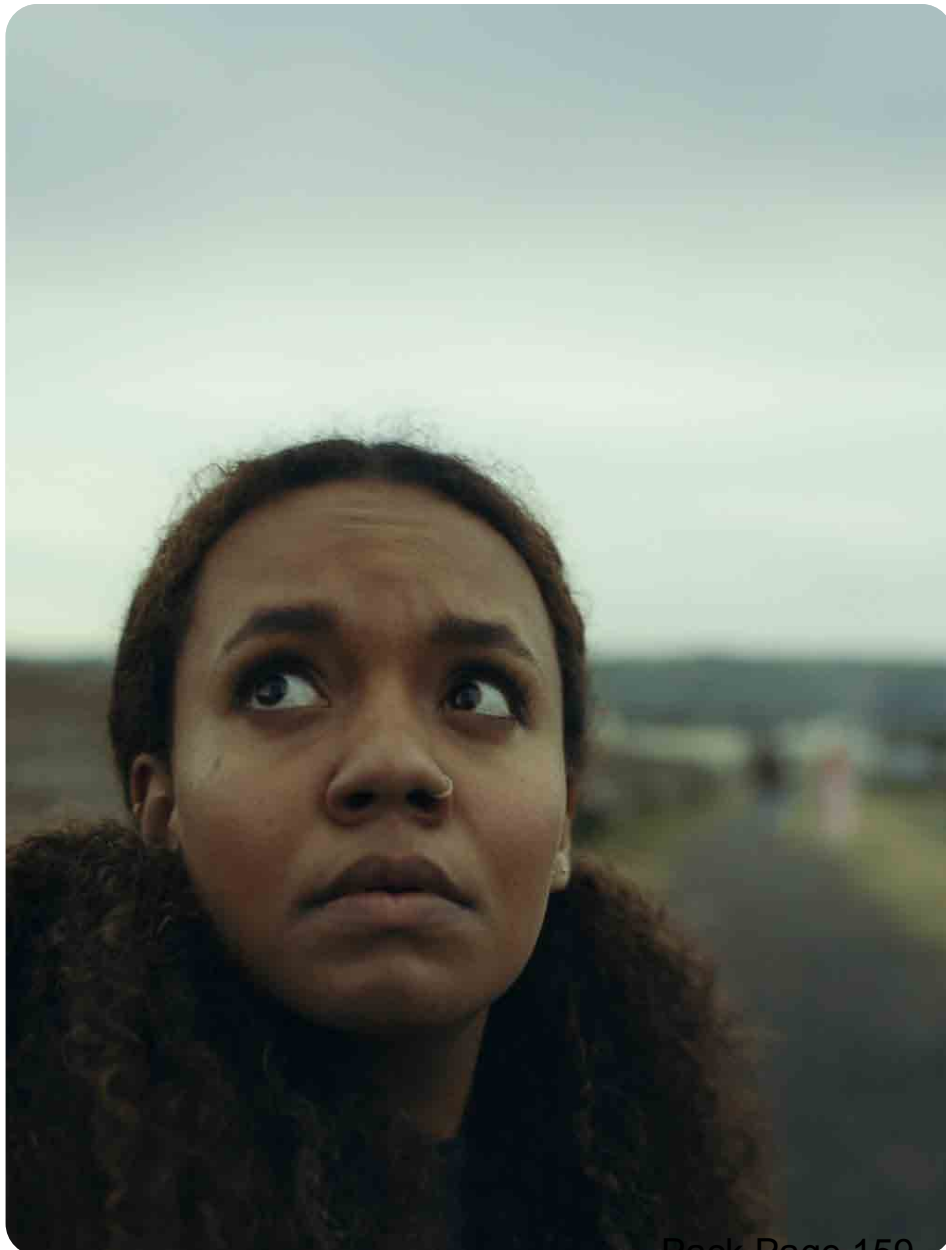
Above all, we will target one of three purposes with content that:

- ✓ Educates;
- ✓ Inspires; and
- ✓ Offers escapism.

Recognising that our viewers face various challenges in their lives, as a public service broadcaster we will extend refuge and support through our content.

We will therefore create opportunities for our viewers – of whatever age – to understand more about the world around us – from living costs to climate change. We'll give a voice to inspiring stories and characters as we reach different communities, unique lives and locations. And we'll offer some escapism with exciting, innovative, ambitious and new content across our platforms.

While the linear channel will cater for all, our various platforms – offering opportunities to view S4C content on TV, on-line, on demand, and many others – will be available at any time and cater for different audiences.



## Create talked-about content

**As we realise a content strategy that focuses on the audience in the 25–44 age group, new commissions are beginning to see success – such as *Goglebocs Cymru* which tripled the numbers watching through the catch-up platforms on a weekly basis since the launch of the first series this year.**

We are therefore looking for well-known brands that can add to our entertainment provision, but offer a Welsh personality. In addition, we are investing significantly in the development of original new formats that appeal to the whole family.

The channel's well-known brands will continue, but with an emphasis on targeting a new audience. We therefore look forward to welcoming back *Am Dro*, *Gwesty Aduniad*, *Priodas Pum Mil*, *Jonathan and Sgwrs Dan y Lloer* over the coming months.

In response to the expectations of our target audience, we will be launching a number of new non-script formats that push the creative boundaries. As part of this, we will analyse topics through a different lens and challenge prejudices, as we increase the emphasis on commissions reflecting the diversity of Wales: from *Colli Cymru i'r Môr* that investigates the impact of climate change on Wales, to *Saith Person* which sees individuals revisiting those who have influenced their lives.

Ni yw'r Cymry will reflect what it is to be Welsh today, and in *Arwyr Anabl* (working title) we will be looking at the history of disability in Wales. These series offer us the opportunity to invest in exciting new talent and seek ways of developing well-known talent. This will build on *Stori'r Iaith*, a highly successful and noisy series led by Alex Jones, Ellis James, Sean Fletcher and Lisa Jên, while also giving us an opportunity to see new talent and voices in the series.

Our provision of noisy premium content will see investment with stunning short series *Gwir-Drosedd* telling amazing stories as we push creative boundaries with the history of *Y Twyllwr*, *Llofruddiaeth Niwclear*, and *Hoover: Lle ma' fy ngwyliau?*



Substantial commissions of popular series *Y Llinell Las* and *Y Fets* will give a different flavour of life in communities across Wales.

Also among the broad slate will be new provocative series such as *Y Prif* and *Gwasanaeth Prawf*, that will provide special access to public services.

Offering the audience an opportunity to escape their daily lives will be new series following well-known faces. Former Wales player Mike Phillips will follow Welsh people overseas in *Croeso i Dubai*; while Beti George and Huw Stephens will be visiting unique hotels in luxury series *Cysgu o Gwmpas*.

We look forward to a second series of *Bywyd a Bwyd* with *Colleen Ramsey*; *Chris, Al and Kiri* will be travelling across New Zealand on an adventure; and a range of interesting factual series and documentaries will support the Rugby World Cup provision in the Autumn.

Above: Osian & Nayema, Caernarfon

## New voices

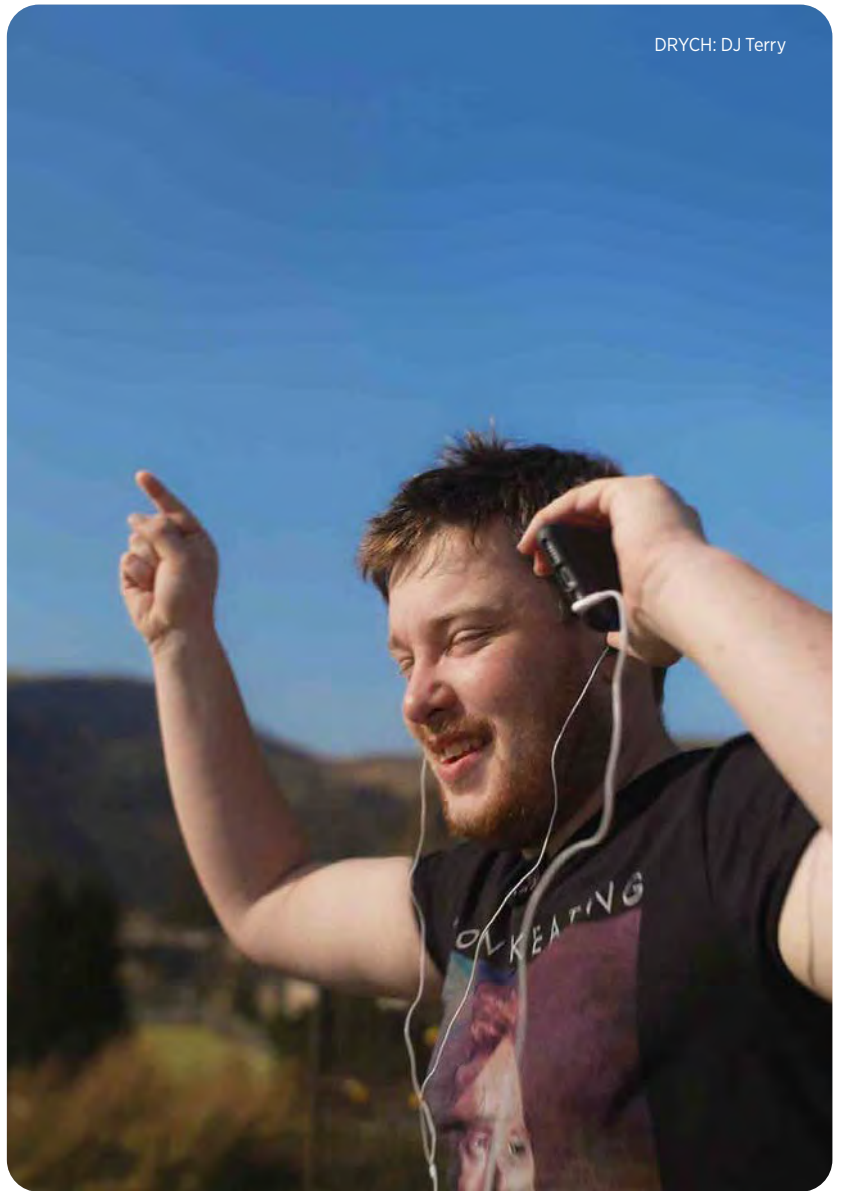
**Following the success of documentaries like *Drych: Fi, Rhyw ac Anabledd* and *Ysgol Ni: Moelwyn* there will be an opportunity to reflect contemporary Wales in our documentary provision. We are looking for bold, challenging and emotional stories that push the discussion forward and give a different perspective on life.**

We are keen to reflect more voices from the valleys and north-east Wales with programmes such as *Wrecsam: Clwb Ni* which looks at the history of the football club with Rob McElhenney and Ryan Reynolds.

Also, unique documentaries with familiar faces will provide an opportunity to meet unique characters with programmes on Bethan Elfyn: *Trawsblaniad*; Alex: *Epilepsi a Fi*; and Sage Todz: *Brodyr Brodorol*.

Building on digital-first commissions, *Byw y Freuddwyd* will be a YouTube commission following a couple who have sold everything to fulfil their dream of living without a mortgage in west Wales. Two linear programmes will form part of 12 x 15' YouTube programmes.

Mwy na Daffs a Taffs, Gemma Collins



DRYCH: DJ Terry



## HANSH: Creating trouble (in a good way!)

**A platform for young Welsh voices and talent, Hansh will become prominent across S4C platforms from TikTok to Instagram, YouTube to Clic and the iPlayer.**

Hansh has continued to grow in terms of viewers and followers month on month since its launch, and there will be further investment in S4C's digital offer for the young.

Hansh's campaign will take the brand's mischievous content beyond its loyal viewers, as we build our coverage of multi-genre mid- and long-form provision on the platform.

The new series *Mwy na Daffs a Taffs* will launch on Clic and iPlayer, following some of Britain's biggest influencers and trying to dispel their prejudices about Wales. In addition, the challenging love series *Tishio Fforc?* returns.

## Home of Welsh sports

**We saw the incredible success of the Cartref Pêl-droed Cymru campaign in autumn 2022 as we released a bumper slate of special content that supported the World Cup campaign. In the middle of a historic era for the national team, S4C saw the best reach ever across our digital platforms, breaking every record for the platforms with our bold content.**

From children's provision with the Jambori where more than 200,000 children in Wales sang in unity (and half of those in second-language schools) to documentary programmes Yma o Hyd and Cewri Cwpan y Byd, from Cyngerdd Efrog Newydd to Gemau Byw, S4C's content appealed around the world with millions of on-line viewing sessions, and succeeded in doubling the number of viewers compared to the previous Euro games.

We will launch the Cartref Chwaraeon Cymru campaign during 2023-24 to coincide with the Six Nations rugby contest, and the Rugby World Cup in France. This will respond to the passion of the nation with content such as a special documentary on Ken Owens as well as a new format O'r Soffa i'r Sgrym with Robin McBryde and his son who will be following a group of young lads from north-east Wales and the valleys coming together to play a game in France. Also, there will be two Jonathan programmes live from France.

In terms of our provision to coincide with the Rugby World Cup, we will be at the heart of the excitement in France, with Jason Mohammad, Sarra Elgan and Mike Phillips as the faces of our campaign.



## From script to screen

**This year we will launch the Sinema Cymru fund in partnership with Creative Wales and Ffilm Cymru, with the aim of investing in one film per year and developing exciting scripts with Welsh talent.**

Y Sŵn will lead the way into cinemas across Wales, telling the story of the establishment of S4C, before the film is broadcast on the linear service. Then a horror film Gwledd – which has already been on Hulu and in cinemas – will be shown on S4C on Halloween Night.

Following the success of our first joint-production with Channel 4, Y Golau, there is a strong slate of drama this year with Rownd a Rownd continuing to grow its audience, and Pobol y Cwm celebrating its 50th birthday in 2024.

We will be launching the comedy drama series Anfamol, which is an adaptation of a popular theatre show, as well as Creisis following a young man in Pontypridd who is dealing with a crisis in his personal life and at work.

There will also be a joint-production of Pren ar y Bryn with BBC Cymru; as well as a spin-off series from the soap opera Rownd a Rownd - Bariau; and a second series of the popular drama Stad.



We continue to invest significantly in our dramas. 12 scripts / ideas were awarded development funding to foster new production and writing talent with companies le le Productions, Fiction Factory, Three Tables, BBC Studios and Boom Cymru. Furthermore, Severn Screen is committed to producing a drama each year for S4C for the next three years with the Welsh talent who is working extensively with Netflix these days, Gareth Evans.

We are also continuing to call for new ideas as we launch our Interactive Drama co-production with the Wales Interactive gaming company.

And our dramas continue to sell internationally, as Britbox buys Yr Amgueddfa, and Netflix offers Dal y Mellt.

## Home of Wales live events - LWP

**We will be revamping our live events provision. A range of content will be provided around Y Sioe Fawr as we extend the content across entertainment, food and competition, and stream elements across our platforms. Eisteddfod yr Urdd and the Eisteddfod Genedlaethol will also be streamed through our players.**

With S4C sponsoring the PRIDE Cymru Welsh language stage, a lot of LGBTQ+ content will be part of our provision throughout the year, with coverage increasing further during the celebrations.

We will also be pushing our LWP brand as the home of contemporary Welsh music. As a result, we will take a leading role in events including Tafwyl, Green Man, and the Eisteddfod, while also developing the content of Curadur, Uchafbwyntiau'r Haf, LWP Sessions and LWP Music Videos. This will be a further significant investment for the Welsh music scene and will further develop new musical talent.



## Welsh for all

**With new appointments within the Content and Publishing team, the Welsh Language Strategy Lead and Education Content Executive will be assisting us to launch the Welsh for All campaign, which will welcome new speakers and learners to engage us through our content.**

At the same time, we will look at how we can deliver content more effectively within the education sector, targeting mixed households, second-language parents, schools, colleges and universities.



# S4C's Contribution to Society and the Economy

# S4C's Contribution to Society and the Economy

Since S4C was established in 1982, it has been very aware of its contribution to Wales and more widely.

As a public service broadcaster, we have an important role and responsibility as a facilitator and enabler, using our resources to maximise the benefits to our viewers and to society more widely.

By working with a range of partners, we are working hard to contribute to the future of the Welsh language, culture, environment and economy.

## Policy Statement

In December 2022, the Unitary Board approved a policy statement that brings together S4C's existing activities in terms of social and economic contribution.

This policy statement aligns with the new corporate strategy approved earlier in the reporting year, and the policy priorities reflect elements of the corporate strategy – which underlines how S4C's social and economic contribution is at the heart of the organisation's wider activities.

The new post of Diversity, Sustainability and Social Purpose Leader was created in spring 2023. Among the responsibilities of the Leader will be to lead S4C's activities within this new policy statement, and to develop relevant strategies as necessary.



**S4C's Social Purpose: To ensure that the Welsh language is part of everyone's life in Wales**

## Policy Priorities

### 1. "The Welsh language belongs to all of us"

- Increase the numbers engaging with S4C's content in Welsh, to help reach the million (and double the daily usage).

### 2. Reflecting the Wales in all its diversity

- Reflect Welsh communities by setting clear diversity targets, both internally and across our productions.

### 3. Creating Value Sustainably

- Create value through our resources to support the local economy; and in doing so, to work towards reducing the carbon footprint of all our activities.

### 4. Developing Talent

- Use our resources and influence to develop talent within S4C and the wider sector, as well as to support skills development.

## “The Welsh language belongs to us all”

Since 1982, the Welsh language has been central to the existence of S4C and a key focus for all its provision. The vital role S4C plays in maintaining and promoting the Welsh language is at the heart of its unique public purpose, and this was formalised as S4C received confirmation of its Licence Fee settlement from April 2022 onwards.

We now have a significant contribution to offer towards realising the objectives of the Welsh Government’s strategy ‘Cymraeg 2050: a million Welsh speakers’, namely: to increase the number of Welsh speakers, to increase the use of the Welsh language and to create favourable conditions to ensure the Welsh language flourishes.

We are therefore – through our content – seeking to facilitate access to and use of the Welsh language for everyone of all ages and linguistic abilities.

This is particularly important in relation to education, and we are working with key partners to develop educational content to support the curriculum in Wales and to ensure that S4C content can be used by learners – whatever their age. To achieve these objectives, we have appointed to two new posts during 2022-23, namely the Welsh Language Strategy Lead, and the Education Content Executive.

Alongside facilitating access to our content for new speakers, it is vital that Welsh speakers of all linguistic abilities choose to watch S4C content regularly.

To evaluate our contribution in this respect, we will be looking over the coming years to increase ‘habit’ among our audience – namely the percentage who choose to watch S4C content on one or more platforms, for at least two hours, and across three or more days per month.



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## Reflecting Wales in all its diversity

It is essential that S4C portrays and celebrates Wales in all its diversity and working towards this remains a priority for S4C. The audience sees this as an important aspect of S4C's work.

68% of viewers who speak Welsh consider S4C to be a channel that successfully reflected the diversity of people living in Wales in terms of age, gender, disability, sexual orientation, religion or ethnicity across its programmes during 2022-23 (Source: S4C Image Tracking Survey, Beaufort Research, 2023). In the same survey the previous year, the comparable figure was 59%.

In order for S4C to continue to serve and grow its audience, as well as contribute to a strong broadcasting sector, the long-term commitment to ensure that representation on and behind the cameras continues and is crucial.

We are therefore working with the production sector to ensure that our content reflects our communities in all their diversity.

S4C is joining the Diamond system which is co-ordinated by the Creative Diversity Network. This is the system established by a number of leading UK broadcasters to collect consistent diversity and representation data on the programmes they commission. S4C's intention in adopting the system is to increase diversity on and behind the 'scenes' in the content of S4C in order to reflect Wales today.

In evaluating our progress, we will compare the data from the Diamond system on S4C content against the 2021 Census diversity results for Wales. We will report on our progress once the Diamond system is in place.

As well as taking steps to ensure that our content reflects Wales in all its diversity, we are also working to increase diversity, equality and inclusion across our corporate activities.



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## Creating Value Sustainably

Alongside our social contribution, S4C is making a significant contribution to the Welsh economy.

Almost 80% of S4C's public funding is invested in programming and content. This represents investment in the services provided to the audience and in the production sector in Wales.

We invest and commission our content from production companies across Wales and our supply chain companies in turn play an important role in their local economies.

We are also keen to support the sector to develop, and assist companies to realise their potential. This in turn will strengthen our supply chain. The steps we have taken so far include facilitating more collaboration between the larger and smaller companies – such as by encouraging the use of production equipment and resources by smaller companies when they are not required by the larger companies that own them.

At the same time, S4C's new commercial strategy aims to contribute to Wales' economic prosperity by, amongst other objectives, establishing a growth fund to invest in companies with potential to grow, and which align with S4C's purpose.

Taken together, all this activity therefore means that S4C's contribution to the Welsh economy is substantial – and it is important that this contribution is felt across Wales.

Our objective is to spend over 95% of our content budget with producers based in Wales. In 2022–23, we succeeded in spending 98% of the content budget within Wales (2021–22: 99%)



### Within Wales, our regional spend on content was as follows:

Region	2021-22	2022-23	Trend
North Wales	29%	26%	↓
South Wales	51%	55%	↑
West Wales	19%	17%	↓
Outside Wales	1%	2%	↑
Total	100%	100%	

(The above data relates to the location of the production company offices, and does not reflect production activity or expenditure in locations across Wales)



Our objective over the coming years is to ensure a more even distribution of content spend across Wales.

In December 2020, S4C commissioned Arad Research to review S4C's expenditure during 2019–20 and to undertake an economic impact assessment on S4C's contribution to the UK and Welsh economy. Arad calculated that S4C, during the financial year in question, created an economic impact of £197.4m on the UK economy, and £141.1m on the Welsh economy.

This means that for every £1 of public income S4C received in 2019–20, we created the following economic impact:

- £2.03 in the UK Economy; and
- £1.45 in the Welsh Economy.

In approving the policy statement on S4C's Social and Economic Contribution, the Unitary Board committed to commissioning an assessment of S4C's economic and social impact every two years, to ensure an independent evaluation of that impact.

During spring 2023, Wavehill was appointed to undertake an independent evaluation of S4C's economic and social impact during the reporting year 2022–23. Wavehill is expected to report to the Unitary Board on their findings in autumn 2023.

Of course, in supporting and investing in the economic growth of Wales, S4C is acutely aware of the need to do so in an environmentally sustainable way.

Since September 2021, S4C has partnered with the BAFTA albert consortium – which brings together some of the UK's largest broadcasters and production companies – in order to achieve this, and to incorporate sustainability into our production process by:

- Enforcing the use of the albert carbon footprint calculator for all the content we commission; and
- Encouraging productions to complete the albert certification process.

From 01 January 2022, it became mandatory for companies producing content for S4C to comply with the above requirements (unless the production is a series under 15 minutes long and / or the total budget is less than £50,000).

During 2022–23, some 92% of S4C productions complied with albert requirements – a result that was lower than was projected as a result of the number of sports broadcasts during the reporting year.

The BAFTA albert consortium also offers free training covering climate change, its implications for the TV industry and what individuals can do to make a difference.

As a result of our partnership with albert, S4C was one of 12 broadcasters and streamers who came together in November 2021 to sign up to the Climate Content Pledge, organised by albert. This was the first time the industry has worked together on such a statement.

S4C and other signatories – including the BBC, BBC Studios, BritBox International, Channel 4, Channel 5 / ViacomCBS, Discovery

UK and Eire, ITV, RTE, Sky, STV, and UKTV – are committed to using our content to help audiences understand what tackling climate change could mean for them, as well as informing and inspiring sustainable choices.

Off screen, S4C is working to reduce the impact of our corporate activities on the environment.

In recent years, we have taken steps to reduce unnecessary travel and increase the use of video conferencing. The use of public transport is encouraged as much as possible.

In 2022–23, 100% of the electricity used by S4C at Yr Egin came from renewable sources (2021–22: 88%). Furthermore, the majority of our office waste was recycled during the same period.

S4C has prepared a separate Sustainability Report, which appears in the 'Operational Reports' section of this Annual Report.

Our aim is to reduce the carbon footprint of our corporate activities over the coming years, and agree a target date to complete the transition to net zero-based operation.

## Developing Talent

Since the very beginning, S4C has played a crucial role in developing talent and skills within the sector in Wales.

The nature of S4C's commissioning as a non-content creating broadcaster has enabled our content partners to invest in the skills development of their staff over the years – and S4C itself continues to invest and lead the way to support this aim.

Supporting people from all backgrounds to come to work in the sector is also a priority for S4C. We are therefore pleased to have continued to work with partners such as It's My Shout, Screen Alliance Wales and Careers Wales during the reporting period to realise this, and to have been involved in the RAD Cymru Wales pilot – a paid training scheme for those from under-represented backgrounds.

We have also formalised our partnership with Sgil Cymru, and jointly invested with Creative Wales in the Criw scheme to enable more apprentice opportunities on S4C productions.

And Hansh: Dim Sbin, our pioneering training partnership with ITV Wales established in 2018, has also continued successfully

All these activities help us to maintain a highly skilled workforce that underpins a world-class production sector in Wales and attracts TV production, film and digital content from around the world.



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## Evaluating The Social and Economic Contribution of S4C

Our intention is to report on our progress against the new policy priorities in our annual reports from 2023-24 onwards.

To allow evaluation of progress, a series of bespoke indicators are being developed. The relevant targets have not yet been agreed for each of the metrics.

Status	Measure	Target	Current result	Measure Date / Period
"The Welsh language belongs to us all"				
●	S4C content chosen often amongst Welsh speakers, aged 16 and over	25%	28%	March 2023
●	S4C content chosen often amongst Welsh speakers, aged 25 - 44	15%	12%	March 2023
Reflecting Wales in all its diversity				
●	S4C content which includes individuals with a disability (based on Diamond system data)	21.1%	We will report on our progress once the Diamond system is in place.	
●	S4C content which includes individuals from an ethnic group other than 'White' (based on Diamond data)	6.2%		
●	S4C content which includes individuals with LGB+ sexual orientation (based on Diamond system data)	3%		
Creating Value Sustainably				
●	Percentage of content budget spent with producers based in Wales	95%	98%	Reporting year 2022-23
●	To ensure a more equal distribution of content spend across Wales (data: north Wales / south Wales / west Wales)	33% / 33% / 33%	26% / 55% / 17%	Reporting year 2022-23
●	Percentage of our content that meets the requirements of ALBERT (with the exception of series under 15 minutes and/or the total budget is less than £50,000)	100%	c92%	Reporting year 2022-23
●	To reduce the carbon footprint of our corporate activities annually, in order to reach net zero by the target date.	Work to agree on the target date has started.	We will report on progress once the target date has been agreed.	
Developing Talent				
●	The number of apprenticeships on S4C productions (during the reporting year)	Target to be developed in consultation with TAC	We will report on progress once the target is agreed.	



# Commercial Activities

**S4C Masnachol, S4C's commercial division is responsible for a variety of commercial activities and investments that are designed to create an additional sustainable income stream for S4C's public service.**

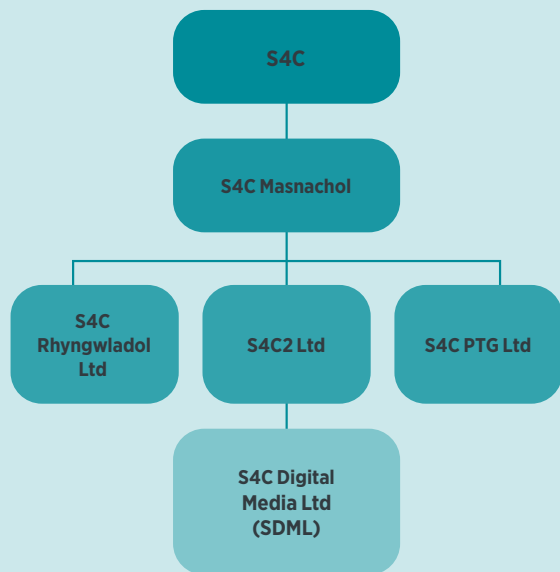
S4C's commercial activities contribute an average of approximately £1m per year to S4C's public service fund. Although a small percentage of S4C's total income, this is an important financial contribution which enables S4C to invest in content and services that would otherwise not be possible. The money held in S4C's commercial reserve is money that has been generated by S4C's commercial activities in the past.

The Independent Review of S4C (Building an S4C for the future) published in March 2018 recommended that the Government should amend current approval requirements to give S4C greater freedom to invest and generate commercial revenue. This recommendation was accepted by the UK Government, with the intention of updating the current framework in the forthcoming Media Bill.

# S4C Masnachol

## Structure of S4C's commercial activities

There are currently 5 companies in S4C's commercial group. They are all subsidiaries of S4C, directly or indirectly. The structure ensures that the income from our commercial activities is separate from the public money S4C receives through the licence fee.



## S4C Masnachol Ltd

This acts as a holding company and is a non-trading company. It has three direct subsidiaries: S4C Rhyngwladol Ltd; S4C2 Ltd; and S4C PTG Ltd.

S4C Masnachol Ltd pays dividends to S4C on receipt from S4C Rhyngwladol Ltd, S4C2 Ltd, and S4C PTG Ltd.

## S4C Rhyngwladol Ltd

The company is responsible for the majority of S4C's commercial activities, including:

- Selling advertising, sponsorship and telesales airtime (via Sky Media as advertising agent);
- Licensing goods for brands such as Cyw;
- Receiving income from commercial exploitation of S4C's back catalogue;
- Receiving income from co-productions in which S4C has invested in the past;
- Funding an English language soundtrack on some of S4C's sports and events programmes (where an increase in advertising income can be shown as a result).

## S4C2 Ltd

This was the company that used to provide the S4C2 channel, but the channel was closed some years ago.

S4C2 still has an agreement to use a single TV stream in Wales on Freeview. However, this stream is used by another broadcaster through a sub-contract with S4C2. This arrangement was renewed during 2022-23, with the existing sub-contract now in place until 2026.

## S4C Digital Media Ltd (SDML)

SDML invested in SDN, the licence-holding company for Multiplex A on Freeview, in 1998. SDML sold its shares in SDN in 2005, and invested the sale proceeds.

SDML now has the following investments:

- Equity investments in content and digital sector companies; and
- investment funds managed by an external fund manager.

## S4C PTG Ltd

This company was created in 2019 for the acquisition of the Parc Tŷ Glas estate, S4C's previous headquarters, and to run the business of renting units to tenants.

During 2022-23, the sale of the Parc Tŷ Glas estate was completed.

## 2022-23 Financial Performance

The net assets of the commercial division as at 31 March 2023 were £19m (31 March 2022: £20m) and there was a loss on ordinary activities before taxation for the year ended 31 March 2023 of £0.154m (31 March 2022: £1.05m). This loss included an unrealised loss in an investment fund held within the group. The profit before the change in market value of the investment fund, tax and dividend transfer was £0.816m.

The performance of the commercial subsidiaries are reported within the Group financial statements section of this Annual Report.

During 2022-23, S4C's commercial activities contributed £0.825m to S4C's public service fund (2021-22: £0.701m).

## Governance

The directors of the S4C commercial subsidiaries are appointed by the Unitary Board, and these directors serve on the Board of the Commercial Group.

The Commercial Group Board is responsible to the Unitary Board for developing S4C's commercial strategy, and for overseeing S4C's commercial activities in accordance with that strategy.

## Membership of the Commercial Group Board

Membership of the Commercial Board includes some non-executive members of the Unitary Board, independent non-executive directors, and S4C executives.

The Commercial Board is chaired by S4C's Chief Executive.

During 2022–23, the following served as the directors of S4C's commercial subsidiaries (and hence on the Commercial Board):

- Siân Doyle, S4C Chief Executive – Chair of the Commercial Group Board
- Anita George, non-executive member of the Unitary Board (until 01 July 2022)
- Adele Gritten, non-executive member of the Unitary Board
- Chris Jones, non-executive member of the Unitary Board
- Elin Morris, Chief Operating Officer S4C
- David Sanders, independent non-executive member (until 30 June 2022)
- Gwyn Roberts, independent non-executive member
- Sharon Winogorski, Chief Finance Officer S4C

With two members coming to the end of their terms as directors of the commercial subsidiaries during 2022–23, the Unitary Board agreed to amend the constitution of the Commercial Board.

In future, S4C's Chief Executive, three non-executive members, and up to two executive members will form the Commercial Board, and serve as directors of the commercial subsidiaries.

The S4C Board Secretary attends meetings of the Commercial Group Board on behalf of the Unitary Board. The Chair of the Unitary Board may also attend as required.

## Commercial Strategy

During 2022–23, S4C undertook a review of its commercial strategy with the assistance of external advisors. This resulted in a new commercial strategy being approved by the Unitary Board on 20 October 2022.

This new commercial strategy for S4C has been designed with a clear purpose: to deliver financial and strategic value to S4C, its audience and to Wales.

The strategy is intended to deliver greater financial returns; to enhance on-screen value and S4C's creative reputation; to build stronger direct relationships with S4C's audience; and to support economic growth and skills development in Wales.

The strategy sets out 6 areas of commercial activity for S4C Masnachol:

- Co-production – where S4C increases the volume and value of co-produced content;
- Content IP – where S4C increases the value it generates from content and intellectual property;
- Business growth investment – increasing strategic and financial returns from growth investment by establishing an investment fund to take stakes in businesses close to S4C's remit, that have growth potential;
- Advertising and Sponsorship – developing exciting and enduring opportunities across S4C's platforms to increase income from advertising and sponsorship;
- Brands – adopting a cross-organisation approach to consumer brand building, to generate financial and audience value from S4C's current and future brands; and
- Digital – create a base for a commercial digital strategy, including investing in products and tools that support S4C's digital strategy and have additional commercial application.

These activities are closely aligned to S4C's core objectives and support the overarching 2022–27 Strategy.

The new commercial strategy intends to both increase the annual financial contribution from S4C's commercial activities to the public service fund, and grow the value of the commercial fund over time to support future reinvestment.

The sale of Parc Tŷ Glas, as well as strategic divestment by SDML of some historic equity investments, has provided additional funds in the commercial reserves to support the implementation of the new commercial strategy from 2023–24 onwards.

# Operational Reports

# Governance Report

**S4C is a statutory corporation responsible for the provision of high quality public service television and digital services through the medium of Welsh, mainly for the audience in Wales, but also for the wider audience that wishes to use S4C's Welsh-language service.**

**An independent public body, S4C's constitutional structure and duties are set out in statute in the Communications Act 2003 and the Broadcasting Acts of 1990 and 1996.**

**This Governance Report sets out S4C's corporate governance framework and explains: how S4C's Board conducts its business, how the Board's members are appointed, how the Board assesses its performance and effectiveness and how the Board delegates responsibilities to the Management Team and Chief Executive whilst ensuring appropriate accountability.**

### S4C's Corporate Governance Structure

The legislation that established S4C refers to one statutory body and television service. This report is consistent with these statutory definitions. S4C's board of directors is referred to as the (S4C) Board or the Unitary Board, and the service is referred to as S4C.

The Board has a responsibility to ensure that S4C's statutory functions, in a public and commercial service environment, are carried out in accordance with the Board's policies, relevant legislative requirements, the Ofcom Broadcasting Code, and the Partnership, Funding and Accountability Agreement with the BBC.

### The Shadow Unitary Board

The independent review of S4C published in March 2018 recommended that S4C's corporate governance structure should be based on a unitary board comprising executive and non-executive members, with clearly defined roles and responsibilities, where the executive directors and senior officers manage, and the non-executive members scrutinise and advise.

In autumn 2018, with the agreement of the Secretary of State, S4C implemented interim arrangements on an administrative basis to facilitate the governance recommendations within the current statutory provisions. The Board ratified new Standing Orders that put in place a shadow Unitary Board as recommended by the independent review of S4C.

The shadow Unitary Board comprises the non-executive members of the Board appointed by the Secretary of State, together with the Chief Executive, and two other executive members appointed by the non-executive members in accordance with the Standing Orders.

These interim provisions will continue on an administrative basis until legislation is brought forward to confirm the proposed changes and amend S4C's governance framework. During this period, S4C will continue to operate formally in accordance with the current statutory provisions.

Further information regarding the shadow Unitary Board can be found in S4C's Standing Orders on S4C's website.

### S4C's Accounting Officer

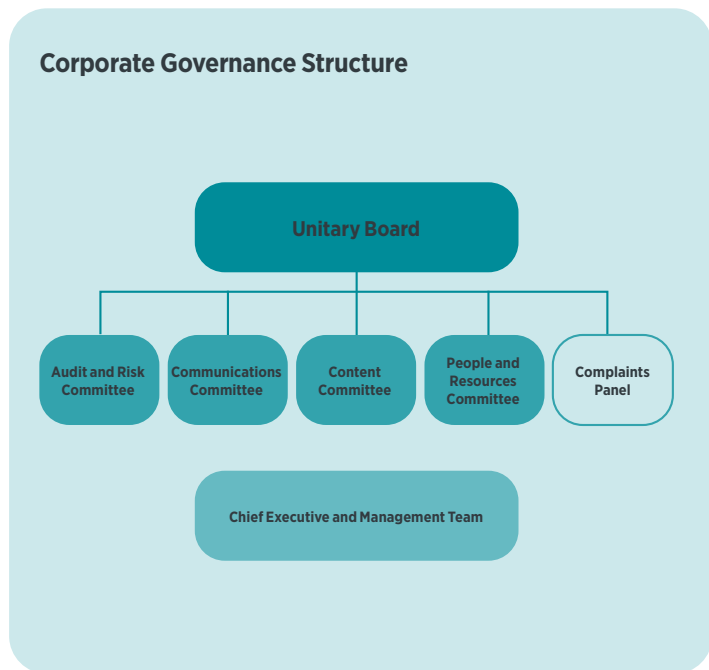
The Chief Executive is designated as Accounting Officer for S4C.

During 2022-23, the Accounting Officer was responsible to the Department of Digital, Culture, Media and Sport (DCMS) in respect of the statutory funding of S4C and, as such, was the person responsible for the proper use of Licence Fee funding paid to S4C as directed by the Secretary of State.

### The Chief Executive and the Management Team

The Board delegates a number of specific functions to the Chief Executive and their officers, as set out in the Board's Standing Orders. The Chief Executive is accountable to the Board for exercising these functions.

It is the responsibility of the Chief Executive, officers and staff of S4C to manage and maintain S4C on a day to day basis. This responsibility includes the provision of S4C's television and online services.



# The Unitary Board

**The shadow Unitary Board comprises up to nine non-executive members, together with the Chief Executive, and two other executive members.**

**Detailed information on the membership of the shadow Unitary Board can be found later in this report.**

**The non-executive members of the Board do not participate in S4C's day-to-day decisions. In particular, the non-executive members of the Board are not involved in any commissioning or editorial decisions. This practice has existed since 1982. It ensures that the Board remains at arm's length from decisions made by officers – especially in the case of programme content.**

## Effectiveness and Evaluation

The Board undertakes an annual evaluation of its own performance and the work of its committees and members.

An external assurance review of governance and the Board's effectiveness was undertaken during 2020 by TIAA (S4C's Internal Auditors). TIAA are independent of S4C and the review considered the high level arrangements in place through discussions with Board members and comparison to best practice guidance, in order to determine the effectiveness of the new Unitary Board. TIAA made several recommendations, and these have since been fully implemented by the Board during this reporting year.

During 2022–23, in accordance with best practice, the Board and sub-committees engaged in a self-assessment of their performance, and the feedback received will inform meeting arrangements from 01 April 2023 onwards.

## Responsibilities of the Board

The Board's main responsibilities include:

- providing S4C's television and digital & online services;
- ensuring compliance of the services with the relevant regulatory requirements, including the Ofcom Broadcasting Code;
- taking into account the audience's views regarding S4C's provision;
- approving S4C's strategy, annual budget and long term financial plans;
- overseeing, approving and scrutinising the proper management of S4C;
- operating as a public body;
- acting as regulator in a limited number of areas relating to S4C's online services;
- preparing annual reports and accounts; and
- appointment of the Chief Executive and Secretary.

Further information regarding the Board's procedures and responsibilities can be found in its Standing Orders on the [www.s4c.cymru](http://www.s4c.cymru) website.

## Annual Report and Statement of Accounts

The Board has a specific duty to submit an Annual Report and Statement of Accounts of S4C's activities to the UK Parliament each year.

In addition, the Board has agreed to present S4C's Annual Report and Statement of Accounts before the Welsh Parliament.

## **Regulatory Compliance**

A significant number of regulatory responsibilities were transferred to Ofcom, the UK's communications regulator by the Communications Act 2003.

S4C's television service is regulated by Ofcom. Under these provisions S4C is required to comply with a wide range of regulatory requirements set out in legislation, and also by Ofcom.

S4C has a statutory duty to comply with the Ofcom Broadcasting Code and other regulatory requirements. Ofcom has a wide range of regulatory powers and sanctions relating to S4C's television services.

As part of the annual reporting process to Ofcom, S4C pays Ofcom a Regulatory Fee and provides a wide range of information to Ofcom, including financial information, quantitative information about the performance of the service and information regarding compliance with Ofcom's relevant quotas.

The Unitary Board continues to exercise a limited number of regulatory responsibilities that relate to S4C's online services that are outside the provisions of the Ofcom Broadcasting Code.

The Board has agreed and published S4C's Complaints Process which details how complaints relating to compliance or regulatory matters in relation to S4C content are considered.

Where complainants wish to appeal against a decision taken by the Chief Executive under S4C's Complaints Process, the matter is considered by the Board's Complaints Panel, which is convened as required. The Complaints Panel is comprised of three non-executive members of the Unitary Board.

## **Audience opinions**

The Board has a statutory duty to make arrangements for ascertaining the state of public opinion concerning programmes published by S4C, any effects of such programmes on the attitudes or behaviour of viewers as well as the types of programmes that members of the public would like to see on S4C.

The arrangements put in place by the Board include: a Viewers' Panel, which provides weekly feedback on programmes broadcast by S4C; an annual survey on the audience's perception of S4C; and consideration of relevant data collated via BARB, S4C Clic and the BBC iPlayer.

The Board is also responsible for ensuring that appropriate provisions exist to enable viewers to complain to S4C about the service's programmes. Information regarding submitting a complaint about S4C's programmes can be found on the [www.s4c.cymru](http://www.s4c.cymru) website.



# Financial Functions

## Budget Preparation and long term financial plans

S4C's budget for each financial year (and any subsequent amendments to it) is approved by the Board. The Board also considers and approves a projected five-year financial plan that sets the long term direction.

The Chief Executive and Management Team are responsible for considering in detail S4C's draft annual budget, along with long-term financial plans and recommending such budgets and plans to the Board for consideration and approval.

## Audit Functions

The Board has a statutory duty to ensure proper audit arrangements for all aspects of S4C's financial matters. The audit function is divided into two agreements – for External Audit and Internal Audit.

## External Audit arrangements

Following the recommendation of the Independent Review of S4C relating to S4C's audit arrangements, an agreement was reached in October 2019 between S4C and the NAO, facilitating the appointment by the Secretary of State of the Comptroller and Auditor General as S4C's external auditors, until the relevant legislation has been amended. A Letter of Engagement between the NAO and S4C is in place.

## External Auditors' Report

The External Auditors' Report to the Unitary Board can be found within the financial statements for 2022-23.

## Internal Audit

Following a public tendering process, TIAA were appointed as S4C Internal Auditors in September 2019 for a period of three years (until the end of the 2021-22 financial year). On 16 February 2022, TIAA were appointed for a further term following a public tendering process. They will now serve as S4C's Internal Auditors for a three-year period commencing 01 April 2022, with the possibility of two further one-year extensions as appropriate.

An internal audit function has been maintained throughout the year to provide assurance as to the operation and validity of the system of internal control. The Internal Auditors independently review the control process implemented by management and report to the Accounting Officer and the Audit and Risk Committee.

Should there be weak or inappropriate controls in place, thus creating an element of risk to the organisation, the relevant planned corrective actions are independently monitored by the Audit and Risk Committee for timely completion.

## Risk Management and Internal Control

The identification and management of risks is at the heart of the Board's work. The Board and the Management Team have a clear responsibility for the identification of risks facing S4C and for putting in place procedures to monitor and mitigate such risks. The Board and the Management Team operate a risk management framework for identifying, evaluating and managing significant risks faced by S4C. This framework has been developed in accordance with relevant good practice guidance on internal controls and risk management.

Following publication of guidance for directors on internal control, Internal Control; Guidance for Directors on the Combined Code (the Turnbull guidance), the Board confirms there is an ongoing process for identifying, evaluating and managing the significant risks faced by the group, which has been in place for the year under review and up to the date of approval of the Statement of Accounts, and that this process is regularly reviewed by the Unitary Board and the Audit and Risk Committee and accords with the guidance.

The key elements of the system of internal control are as follows:

### Financial Management

S4C operates a comprehensive management reporting system that includes preparing annual budgets for each cost centre. These budgets are approved by the Board as part of the overall budget for the year. The results of the cost centres are reported monthly and compared to the budget. Significant variances from budget are investigated as appropriate. Forecasts of commitments are prepared regularly throughout the year.

### Financial Reports

The Board has established systems of internal control and risk management systems that relate to the group's financial reporting process and the group's process for the preparation of consolidated accounts. The Audit and Risk Committee is responsible for overseeing and monitoring these processes, which are designed to ensure that the Board complies with relevant reporting and regulatory provisions.

### Whistleblowing Arrangements

S4C has a 'whistle-blowing' (disclosure) policy to facilitate the confidential communication of relevant information or any incident in confidence. This policy is published on the S4C intranet site. The Audit and Risk Committee, on behalf of the Board, is responsible for ensuring that there are appropriate arrangements in place for the proportionate investigation of matters reported and for appropriate follow-up action.

### Monitoring of Business Controls and Risks

The Board has delegated the task of identifying and evaluating significant business-related risks to the Management Team, together with the planning and implementation of appropriate internal controls. These risks are assessed on a continuous basis and may be associated with a variety of internal or external sources including control breakdowns, disruption in information systems, competition, natural disasters and regulatory requirements.

The Chief Executive reports regularly to the Board and the Audit and Risk Committee on risk management issues, and the Committee considers the Strategic Risk Register at every meeting. The Chief Finance Officer also provides quarterly financial performance information to the Board.

The Chief Executive reports to the Board on behalf of the Management Team on significant changes in the business and the external environment that affect significant risks. Where areas for improvement in the system are identified, the Board considers recommendations made by the Management Team and the Audit and Risk Committee.

### Assessing Main Risks, Uncertainties and Opportunities

S4C's Strategic Risk Register is based on an assessment of S4C's Strategic Priorities and the risks that can affect the delivery of these priorities. Officers provided regular reports during the year for the Audit and Risk Committee to monitor risk management and enhancements to the risk register. In addition, relevant reports and assurances were provided by the internal auditors thus enabling the committee to critically assess S4C's risk profile during the year.

The risk assessment set out below contains the principal risks and uncertainties identified during the year, and the actions taken to mitigate these risks. These risks are intended to capture at a strategic level the potential risks that could have significant impact upon S4C's ability to deliver its statutory obligations.

The main areas of risks identified remain similar to the previous year and can be categorised as being related to the provision and quality of the service, and strategic, financial and governance matters.

### 1. The Audience and Service Performance

S4C's primary duty is to provide a Welsh language digital television service consisting of a broad range of high quality and diverse programming. To provide such a service, the Board must ensure that it listens to the needs of its audience, that S4C responds appropriately to these needs and that the independent production sector is able to deliver high quality content.

The Board actively monitored the quality and performance of the service throughout the year, using a wide range of independent information sources and consulting widely with the audience through a range of different methods.

Working closely with independent producers, S4C has discussed audience comments and identified ways of improving the programme output whilst also securing value for money through this collaboration.

Given the rapid development of media platforms, S4C

needs to ensure that it can address viewing patterns and audience requirements for content across various current and future digital platforms, including online services, High Definition and other content formats. The Board is satisfied that S4C has the processes in place to monitor and analyse the performance of the S4C across the various services it provides. However, meeting increasing viewer expectations including the cost of providing more choice and quality content on as many platforms and devices as possible requires continued investment, and this will continue to form part of budgetary discussions.

S4C's technical infrastructure is required to deliver its content over an increasing range of platforms, to deliver a very high level of service availability and quality on a 24/7 basis. Business continuity plans within S4C are designed to ensure that these technical systems are robust and that appropriate and proportionate arrangements are in place to deal with major technical incidents.

Since January 2021, S4C has co-located technical broadcast services with those of BBC Cymru Wales at Central Square, Cardiff.

### 2. Strategic and Financial

Since April 2022, S4C's public funding has been provided entirely through the Licence Fee, with all future funding decisions made as part of the Licence Fee funding settlement.

Prior to the new funding arrangements coming into effect, in January 2022, the Secretary of State wrote to S4C to confirm the 2022 Licence Fee settlement – and in doing so, recognised S4C's unique cultural and social position as the only Welsh language broadcaster in the UK, playing a vital role in the future of the Welsh language and the Welsh Government's ambition for one million Welsh speakers by 2050.

The Secretary of State's determination confirmed that from 01 April 2022, S4C would see the consolidation of its previous Licence Fee funding (£74.5 million per annum) together with the grant income from DCMS (£6.85 million per annum). A further £7.5 million per annum was awarded from the Licence Fee to support S4C's digital development.

In total, this provided S4C with approximately £88.85 million in Licence Fee funding from 01 April 2022, with this amount to increase annually in line with CPI inflation from 01 April 2024 until the end of the settlement period (31 March 2028).

Despite this certainty of funding over the medium period, the Unitary Board is very mindful of the particular risks posed by inflation – both in the content production sector and the wider economy. Appropriate steps are therefore being taken by the Management Team to work with the independent production sector to manage costs and ensure value for money for audiences.

### 3. Governance and Structure

The Board's system of and procedures for corporate

governance are formally reviewed to ensure that they are robust and fit for purpose.

An assurance review of governance and the Board's effectiveness was undertaken during 2020 by TIAA (the Internal Auditor). The review considered the high level arrangements in place through discussions with Board Members and comparison to best practice guidance, in order to determine the effectiveness of the new Unitary Board. The Board has since implemented all recommendations made by TIAA.

The Board has continued to implement a number of the recommendations of the independent review of S4C published in March 2018 relating to the structure and governance of S4C. This includes the appointment of the Comptroller and Auditor General as S4C's external auditor in 2019, and ongoing discussions with DCMS about making changes in primary legislation to deliver on the recommendations of the Review.

A Partnership, Funding and Accountability Agreement between S4C and the BBC has been in place since November 2017. The Board has introduced reporting processes for the provision of financial assurance to the BBC and has presented the required Financial Assurance Reports to the BBC's Audit Committee.

## S4C Unitary Board Membership

The shadow Unitary Board comprises the Chair and up to eight non-executive members; the Chief Executive and up to two further executive member.

Non-executive members of the S4C Board are appointed by the Secretary of State for Culture, Media and Sport, following consultation with the Secretary of State for Wales, and the Welsh Government.

Non-executive positions on the Board are advertised publicly, and appointments are made in accordance with the public appointments process.

The non-executive membership bring a breadth of experience and knowledge and are independent of the Management Team and of any business or other relationship which could interfere with the exercise of their independent judgment. This structure ensures that the members' decision making cannot be dominated by an individual or small group.

The Chief Executive is an ex officio member of the shadow Unitary Board, while any other executive members of the shadow Unitary Board are appointed by the non-executive members, in accordance with the provisions of S4C's Standing Orders.

### Diversity

Diversity within the Unitary Board membership is considered as part of the selection process run by DCMS. Diversity within the organisation is key to ensuring that S4C's service reflects its audience and their needs.

### Training and Board Members' Induction Programme

A tailored induction programme is provided to all new Board members.

The induction process includes meetings with key individuals within S4C and the Board, the provision of core information relating to directors' duties, information relating to the operation of S4C's business, the media sector and also the principal risks and uncertainties facing S4C.

During 2022–23, training and development opportunities were provided to Board members on various topics, including:

- Risk Management processes, and the development of a corporate Risk Appetite statement and matrix;
- Access Services, including the requirements of S4C and our current performance against targets;
- Internal processes for commissioning content, and related activities to manage cost pressures;
- The independent production sector in Wales, which included visits to various companies and production facilities.

Additionally, members have been offered opportunities to participate in Non-Executive Director development sessions provided by the UK Government Cabinet Office.

### Members' Interests

A register of members' external interests can be found on S4C's website, [www.s4c.cymru](http://www.s4c.cymru).

During the period no non-executive members had an interest in contracts with S4C.

### Members' Remuneration

Details of the remuneration of the Board's members can be found in a note to the Statement of Accounts.

# Membership 2022–23

The composition of the Unitary Board remained relatively static during the reporting year.

Anita George reached the end of her term as a non-executive member in early July 2022; and Suzy Davies was appointed to the Board as a new non-executive member the following month.

In terms of executive membership, Llinos Griffin-Williams joined the shadow Unitary Board at the start of the reporting year upon assuming the role of S4C’s Chief Creative Officer.

## Lead Non-Executive Member

The role of Lead Non-Executive Member was created by the Board in 2016 following advice given by DCMS to its sponsored bodies.

Anita George undertook this role between November 2018 and the end of her term on the Board in July 2022.

On 08 December 2022, Chris Jones was subsequently appointed by the Board as the new Lead Non-Executive Member.

The Lead Non-Executive Member’s responsibilities include providing advice and assistance to the Chair; gathering feedback from Board members on the Chair’s performance as part of the DCMS-led annual Chair’s appraisal; where difficulties or tensions exist in the relationship between the Chair and the Chief Executive, to be responsible for facilitating a resolution of such matters; and working with the Chair and other Board members to seek resolution of any material issues or disputes that impact upon the Board’s work.

## Skills

Upon appointment, and once a year, all members of the Board are invited to declare the skills and experiences they can draw upon to make the most effective contribution to S4C and the work of the Board.

The skills balance within the Unitary Board membership is considered as part of the selection process run by DCMS.

As at 31 March 2023, shadow Unitary Board members possessed direct skills and experiences in the following areas:

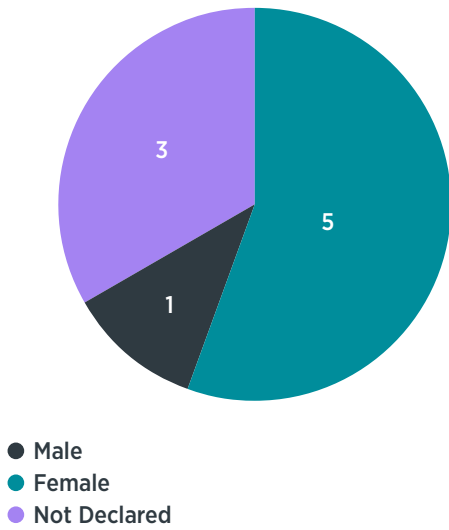


## Diversity

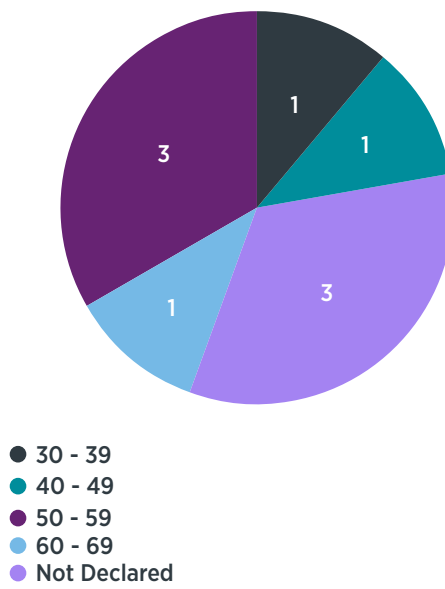
During 2022-23, shadow Unitary Board members were invited to declare information to enable relevant data on the diversity of the membership to be collected.

The diversity of the shadow Unitary Board as at 31 March 2023 was as follows:

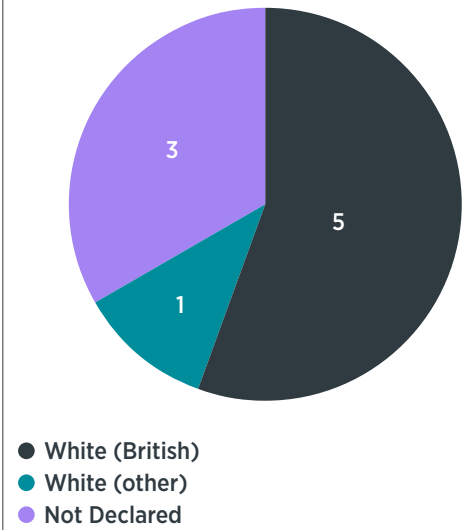
Sex



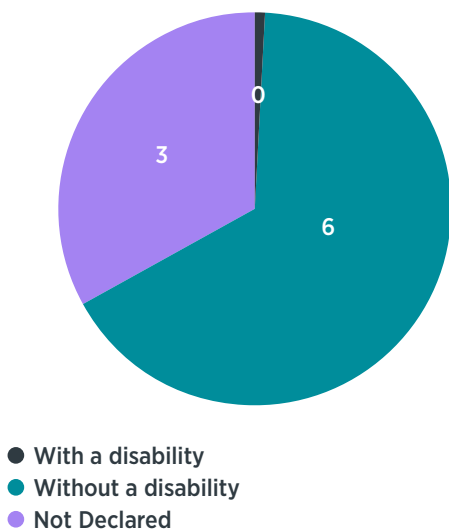
Age



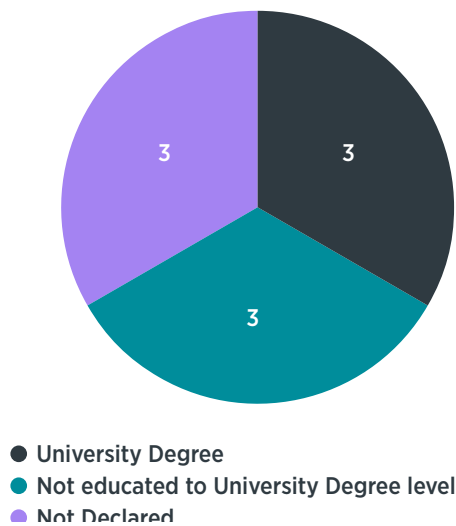
Background



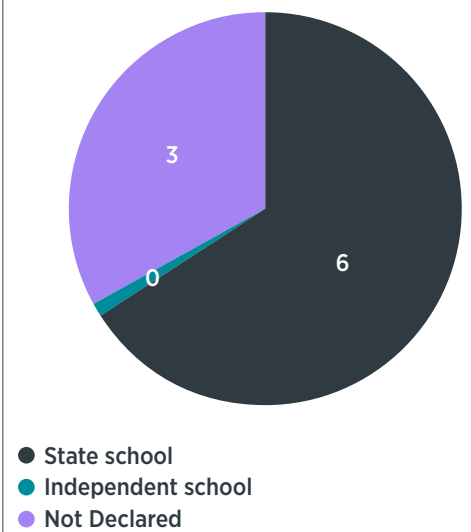
Disability



Parental Education



School attended





**Rhodri Williams – Chair  
Non-Executive Member**

**Term of appointment: 02.07.2018 – 31.03.2024  
(Chair 01.04.2020 – 31.03.2024)**

Rhodri is non-executive member of the Board of the Consumer Council for Water and the Chair of its Wales Committee. He was Ofcom's Director in Wales between 2004 and 2018. He co-founded Agenda Television in 1990 and before that was a member of ITV's Y Byd ar Bedwar team. His previous non-executive positions include Member and Chair of the Welsh Language Board (1997-2004) and a member of the Board of Visitors at Her Majesty's Prison, Cardiff.



**Guto Bebb  
Non-Executive Member**

**Term of appointment: 01.02.2021 – 31.01.2025**

Guto has been Chief Executive of the Farmers' Union of Wales Insurance Services since 2020 and Chief Executive of the Farmers' Union of Wales Group as a whole since February 2021. Prior to that, he was Member of Parliament for Aberconwy for a decade and served as a Minister in the Wales Office and the Ministry of Defence.

A native of Flintshire, Guto has lived in Caernarfon for around forty years. Prior to his election to Westminster he ran various businesses including an economic development consultancy and a bookshop.



**Suzy Davies  
Non-Executive Member**

**Term of appointment: 01.08.2022 – 31.07.2026**

A qualified lawyer, Suzy followed careers in arts marketing and as a senior solicitor with ten years' service as a Member of the Senedd, which included a term as Shadow Minister for Culture, Heritage and the Welsh Language.

Since then, she has been an advocate for tourism in Wales, as Chair of the Wales Tourism Alliance, and continues to campaign on greater equality as a board member with Women's Equality Network. She is also a member of Colegau Cymru board and the Children's Commissioner's audit and risk board. A founder member of the Wales International Film Festival, she is now a member of the Iris Film Festival Board.

Born in Swansea, Suzy was raised in Bridgend, the Cynon Valley, Cardiff and Brecon. After working in Swansea, Newton and Aberystwyth, she settled in the Dyfi Valley where her family has a farm and tourism business, and where she learnt Welsh.



**Anita George – Lead Non-Executive Member (until  
01.07.2022)  
Non-Executive Member**

**Term of appointment: 02.07.2018 – 01.07.2022**

Anita George is a lawyer with extensive operational and board experience in the private, public and not-for-profit sectors.

She has worked as in-house counsel across several highly regulated sectors in both Hong Kong and the UK and, more recently, as an independent consultant advising financial services businesses on corporate governance and organisational change.



**Adele Gritten  
Non-Executive Member**

**Term of appointment: 01.02.2021 – 31.01.2025**

Adele was born and bred in Swansea and is an experienced Board level Executive having worked in senior management roles for a range of media, marketing and research consultancies for over 20 years, including YouGov.

Adele Joined Local Partnerships LLP as its Chief Executive in November 2022, a company jointly owned by the Local Government Association, HM Treasury and the Welsh Government.

A proven, respected and trusted leader, Adele holds an MA in Social and Political Science from the University of Cambridge.



**Chris Jones – Lead Non-Executive Member (from  
08.12.2022)  
Non-Executive Member**

**Term of appointment: 01.02.2021 – 31.01.2025**

Chris was a co-founder of Glas Cymru Cyf, which acquired Welsh Water in 2001 to create the UK's only non-shareholder owned utility company. He was CFO of Welsh Water from 2001 to 2013, and then Chief Executive until he stepped down in May 2020.

He is currently an Non-Executive Director of Xoserve Limited (the central data services provider for Britain's gas market) and is a former Non-Executive Director of the Principality Building Society. He is Lay Member of the Council of Cardiff University and has had a range of trustee and advisory roles with third sector organisations, including the Prince's Trust, the Institute of Welsh Affairs, Water UK and CBI Wales.

Chris learned Welsh as an adult. He was awarded a CBE in the Queen's Birthday Honours List in 2020.



**Denise Lewis Poulton**  
**Non-Executive Member**

**Term of appointment: 01.04.2021 – 31.03.2025**

Denise is an experienced strategic communications, brand and corporate affairs specialist.

Born and bred in Newcastle Emlyn, she was educated at Llandysul Grammar School and King's College, University of London.

She spent her corporate career primarily as a senior director at international telecommunications companies such as Bell Canada plc, Cable & Wireless Communications plc and Orange plc.

She went on to set up a consultancy business advising a number of cultural, media and public sector organisations including the Welsh Government, the Welsh Parliament, S4C, and the Millennium Centre in Cardiff.

She has served as a Trustee and Non-Executive Director with several national cultural organisations including The Welsh National Opera, the Hay Literary Festival, and The Wallace Collection in London. She is an Honorary Lifetime Fellow of BAFTA.

In March 2023, Denise was appointed Trustee of the National Lottery Heritage Fund and National Heritage Memorial Fund and was appointed Chair of the Wales Committee.



**Siân Doyle – Chief Executive**  
**Executive Member**

Siân Doyle took up the post of S4C's Chief Executive and Accounting Officer in January 2022.

Prior to joining S4C, Siân had extensive experience in the telecommunications and retail sectors in the UK, Canada and the United States. She was a Managing Director with telecommunications company TalkTalk, and was previously Retail Director with EE. She was also Senior Vice President of Retail at Comcast Cable in Philadelphia.

Educated at Ysgol Glan Clwyd, St Asaph, Siân graduated in History and Politics from Cardiff University.



**Llinos Griffin-Williams – Chief Content Officer**  
**Executive Member**

Before joining S4C in April 2022, Llinos was Creative Director of Cardiff based independent production company, Wildflame.

During her tenure at the award-winning Welsh indie, she helped spearhead the company's move into international content development with contracts from global broadcasters including Discovery+, Paramount+, Smithsonian Channel/ViacomCBS and Science Channel as well as selling content to Amazon Prime, Acorn, BritBox and Nat Geo.



**Elin Morris – Chief Operating Officer**  
**Executive Member**

Elin hails originally from Llanrhystud, Aberystwyth. She was a lawyer in the Corporate Department of Geldards for over 18 years.

She was appointed Corporate and Commercial Director at S4C in 2009, becoming Chief Operating Officer in 2018.



# Attendance

The table below notes attendance at meetings of the shadow Unitary Board and its committees.

April 2021 - March 2022					
	Unitary Board	Audit and Risk Committee	Communications Committee	Content Committee	People and Remuneration Committee
Number of meetings during the year	6	5	3	4	2
Rhodri Williams	6/6	X	3/3	4/4	2/2
Guto Bebb	6/6	4/5	1/3	4/4	X
Suzy Davies	4/5	3/3	3/3	X	X
Anita George	1/1	1/1	X	X	X
Adele Gritten	6/6	X	X	4/4	2/2
Chris Jones	6/6	5/5	X	X	2/2
Denise Lewis Poulton	4/6	X	3/3	3/4	X
Siân Doyle	6/6	X	3/3	4/4	2/2
Elin Morris	6/6	X	X	X	2/2
Llinos Griffin-Williams	5/6	X	1/3	4/4	X

Attendance is expressed as the number of meetings attended as a formal member / the number of meetings that the member was expected to attend.

# The Management Team

The Board delegates a number of specific functions to the Chief Executive and their officers, who form S4C's Management Team in accordance with the relevant Standing Orders.

The Management Team is responsible for the day to day operation of S4C, and is accountable to the S4C Board through the Chief Executive.

The Board is responsible for approving appointments to the Management Team. The membership of, appointments, changes to and terms and conditions of the Management Team are proposed to the Board by the Chief Executive, via the People and Remuneration Committee.

## Membership 2022–23

During the reporting year, there were changes to the composition and membership of the Management Team. Some processes to appoint new members were ongoing at the end of March 2023.

The following served on the Management Team during 2022–23:



### Siân Doyle Chief Executive

Siân Doyle took up the post of S4C's Chief Executive and Accounting Officer in January 2022.

Prior to joining S4C, Siân had extensive experience in the telecommunications and retail sectors in the UK, Canada and the United States. She was a Managing Director with telecommunications company TalkTalk, and was previously Retail Director with EE. She was also Senior Vice President of Retail at Comcast Cable in Philadelphia.

Educated at Ysgol Glan Clwyd, St Asaph, Siân graduated in History and Politics from Cardiff University.



### Rhidian Dafydd Director of Projects Member of the Management Team between 01.09.2022 and 25.09.2022

Rhidian Dafydd attended Ysgol Gyfun Gymraeg Glantaf before studying for a Law degree at University College, London.

He has experience of directing a number of large scale strategic change programmes – including at S4C, and previously at Velindre Cancer Centre.

Rhidian is also a member of Yr Urdd's Busnes Board.



### Owen Derbyshire Director of Marketing and Digital Member of the Management Team until 13.10.2022

Prior to joining S4C's Management Team in March 2021, Owen was founder and Chief Executive of the Datblygu Cymru Group.

He sat on the Welsh Language Partnership Council, Welsh Government's Welsh Language Technology Board, and was a trustee of housing and homelessness charity Shelter Cymru.



### Geraint Evans Director of Content and Publishing Strategy

Prior to his appointment as Director of Content and Publishing Strategy in spring 2022, Geraint Evans was S4C's Commissioner for News and Current Affairs.

Before joining the S4C, he was a journalist with ITV Wales for 25 years. A Correspondent on the current affairs series Y Byd ar Bedwar, then Editor of the series and Head of ITV's Welsh Language Programmes.

At ITV, he developed a number of new factual and current affairs series, such as Y Byd yn ei Le, Y Ditectif, and Ein Byd. He has received the Bafta Cymru award for best news and current affairs programme a number of times and has won the same recognition from the Celtic Media Festival.

Since joining S4C in 2019 he relaunched the popular discussion programme Pawb a'i Farn, he has commissioned a number of powerful current affairs documentaries such as Llofruddiaeth Mike O'Leary, Prif Weinidog mewn Pandemig, and Cadw Cyfrinach and has been responsible for leading S4C's News provision into the digital age by developing a new digital news service for S4C.



**Llinos Griffin-Williams**  
**Chief Content Officer**

Before joining S4C in April 2022, Llinos was Creative Director of Cardiff based independent production company, Wildflame.

During her tenure at the award-winning Welsh indie, she helped spearhead the company's move into international content development with contracts from global broadcasters including Discovery+, Paramount+, Smithsonian Channel/ViacomCBS and Science Channel as well as selling content to Amazon Prime, Acorn, BritBox and Nat Geo.



**Elin Morris**  
**Chief Operating Officer**

Elin hails originally from Llanrhystud, Aberystwyth. She was a lawyer in the Corporate Department of Geldards for over 18 years.

She was appointed Corporate and Commercial Director at S4C in 2009, becoming Chief Operating Officer in 2018.



**Amanda Rees**  
**Director of Platforms**

Amanda directed, produced and executive produced a wide range of factual programmes for broadcasters across the world before forming her own company in 2012. Her programme Finding Mum and Dad (for Channel 4) was nominated for Grierson and Broadcast awards in 2015.

Amanda was appointed Director of Content at S4C in October 2016. Since December 2021, Amanda has served as S4C's Director of Platforms.



**Catrin Whitmore**  
**Human Resources Director**  
**Member of the Management Team since 01.09.2022**

Having started her career in the independent sector, Catrin later joined the BBC, where she worked on various productions before leading the Talent function within Wales and Bristol for BBC Studios.

Originally from the Rhondda, Catrin is passionate about nurturing talent and developing the creative sector within Wales.



**Gwyn Williams**  
**Director of Corporate Communications**  
**Member of the Management Team until 11.11.2022**

Gwyn began his career in the media, working for Radio Cymru in Bangor. Thereafter he worked for Newyddion 7 for the BBC and Hel Straeon before starting his own production company.

He was a founding member of the production company Cwmni Da before being appointed chief executive of Barcud resources company in Caernarfon.

Prior joining S4C, he was Director of Communications, with the Welsh Language Commissioner.



**Sharon Winogorski**  
**Chief Finance Officer**

Sharon is a chartered accountant. Prior to joining S4C in 1998, Sharon worked for a number of companies and organisations.

She was appointed to S4C's Management Team in October 2018. She is responsible for S4C's Finance Department and financial and budgetary issues for both S4C's public and commercial entities.

Sharon is a Welsh learner.

## The S4C Board's Work Structure

The shadow Unitary Board meets as required, and at least six times each year. Two further 'strategy days' are typically held each year, in addition to the formal meetings.

As well as the non-executive and executive Board members, other senior members of S4C's Management Team and the Board Secretary also attend the Board's meetings and take part in the Board's discussions.

The Board's Standing Orders include provisions relating to the operation of the shadow Unitary Board system, and in particular, provisions relating to status of the executive members, the quorum requirements and voting rights of the shadow Unitary Board members. These provisions will continue until the relevant statutory provisions relating to S4C's governance framework are amended.

The Management Team provides the Board members with appropriate and timely information, and Board members are free to seek any further information they consider necessary.

All members have access to advice from the Secretary and independent professionals at S4C's expense.

Board members scrutinise S4C's performance in meeting agreed goals and objectives and monitor performance reporting. They satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and implemented appropriately.

Subject to periodic review by the shadow Unitary Board of the delegation of powers and responsibilities to the Management Team and the Board's overriding statutory responsibilities, responsibility for the formulation and operation of detailed policy, in accordance with S4C's remit and Content Strategy and the conduct of the affairs of S4C, has been delegated to the Chief Executive and through them to the Management Team.

During 2022–23, the matters considered by the Unitary Board included:

- Progress on implementing 2022 Strategy, and approval of a dashboard on the delivery of the Strategy for submission to DCMS on a quarterly basis;
- Development of new metrics for monitoring the performance of S4C content;
- Development of a new risk appetite matrix;
- Considering the impact of inflation on content production costs, the actions being taken in response to this, and activities to control S4C's own costs;
- Approval of S4C's budget for the year 2023–24, and considering the financial forecasts for the period thereafter;
- Approval of the Annual Report and Financial Statements for 2021–22;
- Approval of a new Commercial Strategy;
- Approving a programme plan for the 10 hours of content the BBC will provide to S4C in 2023–24;
- Responding to the allegations in relation to the implementation of S4C's procurement policy;
- Receiving reports on the development of the Media Bill and the implications for S4C, and offering guidance where relevant;
- Considering S4C's strategy for responding to discussions on the future of the Licence Fee, the future of public service broadcasting, and the devolution of responsibility for broadcasting in Wales;
- Approval of a new Policy Statement on S4C Contribution to Society;
- Amending various policies, including the Complaints Procedure; and
- Holding an annual meeting with representatives from TAC.

### The S4C Board's Committees

The Board has established a number of committees to oversee different aspects of S4C's work.

The committees regularly report to the Board, with the Board approving the committees' recommendations.

To coincide with the approval of a new corporate strategy, the committee structure was reviewed and rationalised. The revised structure came into force on 01 April 2022.

The Board now has four main committees which support effective governance processes.

In addition to the formal committee membership – which includes non-executive and executive Board members as appropriate – other senior members of S4C's Management Team and the Board Secretary also attend committee meetings and contribute to discussions.

In addition, a Complaints Panel is convened as required by the Board to consider matters raised in relation to S4C's Complaints Process.

The Board has also established a Commercial Group Board, to oversee S4C's Commercial Activities. Information on this Commercial Board is provided separately.

### Audit and Risk Committee

The Audit and Risk Committee supports the Board and Chief Executive (as Accounting Officer for S4C) in relation to the organisation's internal control and assurance arrangements.

During 2022–23, the following were members of the committee:

- Chris Jones – Chair
- Guto Bebb
- Suzy Davies (from 01.08.2022)
- Anita George (until 01.07.2022)

During the reporting year, the matters considered by the committee included:

- Approval of annual plans and receiving relevant reports from the internal and external auditors;
- Review of the Management Team's updates to the Risk Register;
- Receipt of specific assurance reports on: value for money, cyber security arrangements, co-location, and arrangements for publishing expenses;
- Reviewing the Procurement Policy;
- Evaluation of how the Committee operates against the NAO's good practice criteria;
- Commendation of the Annual Report and Financial Statements for 2021–22 to the Unitary Board, including the review of the Governance Statement.

### Communications Committee

The Communications Committee is responsible for overseeing the strategy and performance of S4C's corporate communications and marketing activities on behalf of the Unitary Board.

During 2022–23, the following were members of the committee:

- Denise Lewis Poulton – Chair
- Guto Bebb
- Suzy Davies (from 01.08.2022)
- Siân Doyle, Chief Executive
- Anita George (until 01.07.2022)
- Llinos Griffin-Williams, Chief Content Officer

During the reporting year, the matters considered by the committee included:

- Updates on communications, marketing and promotional activities;
- Development of new personas for commissioning and marketing;
- The evolution of the S4C brand;
- The development of the Policy Statement on S4C's Social Contribution;
- Best practice of monitoring media coverage; and
- The structure and presentation of the Annual Report;

## **Content Committee**

The Content Committee is responsible for overseeing the strategy and performance of S4C's content and services, to ensure they meet the needs of the audience.

During 2022–23, the following were members of the committee:

- Guto Bebb – Chair
- Siân Doyle, Chief Executive
- Llinos Griffin-Williams, Chief Content Officer
- Adele Gritten
- Denise Lewis Poulton

During the reporting year, the matters considered by the committee included:

- Detailed updates on the following genres: drama, sports, children, and digital news;
- Evaluation of the S4C Lleol pilot;
- Development of the multiplatform schedule;
- The new commissioning process;
- Quarterly performance reports; and
- Reports of meetings between S4C and the sector.

## **People and Remuneration Committee**

The People and Remuneration Committee is responsible for overseeing S4C's employment arrangements and monitoring their effectiveness. It also advises the Board on senior appointments and, on behalf of the Board, and monitors the performance of senior managers.

During 2022–23, the following were members of the committee:

- Adele Gritten – Chair
- Rhodri Williams, Board Chair
- Siân Doyle, Chief Executive
- Chris Jones
- Elin Morris, Chief Operating Officer

None of S4C's employees – whether committee members or in attendance – were entitled to attend when the Committee considered any matter relating to their employment, including the outcome of their annual assessment and discussions about their salaries. In such situations, the individual concerned were asked to leave the meeting temporarily.

During the reporting year, the matters considered by the committee included:

- The annual pay settlement for S4C employees;
- The salary benchmarking process;
- The structure and membership of the Management Team; and
- Staffing data – including absence trends, starters and leavers, and training and development.

# **Report of the Audit and Risk Committee for the 2022–23 financial year**

**The following report was approved by the Audit and Risk Committee at its meeting on 16 May 2023, for presentation to the S4C shadow Unitary Board, and the Chief Executive as Accounting Officer.**

# Report of the Audit and Risk Committee for the 2022–23 financial year

**This report sets out the responsibilities of the Audit and Risk Committee, and summarises the business undertaken by the Committee during the period 01 April 2022 to 31 March 2023.**

**The report also sets out how the Committee has assisted the shadow Unitary Board to review S4C's internal control environment, the work of the Committee in relation to reviewing the effectiveness of the internal and external auditors, as well as overseeing activities and processes to achieve value for money.**

## Committee membership

Members of the Committee have a wide range of experience in the fields of business, financial, governance and human resources that enables the Committee to fulfil its terms of reference in a robust and independent manner.

During the 2022–23 financial year, the following individuals served as members of the Committee:

- Chris Jones, Chair
- Guto Bebb
- Suzy Davies (from 01 August 2022)
- Anita George (until 01 July 2022)

S4C's Chief Executive, the Chief Operating Officer, the Chief Finance Officer, and S4C Board Secretary also attend committee meetings during the period in question.

Meetings were also attended by representatives of the internal and external auditors as appropriate.

All Committee members receive appropriate training and one-to-one information sessions with the Committee Chair, the S4C Board Secretary, and other relevant staff as part of their inductions.

## Meetings

The Committee met five times during the year:

- 26 May 2022
- 08 July 2022
- 14 September 2022
- 17 November 2022
- 16 February 2023

All meetings were quorate.

All members of the shadow Unitary Board were invited to attend the meeting held on 08 July 2022 to receive the report of the National Audit Office (NAO) on the external audit of the Annual Report and Financial Statements for the year ended 31 March 2022.

In accordance with best practice, Committee members meet in private with the internal and external auditors annually – typically in advance of the meeting at which the audited Annual Report and Financial Statements are presented for consideration.

The Committee's minutes are formally reported to the Unitary Board after each meeting of the Committee.

## Terms of Reference

The Committee's terms of reference were revised by the Unitary Board during the final quarter of 2021–22, in the context of a wider review of the committee structure.

Since 01 April 2022, responsibility for human resources and remuneration matters has transferred from the previous Audit and General Purposes Committee to a new People and Remuneration Committee. This Committee has since become known as the Audit and Risk Committee, with revised terms of reference agreed which align with recommended practice in the public sector. The reconfigured Audit and Risk Committee supports the Unitary Board and Chief Executive (as Accounting Officer for S4C) in relation to the organisation's internal control and assurance arrangements. It is accountable to the Unitary Board. The Committee's full terms of reference can be found at [www.s4c.cymru](http://www.s4c.cymru).

The Committee has agreed an annual work plan which ensures that all responsibilities detailed in the terms of reference are considered at the appropriate point in the meeting cycle.



# Internal Audit

## Arrangements

During 2022–23, the Committee continued to oversee the work of S4C's internal auditors, TIAA, taking account of their reports, management's responses, and action plans as a result of relevant recommendations. The Committee also considered an assessment of S4C's audit needs and approved the internal auditors' annual work plan.

TIAA were originally appointed as S4C's internal auditors in 2019, for a period covering the three reporting years to 2021–22. Following a competitive tender process during early 2022, TIAA were reappointed by the Committee as internal auditors from 01 April 2022 for a period of three (and up to five) years.

## Internal Audit Plan and Reports

TIAA presented its draft Internal Audit Plan for 2022–23 to the Committee on 26 May 2022. This had been developed in consultation with senior management and was the first session within the course of a three-year rolling programme (2022–23 to 2024–25) of auditing.

Five internal audits were completed by TIAA during 2022–23, in relation to:

- ICT Cyber Security;
- Human Resources – Performance and Development;
- Key Financial Controls;
- Risk Management Framework; and
- Governance – Strategic Control.

One of these audits was advisory in nature, with appropriate assurance assessments provided by TIAA for the remaining audits undertaken. All reports were presented to the Committee for consideration.

The Committee focussed on all weaknesses and recommendations reported by the Internal Auditors, but were particularly concerned with such areas where the conclusion significantly affected the assurance rating.

## Recommendations Log

The log of outstanding recommendations has been regularly monitored by the Committee and updated. Members have been apprised of progress against all outstanding points, have been notified as to what issues have been resolved since the previous meeting, and which recommendations are still outstanding.

As part of the agreed Internal Audit Plan for the year, TIAA conducted a 'Follow-up' audit to consider progress against internal audit recommendations raised in 2021–22, as well as those raised in previous years but which remained outstanding.

Of the 11 recommendations which remained to be reviewed, the Follow-up Internal Audit found that four had been implemented, one had been considered further and a decision taken not to progress with implementation, four were outstanding but within a revised timescale agreed with the Committee, and two were outstanding and overdue for completion.

Committee members agreed to continue to monitor the implementation of the outstanding actions via the Recommendations Log at future meetings.

## Internal Audit Performance and Assessment

In their Annual Report to the Committee on 16 May 2023, TIAA included a self-assessment of their performance during 2022–23. 100 per cent of the audits had been completed within the budgeted days agreed in the Internal Audit Plan for 2022–23 (2021–22: 100 per cent), while 100 per cent of final reports had been issued by TIAA within 10 working days of receipt of responses (2021–22: 95 per cent).

The Committee confirmed that it was content with the accuracy of the summary and with the Internal Auditors' overall performance for the year.

## Internal Audit Annual Opinion 2022–23

The Head of Internal Audit's Annual Opinion for 2022–23 was presented to the Committee on 16 May 2023, and stated:

*TIAA is satisfied that, for the areas reviewed during the year, S4C has reasonable and effective risk management, control and governance processes in place.*

*This opinion is based solely on the matters that came to the attention of TIAA during the course of the internal audit reviews carried out during the year and is not an opinion on all elements of the risk management, control and governance processes or the ongoing financial viability or (the institution's) ability to meet financial obligations which must be obtained by S4C from its various sources of assurance.*

## External Audit

The NAO were responsible for undertaking the external audit of the S4C Group for the year ended 31 March 2023.

The External Audit Plan was presented to the Committee on 16 February 2023. The resulting report – summarising the outcome of the audit process – was presented to the Committee on 29 June 2023. All Unitary Board members were invited to attend this meeting of the Committee to receive the NAO's report.

Elements of the Group's Annual Report and Financial Statements for the year ended 31 March 2023 – including the proposed Governance Report – were presented to the Committee on 16 May 2023 for consideration. Members provided feedback on these drafts.

## Risk Management

Throughout 2022–23, the Chief Financial Officer presented reports and updates on developments in risk management within S4C together with copies of the Strategic Risk Register. Specific changes to risk ratings were reported and discussed as were mitigating factors.

During 2022–23, the key risks discussed by the Committee included:

- the co-location of technical broadcast services with the BBC;
- cyber-security arrangements, both in terms of protection offered through the outsourcing of key technological systems to the BBC, and the remaining systems organised by S4C directly;
- communications and marketing activities within S4C, including their resilience during a period of internal change; and
- third-party contracts, and the resilience of key providers.

## Other Key Business

During the course of the reporting year, the Committee additionally considered the following key business:

### Independent Review of Procurement Arrangements

In response to allegations made to the Comptroller and Auditor General with respect to procurement arrangements within S4C, the Committee commissioned an independent review of the arrangements in question by TIAA.

The review concluded that there was no evidence that S4C had breached the approved procurement rules. However, TIAA recommended that S4C tighten aspects of the procurement policy to clearly document the justification and independence of decisions.

The resulting report was presented to the Committee on 16 February 2023, with eight recommendations made with respect to clarification to process / policy. All recommendations have since been addressed by management.

## Procurement Procedures

Revisions to S4C's Procurement Procedures were presented to the Committee on 16 February 2023 and were approved by members. These revisions partly related to the recommendations made by TIAA as part of the independent review of procurement arrangements within S4C.

## Value for Money

The Committee considered an annual report on assessing and maintaining the value for money of S4C services.

The impact of inflation on the cost of producing content was also a key consideration for members during the year – both in terms of managing risk, and ensuring value for money – and a separate report was also presented to the Committee on this topic on 16 February 2023.

## Reviewing how the Committee operates

During 2022–23, the Board Secretary reviewed how the Committee operates against a self-assessment checklist for Audit and Risk Committees published by the NAO. The resulting assessment was presented to the Committee for consideration on 16 February 2023.

Overall, members agreed that the Committee already complies with recommended practice to a large extent. However, a couple of minor action points were agreed to further align with best practice.

## Conclusion and Assurance

During the period covered by this report, the Committee has reviewed reports by the internal auditors and other assurance providers, assessed the actions put in train by management to address any highlighted control issues, focussed on ensuring that agreed actions are introduced and monitored, and has considered other information presented to it.

On the basis of this work, and these assurances, the Audit and Risk Committee is able to give an assurance to the shadow Unitary Board that it can place reasonable reliance on the adequacy and effectiveness of S4C's internal controls, risk management systems and governance processes. The Committee can also assure the Unitary Board that the institution's arrangements for securing value for money are, overall, effective.

The Committee is satisfied that the completed audits provide reasonable assurance on controls in the areas covered, although it recognises that the role of the Audit and Risk Committee should not be a substitute for the operation of, and compliance with, internal controls, the responsibility for which rests with the S4C Management Team, and ultimately with the Unitary Board.



# Employment Policy Report

# S4C's Employment Policy Report

**This report provides information relating to S4C's employment and remuneration policy, and gender pay report.**

## Equal opportunities

S4C is an equal opportunities employer. It does not tolerate discrimination based on gender, race, colour, disability, neurodiversity, ethnic or socio-economic background, age, family situation, marital status, part-time or full-time employment, religion, political beliefs, sexual orientation, use of language or any other irrelevant difference, and is committed to working with diversity in a positive way. The principles of fair and open competition apply and appointments are made on merit.

S4C operates an appraisal system which sets personal objectives for all members of staff including the Management Team. These objectives are based on S4C's annual corporate objectives and performance against these objectives by all members of staff is monitored and evaluated as part of S4C's staff appraisal system.

Under the remuneration policy and existing employment agreements, S4C does not operate any performance related pay arrangements and no bonus payments or discretionary salary elements are paid to S4C staff.

## Remuneration of Non-Executive Board Members

The remuneration and period of appointment of the Chair and the non-executive members of the Board are determined by the Secretary of State for Culture, Media and Sport.

Details of the remuneration of the Chair and members are set out in Note 6 to the Statement of Accounts.

No remuneration increases were awarded by the Secretary of State to the Chair or Board members during the reporting period.

## Remuneration of Executive Board Members

Remuneration of executive members of the Board is determined by the non-executive members of the Board, in accordance with the relevant statutory provisions and the Board's Standing Orders.

## Remuneration of S4C staff

The remuneration of the Chief Executive, the Secretary and the members of the Management Team is determined by the Board. The salaries of other S4C members of staff are determined by the Chief Executive and the Management Team within the annual budget approved by the Board.

Any general salary increases for staff are ratified by the Board on the recommendation of the Chief Executive and Management Team. The median salary of all staff excluding the Management Team at 31 March 2023 was £36,867 (at 31 March 2022 - £33,757).

## Remuneration Policy

During the 2022-23 reporting year, the Board approved the following annual pay settlement for S4C employees:

- Introduction of a minimum salary of £20,000 for current staff and for new roles in the future;
- A salary increase of £1,400 for employees earning under £40,000 a year;
- A 3.5% increase in basic salary for employees earning between £40,000 and £70,000;
- A 2% increase in basic salary for employees earning between £70,000 and £120,000 a year; and
- No increase in salary for those earning above £120,000 a year.

The pay settlement is intended to ensure a balance between recognising the contribution of all staff to the success of the service, with the need to ensure that S4C's total staff costs continue to account for a small percentage of S4C's total spend, providing value for money within the current funding settlement.

Remuneration of new appointments is benchmarked with comparable positions within the market to ensure S4C can attract suitably-qualified individuals.

## Annual Report on Remuneration of the Chief Executive and Management Team

The median salary of the Management Team as at 31 March 2023 was £115,135 (at 31 March 2022 - £106,492). The salary of the highest paid director was 4.4 times the median remuneration of all staff excluding the Management Team (2021-22 - 4.8 times).

Details of the remuneration of the Chief Executive and Management Team are set out in Note 6 of the Statement of Accounts.

With the exception of the Chief Content Officer and the Director of Platforms, all members of the Management Team are employed on permanent contracts.

## Performance of the Chief Executive and Management Team

The Chief Executive's performance is assessed annually by the Board. This process is led by the Chair.

S4C operates a system of performance assessment and personal and corporate objectives for Management Team members. These objectives are agreed between the Chief Executive and the individual members of the Management Team at the beginning of the year and their performance is assessed by the Chief Executive during and following the end of the year.

## Composition of S4C's workforce

At 31 March 2023, S4C's workforce comprised of 62% women and 38% men (at 31 March 2022 - 59% women and 41% men).

## The Trade Union (Facility Time Publication Requirements)

In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, this report sets out the amount of time spent by S4C employees on union facility time.

### Relevant union officials

During the year, one employee acted as a relevant union official.

### Percentage of time spent on facility time

The relevant employee spent 9 contracted hours on facility time.

### Percentage of pay bill spent on facility time

Less than 1% of the total pay bill was spent on facility time.

## Gender Pay Report

New gender pay legislation came into effect in April 2017, requiring all UK companies with over 250 employees to publish their gender pay gap. Although S4C does not have more than 250 employees we have decided to publish gender pay data.

A gender pay gap shows the difference between the average pay of all women and the average pay of all men, irrespective of any differences in the work they do. As a result, it is affected by the make-up of the workforce, including numbers in different types of jobs and at different levels within the organisation.

S4C's aim is to ensure that there is gender balance across our workforce, both in terms of seniority, remuneration and the nature of the work.

Across the whole organisation, S4C's overall mean gender pay gap was 12.2% (2021-22 - 12.2%) and the median gender pay gap was 23.3% (2021-22 - 22.0%).

The data below sets out the percentage of male and female staff and the pay gap within sectors known as quartiles (which are equally sized pay bands ranging from the lowest paid 25% of workers to the highest paid 25%).

During the year S4C's staff headcount increased resulting in a change to the number of staff in each quartile. The upper quartile continues to reflect an almost 50:50 gender balance. Whilst we have seen slight improvements in the upper, upper middle, and lower middle quartiles in terms of the median pay gap, the same indicator has increased over the past year in the lower quartile.

In the lower two quartiles there remains an imbalance in the gender split with more posts being undertaken by female employees.

To help address the gender imbalance S4C conducted Diversity and Equality training for all its staff. We also take appropriate steps to promote awareness and best practice more generally within the organisation. S4C offers flexible and hybrid working on all its job vacancies, in addition to ensuring the jobs are advertised on a broad range of platforms, and taking steps to reach people who are from backgrounds currently under-represented in the sector.

S4C has a personnel panel which meets regularly to discuss vacancies, changes to roles and remuneration. All salaries are benchmarked externally within similar industries.

S4C continues to take appropriate actions to further reduce the gender pay gap, including the initiatives mentioned above, alongside regular review of industry and wider corporate best practice.

Year	Total		Quartile 1 Upper		Quartile 2 Upper middle		Quartile 3 Lower middle		Quartile 4 Lower	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
% staff										
<b>2022/23</b>	<b>38%</b>	<b>62%</b>	<b>45%</b>	<b>55%</b>	<b>65%</b>	<b>35%</b>	<b>16%</b>	<b>84%</b>	<b>27%</b>	<b>73%</b>
2021/22	41%	59%	47%	53%	63%	37%	23%	77%	30%	70%
Salary % gap										
<b>2022/23</b>	<b>£45,000</b>	<b>£34,528</b>	<b>£76,442</b>	<b>£73,268</b>	<b>£44,291</b>	<b>£45,914</b>	<b>£32,000</b>	<b>£32,843</b>	<b>£26,758</b>	<b>£25,450</b>
<b>Median % pay gap 2022/23</b>	<b>23.3%</b>		<b>4.2%</b>		<b>-3.7%</b>		<b>-2.6%</b>		<b>4.9%</b>	
2021/22	£41,046	£32,000	£76,015	£71,112	£41,850	£44,361	£32,400	£30,518	£24,000	£23,948
Median % pay gap 2021/22	22.0%		6.5%		-6.0%		5.8%		0.2%	
Salary % gap										
<b>2022/23</b>	<b>£50,399</b>	<b>£44,267</b>	<b>£77,073</b>	<b>£84,882</b>	<b>£45,693</b>	<b>£45,151</b>	<b>£32,860</b>	<b>£33,130</b>	<b>£26,447</b>	<b>£25,603</b>
<b>Average % pay gap 2022/23</b>	<b>12.2%</b>		<b>-10.1%</b>		<b>1.2%</b>		<b>-0.8%</b>		<b>3.2%</b>	
2021/22	£47,606	£41,782	£76,641	£79,962	£43,061	£43,499	£31,871	£30,877	£24,274	£23,736
Average % pay gap 2021/22	12.2%		-4.3%		-1.0%		3.1%		2.2%	

# Sustainability Report

# Sustainability Report

Since the 2021–22 reporting year, S4C has been required to produce an annual Sustainability Report. This is the second such report, and provides a comparison of performance on various sustainability metrics against the previous year.

S4C does not produce its own content. Since September 2021, we have formed a partnership with the BAFTA albert consortium, and are working with our suppliers to ensure that content is produced sustainably and with minimal impact on the environment.

S4C was one of 12 broadcasters and streamers who came together in November 2021 to sign up to the Climate Content Pledge, organised by albert. We are committed to using our content to help audiences understand what tackling climate change could mean for them, as well as informing and inspiring sustainable choices.

In terms of S4C's corporate operations, the relocation of our headquarters to the Canolfan S4C Yr Egin – which achieved a BREEAM Excellent certificate for sustainability – and co-locating our broadcast technology operations with BBC Cymru Wales at their Central Square headquarters, have resulted in reduced energy consumption and emissions.

The data for 2021–22 related to S4C's emissions and consumption at Yr Egin during a period which included national restrictions in response to the Covid-19 pandemic, which included a requirement that staff work from home where possible. We therefore expect that the comparable figures reported for 2022–23 and future years to be higher, reflecting the resumption of usual business practices.

Greenhouse Gas Emissions					
		Measurement	2021–22	2022–23	Trend
Scope 1 Direct GHG emissions	Total gross emissions: Scope 1	tCO2e	19	19	–
	Emissions from:				
	Gas	tCO2e	19	19	–
	Oil	tCO2e	0	0	–
	Fuel (including LPG)	tCO2e	0	0	–
Scope 2 Energy indirect emissions	Total gross emissions: Scope 2	tCO2e	8	5	↓
	Emissions from:				
	Electricity	tCO2e	8	5	↓
Scope 3 Official travel emissions	Total gross emissions: Scope 3	tCO2e	18	57	↑
	Emissions from:				
	Domestic and international business travel	tCO2e	18	21	↑
	International business travel	tCO2e		36	↑



## Energy Consumption

		Measurement	2021-22	2022-23	Trend
Total Electricity		kWh	8,000	21,000	↑
Electricity	Renewable	kWh	7,000	21,000	↑
	Non-Renewable	kWh	1,000	0	↓
Gas		kWh	19,000	82,000	↑
LPG		kWh	0	0	=
Other		kWh	0	0	=

## Waste

		Measurement	2021-22	2022-23	Trend
Total waste disposed		tonnes	1.00	1.15	↑
Hazardous waste disposed		tonnes	0.00	0.00	=
Hazardous waste disposed	Landfill	tonnes	0.00	0.00	↓
	Recycled	tonnes	1.00	0.64	↑
	ICT waste recycled, reused and recovered (externally)	tonnes	0.00	0.00	=
	Composted	tonnes	0.00	0.00	=
	Incinerated with energy recovery	tonnes	0.00	0.51	↑
	Incinerated without energy recovery	tonnes	0.00	0.00	=

## Finite Resource Consumption

		Measurement	2021-22	2022-23	Trend
Water consumption (Non-office Estate)	Supplied	m <sup>3</sup>	52	97	↑
	Abstracted	m <sup>3</sup>	0	0	=
	Collected	m <sup>3</sup>	0	0	=
Water consumption (Non-office Estate)	Supplied	m <sup>3</sup>	0	0	=
	Abstracted	m <sup>3</sup>	0	0	=
	Collected	m <sup>3</sup>	0	0	=
Paper consumption - A4	Supplied	Reams of paper	40	18	↓
Paper consumption - A3	Supplied	Reams of paper	0	0	=

## Vehicles

		Measurement	2021-22	2022-23	Trend
Total Vehicles (Owned, Hired & Leased)		Number of vehicles	20	26	↑
% of vehicles categorised as Ultra Low Emission Vehicles (ULEV)		% of vehicles	0	70	↑



# Accounts 2022-23

# Statement of Accounts 2022/23

## Report of S4C for the year ended 31 March 2023

### Foreword

This report sets out S4C's Statement of Accounts for the year ended 31 March 2023, together with explanatory notes.

The Statement of Accounts of S4C for the year ended 31 March 2023 is presented in accordance with the Accounts Direction issued by then Secretary of State for Digital, Culture, Media and Sport to S4C in March 2020.

The Board presents a balanced assessment of S4C's position and prospects in the information required to be presented by statutory requirements.

### Principal activities

S4C operates under Sections 203 to 207 (inclusive) and Schedule 12 of the Communications Act 2003. Section 204 provides that S4C shall have the function of providing television programme services of high quality with a view to them being available for reception wholly or mainly by members of the public in Wales. In carrying out that function, S4C must continue to broadcast the service provided in digital form referred to in legislation as S4C digital.

### Group structure

Sub-paragraphs (2) and (3) of Paragraph 1 of Schedule 6 to the Broadcasting Act 1990 (as amended by Section 206 (6) of the Communications Act 2003) entitles S4C, to the extent that it appears to them incidental or conducive to the carrying out of their functions to do so, to carry out activities, including commercial activities, through S4C companies using commercial revenues only. Likewise, the transitional provisions contained in paragraph 27 of Schedule 18 to the Communications Act 2003 permit S4C to continue carrying on any activities, including commercial activities, which were being carried on immediately before the commencement of Section 206, either itself or through an S4C company.

Within this consolidated Statement of Accounts, the Public Service Fund is referred to as S4C and the total of both public service and commercial activities is referred to as the S4C Group. The assets of S4C that are not comprised in the Public Service Fund are referred to as the General Fund.

### Funding

The provisions relating to the financial requirements of S4C are set out in Section 31 of the Public Bodies Act 2011. This places a statutory duty upon the Secretary of State to ensure that S4C is paid an amount which she considers sufficient to cover the cost to S4C each year of (a) providing S4C's public services (within the meaning of Section 207 of the Communications Act 2003); and (b) arranging for the broadcasting or distribution of those services. The Secretary of State for Culture, Media and Sport may discharge this duty by making payments herself or entering into an agreement with another person for that person to do so (or both). Such funding must be held in the Public Service Fund and be applied only for the purposes of providing S4C's public services. No subsidy is permitted from the Public Service Fund for any S4C subsidiary.

During the year S4C's funding was derived from the licence fee, through the BBC. S4C also generates commercial revenues through activities including advertising sales and programme sponsorship.

The provisions relating to the licence fee contribution for 2022/23 are set out in the BBC Framework Agreement published in December 2016 (as amended in May 2022) which includes the financial provisions that have been agreed between the BBC, the Secretary of State and S4C for the licence fee contribution from 2022/23 to 2026/27.

The Secretary of State has set out the sums that DCMS will contribute to S4C in 2022/23 in a Licence Fee settlement letter on 21 January 2022. This determination applies for the remainder of the settlement period until 31 March 2028.

### Public Service Fund income and General Fund Turnover

Amounts receivable from the BBC during the period totalled £88.850m (period to 31 March 2022 - £81.351m from the BBC and then Department for Digital, Culture, Media and Sport). This income was used to finance the cost of commissioning and acquiring Welsh language programmes, the transmission costs of S4C, expenditure on fixed assets and overheads. The balance of this income, after the cost of programme transmission and operational and administrative expenses, therefore represents the principal means of financing the net assets of S4C and is treated as deferred income in the Public Service Fund. General Fund turnover was generated by sales of airtime, rights in television programmes, sponsorship, merchandising, publishing and investment activities. It totalled £1.922m during the period to 31 March 2023 (period to 31 March 2022 - £1.986m). Further details are given in note 3 to the Statement of Accounts.

### Expenditure

Costs charged to the Consolidated Statement of Comprehensive Income during the period include £91.769m (period to 31 March 2022 - £82.842m) for the cost of the programme service and transmission and distribution costs, £0.930m for other direct costs (period to 31 March 2022 - £0.878m) and £3.225m (period to 31 March 2022 - £2.882m) for operational and administrative expenses. The costs of programmes transmitted included £72.985m (period to 31 March 2022 - £66.534m) in respect of the cost of programmes commissioned or acquired from programme suppliers and repeats. Transmission and distribution costs are incurred in respect of digital terrestrial and satellite platforms including video on demand services provided by contractors. The balance comprised the direct costs of programme commissioning and presentation, the operational costs of access services provided by S4C and other related costs of the programme service such as marketing costs and audience research.

Other direct costs include profit participation due to third parties in respect of programme sales, agency commission and playout costs relating to advertisements and digital costs relating to S4C2 Cyf's broadcasting capacity. Further details of the operational and administrative costs of S4C are given in note 4 to the Statement of Accounts.

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# Statement of Accounts 2022/23

## Report of S4C for the year ended 31 March 2023

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Income from the BBC is received in advance of all costs being charged to the Statement of Comprehensive Income. At the Balance Sheet date, any income received in advance is transferred to the Public Service Fund. £3.844m has been transferred from the Public Service Fund at 31 March 2023 (at March 2022 - £2.786m from the Public Service Fund).

### **Payment policy**

It is S4C's policy to agree appropriate terms and conditions for its transactions with suppliers, and subject to their compliance, to make payments in accordance with these terms. Typically during the year, 91% (period to 31 March 2022- 92%) of supplier balances were paid within 30 days.

## Hours transmitted and average cost per hour

The total hours of programmes transmitted by S4C during the period amounted to 6,544 (period to 31 March 2022 - 6,506), representing an average per week of 125.8 hours (period to 31 March 2022 - 125.1 hours).

The statutory hours supplied by the BBC, which included an element of repeat programmes, were provided to S4C under Section 58 (1) of the Broadcasting Act 1990 (as mentioned by Section 29 of the Broadcasting Act 1996) and were funded by the BBC out of the license fee revenue. S4C also made payments totalling £1.615m for the provision of sports programming and weather bulletins (period to 31 March 2022 - £0.7m for the provision of Pobol y Cwm and Weather bulletins) not provided as part of the statutory hours.

During 2022/23 the number of hours commissioned with the BBC increased due coverage of special events in 2022 - FIFA World Cup where Wales qualified for the first time since 1958 and additional programming associated with the Queen's death.

During the period 1,278 hours (period to 31 March 2022 - 1,278 hours) of Welsh language programmes were transmitted in the peak hours between 6.30 p.m. and 10.00 p.m. with a weekly average of 24.6 hours (period to 31 March 2022 - 24.6 hours).

The hours transmitted and average cost per hour is not covered by the Comptroller and Auditor General's opinion on the financial statements.

	2022/23		2021/22	
	Hours	Cost per hour £	Hours	Cost per hour £
<b>Commissioned programmes</b>				
Independent productions	1,477	46,667	1,428	43,863
BBC	103	15,678	52	13,015
	<b>1,580</b>	<b>44,647</b>	1,480	42,779
Acquired programmes	88	11,551	123	8,649
<b>Repeats</b>				
Independent productions	4,266	334	4,303	501
BBC	87	-	95	-
	<b>6,021</b>	<b>12,122</b>	6,001	11,087
BBC - Statutory hours	523	-	505	-
<b>Total</b>	<b>6,544</b>		6,506	
Average per week	125.8		125.1	

## Transmitted programmes by category

	2022/23		2021/22	
	Hours	Cost per hour £	Hours	Cost per hour £
<b>Commissioned programmes</b>				
Drama	64	174,729	80	193,514
General Factual	498	33,591	517	34,537
Current Affairs and Weather	89	32,240	97	31,223
Light Music / Entertainment	156	75,412	124	64,929
Children's	265	26,877	312	18,320
Music and Arts	103	49,313	28	57,500
Sport	379	38,192	296	35,106
Religion	26	50,840	26	45,355
<b>Total</b>	<b>1,580</b>	<b>44,647</b>	1,480	42,779

### Digital content published (excluding social media)

In addition to the commissioned content above, 58 hours of digital content was published in the year totalling £1.834m (73 hours totalling £1.699m in 2021/22).

	2022/23		2021/22	
	Hours	Cost per hour £	Hours	Cost per hour £
Drama	3	32,842	2	28,345
General Factual	5	26,707	7	17,326
Current Affairs and Weather	4	48,903	5	12,232
Light Music / Entertainment	2	77,476	7	26,272
Children's	28	30,828	29	22,496
Music and Arts	7	32,449	11	27,957
Sport	9	17,896	1	38,247
Local television	-	-	11	26,219
<b>Total</b>	<b>58</b>	<b>31,621</b>	<b>73</b>	<b>23,277</b>

	2022/23	2021/22
	Hours	Hours
Drama	63	71
News	246	219
Current Affairs and Factual	19	33
Light Entertainment	-	-
Youth and Children's	16	16
Music and Arts	89	24
Sport	90	142
<b>Total</b>	<b>523</b>	<b>505</b>

# Statement of Responsibilities

## Preparation of Financial Statements

In these financial statements directors refer to the S4C Board, S4C Accounting Officer and directors of the S4C commercial subsidiary companies.

- (a) There is an overriding requirement under United Kingdom company law for directors to ensure that financial statements are prepared for each financial year which give a true and fair view of the state of affairs of their company as at the end of the financial year and of the profit or loss for that period.
- (b) In addition, directors are required:
- to adopt appropriate accounting policies and apply them consistently;
  - to make judgements and estimates reasonably and prudently;
  - to comply with applicable accounting standards; and
  - to prepare the financial statements on a going concern basis unless it is inappropriate to assume that the company will continue in business.
- (c) It is the responsibility of directors to:
- ensure that adequate accounting records are maintained to safeguard the assets of the company; and
  - take reasonable steps to prevent and detect fraud and other irregularities.

In so far as the directors are aware:

- There is no relevant audit information of which the group's auditors are unaware; and the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.
- The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In the case of S4C, responsibility for the preparation of a Statement of Accounts is placed on S4C as a statutory body by the Broadcasting Act 1990 Schedule 6 paragraphs 12 and 13 (as amended).

The Chief Executive, as Accounting Officer, together with the Chief Finance Officer, have responsibility for ensuring that the Statement of Accounts is prepared and for the implementation of controls.

The Board confirms that S4C's Statement of Accounts complies with all appropriate requirements. The Board considers that it is discharging its responsibilities in all the above respects.

## Going Concern

In relation to the assessment of the viability of the business, the Board has assessed the prospects of S4C's business for the period up to March 2027. This period is relevant to S4C's business as it relates to the Licence Fee settlement period up to 31 March 2027 including the provisions of clause 39 of the BBC Framework Agreement (approved in December 2016).

The Board has considered the statutory duty of the Secretary of State to ensure sufficient funding for S4C to enable it to provide its public broadcasting services and the funding settlement for the period 2022 to 2027.

In its overall assessment of the viability of S4C's business, the Board has:

- considered the statutory duty to ensure sufficient funding for S4C to enable it to provide its public broadcasting services;
- approved the S4C group budget to 31 March 2024 taking account of the Board's agreed risk appetite, S4C's strategy, and its remit under the Communications Act 2003. The budget included revenue and cost as well as its current financial position and cash resources.
- considered S4C's VAT arrangements;
- reviewed S4C's 2022/23 strategic objectives and content strategy. Following confirmation of the funding settlement for the period 2022 - 2027 the Board has approved a strategy for that period;
- reviewed audience expectation of S4C's services. The Board actively monitored the quality and performance of the service throughout the year and consulted widely with the audience through a range of different methods. Working closely with independent producers, S4C has discussed audience comments and identified ways of improving the programme output whilst also securing value for money through this collaboration.
- considered the strategic risk register and each of the principal risks and uncertainties noted in the Governance Report above, including how they are managed;
- considered S4C's Covid-19 plan and new ways of working following Covid-19;
- considered reports summarising business assurance work during the year; and
- reviewed performance updates in the normal course of business that provides the foundation to implement S4C's long-term strategy.

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## Statement of Responsibilities

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Although this assessment does not consider all of the risks that S4C may face, the Board confirm that its assessment of the strategic risks facing S4C was robust.

Based on the results of their activities around principal risks and viability and the statutory provisions relating to the sufficient funding of S4C, the Board has a reasonable expectation that it will be able to continue to operate and meet its liabilities, as they fall due. For this reason, it continues to adopt the going concern basis in preparing the Statement of Accounts.

### **Independence of the external auditors**

The Board maintains an appropriate relationship with external auditors.

### **External Auditors**

The report of the external auditor, the Comptroller and Auditor General, on the Statement of Accounts is given on pages 95 to 96.

By order of the Board

Sián Doyle  
Chief Executive

07 July 2023





# THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE BOARD OF SIANEL PEDWAR CYMRU (S4C), ACKNOWLEDGING THAT THE HOUSES OF PARLIAMENT ALSO PLACES RELIANCE ON THE S4C ANNUAL REPORT AND ACCOUNTS

## Opinion on financial statements

I certify that I have audited the financial statements of S4C Group, comprising the S4C Authority and its subsidiaries, for the year ended 31 March 2023.

The financial statements comprise S4C and its Group's:

- Consolidated and Group Balance Sheet as at 31 March 2023;
- Consolidated Statement of Comprehensive Income, Consolidated Cash Flow Statement and the Consolidated and S4C Statements of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the S4C Group financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Acceptable Accounting Practice).

In my opinion, the financial statements:

- give a true and fair view of the state of S4C and its Group's affairs as at 31 March 2023 and its loss after taxation for the year then ended; and
- have been properly prepared in accordance with the Broadcasting Act 1990 and Secretary of State directions issued thereunder.

## Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I am independent of S4C and its Group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Conclusions relating to going concern

In auditing the financial statements, I have concluded that S4C and its Group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the S4C and its Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer and S4C Board of Directors with respect to going concern are described in the relevant sections of this certificate.

## Other Information

The other information comprises the information included in the Annual Report, but does not include the financial statements nor my auditor's certificate and report. The S4C Board of Directors and Accounting Officer are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit, the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

## Matters on which I report by exception

In the light of the knowledge and understanding of S4C and its Group and its environment obtained in the course of the audit, I have not identified material misstatements in the Statutory Other Information.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- Adequate accounting records have not been kept by S4C and its Group or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit.

## Responsibilities of the S4C Board and Accounting Officer for the financial statements

As explained more fully in the Statement of Responsibilities, the S4C Board and Accounting Officer are responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within S4C and its Group from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with Secretary of State directions made under the Broadcasting Act 1990;
- ensuring that the annual report is prepared in accordance with Secretary of State directions directions made under the Broadcasting Act 1990; and

## THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE BOARD OF SIANEL PEDWAR CYMRU (S4C), ACKNOWLEDGING THAT THE HOUSES OF PARLIAMENT ALSO PLACES RELIANCE ON THE S4C ANNUAL REPORT AND ACCOUNTS

- assessing S4C and its Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by S4C and its Group will not continue to be provided in the future.

### Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and express an opinion upon the financial statements in accordance with the Deed of Agreement between the Secretary of State and S4C dated 7 May 2019 pursuant to the requirements of the Broadcasting Act 1990, and International Standards on Auditing.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

### Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of S4C and its Group's accounting policies.
- inquired of management, S4C's Head of Internal Audit and those charged with governance, including obtaining and reviewing supporting documentation relating to S4C and its Groups's policies and procedures on:
  - o identifying, evaluating and complying with laws and regulations;
  - o detecting and responding to the risks of fraud; and
  - o the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the S4C and its Group's controls relating to the S4C's compliance with the Broadcasting Act 1990 and Broadcasting Act 1996 and the Communications Act 2003;
- inquired of management, S4C's Head of Internal Audit and those charged with governance whether:
  - o they were aware of any instances of non-compliance with laws and regulations;
  - o they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team, including internal and external specialists, such as pensions specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within S4C and its Group for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the S4C and its Group's framework of authority and other legal and regulatory frameworks in which the S4C and its Group's operate. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the S4C and its Group. The key laws and regulations I considered in this context included the Broadcasting Act 1990 and Broadcasting Act 1996 and the Communications Act 2003, employment law and tax legislation.

### Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management and the Audit and Risk Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the S4C Board and internal audit reports; and
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including internal and external specialists, such as pensions specialists, and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

### Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

### Report

I have no observations to make on these financial statements.

Gareth Davies  
10 July 2023  
**Comptroller and Auditor General**  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

# Consolidated Statement of Comprehensive Income

for the year ended 31 March 2023

The Consolidated Statement of Comprehensive Income, Balance Sheets, Statements of Changes in Equity and the Consolidated Cashflow Statement show the results and performance of both S4C and its commercial group of companies. Within this Consolidated Statement of Accounts, the Public Service Fund is referred to as S4C and the total of both public service and commercial activities is referred to as the S4C Group. The assets that are not comprised in the Public Service Fund are referred to as the General Fund.

	Note	2022/23	2021/22
		£000	£000
Public Service Fund Income and General Fund Turnover	3	<b>90,933</b>	83,526
Turnover of S4C		<b>90,933</b>	83,526
Cost of programme service		<b>(87,677)</b>	(79,405)
Transmission and distribution costs		<b>(4,092)</b>	(3,437)
Other direct costs		<b>(930)</b>	(878)
Gross loss		<b>(1,766)</b>	(194)
Operational and administrative costs	4	<b>(3,225)</b>	(2,882)
Operating loss	3	<b>(4,991)</b>	(3,076)
Sale of investments	8	<b>582</b>	-
		<b>(4,409)</b>	(3,076)
(Loss) / gain on investment	11	<b>(970)</b>	212
Investment income		<b>202</b>	190
Gain on investment property		<b>-</b>	135
Net interest		<b>254</b>	3
Loss on ordinary activities before taxation		<b>(4,923)</b>	(2,536)
Taxation on loss on ordinary activities	6	<b>53</b>	(40)
Loss after taxation		<b>(4,870)</b>	(2,576)
Actuarial gain on the pension scheme assets and liabilities	19	<b>100</b>	100
Other comprehensive profit		<b>100</b>	100
Total comprehensive loss for the year		<b>(4,770)</b>	(2,476)
Transfer from Public Service Fund (deferred income)	13	<b>3,844</b>	2,786
Retained in the General Fund	13	<b>(926)</b>	310

The Statement of Accounts was approved by the Board on 07 July 2023.  
The notes on pages 102 to 119 form part of the Statement of Accounts.

# Consolidated Balance Sheet


at 31 March 2023

	Note	At 31/03/23		At 31/03/22	
		£000	£000	£000	£000
<b>Fixed Assets</b>					
Tangible fixed assets	7	78		222	
Investments	8	156		552	
Investment property	8	-		3,640	
			<b>234</b>		<b>4,414</b>
<b>Current Assets</b>					
Stock	9	13,937		14,671	
Debtors - amounts falling due within one year	10	4,771		2,639	
Debtors - amounts falling due after more than one year	10	6,682		6,890	
Investments	11	12,646		13,693	
Cash at bank and in hand		19,529		20,255	
			<b>57,565</b>		<b>58,148</b>
<b>Current Liabilities</b>					
Creditors: amounts falling due within one year	12	(15,419)		(14,712)	
Creditors: amounts falling due after more than one year	12	(3,861)		(4,561)	
Net Current Assets			<b>38,285</b>		<b>38,875</b>
<b>Total Assets less Total Liabilities</b>					
			<b>38,519</b>		<b>43,289</b>
<b>Reserves</b>					
Public Service Fund	13		19,448		23,292
General Fund	13		19,071		19,997
<b>Total Reserves</b>			<b>38,519</b>		<b>43,289</b>

The Statement of Accounts was authorised for issue to comply with FRS 102 para 32.09. by the Board on 07 July 2023.

**Rhodri Williams** Chairman  
**Siân Doyle** Chief Executive

The notes on pages 102 to 119 form part of the Statement of Accounts.



# S4C Balance Sheet

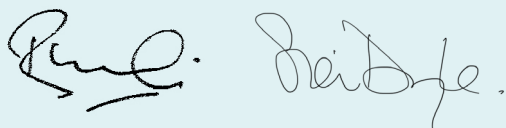
at 31 March 2023

	Note	At 31/03/23		At 31/03/22	
		£000	£000	£000	£000
<b>Fixed Assets</b>					
Tangible assets	7	78		222	
			<b>78</b>		<b>222</b>
<b>Current Assets</b>					
Stock	9	13,937		14,671	
Debtors - amounts falling due within one year	10	5,331		2,272	
Debtors - amounts falling due after more than one year	10	6,259		6,890	
Cash at bank and in hand		12,612		17,542	
			<b>38,139</b>		<b>41,375</b>
<b>Current Liabilities</b>					
Creditors - amounts falling due within one year	12	(14,908)		(13,744)	
Creditors - amounts falling due after more than one year	12	(3,861)		(4,561)	
Net current assets			<b>19,370</b>		<b>23,070</b>
<b>Total Assets less Total Liabilities</b>					
			<b>19,448</b>		<b>23,292</b>
<b>Reserves</b>					
Public Service Fund	13		<b>19,448</b>		<b>23,292</b>
General Fund	13		-		-
<b>Total Reserves</b>			<b>19,448</b>		<b>23,292</b>

The Statement of Accounts was authorised for issue to comply with FRS 102 para 32.09. by the Board on 07 July 2023.

**Rhodri Williams** Chairman  
**Siân Doyle** Chief Executive

The notes on pages 102 to 119 form part of the Statement of Accounts.



## Consolidated Statement of Changes in Equity at 31 March 2023

S4C Group	Retained earnings	Total equity
	£000	£000
At 1 April 2022	43,289	43,289
Loss for the year	(4,870)	(4,870)
Other comprehensive profit for the year	100	100
Total comprehensive income for the year	(4,770)	(4,770)
At 31 March 2023	38,519	38,519

## Consolidated Statement of Changes in Equity at 31 March 2022

S4C Group	Retained earnings	Total equity
	£000	£000
At 1 April 2021	45,765	45,765
Loss for the year	(2,576)	(2,576)
Other comprehensive profit for the year	100	100
Total comprehensive income for the year	(2,476)	(2,476)
At 31 March 2022	43,289	43,289

## S4C Statement of Changes in Equity at 31 March 2023

S4C	Retained earnings	Total equity
	£000	£000
At 1 April 2022	23,292	23,292
Loss for the year	(3,944)	(3,944)
Other comprehensive profit for the year	100	100
Total comprehensive income for the year	(3,844)	(3,844)
At 31 March 2023	19,448	19,448

## S4C Statement of Changes in Equity at 31 March 2022

S4C	Retained earnings	Total equity
	£000	£000
At 1 April 2021	26,078	26,078
Loss for the year	(2,886)	(2,886)
Other comprehensive profit for the year	100	100
Total comprehensive income for the year	(2,786)	(2,786)
At 31 March 2022	23,292	23,292

# Consolidated Cash Flow Statement

for the year ended 31 March 2023

Net cash flow from operating activities shows the cash generated from core activities before investment and financing.

		2022/23	2021/22
<b>Cash flow from operating activities</b>		<b>£000</b>	£000
Loss for the financial year		<b>(4,923)</b>	(2,536)
Net interest		<b>(254)</b>	(3)
Investment income		<b>(202)</b>	(190)
Unrealised loss/(gain) on investment	11	<b>970</b>	(212)
Unrealised gain on investment property	8	-	(135)
Depreciation and amortisation	7	<b>151</b>	180
Profit on sale of fixed assets		-	(44)
Profit on sale of investments		<b>(582)</b>	-
Decrease / (increase) in stock		<b>734</b>	(3,218)
Increase in debtors		<b>(1,392)</b>	(236)
Increase / (decrease) in creditors		<b>342</b>	(2,162)
Decrease in investments		<b>77</b>	62
<b>Net cash outflow from operating activities</b>		<b>(5,079)</b>	(8,494)
<b>Cash flow from financing activities</b>			
Investment income		<b>202</b>	190
Interest received		<b>122</b>	3
Loans recouped		-	5
Loans issued/repaid		<b>(400)</b>	(1,029)
<b>Net cash outflow from financing activities</b>		<b>(76)</b>	(831)
<b>Cashflow from investing activities</b>			
Purchase of tangible fixed assets	7	<b>(7)</b>	(3)
Purchase of Investments		<b>(50)</b>	(500)
Sale of fixed assets		<b>4,486</b>	128
<b>Net cash inflow / (outflow) from investing activities</b>		<b>4,429</b>	(375)
<b>Decrease in cash</b>		<b>(726)</b>	(9,700)
Unrealised (loss)/gain in investment	11	<b>(970)</b>	212
Management charges	11	<b>(77)</b>	(81)
Cash invested	11	-	500
<b>Movement in net funds</b>		<b>(1,773)</b>	(9,069)
Net funds at 1 April 2022	18	<b>33,948</b>	43,017
<b>Net funds at 31 March 2023</b>	18	<b>32,175</b>	33,948

# Notes to the Accounts

for the year ended 31 March 2023

## 1. Accounting Policies

The principal accounting policies of S4C are set out below. Within this consolidated Statement of Accounts, the Public Service Fund is referred to as S4C and the total of both public service and commercial activities is referred to as the S4C Group. The assets of the S4C Group that are not comprised in the Public Service Fund are referred to as the General Fund. The presentation and functional currency of these financial statements is sterling. Rounding is to the nearest £000 with the exception of the salary and staff expenses disclosure.

The Board consider that S4C is a Public Benefit Entity as defined by FRS 102. A Public Benefit Entity is an entity whose primary objective is to provide goods or services for the general public, community or social benefits and where any equity is provided with a view to supporting the entity's primary objectives rather than with a view to producing a financial return to equity providers, shareholders or members.

The financial statements have been prepared on a going concern basis as described in the going concern and viability section on pages 93 to 94.

### (a) Basis of preparation of Statement of Accounts

The financial statements have been prepared under the historical cost convention in compliance with paragraph 12 (1) of Schedule 6 to the Broadcasting Act 1990 (as amended), the Accounts Direction issued by the Secretary of State for Culture, Media and Sport, and in accordance with Financial Reporting Standard (FRS) 102, the Financial Reporting Standard (FRS) applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying S4C's accounting policies (see note 2).

The following principal accounting policies have been applied:

### (b) Basis of consolidation

The consolidated Statement of Accounts incorporate those of S4C and of its subsidiary undertakings (see note 8) drawn up to 31 March 2023. Profits or losses on intra - group transactions are eliminated in full. On acquisition of a subsidiary, all of the subsidiary's assets and liabilities which exist at the date of acquisition are recorded at their fair values reflecting their condition at that date.

### (c) Income

Income from the BBC is credited to the Statement of Comprehensive Income when it is received.

Other income, which includes income from sales of airtime, rights in television programmes, sponsorship, merchandising, publishing and investment activities, is recognised in the Statement of Comprehensive Income when the associated services are delivered.

### (d) Cost of programmes

The cost of commissioned public service programmes is wholly written off on first transmission or as soon as it becomes apparent that no transmission will result.

### (e) Programme and other stocks

Direct costs incurred in the commissioning or purchase of public service programmes as yet untransmitted are carried forward as stock, after

providing for expenditure on material which is unlikely to be transmitted. For a series of programmes, the allocation of stock between programmes completed but not yet transmitted and programmes in the course of production is based on total costs to date and the contractual cost per completed episode.

Direct cost is defined as payments made or due to production companies or programme suppliers.

### (f) Income received in advance of related expenditure

As a result of the above policies, income from the BBC is received in advance of all costs being charged to the Statement of Comprehensive Income. At the Balance Sheet date, any income received in advance is transferred to the Public Service Fund. As the related costs are charged, there is a corresponding transfer of the relevant income from the Public Service Fund to the Statement of Comprehensive Income. The Statement of Comprehensive Income therefore contains a net transfer to or from the Public Service Fund comprising these transfers.

### (g) Investments in joint ventures

Investments in joint ventures are recognised initially in the Consolidated Balance Sheet at the transaction price and subsequently adjusted to reflect the group's share of total comprehensive income and equity of the joint venture, less any impairment.

### (h) Debtors

Short term and long term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

### (i) Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

### (j) Financial instruments

S4C primarily enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.



Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that S4C would receive for the asset if it were to be sold at the Balance Sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

### **(k) Creditors**

Short term and long term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

### **(l) Fixed asset investments**

Fixed asset investments are held at historic cost less impairment.

### **(m) Tangible fixed assets**

Tangible fixed assets are stated at cost, together with any incidental expenses of acquisition, less depreciation. Depreciation is calculated so as to write off the cost of the asset less its residual value on a straight line basis over its estimated useful life. The principal annual rates used for this purpose are as follows:

Plant and equipment 20%

Improvements to short leasehold buildings are depreciated on a straight line basis over the remaining period of the lease.

### **(n) Pension contributions** **Defined benefit scheme**

A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The defined benefit obligation is calculated using the projected unit credit method. S4C engages independent actuaries to calculate the obligation annually. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discounted rate').

The fair value of plans assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with S4C's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as actuarial gain on the pension scheme assets and liabilities.

### **Defined contribution scheme**

S4C operates a defined contribution plan.

A defined contribution plan is a pension plan under which S4C pays fixed contributions into a separate entity. Once the contributions have been paid S4C has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet.

### **(o) Leased assets**

Operating lease rentals are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

### **(p) Taxation**

The tax expense for the year comprises current tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The Statement of Accounts is prepared on the basis that taxation is not levied in relation to amounts received by S4C from the BBC.

Profits generated by subsidiary undertakings are subject to corporation tax.

### **(q) Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions are translated at the rate ruling at the date of the transaction. Exchange differences arising on translation and transactions in foreign currencies are dealt with through the Statement of Comprehensive Income.

### **(r) Current asset investments**

Current Asset Investments are held at fair value with any change recognised in the profit and loss account.

### **(s) Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of S4C but are presented separately due to their size or incidence.

### **(t) Investment property**

Investment properties for which fair value can be measured reliably without undue cost or effort on an on-going basis are measured at fair value annually with any change recognised in the profit and loss account.

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## 2. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

### **Impairment of fixed asset investments**

The carrying value of the strategic investments are assessed for potential impairment using a discounted cash flow model approved by management. Where formal forecasts are not available, other commonly used valuation techniques are used in the impairment model.

### **Stock**

Direct costs incurred in the commissioning or purchase of public service programmes as yet untransmitted are carried forward as stock, after providing for expenditure on material which is unlikely to be transmitted.

### **Defined benefit scheme**

The pension costs charged against the Statement of Comprehensive Income are based on the actuarial methods and assumptions designed to spread the anticipated pension costs over the service lives of the employees in the Plan, so as to ensure that the regular pension cost represents a substantially level percentage of the current and expected future pensionable payroll. Variations from regular cost are spread over the average remaining service lives of current employees in the scheme.

In the absence of any agreement to pay a refund to S4C and because the Plan is now closed to future service accrual, the Plan's surplus at 31 March 2023 is restricted in S4C's Balance Sheet to nil.

### 3. Public Service Fund income and General Fund turnover

Public Service Fund income is received in order that S4C may fulfil its public service responsibilities (within the meaning of Section 207 of the Communications Act 2003). General Fund turnover represents the income generated from commercial and other non-public service activities as permitted under Section 206 of the Communications Act 2003 and the transitional provisions contained in paragraph 27 of Schedule 18 to the Communications Act 2003.

The income from the licence fee is credited to the Consolidated Statement of Comprehensive Income when it is received. Other income, which includes income from sales of airtime, rights in television programmes, sponsorship, merchandising, publishing and investment activities, is recognised in the Consolidated Statement of Comprehensive Income on an accruals basis.

	2022/23		2021/22	
	£000	£000	£000	£000
Public Service Fund income				
Income received from the licence fee	<b>88,850</b>		74,500	
Income received from DCMS	-		6,851	
Other income	<b>161</b>		189	
		<b>89,011</b>		<b>81,540</b>
General Fund turnover				
Programme and airtime sales	<b>1,336</b>		1,324	
Publishing and merchandising	<b>40</b>		81	
Other including digital exploitation	<b>546</b>		581	
		<b>1,922</b>		<b>1,986</b>
Group turnover		<b>90,933</b>		<b>83,526</b>

An analysis of General Fund turnover by geographical market is given below:

	2022/23		2021/22	
	£000	£000	£000	£000
United Kingdom	<b>1,854</b>		1,967	
United States of America	<b>56</b>		4	
Rest of the World	<b>12</b>		15	
		<b>1,922</b>		<b>1,986</b>

#### Operating loss

Operating loss is the Public Service Fund deficit and the (loss)/gain from commercial activities before investment income, interest and tax.

An analysis of the operating loss of the S4C Group by activity is given below:

	2022/23		2021/22	
	£000	£000	£000	£000
Public Service Fund				
Public Service Fund activities	<b>(4,957)</b>		(3,590)	
		<b>(4,957)</b>		<b>(3,590)</b>
General Fund				
Programme and airtime sales	<b>620</b>		624	
Publishing and merchandising	<b>25</b>		81	
Other activities	<b>(679)</b>		(191)	
		<b>(34)</b>		<b>514</b>
		<b>(4,991)</b>		<b>(3,076)</b>

Other activities include the provision of management services to commercial subsidiaries by S4C Masnachol Cyf., the provision of digital broadcasting services by S4C2 Cyf. and property rental by S4C PTG Cyf.

## Net assets

The net assets of the S4C Group is the total assets less total liabilities.

	2022/23		2021/22	
	£000	£000	£000	£000
Public Service Fund				
Public Service Fund activities	<b>19,448</b>		23,292	
		<b>19,448</b>		23,292
General Fund				
Programme and airtime sales	<b>340</b>		272	
Publishing and merchandising	<b>10</b>		16	
Administration	<b>135</b>		135	
Other trading activities	<b>18,586</b>		19,574	
		<b>19,071</b>		19,997
		<b>38,519</b>		43,289

## 4. Operating loss

Operating loss is the Public Service Fund deficit and the (loss)/gain from commercial activities before investment income, interest and tax.

Operating loss is stated after:	2022/23		2021/22	
	£000	£000	£000	£000
Cost of programme service				
Depreciation	<b>85</b>		109	
Staff costs	<b>5,730</b>		4,909	
Travel and subsistence	<b>137</b>		36	
Operational and administrative costs				
Staff costs	<b>1,697</b>		1,770	
Depreciation	<b>66</b>		71	
National Audit Office fee for the audit of the S4C's annual accounts	<b>108</b>		80	
Non-audit services with other auditors				
Taxation compliance services	<b>17</b>		9	
Internal audit services	<b>13</b>		7	
Other administrative costs:				
Operating lease costs	<b>1,095</b>		739	
Operating lease costs - Land and buildings	<b>192</b>		187	
Travel and subsistence	<b>37</b>		19	
	<b>3,225</b>		2,882	

The operational and administrative costs can be analysed as follows:

	2022/23		2021/22	
	£000	£000	£000	£000
Public Service Fund costs	<b>2,857</b>		2,735	
General Fund costs	<b>368</b>		147	
	<b>3,225</b>		2,882	

The National Audit Office did not provide any non-audit services during the year.

## 5. Members and employees

Total employee remuneration during the year comprised:

	2022/23	2021/22
	<b>£000</b>	£000
Gross salaries	<b>5,646</b>	5,175
Employer's NI contributions	<b>651</b>	543
Pension contributions	<b>1,080</b>	949
	<b>7,377</b>	6,667

During the year four payments were made under the redundancy scheme totalling £0.147m (2021/22 - three payments totalling £0.054m). Pension contributions include employer's contributions. S4C had no 'off payroll' engagements that fall within the criteria set out in HMT guidance with regards to tax arrangements of senior public appointees.

The average number of employees during the year was as follows:

	2022/23		2021/22	
	Number Male	Number Female	Number Male	Number Female
Commissioning	7	9	5	7
Publishing and distribution	12	19	11	17
Product development	6	2	4	2
Communications and data	17	22	18	24
Corporate and commercial policy	7	17	8	16
	<b>49</b>	<b>69</b>	46	66

Total travel and subsistence reimbursed to employees during the period ending 31 March 2023 was £163,049 (period to 31 March 2022 - £52,046).

### Members' remuneration

Total remuneration of the Board members for the period was as follows:

	2022/23	2021/22
	<b>£000</b>	£000
Total remuneration	<b>87</b>	97

The remuneration of the Board members during the year is shown below:

	2022/23	2021/22
	<b>£</b>	£
Guto Bebb	<b>9,650</b>	9,650
Suzy Davies	<b>5,629</b>	-
Anita George	<b>2,439</b>	9,650
Adele Gritten	<b>9,650</b>	9,650
Hugh Hesketh Evans	-	6,139
Chris Jones	<b>9,650</b>	9,650
Siân Lewis	-	2,600
Denise Lewis Poulton	<b>9,650</b>	9,650
Rhodri Williams	<b>40,000</b>	40,000

Suzy Davies was appointed on 1 August 2022.

Anita George retired on 1 July 2022.

Hugh Hesketh retired on 19 November 2021.

Siân Lewis retired on 8 July 2021.

During the period, the Board members incurred the following expenses in the performance of their duties:

Board members' expenses	Travel	Accommodation & Subsistence	Hospitality	2022/23 Total	2021/22 Total
	£	£	£	£	£
Guto Bebb	651	395	-	1,046	367
Suzy Davies	160	136	-	296	-
Anita George	-	-	-	-	281
Adele Gritten	1,230	175	-	1,405	643
Chris Jones	622	156	-	778	350
Denise Lewis Poulton	686	228	-	914	362
Rhodri Williams	2,036	172	24	2,232	556
<b>Total</b>	<b>5,385</b>	<b>1,262</b>	<b>24</b>	<b>6,671</b>	<b>2,559</b>

#### Management Team Remuneration

The remuneration of the Management Team during the period is shown below:

	2022/23 Gross pay	2021/22 Gross pay
	£000	£000
Rhidian Dafydd	5	-
Owen Derbyshire	46	86
Siân Doyle	162	52
Geraint Evans	120	41
Owen Evans	-	141
Llinos Griffin Williams	124	-
Elin Morris	108	108
Amanda Rees	114	114
Catrin Whitmore	79	-
Gwyn Williams	48	84
Sharon Winogorski	92	86

Rhidian Dafydd joined the Management Team on 1 September 2022 and left on 25 September 2022

Owen Derbyshire left the Management Team on 13 October 2022

Siân Doyle joined the Management Team on 6 December 2021

Geraint Evans joined the Management Team on 11 October 2021

Owen Evans left the Management Team on 31 December 2021

Llinos Griffin Williams joined the Management Team on 4 April 2022

Catrin Whitmore joined the Management Team on 1 September 2022

Gwyn Williams left the Management Team on 1 November 2022. A payment was made in addition to the salary in the table above under the S4C redundancy scheme.

During the period, the Management Team members incurred the following expenses in the performance of their duties:

Management Team members' expenses	Travel	Accommodation & Subsistence	Hospitality	2022/23 Total	2021/22 Total
	£	£	£	£	£
Rhidian Dafydd	-	-	-	-	-
Owen Derbyshire	-	319	-	319	557
Siân Doyle	7,815	2,517	1,784	12,116	6,298
Geraint Evans	10,258	4,686	217	15,161	2,174
Owen Evans	-	-	-	-	2,067
Llinos Griffin Williams	6,590	6,321	240	13,151	-
Elin Morris	2,294	525	-	2,819	1,493
Amanda Rees	1,309	380	-	1,689	816
Catrin Whitmore	256	366	-	622	-
Gwyn Williams	534	177	4	715	2,092
Sharon Winogorski	102	120	-	222	226
<b>Cyfanswm</b>	<b>29,158</b>	<b>15,411</b>	<b>2,245</b>	<b>46,814</b>	<b>15,723</b>

## Defined contribution scheme - S4C contributions

	2022/23	2021/22
	£000	£000
Rhidian Dafydd	1	-
Owen Derbyshire	7	13
Siân Doyle	25	8
Geraint Evans	27	6
Owen Evans	-	33
Llinos Griffin Williams	19	-
Elin Morris	31	30
Amanda Rees	28	27
Catrin Whitmore	12	-
Gwyn Williams	26	13
Sharon Winogorski	21	14

## 6. Taxation

The Statement of Accounts is prepared on the basis that taxation is not levied in relation to amounts received by S4C from the Department for Culture, Media and Sport and the BBC.

	2022/23	2021/22
	£000	£000
United Kingdom corporation tax at 19% (2022 - 19%)	-	-
Deferred tax	(53)	40
Current taxation for the period	<b>(53)</b>	40

	2022/23	2021/22
	£000	£000
Loss on ordinary activities before taxation	<b>(4,923)</b>	(2,536)
Loss on ordinary activities multiplied by standard rate of tax in the UK of 19% (2022 - 19%)	<b>(935)</b>	(482)
Effects of:		
Fixed asset differences	<b>(49)</b>	2
Expenses not deductible for tax purposes	<b>363</b>	4
Deferred tax asset not provided	<b>990</b>	1,780
Adjustments to tax charge in respect of previous periods	<b>5</b>	1
Income not taxable for tax purposes	<b>504</b>	(47)
Transfer to Public Service Fund	-	529
Capital losses utilised	-	-
Capital (losses)/gains	<b>(679)</b>	26
Difference in deferred tax rate	<b>(252)</b>	(1,346)
Timing differences	-	(427)
Movement in fair value	-	-
Current taxation for period	<b>(53)</b>	40

## 7. Tangible fixed assets

### The S4C Group

	Land and Buildings		
	Total	Leasehold	Plant and Equipment
Cost	£000	£000	£000
At 1 April 2022	1,101	209	892
Additions	7	-	7
Disposals	(106)	-	(106)
At 31 March 2023	1,002	209	793
Depreciation			
At 1 April 2022	879	209	670
Charge for year	151	-	151
Disposals	(106)	-	(106)
At 31 March 2023	924	209	715
Net book amount			
At 31 March 2023	78	-	78
At 31 March 2022	222	-	222

### Land and buildings

The short leasehold building is S4C's pavilion at the Royal Welsh Showground, Llanellwedd.



## 8. Fixed asset investments

The fixed asset investments below are held in the commercial group of companies.

Total fixed asset investments comprise:

	Investments in unlisted entities	Investments in joint ventures	Investment in associates	Total
Cost or valuation	£000	£000	£000	£000
At 1 April 2022	1,397	125	-	1,522
Additions	-	-	50	50
Disposal	(600)	-	-	(600)
At 31 March 2023	797	125	50	972
Impairment				
At 1 April 2022	845	125	-	970
Disposal	(154)	-	-	(154)
At 31 March 2023	691	125	-	816
At 31 March 2022	552	-	-	552
At 31 March 2023	106	-	50	156

### Investment property

	S4C Group
Cost	£000
At 1 April 2022	3,640
Capital expenditure	122
Disposal	(3,762)
At 31 March 2023	-

During the year the investment property at Parc Ty Glas Llanishen, held in S4C PTG Cyf. was sold. The gain on disposal was £0.2m.

S4C Digital Media Limited entered into the following joint venture during 2015/16:

	Country of incorporation	Class of share capital held	Proportion held		Nature of business
			By parent undertaking	By the Authority	
Media Rocket Ltd	Wales and England	Ordinary	50%	50%	Investment company

Movements in joint venture investments in the year:

Cost	£000
At 1 April 2022	125
At 31 March 2023	125
Impairment	
At 1 April 2022	125
At 31 March 2023	125
Net book value	
At 31 March 2022	-
At 31 March 2023	-

#### Investments in associates

S4C Digital Media Limited has investments in the following associates:

Name	Registered	Class of shares	Holding
Aria Studios Cyf	England & Wales	Ordinary	40%

During the year, S4C Digital Media Limited invested £50,000 for a 40% holding in Aria Studios Cyf.

At 31 March 2023 the S4C Group held significant equity shareholdings of the following:

	Country of incorporation	Class of share capital held	Proportion held		Nature of business
			By parent undertaking	By the S4C Group	
S4C Masnachol Cyf	Wales and England	Ordinary	100%	100%	Provision of management services to subsidiaries
S4C Digital Media Ltd	Wales and England	Ordinary	-	100%	Investment company
S4C Rhyngwladol Cyf	Wales and England	Ordinary	-	100%	Selling of airtime and programmes
S4C2 Cyf	Wales and England	Ordinary	-	100%	Digital broadcasting and provision of digital broadcasting services
S4C PTG Cyf	Wales and England	Ordinary	-	100%	Investment Property

During the year S4C PTG Cyf. disposed of the investment properties held within the company. Following the sale the company has ceased trading, and has therefore produced its own accounts on a non going concern basis.

All of the subsidiary undertakings have been consolidated in the Statement of Accounts. All are wholly owned subsidiary undertakings. The Secretary of State for Culture, Media and Sport has a full right of access to the financial statements of all the S4C Group's subsidiary undertakings in existence now, or set up in the future.

## 9. Stock

Stock of untransmitted programmes and other stock comprise the following:

	S4C Group		S4C	
	At 31/03/23	At 31/03/22	At 31/03/23	At 31/03/22
	£000	£000	£000	£000
Programmes in course of production	13,878	14,408	13,878	14,408
Programmes completed but not yet transmitted	59	263	59	263
	<b>13,937</b>	<b>14,671</b>	<b>13,937</b>	<b>14,671</b>

## 10. Debtors

Debtors due within one year

	S4C Group		S4C	
	At 31/03/23	At 31/03/22	At 31/03/23	At 31/03/22
	£000	£000	£000	£000
Trade debtors	739	554	261	165
Amounts owed by group undertakings	-	-	1,279	283
Loans to employees	2	5	2	5
VAT	2,916	1,180	2,858	1,120
Prepayments and accrued income	1,114	900	931	699
	<b>4,771</b>	<b>2,639</b>	<b>5,331</b>	<b>2,272</b>

The loans to employees are under the Cycle to Work Scheme.

Debtors due after more than one year

	S4C Group		S4C	
	At 31/03/23	At 31/03/22	At 31/03/23	At 31/03/22
	£000	£000	£000	£000
Prepayments	6,259	6,890	6,259	6,890
Other debtors	423	-	-	-
	<b>6,682</b>	<b>6,890</b>	<b>6,259</b>	<b>6,890</b>

Prepayments relate to the co-location project and prepaid rent for S4C's new headquarters Yr Egin.

## 11. Current asset investments

Investment fund:

	S4C Group	
	At 31/03/23	At 31/03/22
	<b>£000</b>	£000
At 1 April	<b>13,693</b>	13,062
Cash invested	-	500
Change in market value of investment	<b>(970)</b>	212
Management charges	<b>(77)</b>	(81)
At 31 March	<b>12,646</b>	13,693

Current asset investments also includes co-production and digital investments at a value of £nil (2021/22 - £nil).

The investment fund comprises a portfolio of equities, bonds, cash and other assets managed on behalf of S4C Digital Media Ltd. by Sarasin & Partners LLP. The investment is measured at fair value through the profit and loss where the valuation of the fund at 31 March 2023 is through quoted market price in an active market.

The investment fund is only exposed to market risk and this is mitigated through the use of the fund manager.

The investment fund is classified as a current asset as S4C have the ability to withdraw and close down the fund with short notice.

## 12. Creditors

	S4C Group		S4C	
	At 31/03/23	At 31/03/22	At 31/03/23	At 31/03/22
	<b>£000</b>	£000	<b>£000</b>	£000
Creditors due within one year				
Trade creditors	<b>1,183</b>	540	<b>1,180</b>	247
Programme creditors	<b>1,416</b>	488	<b>1,416</b>	488
Other creditors	<b>164</b>	210	<b>164</b>	157
Prepaid and deferred income	<b>213</b>	159	-	-
Accruals	<b>12,443</b>	13,315	<b>12,148</b>	12,852
	<b>15,419</b>	14,712	<b>14,908</b>	13,744

Creditors due after more than one year

	S4C Group		S4C	
	At 31/03/23	At 31/03/22	At 31/03/23	At 31/03/22
	<b>£000</b>	£000	<b>£000</b>	£000
Advance Grant in Aid	<b>3,861</b>	4,561	<b>3,861</b>	4,561
	<b>3,861</b>	4,561	<b>3,861</b>	4,561

The Department for Culture, Media and Sport provided advance Grant in Aid to S4C to fund the co-location project with BBC Wales and relocation of S4C's headquarters to Yr Egin, Carmarthen. Repayments are to be made annually in line with an agreed payment schedule. A mechanism for payment is to be agreed with DCMS following the ceasing of Grant In Aid payments.

## 13. Reserves

The S4C Group reserves shown below are the reserves for both S4C, the Public Service Fund, and the commercial companies reserves, the General Fund. Other reserves include debtors, investments, cash less creditors. The General Fund reserves are used for investments and projects to enhance S4C's public service activities whilst also seeking a commercial return. Any commercial returns are paid as dividends to S4C for use in its public services.

### S4C Group reserves

	Public Service Fund			General Fund	Total
	Fixed Assets	Stock	Other		
	£000	£000	£000	£000	£000
At 1 April 2022	222	14,671	8,399	19,997	<b>43,289</b>
General Fund deficit for the period	-	-	-	(101)	<b>(101)</b>
Public Service Fund transfer to profit and loss account	(144)	(734)	(3,791)	-	<b>(4,669)</b>
Transfer to Public Service Fund	-	-	825	(825)	-
At 31 March 2023	<b>78</b>	<b>13,937</b>	<b>5,433</b>	<b>19,071</b>	<b>38,519</b>

### S4C reserves

The Public Service Fund reserves at 31 March 2023 are shown separately below:

	Public Service Fund			General Fund	Total
	Fixed Assets	Stock	Other		
	£000	£000	£000	£000	£000
At 1 April 2022	222	14,671	8,399	-	<b>23,292</b>
General Fund transfer for the year	-	-	-	825	<b>825</b>
Public Service Fund transfer to profit and loss account	(144)	(734)	(3,791)	-	<b>(4,669)</b>
Transfer to Public Service Fund	-	-	825	(825)	-
At 31 March 2023	<b>78</b>	<b>13,937</b>	<b>5,433</b>	-	<b>19,448</b>

In total £3.844m has been transferred from the Public Service Fund to the profit and loss account in 2022/23 (2021/22 - £2.786m from the Public Service Fund). This comprises the £0.825m (2021/22 - £0.701m) transfer from the General Fund and the £4.669m (2021/22 - £3.487m) Public Service transfer set out above.

## 14. Operating lease commitments

The S4C Group's future minimum lease payments under operating leases are as follows:

	At 31/03/23	At 31/03/22
	£000	£000
Land and Buildings	<b>195</b>	187
Less than one year	<b>755</b>	735
One-five years	<b>2,277</b>	2,383
Over five years	<b>3,227</b>	3,305

The S4C Group's future minimum lease receipts are as follows:

	At 31/03/23	At 31/03/22
	£000	£000
Land and Buildings	-	251
Less than one year	-	684
One-five years	-	778
Over five years	-	1,713

The S4C Group and S4C had no capital commitments at either 31 March 2023 or 31 March 2022.

At 31 March, the S4C Group and S4C had the following contractual commitments for expenditure on programmes:

	At 31/03/23	31/03/22
	£000	£000
Programme commitments	<b>19,626</b>	14,671

## 17. Financial instruments

	S4C Group		S4C	
	At 31/03/23	At 31/03/22	At 31/03/23	At 31/03/22
	£000	£000	£000	£000
Financial assets	<b>36,255</b>	35,686	<b>17,012</b>	19,115
Financial assets	<b>36,255</b>	35,686	<b>17,012</b>	19,115
Financial liabilities	<b>(14,720)</b>	(14,658)	<b>(14,209)</b>	(13,744)
Financial liabilities	<b>(14,720)</b>	(14,658)	<b>(14,209)</b>	(13,744)

Financial assets comprise investment funds measured at fair value through the profit and loss and cash, trade debtors (including VAT), amounts owed by group undertakings and other debtors measured at amortised cost less impairment.

Financial liabilities comprise trade creditors, amounts owed to group undertakings and accruals measured at amortised cost.

## 18. Analysis of changes in net funds

	At 01/04/22	Cashflow	Unrealised cash	At 31/03/23
	£000	£000	£000	£000
Cash in hand and at bank	20,255	(726)	-	19,529
Other liquid resources	13,693	-	(1,047)	12,646
	<b>33,948</b>	<b>(726)</b>	<b>(1,047)</b>	<b>32,175</b>

## 19. Pension scheme

### Defined contribution scheme

The S4C Group operates a defined contribution pension scheme for the benefit of employees.

A defined contribution plan is a pension plan under which the S4C Group pays fixed contributions into a separate entity. Once the contributions have been paid S4C has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet.

The assets of the scheme are administered by trustees in individual funds independent of those of S4C. The pension charge for the year ended 31 March 2023 £1,080,069 (year to 31 March 2022 - £948,990).

### Defined benefit scheme

The S4C Group operates a defined benefit scheme, which is part of the Ofcom (former ITC) Staff Pension plan. On 31 May 2011 the defined benefit scheme was closed to future accrual. All active members have been transferred into the defined contribution scheme. The assets of the scheme are administered by trustees in a fund independent from those of the S4C Group.

A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The defined benefit obligation is calculated using the projected unit credit method. The S4C Group engages independent actuaries to calculate the obligation annually. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discounted rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on place assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

Net pension surpluses are recognised to the effect that either assets can be recovered from the scheme, or lead to lower contributions in the future. Where these conditions are not met, the net surplus is not included on the Balance Sheet as is the case at 31 March 2023 and 31 March 2022.

Costs and liabilities of the scheme are based on actuarial valuations. The latest full actuarial valuation was carried out at 31 March 2018, by a qualified independent actuary.

### The main assumptions used by the actuary were:

	At 31/03/23	At 31/03/22	At 31/03/21
Price inflation	3.3%	3.7%	3.3%
Discount rate for scheme liabilities	4.8%	2.8%	2.0%
Rate of increase in fully RPI-linked pensions	3.3%	3.7%	3.3%
Rate of increase in pensions with limited price indexation	3.1%	3.5%	3.2%

On the basis of the assumptions used for life expectancy, a male pensioner currently aged 60 would be expected to live for a further 26.5 years (2021/22 - 26.9 years). Allowance is made for future improvements in life expectancy.

The amount included in the Balance Sheet arising from the S4C Group's obligations in respect of the plan is as follows:

	<b>At 31/03/23</b>	At 31/03/22	At 31/03/21
	<b>Value</b>	Value	Value
	<b>£000</b>	£000	£000
Government bonds	<b>800</b>	800	700
Insured annuities	<b>26,400</b>	34,600	35,600
Cash	<b>500</b>	800	900

Following the completion of a buy-in for the remaining uninsured liabilities in the S4C Section in May 2019, the vast majority of the Section's assets are held in annuity policies which move in line with the Section's liabilities. The remainder of the Section's assets are invested in cash and index-linked gilts to cover running costs and any additional expenses that may arise from the buy-in.

	<b>At 31/03/23</b>	At 31/03/22	At 31/03/21
	<b>£000</b>	£000	£000
Total market value of assets	<b>27,700</b>	36,200	37,200
Present value of scheme liabilities	<b>(26,500)</b>	(34,900)	(35,900)
Net pension asset	<b>1,200</b>	1,300	1,300
Pension asset not recognised	<b>(1,200)</b>	(1,300)	(1,300)
Net balance sheet position	<b>-</b>	-	-

Under FRS 102, the scheme is represented on the balance sheet at 31 March 2023 as a net asset of £nil (at 31 March 2022 - £nil).

The amounts recognised in the income statement are as follows:

	<b>At 31/03/23</b>	At 31/03/22
	<b>£000</b>	£000
Current service cost		
Expected return on pension scheme assets	<b>(1,000)</b>	(700)
Running costs	<b>100</b>	100
Interest on pension scheme liabilities	<b>1,000</b>	700
Total operating charges	<b>100</b>	100

The amounts charged or credited to the Statement of Comprehensive Income were included in the operating income and charges and within interest payable.

Changes in the present value of the defined benefit obligation are as follows:

	<b>At 31/03/23</b>	At 31/03/22
	<b>£000</b>	£000
Opening defined benefit obligations	<b>34,900</b>	35,900
Interest on pension scheme liabilities	<b>1,000</b>	700
Benefits paid	<b>(1,800)</b>	(1,000)
Actuarial gain on liabilities	<b>(7,600)</b>	(700)
Closing defined benefit obligations	<b>26,500</b>	34,900



Changes in the market value of the scheme assets are as follows:

	At 31/03/23	At 31/03/22
	<b>£000</b>	£000
Market value of scheme assets at start of period	<b>36,200</b>	37,200
Expected return on scheme assets	<b>1,000</b>	700
Running costs	<b>(100)</b>	(100)
Benefits paid	<b>(1,800)</b>	(1,000)
Actuarial loss on assets	<b>(7,600)</b>	(600)
Market value of scheme assets at end of period	<b>27,700</b>	36,200

The major categories of investments of plan assets, as a % of total plan assets:

	At 31/03/23	At 31/03/22
Government bonds	<b>3%</b>	2%
Cash	<b>2%</b>	2%
Insured Annuities	<b>95%</b>	96%

Actual return on scheme assets:

	At 31/03/23	At 31/03/22
	<b>£000</b>	£000
Expected return on scheme assets	<b>1,000</b>	700
Actuarial loss on assets	<b>(7,600)</b>	(600)
Actual (loss)/gain on scheme assets	<b>(6,600)</b>	100

The amount recognised in the Statement of Other Comprehensive Income for the year ended 31 March 2023 is a gain of £0.1m. (year to 31 March 2022 gain - £0.1m).

The cumulative amount recognised within the Statement of Other Comprehensive Income as at 31 March 2023 is a loss of £10.367m (year to 31 March 2022 loss - £10.467m).

Historical analysis of asset values, scheme liabilities and overall surplus:

	At 31/03/23	At 31/03/22	At 31/03/21	At 31/03/20	At 31/03/19
	<b>£000</b>	£000	£000	£000	£000
Market value of scheme assets	<b>27,700</b>	36,200	37,200	31,900	53,500
Scheme liabilities	<b>(26,500)</b>	(34,900)	(35,900)	(30,800)	(38,300)
Surplus in scheme	<b>1,200</b>	1,300	1,300	1,100	15,200

## 20. Contingent liabilities – S4C Group and S4C

At 31 March 2023, there were no contingent liabilities (at 31 March 2022 - £nil).

## 21. Related party transactions

S4C's related parties are its wholly owned commercial subsidiaries, joint ventures, Board members and members of the Management Team.

Remuneration of the Board and Management Team members is disclosed in note 5.

No material related party transactions have been entered into during 2022/23 by members of the Board or Management Team.

All transactions and balances with S4C's wholly owned subsidiaries have been eliminated upon consolidation. S4C has taken advantage of the exemption under Financial Reporting Standard 102 from disclosing transactions with other group companies.



# Agenda Item 2.6

*This document provides a translation of correspondence received from Cymdeithas yr Iaith.*

Delyth Jewell, AS  
Chair  
The Culture and Welsh Language Committee  
Welsh Parliament  
Cardiff Bay  
Cardiff  
CF99 1SN

10 July 2023

Dear Chair

## **Locating Specialist Perinatal Mental Health Services in North Wales**

I am writing to you on behalf of the Cymdeithas yr Iaith Health and Wellbeing Group which campaigns using non-violent methods for the rights of the residents of Wales to receive health and care services in Welsh. As a group, we are very concerned about the Welsh Government's plans for specialist perinatal mental health services for the north of Wales to be located outside of Wales, depriving women and their families of their right to receive care through the medium of Welsh. We call on the Culture and Welsh Language Committee to carry out an investigation into the matter for the reasons outlined below.

There is increasing evidence that patients feel more comfortable, confident and able to discuss their health in their mother tongue (Misell, 2000; Madoc-Jones, 2004; Prys, 2010; Iaith, 2012; CYG, 2014; Hughes, 2018; Martin et al, 2019); and it would be completely unacceptable if these mothers were not able to use their Welsh, given that they are already in such a vulnerable position. Furthermore, if you want to reach someone in a state of mental anguish, it is essential to have effective communication that is appropriate to their language needs (Pavlenko, 2012; Santiago-Rivera and Altarriba, 2002). This can be key for carrying out accurate and reliable assessments, and delivering meaningful and effective treatments (Karliner et al, 2010; de Moissac and Bowen, 2019; Seale et al, 2022). For this reason, there is no doubt that having the opportunity to speak their own language could make such a difference to the experiences and outcomes of the patients in question.

We are aware of wider services provided across the border where expertise has been embedded for many years. However, we believe that this situation is quite different as we already have the mental health expertise in north Wales - often through the medium of Welsh. It must be noted that we are talking about women in their most vulnerable state. We can only imagine the nightmarish situation that they are facing which would be made worse by being in an environment where everything feels unfamiliar, especially the language around them. In such a situation, the treatment must be linguistically appropriate or there is a risk that it will not be effective - or even suitable for the individual.

We are very disappointed with the response of the Deputy Minister for Mental Health and Wellbeing to the discussion (see the Senedd record of proceedings on 15/2/23 and the minister's written response to Cymdeithas yr Iaith on 1/6/23). By disregarding the importance of the Welsh language in the planning process, the Welsh Government is abandoning the core principles of its strategy *More Than Just Words* and is undermining the human rights of vulnerable women. We call on the Culture and Welsh Language Committee to urgently carry out an investigation into this matter, to considering the evidence in full and re-open the discussion. We are confident that this would lead to new planning in order to protect the language rights of mothers and families in their most vulnerable state.

Yours sincerely

Gwerfyl Roberts  
Chair  
Health and Wellbeing Group  
Cymdeithas yr Iaith

—  
**Culture, Communications, Welsh Language, Sport, and  
International Relations Committee**

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Welsh Parliament  
Senedd Diwylliant, Cardiff Bay, Cardiff, CF99 1SN  
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—  
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Rebecca Evans MS  
Minister for Finance and Local Government  
Welsh Government

Copied to: Peredur Owen Griffiths MS  
Chair  
Finance Committee

17 July 2023

**Draft Budget 2024-25 timetable**

Dear Rebecca

The Committee discussed the Finance Committee's letter to you (dated 7 July 2023) at its meeting on 12 July 2023. The Committee echoes the concerns raised by the Finance Committee regarding the outline timetable for scrutiny of the Welsh Government's Draft Budget for 2024-25.

As noted in the Finance Committee's letter, this is the fifth year running whereby the two stage process as set out in the Budget Process Protocol ("the Protocol") has not been followed. The Committee accepts previous reasons for not following the Protocol, such as the Covid-19 pandemic and changes to dates of UK Government fiscal events. On the latter point, the Committee thinks that a better framework is needed for fiscal decisions taken across the UK - in order to provide better clarity surrounding when important financial choices will be made. This would benefit the Welsh Government as well as a number of other bodies which are reliant on timely decisions, such as publicly-sponsored bodies and local authorities. The Committee would urge you to raise this with other finance ministers in the governments of the United Kingdom.

Yours sincerely



**Delyth Jewell MS**  
**Committee Chair**

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.





Ein cyf/Our ref: RE-253-2023

Delyth Jewell MS  
Chair of Culture, Communications, Welsh Language, Sport, and International Relations  
Committee  
Senedd Cymru/ Welsh Parliament  
Cardiff Bay  
CF99 1NA  
[SeneddCulture@senedd.wales](mailto:SeneddCulture@senedd.wales)

21 July 2023

Dear Delyth,

### **Timetable for the 2024-25 budget**

I am replying to your letter dated 17<sup>th</sup> July, which addresses issues raised by the Finance Committee's letter to the Business Committee dated 7<sup>th</sup> July regarding the timetable for the 2024-25 budget.

I have attached a copy of my letter dated 19th July, which responds to the issues raised by the Finance Committee.

The uncertainty and late timing of successive UK Government fiscal events has impacted adversely on Welsh Government Ministers preparing their spending plans, as well as on other bodies reliant on timely decisions, such as public sponsored bodies and local authorities. Late timing of these fiscal events has also resulted in shorter budget timetables, reducing the time available to the Senedd and others seeking to scrutinise our spending plans.

I have raised these concerns directly with successive Chief Secretaries to the Treasury in correspondence and alongside the other devolved Finance Ministers at the Finance: Interministerial Standing Committee. I am also grateful to the Finance Committee for the efforts it has made in raising this with the UK Government.

I will continue to press the UK Government to commit to publishing its Autumn Budget as early as possible but given the timing of UK Autumn fiscal events in recent years and the uncertain fiscal context, it is prudent to be prepared for a potentially late UK Autumn Budget again this year.

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:  
0300 0604400

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[Correspondence.Rebecca.Evans@gov.wales](mailto:Correspondence.Rebecca.Evans@gov.wales)  
[Gohebiaeth.Rebecca.Evans@llyw.cymru](mailto:Gohebiaeth.Rebecca.Evans@llyw.cymru)

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

It remains the Welsh Government's long-term aim for there to be a single UK needs-based fiscal framework, agreed by all Governments and independently operated and assured. This would provide an effective framework for fiscal decisions taken across the UK which respects the impact on the financial planning in the devolved governments.

Yours sincerely,

A handwritten signature in black ink that reads "Rebecca Evans". The signature is written in a cursive style with a large initial 'R' and a distinct 'E'.

**Rebecca Evans AS/MS**  
**Y Gweinidog Cyllid a Llywodraeth Leol**  
**Minister for Finance and Local Government**





Ein cyf/Our ref: RE- 251-2023

Peredur Owen Griffiths MS  
Chair of Finance Committee  
Senedd Cymru/ Welsh Parliament  
Cardiff Bay  
CF99 1NA  
[SeneddFinance@senedd.wales](mailto:SeneddFinance@senedd.wales)

20 July 2023

Dear Peredur,

### **Proposed Changes to the Budget Protocol**

Thank you for your letter regarding a review of the current Budget Protocol and setting out possible changes to be made. Our officials have held a series of constructive meetings to discuss whether we can agree any of the changes you have proposed before we begin the preparations for Draft Budget 2024-25.

As we discussed in our meeting on 20<sup>th</sup> June, I am content to agree to all the changes you have proposed, including formalising our current pre-Budget scrutiny arrangements, apart from the proposals to exclude recess weeks for Budget scrutiny (Para 10) and any commitment to publish within 4 weeks of a UK government fiscal event (Para 12).

I welcome our positive discussions on these two issues and acknowledge the constructive approach you have taken in recognising the impact only learning details of our budget settlement during the autumn term causes for the preparation of the Draft Budget and its scrutiny. I am certain we can find a flexible solution to enable the best use of the time available for our Budget processes rather than simply imposing a limit of four weeks. It is difficult to understand the proportionality in arguing that Committees require more than double the amount of time to scrutinise spending plans than for Ministers to prepare them. I would welcome some further consideration of this proposal.

These difficulties are well-rehearsed, with their resolution being dependent upon the timing of the UK government's autumn fiscal event, and proposals for changes to our Budget timetable may be considered best as part of longer-term work on Senedd Reform. I would like to reiterate this is the primary reason we have needed to trigger the exceptional circumstances in the budget protocol impacting both our ability to produce the budget and the time for scrutiny.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

I am confident we will be able to achieve compromises regarding the exceptions I have outlined. However, I am not confident these could be agreed quickly and without proper analysis of the implications on the delivery of Budgets.

My main considerations moving forward are how we ensure proportionality between the time available for Budget production and Budget scrutiny, ensuring the most efficient use of resources during Budget preparations, and ensuring the flexibility needed in the Protocol to respond to challenges outside of our control. I would not wish to make any further changes without first considering how they impact on these three key concerns.

There were two further proposals where we agreed it was likely we would be able to reach agreement if the wording in your initial proposals were to be clarified. These relate to ministerial attendance in pre-Budget scrutiny committees (Para 5B); and to commitments for the Welsh Government to publish more than two supplementary Budgets within a financial year (Para 34 and Para 40).

You indicated that the Committee's intention had been simply to recognise our current practice where I, as Finance Minister, have been pleased to attend the Finance Committee to support the Committee's Pre-Budget scrutiny. You explained that the Committee had not intended to propose that other Ministers should attend the relevant subject committees for a similar purpose. I have suggested some revised wording below for the Committee to consider.

#### **Pre-budget scrutiny – Paragraph 5B.**

In years when the publication of the Draft Budget is delayed, it is expected that the ~~Welsh Government~~ Finance Minister will attend pre-budget Committee scrutiny sessions, if requested to do so by Finance Committee. ~~It is not expected that the Welsh Government will be asked to provide evidence nor attend this session.~~

A second suggestion for alternative wording relates to the Committee's request for the Welsh Government to publish a third Supplementary Budget in years where 'exceptional circumstances' arise. We agreed that while the term 'exceptional circumstances' had not been properly defined, the additional third supplementary budget for Covid allocations demonstrated how the current arrangements provide the Welsh Government with the flexibility to publish more than two Supplementary Budgets, in years where Ministers consider them to be necessary. Proposed new wording for paragraphs 34 and 40 is shown below.

#### **Para 34 – Supplementary Budgets**

To ensure transparency of in-year financial movements, the ~~The~~ Welsh Government will ~~continue to~~ lay two supplementary budgets a year ~~(or more in an "exceptional year")~~, subject to the following two paragraphs. The Welsh Government retains the flexibility to publish an additional supplementary budget should it decide to do so.

#### **Para 40 – Supplementary Budgets**

Any change to the required resources of these direct funded bodies is dependent on the Welsh Government moving a supplementary budget motion. ~~Under the revised arrangements, this continues to be the case as changes to the budget motion only apply to the Welsh Government.~~ As set out in paragraph 26, the Welsh Government is committed to providing ~~at least the same frequency of~~ two supplementary budgets each financial year as ~~previously provided.~~ The Welsh Government ~~undertakes therefore to continue to~~ will liaise regularly with the direct funded bodies and to seek to accommodate their in-year financial requirements through the supplementary budget process. Any proposal to vary the frequency of supplementary budgets will take into account the requirements of direct funded bodies.

When we met on 20<sup>th</sup> June, I indicated I would propose some further changes to the Protocol, which are intended to confirm and strengthen our Budget arrangements in years where we are unable to publish a Draft Budget until later in the autumn term. I should be grateful if the Committee could consider the proposals set out in the table below as part of any revisions that we may agree to the current version of the Budget Protocol.

<b>Proposed Change</b>	<b>Welsh Government position</b>
<p><b><i>Recognising the role of Finance Minister and Committee during scrutiny in the Protocol and Standing Orders</i></b></p> <p><i>Insert as new paragraph 25 within the 'Budget Scrutiny' sub-heading</i></p> <p><u>Proposed wording</u></p> <p>The Finance Committee's scrutiny of the finance minister will focus on the Finance Minister's over-arching strategic responsibility for allocating overall MEG budgets. The Finance Committee will recognise that scrutiny of allocations for individual policies and programmes falls more properly to the Senedd 'subject' committees, with questions being put to the appropriate portfolio minister.</p>	<p>The Protocol and subsequent revisions to Standing Orders reflected the distinction between an outline draft Budget (Stage 1) and detailed, departmental spending plans (Stage 2).</p> <p>While these two stages have been published together in recent years, the distinction between the outline and strategic responsibilities of the finance minister and the more detailed departmental spending responsibilities of portfolio Ministers remains.</p> <p>The Chair of the Finance Committee has recognised how a number of specific portfolio issues have been raised in previous Finance Committee Budget scrutiny sessions, despite them more properly being put to the relevant portfolio Ministers. The Chair has indicated he will not allow specific portfolio questions in future.</p>
<p><b><i>Insert new paragraph before Para 9.</i></b></p> <p>The Trefnydd must notify the Business Committee of the dates on which the outline and Detailed Draft Budgets will be laid, and the Annual Budget Motion will be tabled at least two weeks before the summer recess in each year. In years where the UK government has indicated it does not intend to inform the Welsh Government about the level of the Budget Settlement until the Autumn, the Trefnydd will advise the Business Committee that these dates will not be made public until the date of the UK government's Autumn fiscal event has been made public.</p>	<p>Over recent years, the Trefnydd's letter to Business Committee has proposed dates but has indicated they are subject to change. This has resulted in uncertainty caused by the lack of clarity from the UK government. Finance Ministers have had to write to the Business and Finance Committees to seek the Committees' forbearance in regard to the planned dates changing.</p> <p>Changing the date by which the Trefnydd must notify the Business Committee better reflects the impact of the UK government's decisions.</p> <p>This may require a change to SO20.2 and SO 20.3.</p>

Proposed Change	Welsh Government position
<p><b><i>Insert new paragraph after Para 11</i></b></p> <p>Draft Budgets published in years where there has been a spending review will differ from the Draft Budgets published for the later years of a multi-year period. It is acknowledged that the first Draft Budget published following a spending review will include more detail than the later years reflecting that published plans will have already been made with draft budgets post the Spending Review reflecting changes to these more detailed plans.</p>	<p>Scrutiny of the first budget of a new multi-year period will necessarily require the Welsh Government to provide more information than Budgets in the later years of a spending review period. It is necessary to recognise the distinction between these fiscal events.</p> <p>Acknowledging it is unnecessary to repeat the presentation of information from the first year will facilitate the presentation of information in the later years within the timescales imposed by late UK government announcements regarding our Budget settlement.</p>
<p><b><i>Insert new paragraph</i></b></p> <p>Insert as new paragraph 23 within the 'Budget Scrutiny' sub-heading</p> <p>Ministers will provide written evidence to Senedd committees in support of their Draft Budget spending plans. Ministers will aim to provide the English version of each paper within a week of the Draft Budget being published and, where the timetable permits, at least two weeks prior to the committee meeting. The Welsh versions of the papers will be provided at least two working days prior to the Committee meeting. <i>Neither the Senedd Committees nor the Welsh Government will publish papers until the Welsh versions have been provided to comply with the Welsh Government's statutory commitments to publish information bilingually.</i></p>	<p>The proposal seeks an acknowledgement regarding the time it takes to produce this information and reflects the current agreement reached between the Committees and Ministers.</p> <p>Ministers are committed to providing information to support scrutiny of the Draft Budget bilingually. However, preparation of the evidence papers is a task they must defer until they have provided their contributions to published budget documentation.</p>

I wrote to you on 15<sup>th</sup> June to support the Committee's proposal in respect of changes to the Statement of Principle governing the scrutiny of funding allocated to Directly Funded Bodies.

I am also keen to explore changes to allow the Senedd to approve the Welsh Rates of Income Tax (WRIT) rate resolution motion in advance of the day on which the Annual Budget Motion is considered. This is a practical arrangement to allow time, should it be

required, for the WRIT rate resolution motion to be withdrawn, changed and re-tabled before the Annual Budget Motion is approved.

I would suggest that following further discussions we should seek to make the changes to the Protocol and Standing Orders outlined above as a single, consolidated package of changes rather than seeking Senedd approval in a more piecemeal manner.

I welcome the constructive discussions that have already taken place regarding the collected proposals for changes to the Protocol and our Budget process. I believe it is important that we should continue to review this position over the coming Budget period and maintain a dialogue which aligns to the next Spending Review period.

### **Documentation accompanying the Welsh Government's Draft Budget**

In taking these matters forward, Ministers will consider the issues you have raised in your letter dated 23<sup>rd</sup> June, in which you reported comments from the Senedd Committees' regarding the timeliness and transparency of written material provided by Welsh Ministers in support of our spending plans.

Turning to the comments from the Committees, we agreed in our discussions on the Protocol how the UK government's move to only confirm details of our budget settlement late in the autumn term impacts not only on scrutiny but has at least as significant an impact on the time available to Ministers to prepare budgetary information. In this context, I would like to address some of the issues you have raised relating to the timeliness of the information we provide.

Firstly, the dates on which Ministers can provide written evidence to the Senedd Committees: some Committees have expressed disappointment that the evidence was not provided on the dates set out in the initial requests for evidence. While Ministers understand the Committees' desire to receive the evidence at the earliest opportunity and do all they can to fulfil these aspirations, it is rarely possible for Ministers to provide the evidence in the day or two following the Draft Budget's publication, particularly bilingually, due to their focus having necessarily been on completing their spending plans. If this has not been possible, Welsh Government officials have at the earliest opportunity contacted the Committees' clerking teams consistently to agree the soonest possible alternative, later, dates for the provision of the evidence.

The ability of Ministers to have an open relationship with committees and identify where evidence cannot be produced in the timeframe provided is an indication of how important Ministers regard the scrutiny of spending plans. If the renegotiation of dates for submission is not an option for Ministers, again I would ask we consider a proportionate amount of time is allotted in the first instance to enable the officials the time to produce high quality evidence for the Committees.

It is worth noting that Committees do not need to wait for evidence papers to be published to begin scrutinising the Draft Budget. Ministers agreed to publish BEL tables at the Committees' request to supplement the detail Committees believed necessary to scrutinise the Draft Budget properly. Publishing the tables enables Committees to analyse the BEL tables they requested without having to wait for spending allocations to be explained in Ministers' evidence papers.

I have also considered the Committees' comments relating to the content of Ministers' evidence papers. In this respect, it may be helpful if our officials were to work together to produce a template for the evidence papers, which could draw on the previous examples of good practice to which some of the Committees have referred. It may also be helpful if the

Senedd Committees with responsibility for scrutinising the Draft Budget were to receive the technical briefing that has, hitherto, only been provided to the clerking team. My officials would be pleased to arrange this.

Secondly, I recognise the Finance Committee's comments regarding the Welsh Government responses to Committee reports on the Draft Budget not being made available sufficiently in advance of the Final Budget debate. The First Minister's commitment to Members was for the responses to be provided by the day prior to the debate on the Final Budget, at the latest. Our aim remains to deliver the bilingual responses before close of play on the day before the Final Budget debate and Ministers will make every effort to achieve this objective during the 2024-25 Budget process.

Some Committees have suggested the Welsh Government could do more to explain the differences between the Draft and Final Budget ahead of the Final Budget debate. It has long been our practice to publish specific and full details of changes between the Draft and Final Budgets in a chapter of the Final Budget Explanatory Note, which is published a week prior to the debate on the Annual Budget Motion. There would be insufficient time available for Ministers to write to Committees to repeat these details and I do not believe there would be any practical benefit to Committees if Ministers were to do so.

Welsh Ministers are, however, committed to exploring how changes could be made to the way in which information is presented alongside the Draft Budget. I have asked my officials to brief Cabinet colleagues on the recommendations brought forward in your most recent letter and will seek out opportunities for improvements. On that basis, I look forward to continuing discussions as part of our on-going conversations regarding the Budget Protocol and our Budget processes.

Yours sincerely,



**Rebecca Evans AS/MS**  
**Y Gweinidog Cyllid a Llywodraeth Leol**  
**Minister for Finance and Local Government**

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20.07.2023

Dear Chair,

I am writing to you following the publication of the Committee's report on allegations relating to allegations of inappropriate behaviour within the Welsh Rugby Union. Firstly, I would like to thank you and the wider committee for its engagement during the inquiry. Sport Wales was pleased to be able to share its experience, expertise and practices with the Committee to help inform its work.

In terms of the recommendations that the report made, I felt it appropriate to write specifically on recommendation 6 which called on Sport Wales to act. That recommendation stated that.

*Sport Wales should consider the funding it provides to national governing bodies in light of any allegations of inappropriate behaviour within these governing bodies.*

Sport Wales accepts the recommendation. Sport Wales, as part of its capability and accountability process, would always consider the funding it provides in light of any allegations of inappropriate behaviour. This applies not only to National Governing Bodies of sport, but across our entire funded partner network.

There have been occasions where reductions in financial support, staggered payments or additional expectations have been provided in line with any offers to mitigate against risk. At present there is no formal offer to the Welsh Rugby Union whilst we await progress on a defined improvement plan.

Additionally, our review of the capability framework and developing accountability approach will strengthen further this commitment with an enhanced framework, including the implementation of a new complaints policy.

I hope this helps to reassure the Committee not only of our commitment to protecting public money and maximising its effectiveness from those we invest in, but also our ongoing commitment to supporting continuous improvement within the governance and behaviours of partnerships across the sport sector.

Yours Sincerely,



Brian Davies  
Chief Executive  
Sport Wales



**Dawn Bowden AS/MS**  
**Dirprwy Weinidog y Celfyddydau, Chwaraeon a Thwristiaeth**  
**Deputy Minister for Arts, Sport and Tourism**



Llywodraeth Cymru  
Welsh Government

Ein cyf/Our ref MA/DB/1859/23  
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28 July 2023

Dear Delyth,

Thank you for the Culture, Communications, Welsh Language, Sport and International Relations report on allegations surrounding the Welsh Rugby Union.

I am grateful to you and members of the Committee for your recent focus on the allegations that have been made against the Welsh Rugby Union. I have set out the Welsh Governments' response to the Committee's recommendations in an annex to this letter.

I would, however, like to address one of your conclusions in paragraph 65 and clarify that I did not act inconsistently between the issues of misogyny and transgender when communicating with the WRU.

The Deputy Minister for Social Partnership and myself wrote to the WRU on their transgender policy as we had been approached by the WRU for a view. Officials had been working with the WRU on the policy in its development and we wanted to put on record the Welsh Government's position. This was a very different scenario compared with the allegations as I had no definitive information to raise in writing with the WRU but raised them informally at meetings with the CEO of the WRU on several occasions.

Yours sincerely,

**Dawn Bowden AS/MS**  
**Dirprwy Weinidog y Celfyddydau, Chwaraeon a Thwristiaeth**  
**Deputy Minister for Arts, Sport and Tourism**

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

**The Welsh Government's response to the recommendations in the Senedd's Culture, Communications, Welsh Language, Sport and International Relations Committee report.**

**"Allegations concerning the Welsh Rugby Union".**

**Recommendation 1**

When the Independent Review Panel publishes its report the WRU should, as soon as practical, publish an implementation plan showing how and when it will implement its recommendations. It should also attend the Culture, Communications, Welsh Language, Sport and International Relations Committee to explain its current and planned actions in this area.

**Response:**

This recommendation is for the WRU to consider.

**Recommendation 2**

The Welsh Government should ensure that any future financial support it provides to the WRU is compatible with all aspects of the Violence against Women, Domestic Abuse and Sexual Violence strategy and the Economic Contract.

**Response:**

Accept.

Whilst we do not provide core funding to national sports governing bodies – that is the role of Sport Wales – the Welsh Government did, under very exceptional circumstances during Covid, provide essential and urgent grant and loan support to the WRU, and other organisations, to survive the crisis they were facing.

In recently agreeing to restructure the loan agreement, originally undertaken to help the WRU buy out its UK Government CLBILS loan, the Deputy Minister for Arts, Sport and Tourism wrote to the WRU setting out some pre-requisites for discussions to commence. They included the promotion of an inclusive game where women and girls feel safe, heard and supported with workplaces that pursue fair work practices and protecting and ensuring value for money in any public investment. The letter also included reference to the economic contract, which formed part of existing previous financial support to the WRU, and how the WRU and the Welsh Government should further build the requirements of that into our partnership to ensure that this investment supports their longer-term plans for a healthier business. These were all agreed to by the WRU.

The Welsh Government will also ensure the Violence against Women, Domestic Abuse and Sexual Violence Strategy can be embedded in any future funding that WRU receives from the Welsh Government. They will also include these in the formal account management arrangements in place with the WRU to monitor compliance with the loan agreement.

**Recommendation 3**

The Welsh Government should set out how concerns around an organisation's culture will be factored into the Welsh Government's decisions on whether to provide that organisation with financial support.

Response:

Accept.

The Welsh Government has a duty to protect public funds, ensuring that they are handled with probity, stewardship and in the public interest. It is important that there is confidence in the organisations the Welsh Government funds ensuring funding meets the highest standards of public conduct. A number of factors are taken into consideration as part of the appraisal process of providing funding to organisations.

As previously outlined, the Welsh Government does not provide core funding direct to sports organisations but direct Sport Wales, as part of their remit, to provide funds to sports organisations, such as national governing bodies. In determining whether to provide funding to those organisations, there is a requirement to demonstrate their capability against a governance framework which assesses whether organisations have sufficient governance arrangements, including robust policies and procedures, to provide assurance that they are fit to receive public funds. The Welsh Government regularly monitors this with Sport Wales and Sport Wales is confident that they dispatch this responsibility effectively. They also recently received substantial assurance on their processes from their auditors.

**Recommendation 4**

The Welsh Government should review its protocols for responding to concerns raised with Ministers, Deputy Ministers and civil servants about inappropriate behaviour in organisations in Wales. It should report back to the Committee within the next six months on the outcome of this review and should set out what steps it will take as a result.

Response:

Accept.

The Welsh Government accepts this recommendation and will write back to the Committee within six months, as requested.

**Recommendation 5**

The Welsh Government should set out how the organisations it funds should use this funding in remit letters. Good scrutiny rests on being able to assess whether these aims have been delivered. To this end, the Welsh Government should ensure that the requirements in remit letters of the organisations it funds are clear and tangible.

Response:

Accept.

The Welsh Government already provides direction to standalone grant recipients it supports on how funding should be spent through the terms, conditions and schedules in the grant offer letter.

Welsh Government Sponsored Bodies, including Sport Wales, are arm's length organisations. As such, they are responsible for making their own funding decisions based on Welsh Government policy priorities as set out in their term of government remit letters.

## **Recommendation 6**

Sport Wales should consider the funding it provides to national governing bodies in light of any allegations of inappropriate behaviour within these governing bodies.

### Response:

This recommendation is for Sport Wales to consider.

Sport Resolutions administers the Welsh Rugby Union (WRU) Independent Review which investigates allegations of sexism, misogyny, homophobia and racism and examines the organisational culture and behaviours of leadership at all levels at the WRU.

The Independent Review Panel to consider the period from 2017 to the present was announced in February 2023. Dame Anne Rafferty DBE chairs it, alongside Maggie Alphonsi MBE and Quentin Smith. Counsel to the Review is David Lawson.

The Panel has issued an update on progress and invites individuals to submit any information they have about the subject of the Review.

**1.** The Panel has made good progress. First, we want to emphasise that we are still keen to hear from anyone with something to say about the Welsh Rugby Union and the subjects of the review. We have approached many people, and people have contacted us about providing information. We would really like as wide a group as possible to tell us what they think, know and have experienced. We also encourage people who want to send information anonymously, as some people have already done. All information sent to Sport Resolutions is held by them and not the Welsh Rugby Union. There is a stand-alone and confidential email address as well as an online form to send evidence. If anyone has any questions about how to submit evidence please contact [independentpanel@sportresolutions.com](mailto:independentpanel@sportresolutions.com) and they will help you.

**2.** We have met many witnesses and have written evidence from staff and players and former staff and players. We are arranging more meetings over the summer. Once the full panel was in place in March we asked the WRU for documents and we continue to work on documents and to request documents these refer to.

**3.** Past members of staff can speak to us and the WRU has confirmed that it will not see this as a breach of any agreement not to discuss their employment with any third party.

**4.** We have met a number of people who have taken a public interest in Welsh Rugby and lots of people who can give us information about particular issues which we can put together to form an overall picture.

**5.** We have read or listened to every report and broadcast of potentially analogous reviews, so we can see the WRU as part of a big picture, nationally and internationally. We have, of course, read the Senedd report.

**6.** We have heard about:

- a. Welsh rugby – People have spoken about the growth of women’s rugby, the formation of the national team and the move to professional women’s rugby. We have heard about the structure of men’s and women’s club rugby and financial issues, including post-pandemic, and the balance between the community game and national teams.
- b. Governance – We have heard about organisational structure and how it relates to management and culture and about past and recent changes.
- c. Employment practices – We have seen the WRU’s employment policies and heard about their implementation. We have also heard about people bringing complaints and grievances and about the use of non-disclosure agreements.
- d. Culture – Lots of people told us about the wider culture in rugby and in the Welsh Rugby Union, including in the community and at a professional level.

**7.** Of course, there has also been a mass of behind-the-scenes activity – setting up electronic systems, obtaining and reading documents and appointing investigators to help gather evidence. The experienced and skillful team at Sport Resolutions has been and is a major resource.

**8.** We will have in mind the forthcoming men’s World Cup in considering when to publish the final report.

# A new future for broadcasting and communications in Wales

Report of the Expert Panel on a Shadow Broadcasting  
and Communications Authority for Wales

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# Executive Summary

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The landscape of broadcasting and communications is rapidly changing. The next 10 years will be a critical period for the sector, with the current ITV licensing arrangements expiring in 2024, and the BBC Charter coming to an end at the end of 2027. Both milestones will have specific impacts for Wales, including the future funding position of S4C.

Viewing habits have changed dramatically and there's uncertainty over the funding of public service broadcasters.

Against this backdrop, the Expert Panel was tasked with providing recommendations and options to help strengthen Wales' media, and support the development of plans for an effective and fit for purpose regulatory framework for Wales.

Key themes have emerged from the evidence we heard, and these are set out in detail at Section 3 of this report.

Despite the significant complexity across the governance landscape, we believe some action can be taken quickly, and within the existing scope of the Welsh Government's powers.

Our central recommendation is the establishment of a Shadow Broadcasting and Communications Authority for Wales.

We believe it is fundamentally important that the Welsh Government has a body in Wales to turn to for guidance on navigating the changes on the horizon. That body would strengthen regulation and accountability and bring that accountability closer to home.

Throughout this report, we have recommended a Shadow Authority should be built on principles of collaboration, participation, equity, diversity, inclusion and belonging, bringing people and stakeholders together and gathering evidence to inform action.

We have set out suggested key principles for the Shadow Authority at Section 5.

We recommend that a working group is established to set up the Shadow Authority and to gather further data, research and evidence. We have set out recommended areas of focus and some key deliverables from section 7 onwards, including consideration of the body's composition, funding requirements, and governance arrangements.

Devolution of the powers to regulate, oversee, and drive accountability for broadcasting and communications within Wales may be undertaken in a range of different ways, and we advise at section 7 that further technical advice is needed, as a key element of the Shadow Authority's work plan, before progressing.

After 12 months we believe the Shadow Authority should become a fully operational Authority.

## Co-Chairs' Statement

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Over the last ten months we have realised that the next ten years will be critical to the future of broadcasting and communications in Wales. We are living through a period of such rapid and extensive change, particularly in the digital landscape, that something must be done to protect public broadcasting, to safeguard democracy and to work together towards improving the overall media environment for the people of Wales.

The decision by Dawn Bowden MS, the Deputy Minister for Arts and Sport and the Designated Member Cefin Campbell MS to set up an Expert Panel to explore the creation of a Shadow Broadcasting and Communications Authority for Wales could not have been more timely.

The task we faced was challenging. We started from a base where there was a lack of data and information about significant aspects of media provision and consumption, without a clear delineation between broadcasting, communications and the media as well as complexities over devolved and reserved powers.

The Expert Panel used its wealth of experience across broadcasting, communications, journalism, language, policy, governance and Welsh culture to examine the current issues facing the sector and what the future may look like, always focussing on people and audiences.

It became clear, following our widespread evidence gathering, including commissioned research that policy, regulation and accountability all need to be strengthened.

We came to the conclusion that this vital sector needs an independent body of expertise – a Shadow Broadcasting and Communications Authority – to increase transparency and visibility at a Welsh level. This body would advise the Welsh Government on future trends, support and protect the industry in Wales so it can continue to adapt and improve, and create a voice for the people of Wales.

We learnt a great deal from our research into other countries – especially those facing similar issues around reserved and devolved powers and the importance of supporting bilingualism and minority languages. These resonated with our situation here in Wales and the pressures to maintain and develop good services in both Welsh and English.

We met with leaders across the sector, and those involved at grass roots with programme making and content delivery, all of whom are passionate and committed to serving the public. There was a clear desire for more independence and responsibility for decision making, including financial control, to be made here in Wales.

We detected an element of nervousness about change, understandably so in this period of uncertainty. Some felt the status quo was the safest place. The panel felt that was not an option.

We concluded that governance issues could be strengthened with a clearer and more rigorous, yet cooperative line of accountability directly with the Senedd leading to more decision making, cooperation and scrutiny here in Wales.

We heard concerns about the future: fears that people in Wales could lose opportunities to view sporting events which are considered to be an important part of our heritage and culture, and issues over the unregulated content that children are easily accessing.

We also met with the Wales Public Interest Journalism Working Group and heard how vulnerable journalism is and how we share many of the same challenges. As a result, we believe journalism should come under the same new body as broadcasting and communications.

We heard how with the huge digital platforms now dominating the way we consume and gather our news and information there's a real danger that Welsh content may become invisible or even lost.

We should be proud of our broadcasting in Wales and should enable and support ambitions to create more content made in Wales for the people of Wales.

We believe the setting up of a Shadow Broadcasting and Communications Authority and a considered approach to further devolution will give the sector the support it deserves.

But this is just a start, a catalyst for a new way forward for broadcasting and communications in Wales; one which we hope will create a more co-operative form of working, a more secure environment for broadcasters and content creators, and one which will encourage change, innovation and greater accountability.

**We would like to thank the Expert Panel who gave up a huge amount of their time and contributed their expertise and knowledge. We are extremely grateful to the team at Creative Wales led by Deputy Director Gerwyn Evans for their input and secretariat skills and to consultant Rebecca Woolley. Most of all we would like to thank everyone who met with us and engaged with us in this process. Your input was invaluable.**

## Section 1: The Expert Panel

1. The Expert Panel on a Shadow Broadcasting and Communications Authority for Wales was established in 2022 as part of the Co-operation Agreement between the Welsh Government and Plaid Cymru. The Co-operation Agreement (2021) agrees to<sup>1</sup>:

**“Explore the creation of a shadow Broadcasting and Communications Authority for Wales, to address our concerns about the current fragility in the media and attacks on its independence. This body would support the use of the Welsh language, particularly in digital, and encourage media plurality. We believe broadcasting and communication powers should be devolved to Wales.”**

2. The Panel was appointed through an open call and members selected on the basis of their knowledge and expertise. Members: Mel Doel and Professor Elin Haf Gruffydd Jones (Co-Chairs), Carwyn Donovan, Nia Ceidiog, Clare Hudson, Dr Llion Iwan, Ceri Jackson, Shirish Kulkarni, Richard Martin, Arwel Ellis Owen, Dr Ed Gareth Poole and Geoff Williams.
3. The Panel is ultimately accountable to the Welsh Government<sup>2</sup>, reporting to the Deputy Minister and the Designated Plaid Cymru Member. Its remit is to provide recommendations and options to help strengthen Wales’ media, support the development of plans for an effective and fit for purpose regulatory framework for Wales, and to support the work of delivering on the commitment to explore the creation of a shadow broadcasting and communications authority for Wales<sup>3</sup>.
4. From June 2022, the Panel held meetings, commissioned specific research and invited oral and written evidence from a range of stakeholders. The Panel’s deliberations were held bilingually, and its work was supported by Welsh Government officials with assistance from an external consultant.
5. In the oral sessions, key players were invited to present their views on the focus of the Panel’s remit as set out in the Terms of Reference, including: the remit, scope and arrangements for a Shadow Broadcasting and Communications Authority; the possible impacts of the devolution of broadcasting and communications; the suitability of existing regulatory frameworks and funding arrangements; and the challenges and opportunities for broadcasting and communications with particular reference to Wales. Between October 2022 and March 2023, the Panel met with:
  - BBC Cymru Wales, ITV Cymru Wales, S4C
  - Ofcom
  - Teledwyr Annibynnol Cymru (TAC)
  - Wales Federation of Entertainment Unions (with representatives from BECTU, NUJ, Writers’ Guild of Great Britain, Equity and Musicians’ Union)
  - AM Cymru
  - Netflix and Channel 4 were invited to meet with the Panel

<sup>1</sup> Welsh Government (2021) ‘The Co-operation Agreement’. Available at: <https://www.gov.wales/sites/default/files/publications/2021-11/cooperation-agreement-2021.pdf>

<sup>2</sup> <https://www.gov.wales/expert-panel-on-a-shadow-broadcasting-and-communications-authority-for-wales/terms-reference>

<sup>3</sup> <https://www.gov.wales/expert-panel-devolution-broadcasting-announced>

- 6.** During the same period, the Panel invited oral contributions from the following individuals and organisations:
- Alan Esslemont (CEO of TG4, Ireland)
  - Andrew Jeffreys (Treasury, Welsh Government)
  - The Institute of Welsh Affairs
  - Wales Governance Centre (Cardiff University)
  - The Wales Public Interest Journalism Working Group
- 7.** The Panel commissioned specific research work to enhance its evidence base:
- Broadcasting Trends - Prepared for the Expert Panel on the Devolution of Broadcasting (Enders Analysis)
  - Review of the broadcasting powers and responsibilities in selected countries (Cardiff University)
  - Children's media in 2023 and the need for regulation (Kids Industries)
- 8.** In early 2023, the Panel invited written evidence through a Welsh Government online survey and received responses from the following organizations:
- Arqiva
  - National Communications Council
  - National Union of Journalists
  - Race Council Cymru
  - Channel 4
  - Netflix
  - ITV Cymru Wales
  - TAC
  - Ofcom
  - Cymdeithas yr Iaith
- 9.** The Panel also consulted a wide range of published reports and further evidence available in the public domain.

## Section 2: The current state of play

10. The landscape of broadcasting and communications has been rapidly changing here in Wales, across the UK and internationally. Digitalisation and technology have transformed the foundations of our media systems; social media are now an integral part of our daily lives; markets have become more globalised; local media and journalism models have been disrupted and many complex challenges face the public service media and public service broadcasting. The content and outputs of media sectors, traditionally separated in regulatory requirements, are converging across digital platforms, and the boundaries between producers and consumers or citizens have also become blurred. At the same time, there continues to be concerns regarding plurality within the media and the need for a more equitable sector that can better reflect and represent societal diversity. The rollout of superfast broadband and 4G and 5G mobile signal has enabled the widespread distribution of content over the internet, yet speeds and coverage, availability and accessibility are still patchy for many of our communities.
11. Two decades after the beginning of devolution, the case to strengthen the relationship between Welsh democracy, broadcasting and communications continues to be made, and both media and digital technology are clearly marked in the strategic themes of ‘Cymraeg 2050’.
12. The term ‘broadcasting’ could fail to encompass the complexity of online video, audio and other content on the frontier of social media. Legacy TV and radio are often unable to compete with elements of its power and influence. There are many positives of the tech revolution to democracy - the dissemination of important and, at times, complex information and opinion - but there are many dangers; the corrosive impact of ‘fake news’ and a lack of prominent and robust contrast, balance and diversity of content on these platforms to challenge minority voices manipulating and unduly influencing and shaping the conversation, political and otherwise.
13. The definition of ‘broadcasting’ in our remit does not specifically include journalism and we are aware that an expert panel on public interest journalism is running in parallel with our work. However, in order to align with our terms of reference to protect and embolden the interests of democracy and healthy political discourse, it is imperative that ensuring the impact and visibility of responsible and regulated journalism is included.
14. The Media Bill, published by the UK Government in March 2023, recognises the evolution of terminology and makes increased reference to ‘audiovisual services’, ‘audiovisual content’, ‘public service remit’, ‘public service broadcaster’, ‘internet programme services’, where in previous legislation the term ‘broadcasting’ had been used to define the audiovisual role and activity of the BBC, S4C, C3, C4 and C5. Similarly, the recent letter to Ofcom from the UK Government Secretary of State for Culture Media and Sport refers to **“a new online prominence framework so that public service content is made available, and given prominence, across major online TV platforms.”**

<sup>4</sup> Welsh Government (2017) ‘Cymraeg 2050: A Million Welsh Speakers’

<sup>5</sup> <https://www.gov.uk/government/publications/dcms-secretary-of-state-letter-to-ofcom-on-the-renewal-of-the-channel-3-and-channel-5-licences/letter-from-dcms-secretary-of-state-to-ofcom-on-the-renewal-of-the-channel-3-and-channel-5-licences>

- 15.** Viewing habits have shifted, with linear TV viewing falling by 37% since 2010, and even faster over the past 2 years. These changes are particularly marked in the younger age groups who watch around 75-80% less TV than their counterparts just a decade ago.<sup>6</sup> According to Media Nations: Wales 2022, people in Wales spent just over 3 hours per day watching broadcast TV on the TV set in 2021, more than the UK average, but the time spent watching TV from broadcasters in Wales fell by 12.6% compared to 2020, the largest proportional decrease of any UK nation<sup>7</sup>.
- 16.** Domestic broadcasters have video on-demand platforms for their content alongside global Subscription Video on-Demand services (SVODs) such as Netflix, Amazon Prime etc. Domestic broadcasters are also making some of their content available on online video platforms and social media sites (such as YouTube, Facebook, Instagram, and TikTok) and on SVODs.
- 17.** In a converged digital, global and multi-platform media environment, the visibility and ability to find content connected to Wales, including content in the Welsh language has become increasingly challenging. Geo-based technology and algorithms can make this content more - or less - accessible to people living in Wales.
- 18.** The production of Welsh-language media content is highly dependent on the public service broadcasting environment, as is the case for many minority language communities across Europe. Plurality of content and of content providers in the Welsh language is an important factor in serving the needs of a diverse speaker community.
- 19.** The broadcasting sector plays a central role in contributing to the vitality of the Welsh language in the digital sphere. In a changing landscape, additional opportunities are needed in order to strengthen and enhance the presence and use of the language across a range of platforms and to connect its speakers to diverse digital content in the language.
- 20.** Over the next few years, these broad trends are set to continue, with broadcaster produced TV forecast to make up just half of all video viewing in 2027. However, these top-line statistics obscure a huge variation by age group. By 2027, it is predicted that 15-24 year olds will spend just 12% of their video time engaging with broadcaster commissioned/produced content, in comparison to 85% for those aged over 65<sup>7</sup>.
- 21.** Within this broader picture of rapid change, some specific trends and pinch points stand out for Wales, as evidenced by the 'Broadcasting Trends' research report, commissioned by the Panel :
- Over a quarter of adults access Welsh news through social media platforms, especially Facebook, while TikTok is highly popular among young adults;
  - Satisfaction with public service broadcasting is higher in Wales than any other nation in the UK (71% of those in Wales who watched public service broadcast channel services in a 6-month period during 2021 said they were satisfied, and only 9% were dissatisfied);
  - ITV in Wales underperforms in comparison with STV in Scotland, in terms of perceptions of delivering programming about their respective nations.
  - Viewing of BBC and ITV's Welsh programmes accounts for just 4% of total TV viewing time, with viewing heavily skewed towards the over-65s. In line with all TV viewing, this is declining over time, but at a slightly slower pace;

<sup>6</sup> Enders Analysis (February 2023) 'Broadcasting Trends: prepared for the Expert Panel on the Devolution of Broadcasting'

<sup>8</sup> Enders Analysis (February 2023) 'Broadcasting Trends: prepared for the Expert Panel on the Devolution of Broadcasting'

<sup>7</sup> Enders Analysis (February 2023) 'Broadcasting Trends: prepared for the Expert Panel on the Devolution of Broadcasting'

- Total viewing of Welsh network programming declined 62% between 2010 and 2022 among those under the age of 45. Due to these declines, 88% of all those viewing Welsh network programming in 2022 came from the over-45s age group, despite this group making up just under half the Welsh population;
  - Radio listening across Wales is similar to the UK, except that the BBC is much more popular. BBC Radio Cymru has a broad demographic spread of listeners in terms of age and socio-economic background. Three quarters of BBC Radio Wales' listening hours are from the over-65s, which raises immediate questions around serving younger non-Welsh speakers.
- 22.** The Institute of Welsh Affairs (IWA) has undertaken work to assess the current state of regulation and accountability for broadcasters in Wales and survey the options available for future models of regulation. The final two parts of its Broadcasting Regulation in Wales report<sup>9</sup> was published in March 2023. The report set out two main recommendations:
- **Recommendation 1** - The UK Government should transfer some functions relating to broadcasting from DCMS (all appointments to boards governing broadcasters, policy responsibility for commercial broadcasting, and decisions related to the BBC Charter, BBC Agreement and Broadcasting Licence Fee) to (a) Welsh Government Or (b) an independent Commission.
  - **Recommendation 2** - Welsh Government should set up an Institute for Media in Wales before the end of the current Senedd term in May 2026. It should be independent from governments and have a remit to serve the interests of citizens and audiences in Wales.
- 23.** Questions around the future governance of Wales add further complexity to the mix. The interim report by the Independent Commission on the Constitutional Future of Wales identifies ten immediate pressure points on devolution, including the fragility of intergovernmental relations, constraints on policy and delivery at the boundaries of the settlement, and an information and accountability deficit. The pressure points identified by the Commission resonate with this Panel in terms of the evidence they have heard across the landscape of broadcasting and communications in a devolved context and compound the fragility and inadequacy of the current system in terms of truly delivering for the people of Wales.
- 24.** The Co-operation Agreement<sup>10</sup> between the Welsh Government and Plaid Cymru recognises this inadequacy, and sets out some of the key issues with the current system:

#### **“Broadcasting**

**While the pandemic has raised the profile of Wales and Wales’s democracy in the UK media, there is a broad consensus that the current broadcasting and communications framework is inadequate, is hampering the democratic life of our country and is not serving the needs of, or ambitions for, the Welsh language. The current system is therefore not capable of delivering the media Wales needs. There are also ongoing threats to, and attacks on, public service broadcasting from the UK Conservative Government. Plaid Cymru and the Welsh Government agree that broadcasting and communications powers should be devolved to the Senedd.”**

<sup>9</sup> IWA Broadcasting Powers in Wales report - Broadcasting Regulation in Wales - Institute of Welsh Affairs (iwa.wales)

<sup>10</sup> Welsh Government (2021) 'The Co-operation Agreement: Full Policy Programme'. Available at: <https://www.gov.wales/co-operation-agreement-full-policy-programme-html#86027>



- 25.** At present, ‘broadcasting and other media’ remain Reserved Matters<sup>11</sup> and the Senedd cannot legislate in these areas. The present legislation and the BBC Charter are not specific to Wales. This is also the case regarding the Media Bill published by the UK Government in March 2023. To confer powers on the Senedd to legislate in this area would require an amendment, made by the UK Parliament, to the Government of Wales Act to remove the reservation.
- 26.** The Welsh Ministers currently have wide powers set out in section 60 of the Government of Wales Act (GoWA) 2006 to do anything they consider appropriate to achieve any one or more of the following objects: (a) the promotion or improvement of the economic well-being of Wales, (b) the promotion or improvement of the social well-being of Wales, and (c) the promotion or improvement of the environmental well-being of Wales. Section 61 of GoWA specifically permits the Welsh Ministers to do anything which they consider appropriate to support various activities including: arts and crafts relating to Wales, cultural activities relating to Wales, and the Welsh language.
- 27.** These powers (sections 60 and 61) are very broad and give the Welsh Ministers considerable scope to support a range of activity. Section 70 gives a specific power to the First Minister to give financial assistance (whether by way of grant, loan or guarantee) to any activity which the First Minister considers will secure, or help to secure, the attainment of any objective within the functions of the Welsh Government.

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<sup>11</sup> Government of Wales Act. Amendment in Schedule 7A (reservation 158)

## Section 3: What the Panel heard

**28.** Key themes emerged from the evidence, and form the foundation for the recommendations in this report:

### Accountability, scrutiny and regulation

- The Panel provided the opportunity to discuss alternative models of regulation, accountability and scrutiny with the aim of better serving the people of Wales in this field. Current broadcasters, regulators and unions were reluctant to engage in this conversation, including at a level of hypothetical modelling, noting that any revision of the current constitutional arrangements would be a political matter.
- Reference was made to the need for broadcasters to be accountable and the need for audiences to be able to receive the same or better services through any arrangements. S4C would expect to be treated as other public service broadcasters across the UK and noted the value and benefits associated with them being part of the wider PSB ‘family’.
- The Panel heard concerns that at present, discussions with Senedd Committees were merely a friendly exchange and in essence, the Senedd had no real power in holding PSBs accountable.
- BECTU noted their belief that there was a lack of accountability in Wales with regards to broadcasting as both the BBC and S4C Boards are directly accountable to DCMS in Westminster.
- The BBC noted that they were accountable to OFCOM with regards their responsibilities to Wales, including specific targets around the

number of broadcasting hours that represent Wales and spend on content.

- In general, the status quo was presented as a functional system with no immediate need to enhance accountability at Welsh level. Public service broadcasters are currently exposed to very light-touch scrutiny in respect of their activity in, for, and about Wales. The Panel believes that there is an argument to support more direct accountability to the people of Wales.
- The Panel noted that some European countries operate models of shared regulation, where certain aspects of media regulation lie at state level and others at the level of autonomous or devolved parliaments<sup>12</sup>.
- Developing the current system of Memoranda of Understanding between public service broadcasters and the Welsh Government, and between each other, appeared to be the preferred course of action from those giving evidence. This arrangement doesn’t allow for any input from citizens, and also does not involve any independent contribution to a public debate concerning the long-term future of broadcasting and communications in Wales.
- There is a significant data deficit in respect of broadcast and communications media as experienced by the people of Wales and no organization has the responsibility to address it at present.
- The Panel was concerned that making Welsh content more visible and more accessible to people living in Wales was not being prioritized through geo-technology.

<sup>12</sup> School of Journalism, Media and Culture, Cardiff University (January 2023) ‘Review of the broadcasting powers and responsibilities in selected countries: report for the Expert Panel on a Shadow Broadcasting and Communications Authority for Wales’

- The Panel was concerned that there seemed to be very little future thinking or innovation to consider what broadcasting and communications might look like in Wales in the future. At present there is no organisation tasked with developing a strategic vision, specific to Wales in this field.
- Recent Census data<sup>14</sup> shows that just under 4% of Welsh households have a main language other than English or Welsh, with Polish being the most common. Little or no broadcast content is currently provided in these languages, and the UK statutory target for British Sign Language is 5% of television programme hours<sup>15</sup>.

### Our bilingual nation

- The systemic separation of the Welsh and English languages across the industry is typical of media sectors in bilingual and multilingual countries where there is a significant media presence in the languages concerned<sup>13</sup>. Creating or gaining access to broadcasting authorities, television channels, radio stations as well as print and online press have been regarded as major achievements for minority language communities across Europe and further afield. Media content and organisations make a crucial contribution in increasing the vitality of minority languages. Enhancing the digital presence of languages such as Welsh, Basque, Galician, and Catalan is imperative to their future prospects.
- Our contemporary bilingual nation is one where we move between Welsh and English, in our homes, workplaces, schools and wider communities. Yet the version of Wales we see and hear from our public service broadcasters does not often represent this fluid, harmonious co-existence of the two languages. The Panel noted that further innovation was needed in this field.
- Left to market forces alone, minority languages become further marginalised and public monies are needed to address future-facing challenges. This can and is being done by the Welsh Government without additional legislative powers. For example, the Books Council of Wales funding for a Welsh Language Digital News Service.
- Non-Welsh-speaking Welsh audiences continue to be under-served by Wales-specific content, and the funding gap in this area of service, compared to Scotland, persists. The Panel believes that the non-Welsh speaking population of Wales should not be deprived of an appropriate amount of relevant local content, and also notes that Welsh speakers frequently watch and appreciate programming about Wales in the English language. The Panel didn't hear evidence to suggest that this problem is being adequately addressed by public services broadcasters, and cites figures directly from the BBC below, to substantiate these concerns<sup>16</sup>. The issue of adequately serving non-Welsh-speaking audiences does not rest solely with the BBC.
  - » Spend on local English language TV content in Wales (across BBC 1 and BBC 2) in 2022 totalled £35m, compared with a budget of £71m into English language TV content in Scotland in the same period;
  - » There is wide satisfaction with public service broadcasting in Wales: audiences are mostly satisfied with PSB (with 72% of those watching PSB channels in the past six months saying so), while only 9% were dissatisfied. S4C had the lowest score of 60%.
  - » Wales scored just behind Northern Ireland but significantly ahead of Scotland when were asked how well PSB delivered on 'regional programmes that keep me informed about my area' with 52% of respondents in Wales giving a rating of 7

<sup>14</sup> <https://www.gov.wales/ethnic-group-national-identity-language-and-religion-wales-census-2021.html>

<sup>15</sup> [https://www.ofcom.org.uk/\\_data/assets/pdf\\_file/0035/179954/tv-access-services-code.pdf](https://www.ofcom.org.uk/_data/assets/pdf_file/0035/179954/tv-access-services-code.pdf)

<sup>16</sup> BBC Group Annual Report and Accounts 2021/22 (2022). Available at: <https://downloads.bbc.co.uk/aboutthebbc/reports/annualreport/ara-2021-22.pdf>

- or more out of 10 – S4C scored 67%, BBC 56%, ITV 49% with C4 at 28% and C5 22% – In Scotland, ITV had a score of 55% and 64% in Northern Ireland.
- » The BBC Scotland channel, launched in 2019, is on air every evening, and includes a full hour of news. While this model may not be appropriate for Wales, it demonstrates considerable investment in hours and a range of genres for the Scottish audience from the BBC in English, compared to that in Wales;
  - » While on occasion BBC Wales has co-commissioned drama with S4C (back-to-back English and Welsh production), most drama in English on BBC Wales is co-commissioned with network BBC commissioners. This means that almost all of the BBC Wales spend and hours in this genre are devoted to drama intended to be shown at some point across the whole of the UK. This brings considerable investment and scale into drama set in Wales on the BBC which is a very positive development. However, the Panel does have a concern that drama specifically for audiences in Wales in the English language is becoming a thing of the past. Network tastes in terms of subject matter and story may not always reflect Wales in a way that resonates deeply enough with audiences here. BBC Scotland's hours in Drama, Entertainment, Music and Arts were 456 in 2022 (compared to 63 in Wales);
  - » The number of local opt-out hours for Wales of daily, weekly news and current affairs in the English language on TV are down to 367 hours (from 429 in 2021) which is additional cause for concern. Investigative long form current affairs is now only occasional in the BBC Wales Investigates programme. Wales Live, established a few years ago, is a weekly magazine format continuing on BBC 1 Wales, but it doesn't fulfil this long-form investigative remit;
  - » The Panel has a very real concern about the number of hours of 'education, factual and religion' on BBC Wales (in 2022 down to 165 hours, from 212 hours in 2021). This genre does not lend itself to co-commissioning with network (there are occasional exceptions to this). It is a key genre to deliver stories of relevance and resonance to Welsh audiences and it appears to be in decline. X Ray, BBC Wales's long running consumer programme, has just been brought to an end. While some programmes may not attract sufficient audiences to justify continued spend, we are concerned at the general depletion of local content in this genre. The picture in Scotland could not be more different, with 1008 hours being commissioned in 2022;
  - » Research commissioned by this Panel shows that specific long-running shows broadcast by the BBC and ITV face the largest declines among the overall fall in regional and wider TV viewing. X-Ray (BBC), Wales This Week (ITV) and Sharp End (ITV) have investigated issues relevant to Welsh viewers for over a decade. While all three of them maintained a sizeable audience for much of that time, their viewership has fallen dramatically in the last four years, with all declining by over 35%.
  - » In relation to spend on radio, the figures speak for themselves: Radio Wales has a budget of £14m while Radio Scotland has £24m. The radio budget in Wales is divided more or less equally between the Welsh and English languages, but the overall spend figure does raise the question about whether either the Welsh language or the English language stations are getting what they need to serve their audiences;
  - » Both the BBC and ITV are required by regulation to produce Welsh specific news and non-news content for Welsh viewers – It is regulation that ITV must broadcast 5.5 hours of Welsh specific news and

non-news content for Welsh viewers each week (286 hours a year), of which 4 hours must be news, and 47 minutes must be current affairs – In 2021, they overdelivered, producing 332 (vs. 286)

- » Across 2022, ITV 1's Welsh news bulletins (18:30-19:00) had an average audience of 126k. This has declined by 45% over the last five years.
- » S4C accounts for just 1% of TV viewing and 3% among Welsh speakers, but viewing has held up well over the last five years.
- » S4C was watched by 505,000 people in the UK in an average week in 2022. Within Wales, it was watched by 10% of the TV owning population per week. – Although S4C had a weekly reach of just 5% among under-25s and 8% among 25-44s in Wales, its reach was higher among 45-64s (12%) and 65+s (17%)
- » 28% of all S4C viewing is to sports programming, among non-Welsh speakers it accounts for half of their viewing. Of the 30 most watched programmes on S4C in 2022, 24 were sports matches (8 of the top 10 were international football matches).
- » If you combine viewing to S4C (1%) with the viewing to Welsh network content on the BBC and ITV, 5% of Welsh audiences' total TV viewing in 2022 was to content produced for Wales – That is almost 8 minutes of viewing per person per day.

### The role of Creative Wales

- » Creative Wales is an economic development agency within the Welsh Government that supports the creative industries in Wales. Its focus is on promoting growth across TV, Film and Animation; Games, VFX and Post-production; Music and Comedy and the Publishing sectors alongside leading on the Welsh Government's policy position on broadcasting and media. It invests in creating opportunities for people in the

industry by supporting skills and talent initiatives, funding projects that boost infrastructure and creative businesses, providing specialist advice and actively promoting sustainability, diversity and equality for all across the creative sectors.

- » Creative Wales has made some substantial investments in television drama over recent years, resulting in a major boost to the creative industries here. Creative Wales' investment has resulted in greater portrayal of Wales on a range of TV platforms and channels (both UK networks, including ITV and Channel 4, and international streamers). While this is a positive development, Creative Wales does not commission or broadcast drama for audiences in Wales: it is an investor not a commissioner. This Panel continues to be concerned about decision-making around public service broadcast funding as it relates to Wales, the total levels of spend, and whether that serves audiences well in Wales.

### Championing audiences in Wales

- No single body or person is accountable for seeking and articulating the opinions of people in Wales on the quality and range of broadcasting and communications about Wales. It could be argued that the people currently left out of shaping the strategy of public service broadcasting in Wales are, in fact, the public themselves.
- Written evidence received by the panel from Race Council Cymru stated that they 'simply aren't hearing our own accents, our own voices, our own experiences being reflected back to us'. However, there was a lack of focus across much of the evidence received, on equity, diversity, inclusion and belonging. This indicates to the Panel a significant need for more meaningful and systemic action.
- Written evidence received from Cymdeithas yr Iaith covered a range of issues. It highlighted the challenges in the funding and remit of S4C and the insufficient online content in Welsh

(including apps and gaming). It raised concerns about the language being left behind and proposed creating a Welsh Language Digital Initiative. The Panel received very little evidence to indicate that sufficient action is being taken to address either the deficit of accurate Wales-specific news within UK-wide news programming, or the need for representative and diverse news coverage specifically for Wales.

- The development of standalone digital platforms by our public service broadcasters doesn't necessarily put content in the places where audiences already go, and there is a risk that this approach is not sufficiently integrated into the wider evolving digital media landscape to keep pace.

### Supporting democratic life in Wales

- Ofcom's report on news consumption in the UK (2022) indicates that the people of Wales are particularly interested in hearing news about their own nation. It is important that this desire is heard and met. It is also vital to recognise the role of a robust media that is accurate, timely, and responsive to nuance and difference across our devolved nation, to truly allow a strong democracy to thrive.
- A robust environment across broadcasting and communications is fundamentally important to a developed and informed democracy. In a digitally active world, it is essential to have distribution systems for trusted and responsible news which reach out to audiences in the digital spaces they spend time in. It isn't sufficient for public service broadcasters to build separate platforms and apps where their news provision resides.
- Many countries with similar challenges to Wales

are developing strategies for adapting policy and public service media organisations to the digital media landscape. Public service systems face constrained funding and one of the biggest pressures on broadcasters is the intense competition from global SVoDs for audiences and the production, supply and distribution of content. Separation between political or commercial interests and media governance is fundamental for public trust in media institutions and more direct public participation in key decisions concerning public media funding, governance and content strategies can contribute to new modes of governance and accountability. Effective policymaking and public media planning requires meaningful public accountability and scrutiny, and should be informed by comprehensive, authoritative and transparent research.<sup>17</sup>

- The people of Wales should be brought into the conversation about the devolution of broadcasting and communications. The landscape is complex, and even some of the experts approached for evidence were constrained in their thinking around what devolution of broadcasting might look like.

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<sup>17</sup> School of Journalism, Media and Culture, Cardiff University (January 2023) 'Review of the broadcasting powers and responsibilities in selected countries: report for the Expert Panel on a Shadow Broadcasting and Communications Authority for Wales'.

## Section 4: Establishing a Shadow Authority for Wales

**29.** The Panel considered what the benefits and challenges might be in taking no action, based on the evidence it heard. Taking no action presents a range of challenges, including:

- The opportunity to develop a sophisticated and well-informed national conversation about the role and future of broadcasting, communications and journalism in Wales, at this pivotal moment, would be missed;
- The current volatility around future funding for public service broadcasters from the UK Government may continue, creating further fragility for broadcasting in Wales;
- Audiences in Wales would lose the chance to have some leverage over the rapidly shifting broadcasting and communications landscape here, across the UK, and globally.

**30.** Whatever action is now taken, the Panel wishes to emphasise that there must be an adaptive, responsive approach. Data and insight specific to Wales must be sought and used, and the people of Wales must be placed at the very heart of the conversation. The Panel was struck by the fact that, at present, there is no individual or body which has the responsibility to safeguard the interests of the people of Wales. This vital ‘champion’ role is a significant gap.

**31.** With more change on the horizon, there is a need for the Welsh Government to take a future-focused approach, looking ahead to the impending changes, distilling with clarity and insight what the implications might be for Wales. A body specifically given responsibility for stewarding a coherent, strategic and informed vision, and engaging with the people of Wales, would provide significant value at this time.

**32.** The Panel therefore recommends the establishment of a Shadow Broadcasting and Communications Authority for Wales

(hereafter referred to as a ‘Shadow Authority’). It recommends that the Shadow Authority:

- Is independent of Government;
- Comprises of individuals who have the right combination of diverse expertise, experience, and imagination to support transformational change across the broadcasting and communications sector, with and for the people of Wales;
- Is committed to finding meaningful and innovative ways to place the people of Wales at the heart of a vision for the future of broadcasting and communications in Wales;
- Finds ways to strengthen the mechanisms of accountability around public service broadcasting in Wales, particularly on areas of key importance to the people of Wales, even if the legislative and regulatory arrangements remain as they are;
- Engages directly with broadcasters to enable, facilitate and support them in their aims;
- Has specific responsibility for the Welsh language, to build relationships and prompt innovation and change across the sector, with a view to achieving the strategic aims of ‘Cymraeg 2050’;
- Seeks to improve the offer of English language content made within Wales for the people of Wales, and bridge the gap between English and Welsh across the spectrum of the broadcasting and communications landscape;
- Evolves over time, working within existing mechanisms at first, providing insight and data to inform and improve, but able to pivot to add additional functions if further devolution becomes necessary.

## Section 5: A Shadow Authority for Wales – key principles

- 33.** The Shadow Authority must act as an enabler for collaborative thinking and action, encouraging innovation, optimism, imagination and ambition.
- 34.** The Shadow Authority must provide a single focus point of rigorous stewardship, becoming the ‘go-to’ body for all stakeholders as a centre of expertise, knowledge and leadership.
- 35.** The Shadow Authority will seek to work with existing broadcasters and content creators, and potentially new ones, to promote these key principles:
- That content produced for Welsh audiences is of consistently high quality;
  - That different communities and demographics across Wales are well served by this content;
  - That both network programmes and material produced specifically for Wales offer portrayal and storytelling which is relevant to audiences in Wales;
  - That news content is always accurate and represents a plurality of views and experiences.
  - That content produced for Welsh audiences should be visible and easy to find across digital platforms.
- 36.** The needs of the people of Wales should be front and centre of considerations around the devolution of broadcasting. The Shadow Authority must enable conversation with the public based on transformative approaches to equity, diversity, inclusion and belonging.
- 37.** There must be an ambitious and wide-ranging approach to the Welsh language, building on existing platforms and enhancing digital content and innovation.
- 38.** The Shadow Authority should advise on how the current divide between the English and Welsh languages could be bridged, facilitating the testing-and-learning of new approaches.
- 39.** The Shadow Authority must be able to pivot, respond, and innovate in the face of change.



## Section 6: A Shadow Authority for Wales - areas of particular focus

**40.** The Panel particularly considered some key areas that should fall within the Shadow Authority's scope, namely:

- Public interest journalism
- Children and young people
- Sport

**41.** These areas are important for the following reasons:

- Their cultural significance to Wales;
- Their role in building an engaged democracy;
- Their position in relation to the Welsh language ambitions outlined in 'Cymraeg 2050';
- Their importance when taking the Wellbeing of Future Generations Act into consideration;
- Their impact on the long-term sustainability of the sector.

### Section 6.1: Journalism

**42.** In response to the commitments in the Co-operation Agreement, the Panel was asked to consider strengthening Welsh democracy and closing the information deficit.

**43.** The panel heard from and worked closely with some of the members of the Wales Public Interest Journalism Working Group (WPIJWG), which was convened to provide advice on actions to support the long-term sustainability of Welsh and English language public interest journalism in Wales.

**44.** The synergy between the work of the WPIJWG and the Expert Panel is clear. Both groups have maintained a focus on the need to nurture the right conditions for democratic engagement. Both have sought to define what the structural conditions need to be, in order to produce content that meets the needs of the Welsh people.

**45.** The Panel recognises that journalism is a significant element of the broadcasting and communications landscape, and therefore believes it must be considered strategically in the work of the Shadow Authority going forward.

**46.** The Shadow Authority should engage with the outputs from the important work of the WPIJWG from the outset.

**47.** The rapid changes to the production, publication, and consumption of content across so many channels means that traditional models of understanding and supporting journalism have quickly become outdated. There is a vital need to quickly test and learn new approaches.

**48.** Wales as a small and well-connected nation should be able to generate and iterate new ways to support the sector, taking account of the changing environment, and scanning the horizon for what comes next.

**49.** It will not be sufficient to make small standalone investments using traditional models. We must work together with communities to develop a strong theory of change, so that systemic interventions can be measured using defined metrics, which seek to have a transformational impact on democratic engagement. The evidence submitted from Race Council Cymru particularly urged a future focus: 'The future of journalism must look different from the past. We...urge the shadow Broadcasting and Communications Authority for Wales to address our concerns about the current fragility in the media and attacks on its independence. We would like to see the use of the Welsh language, particularly in digital and encourage media plurality.'

**50.** This kind of strategic forward-thinking and systemic change demands coordination and investment particularly when many print and online publications across Wales are already in precarious financial positions.

**51.** Sustainable, high quality, accurate, and engaging journalism, which arises from the needs and interests of the people of Wales, is an integral part of the wider broadcasting and communications ecosystem.

**52.** The Panel therefore recommends that a Shadow Authority includes journalism within its scope.

## Section 6.2: Children and young people

- 53.** The Panel was keen to understand what the role of a Shadow Authority might be in relation to children and young people.
- 54.** The Panel commissioned a report and evidence session from experts in the field, which revealed some particular trends of interest and concern<sup>18</sup>:
- Children aged 13 and under now consume a significant amount of video-related content, whether this be online video (such as YouTube) or streaming on-demand services (such as Disney+). Children between 4-15 years old spend far less time watching live TV than any other age group;
  - The fragmentation of video content is particularly pronounced for children's content, with an array of channels and platforms competing for attention;
  - Children are spending significantly more time online, and are often navigating digital platforms fairly independently. These platforms have addictive properties. Evidence shows that there is a risk of repeated exposure to harmful content, which can impact on mental health.
- 55.** The Panel learned that there are identifiable differences, with parents in Wales more concerned about certain aspects of their children's media consumption than parents in other UK nations. They were particularly concerned about their children giving out personal details to people online or seeing age-inappropriate content online or on TV. In relation to gaming specifically, parents in Wales were more likely than other nations to be concerned about the possibility of their child talking to strangers while gaming, being bullied by other players, content and pressure to make in-game purchases.
- 56.** Parents in Wales were also more concerned about who their child is in contact with or the potential to be bullied on their mobile phone.
- 57.** Experts in the industry believe the existing regulatory functions in children's broadcasting and communications are not fit for purpose, and the risk presented by failing to keep pace with the rate of change is high.
- 58.** The Panel recommends it is vital for a Shadow Authority to explore different regulatory models in Wales which might create greater protection for children and young people, in line with the ambitions and scope of the Wellbeing of Future Generations Act.
- 59.** The expert evidence presented to the Panel in respect of children also addressed the potential for more specific investment and attention in the protection and enhancement of Welsh language children's content and distribution. They shared examples of other nations where indigenous languages have been protected and supported by investment in new models of children's content production and distribution (including Ireland, the Basque Country, Canada, Mexico, New Zealand and Australia).
- 60.** The Panel therefore recommends that the scope of a Shadow Authority should include consideration of new and improved models for supporting a thriving and engaging Welsh language broadcasting and communications landscape for a younger audience in Wales.

<sup>18</sup> Kids Industries (February 2023) 'Children's media in 2023 and the need for regulation'

### Section 6.3: Sport

61. The cultural importance of sport to Wales is well understood, and the Expert Panel heard from broadcasters about the huge audience figures they track during international football and rugby events.
62. In a future where key sporting events might disappear behind paywalls, there would be a very real detriment to the people of Wales. Not only would such a change have the greatest impact on those least able to afford the subscription fees but given the issues with the rollout of Superfast broadband and 4G and 5G mobile signal across the nation, those communities typically already most marginalised would be hit the hardest by the shift. Along with the cultural impact, the negative effect on health and wellbeing, in terms of young people's engagement with sport, is a significant concern.
63. The interests of the viewing public are currently protected by the identification in The Broadcasting Act (1996) of two lists of key sporting events which must remain free to view, commonly referred to as the 'Group A and Group B lists'. However, while S4C are consulted, events can currently be removed from this list without any direct engagement with the Welsh Government.
64. Events including, but not exclusive to, the men's and women's FIFA World Cup and qualifiers; UEFA European Championship and qualifiers; the Rugby World Cup; Six Nations Rugby Championship; The Olympic Games; Paralympic Games; Commonwealth Games; FA Cup; cricket test matches played in the UK and Wimbledon are of national importance. It is vital that the DCMS understands their significance to Wales, so future generations are protected.
65. The rapidly changing global broadcasting and communications landscape is already impacting on how people in Wales are able to access sporting events. The UK market for sports broadcast rights is the most competitive in the world, with a growing number of subscription-based broadcasters offering content across multiple platforms and finding innovative ways to deliver content to audiences. These companies are adapting to the market in ways that challenge the status quo, one example being the offering of bespoke live Welsh language commentary. Traditional public service broadcasters are being challenged in this market therefore not only by the financial heft of the pay-per-view broadcasters but by their innovative use of digital broadcast technology.
66. Broadcast rights is a complex area of the broadcasting and communications sector, with a multitude of different packages of content negotiated and traded. The fragmentation of packages of rights increasingly a feature of the way rights are traded further complicates the picture. There are separate rights packages for: live access versus highlights access, satellite TV, linear public service broadcasting for TV, live digital, digital highlights, live radio and score flashes, amongst others.
67. The complexity of these packaging and contracting arrangements can result in a detrimental outcome for people in Wales. For example, purchase of a rights package to a pay-per-view broadcaster might allow them to live-stream commentary in English and Welsh, thereby technically fulfilling their contractual obligations for a Welsh provision, but depriving viewers of Free to Air Welsh language commentary for significant sporting events.
68. Removal of Welsh language coverage from free-to-air platforms could have a negative impact on the development of the language, particularly given the Welsh Government's ambition to reach one million Welsh speakers by 2050. Sport, with its wide-ranging appeal across all social demographics, currently brings the Welsh language into homes across Wales.
69. It is essential for the Welsh Government to avail itself of the right insight and advice to be able to engage persuasively both in the rights-trading environment, and in discussion with the UK Government about the future protection of the Group A and B lists. Within the complex and changing landscape of this particular area of the sector, the Panel recommends that the Shadow Authority should have a specific functional responsibility for providing this insight and advice.

## Section 7: Setting up a Shadow Authority for Wales

**70.** If the Welsh Government decides to establish a Shadow Authority, the Panel considers a phased approach would be the best way to proceed. It has considered the following factors:

- There is a data and insight deficit around broadcasting and the media in and for Wales, which a Shadow Authority could address in the first instance, creating a platform for further decisions around devolution;
- The creation of a Shadow Authority will create a focal point for broadcasting and communications in and for Wales, and will draw key stakeholders, and the people of Wales, into a strategic conversation;
- The majority of the existing powers around broadcasting and communications rest with the UK Government, and therefore changes to those powers, or their devolution, are not within the immediate gift of the Welsh Government. A Shadow Authority would be well placed to work with the Welsh Government to draw up a range of options for the further devolution of broadcasting and communications, and provide support to the Welsh Government in putting together a detailed options-based business case;
- The systems of regulation, accountability and scrutiny are complex, and some functions might be better located in a Wales-based organisation in future, ultimately accountable to Ministers at the Senedd. However, the prioritisation and phasing of those changes would need detailed consideration and political decision-making, both of which could be supported by a Shadow Authority;
- There is scope within the existing legislation for a Shadow Authority to add significant immediate value to the scrutiny mechanisms already in place for public service broadcasters in Wales.

**71.** The Panel recommends there is likely scope for real progress by a Shadow Authority even without further devolution of powers to the Senedd.

**72.** The Expert Panel believes it is essential that momentum is maintained to set up a fully operational Shadow Authority by the end of 2024. It recommends that the next step is for the Deputy Minister, and the Designated Member, Co-operation Agreement to create a smaller Shadow Broadcasting and Communications Working Group (hereafter referred to as the SBCA Working Group), operating from September 2023 to September 2024. The SBCA Working Group should be responsible for:

- Delivering the recommendations of the Expert Panel
- Setting up a Shadow Authority to commence work in September 2024

## SBCA Working Group

### SBCA Working Group timeline

#### September 2023

- A Working Group of six is appointed to start work on establishing the Shadow Authority;
- A full time senior civil servant is appointed/ seconded to support the group, supported by a Higher Executive Officer;
- Key pieces of further research and evidence-collecting are commissioned.

#### January 2024

The SBCA Working Group reports to the Deputy Minister and Designated Member on the mechanics of establishing the Shadow Authority, and its structure, evidenced by research undertaken in the first months. It starts the recruitment process for the executive team and discussions with the Public Appointments Unit for the board.

#### April 2024

Work continues on setting up the Shadow Authority including analysing research and identifying gaps.

#### September 2024

- Shadow Authority becomes operational. Working Group is dismantled.

### The SBCA Working Group will:

- Be made up of six people chosen from the Expert Panel by the Deputy Minister and the Designated Member;
- Have the required mix of skills and knowledge (this may require consideration of external appointees);
- Be remunerated and resourced;
- Be supported by a full-time senior Government official.

### Support

- The full time senior civil servant (at Grade 6) will be supported by a full-time Higher Executive Officer (HEO). Experience of setting up organisations and recruitment will be essential. Knowledge of broadcasting and journalism would be highly desirable.
- This officer would set up the mechanism to advertise and recruit the Shadow Authority staff team and the Shadow Authority board, and advise on Government policy, employment law etc

## SBCA Working Group

### SBCA Working Group priorities for first six months

The role of the SBCA Working Group will be to define the Shadow Authority's remit, organisational structure, board structure, legal status, procurement and any legal issues.

The Expert Panel has considered what type of body the SBCA Working Group should be, taking into consideration the categories of public bodies in Wales, as set out in the Classification of Public Bodies in Wales: Classification Guidance document (Appendix 4). The Panel has concluded that it should be set up as an advisory panel or task and finish group.

The Expert Panel understands that according to the Classification of Public Bodies in Wales: Classification Guidance new public bodies should only be established as a last resort. The SBCA Working Group would be set up to continue delivering the three-year programme that was set up under the Co-operation Agreement. It will use the external expertise needed to deliver the Shadow Authority and be politically impartial and independent.

The SBCA Working Group will establish the executive function and structure of the Shadow Authority team, will work up job descriptions and specifications for staff, the procedures for appointments and start the recruitment process.

It will set up the panel which will appoint the Board.

It will decide on the Shadow Authority Board structure, define the make-up of the Board and its remuneration, and draw up Board member role profiles to include the following expertise and background:

- Current and relevant experience of broadcasting, public service broadcasting and journalism;
- A current knowledge of digital broadcasting and journalism and its future importance;
- Experience and knowledge of business, finance, governance and Government;
- An understanding of policy and audit structures;
- Communications skills;
- An understanding of Trade Union needs;
- An understanding of Wales and its people;
- A recognition of the Nolan principles.

The group should define which roles are Welsh speaking desirable/essential, and determine the remuneration level and time commitment for members.

- The SBCA Working Group will oversee and support the recruitment of Shadow Authority staff and the Board;
- The Working Group may need to be mindful of any conflict of interest if any of the Working Group or former Expert Panel members wish to apply;
- It will continue to analyse research that has been gathered, and commission any further research where gaps are identified.

## Section 8: The Shadow Authority (2024-25)

### Workplan recommendations

**73.** It is vital that the Shadow Authority has a clear remit and defined areas of output. Whilst the SBCA Working Group will have responsibility for setting up the Shadow Authority, the Expert Panel has given detailed consideration to the areas of work the Shadow Authority should undertake, and has outlined these key work areas below:

#### 73.1 Insight

Collecting data not currently available, building intelligence and insight, to inform effective scrutiny and to develop a rounded picture of how a successful future of broadcasting, communications and journalism for Wales might best be achieved:

- The Panel recommends the Working Group immediately commissions a piece of longitudinal work focused on collecting accurate and nuanced audience data from across Wales. It should combine quantitative data segmented across a wide variety of demographic groups, and qualitative data gathered using emerging approaches in meaningful community engagement.

#### 73.2 Engagement

Engaging with the people of Wales to hear their voices, understand their needs and interests in relation to broadcasting and communications, and journalism and ensure their voices are heard:

- The Panel recommends the Working Group immediately commissions a specific piece of work to identify an effective and meaningful way in which the people of Wales can be truly engaged in its governance structure. The outputs will fundamentally inform the structure, membership and governance arrangements of a Shadow Authority into the future.

Engaging with the sector, to:

- Work with public service broadcasters in Wales to coordinate joined-up and innovative responses to changes across the sector, to meet the needs and interests of the people of Wales;
- Convene stakeholders to provide expert advice to the Welsh Government on the future of public service broadcasters in Wales, in the context of the negotiations around the BBC Charter and the future of S4C funding, and the C3 relicence.

#### 73.3 Infrastructure

Making the link between the rollout of superfast broadband and 4G & 5G mobile signal across Wales, the future trends towards increased online distribution in broadcasting, and the potential resulting inequity for marginalised groups across our nation:

- The Panel recommends research is commissioned to better understand the links between the rollout of broadband and mobile infrastructure across Wales in the context of broadcasting, communications and journalism.

#### 73.4 Advice

Providing advice to the Welsh Government, allowing for evidence-based political decision-making around the extent to which legislative change is necessary in the future, to respond to audiences in Wales:

- The Working Group should commission a strand of work which provides evidence to illustrate what processes are needed to devolve parts or whole functions of the broadcasting and communications infrastructure across the UK to Wales, outlining the risks, benefits, challenges, and implications of the various options.

### 73.5 Accountability

Advising on the mechanism and nature of the scrutiny of public service broadcasters, by the Welsh Government, to enhance accountability against its strategic priorities. This might particularly be in relation to the Welsh language, strategic equality planning, the socio-economic duty, and the Wellbeing of Future Generations Act:

- Within the existing arrangements for scrutiny by the Senedd, of the public service broadcasters in Wales, there is scope for the development of a more challenging yet supportive relationship;
- The enhanced provision of Wales-specific data and insight, led by a Shadow Authority as outlined above, might be used to great effect as a part of this relationship. The Panel therefore recommends the evidence-base should be used as a part of the scrutiny and response process;
- The Shadow Authority should scope and advise on ways to make the BBC more directly accountable for how the licence fee is spent in Wales, in terms of both content and services. This could be in the form of new mechanisms for scrutiny, up to and including a specific BBC Charter for Wales, as outlined further below.

### 73.6 Welsh Language

Working with the Welsh Government, and stakeholders across the sector, to:

- Inform a strategic roadmap towards enhanced pluralism of platforming for Welsh language content;
- Commission and/or provide insight and expertise into the current landscape of Welsh language broadcasting, communications and journalism, with attention to the nuances of representation, prominence, penetration/cut-through, plurality and innovative practice;
- Champion and support innovation in the space of Welsh language broadcasting and across digital communications;
- Facilitate digital initiatives to support the aims of Cymraeg 2050 and new generations of Welsh speakers across Wales;

- Focus on a cross-sector gateway for non-Welsh speakers to be able to confidently access appropriate content;
- Challenge systemic issues, such as the detrimental effects of the division of the two languages within organisational structures, or the negative aspects of separation and pigeon-holing of individuals and teams across linguistic lines;
- Provide advice to the Welsh Government with regard to the scrutiny around authenticity of production across the two languages.

**74.** The Shadow Authority should use the outputs from these work areas to inform the Welsh Government as to whether more systemic and legislative change might be needed to address the current deficiencies outlined in the Co-operation Agreement.

**75.** The Panel recommends that during the lifespan of the Shadow Authority to 2025 responsibility for the key functions of policy, accountability and regulation are retained by the existing bodies that house them, as follows:

- Policy work should continue to be delivered by Welsh Government through Creative Wales;
- Regulation should continue to be undertaken by Ofcom, with increased transparency and visibility at a Welsh level through the work of the Shadow Authority;
- Accountability: existing mechanisms should continue in line with broadcasters' governance structures, to be enhanced by the work of the Shadow Authority as outlined in section 72.5

**Each of these areas – Policy, Regulation and Accountability – need to work closely together**

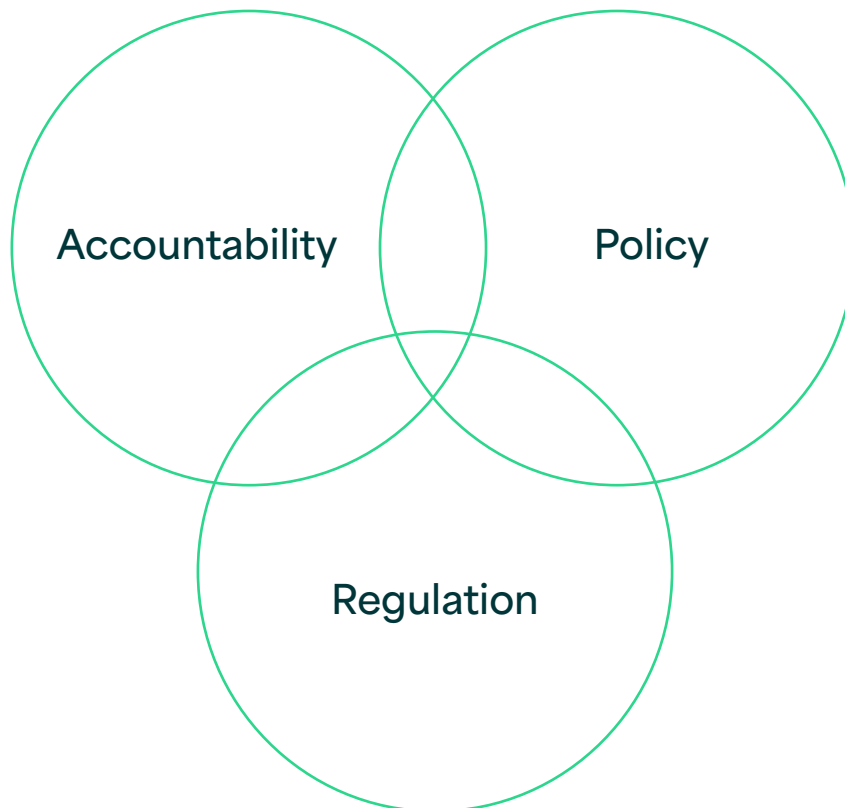


**76.** The Panel believes the work of the Shadow Authority will drive greater transparency within Wales, enhancing visibility, and developing scrutiny around issues relevant to Welsh audiences. The Shadow Authority, Ofcom and Creative Wales will need to work closely together, and with the Welsh Government, to realise these opportunities.

The diagram captures the importance of the inter-connected nature of broadcasting regulation, accountability and policy. As a reserved matter, powers for broadcasting and media sit with UK Government, with broadcasting regulated by Ofcom at a UK level. Whilst overall policy responsibility sits with the Department for Culture, Media and Sport, Creative Wales has responsibility for broadcasting and media policy in Wales, providing advice to Welsh Ministers and engaging with stakeholders, including the UK Government, to support the development of a fit for purpose framework for broadcasting that reflects the needs of Wales.

**77.** There are a range of pathways the Welsh Government could go down, to devolve regulation and/or accountability for broadcasting and communications to Wales. The Panel has outlined at section 78 the pathways it considers to be most relevant for consideration, and has outlined the potential benefits and challenges in each case.

**78.** The Shadow Authority should explore these pathways towards devolution in technical detail, in order to advise the Welsh Government (as suggested at point 72.4, above) on a clear, workable, and detailed proposal.



# Pathways

## Pathway 1: Significant actions are taken, within the Senedd's current legislative powers

### Benefits

- This would demand no legislative change or negotiation with the UK Government;
- The Welsh Government could make steps towards shaping a broadcasting, communications and journalism strategy which better meets the needs of the people of Wales;
- Action of this kind would enable a 'test and learn' approach, building a more nuanced picture of the current strengths and weakness of public service broadcasting in Wales, including the funding and editorial challenges in terms of content relevant to Wales in both languages. It would allow for more comprehensive gathering of data, and a deeper exploration of models for further devolution;
- This pathway provides an opportunity for a wide group of stakeholders and audiences to take part in a national conversation around what further devolution might look like at its best;
- This greater political and civic focus on public service broadcasting in Wales would in itself expand the amount of scrutiny currently taking place.

### Challenges

- This pathway demands coordinated action either undertaken by the Welsh Government directly, or outsourced to another body.
- There would need to be investment in this action, in order to generate the knowledge base and national dialogue needed to move towards meaningful change.

## Pathway 2: A new BBC Charter is negotiated, with a separate version for each nation

### Benefits

- This would put the requirement to meet the needs of audiences in the different nations of the UK at the very heart of the BBC's governance arrangements, bringing a new focus to local news and content.

### Challenges

- This pathway requires the engagement and co-operation of the UK government, the Scottish Parliament, and the Northern Ireland Assembly, and requires legislative change;
- There may be concerns that this model would lead to the micro-management by each nation's parliament of editorial decisions by the BBC. Mechanisms would need to be put in place to continue to ensure that the BBC's independence would be protected.

## Pathway 3: Oversight and regulation of S4C is devolved to the Senedd

### Benefits

- Action in respect of this pathway would overcome the problem of the current arrangements, in which scrutiny and accountability sit with Westminster and Whitehall;
- This pathway embodies an important principle, largely accepted in Wales, that where something is primarily relevant to one nation of the UK, it should be devolved to that nation.
- Section 61 of The Government of Wales Act specifically permits the Welsh Ministers to do anything which they consider appropriate to support the Welsh language.

**Challenges**

- This pathway requires the engagement and co-operation of the UK Government;
- Safeguards relating to editorial independence would need to be applied in the event of this being implemented.
- This pathway would create a complex, new division between English-language and Welsh-language broadcasters in Wales and between different parts of public service broadcasting. Welsh language audiovisual/television accountability would be in Wales, equivalent English-language accountability would remain at UK level, as would Welsh-language radio/ audio public service.

**Pathway 4: Accountability for Welsh public service broadcasting is devolved to the Senedd****Benefits**

- This pathway would allow the Welsh Government to determine the nature and parameters of scrutiny for public service broadcasting in Wales;
- This pathway would create the opportunity for scrutiny to be more inclusive of, and constantly responsive to, the needs of the people of Wales, and informed by insight (data, research, and expertise) specific to Wales.

**Challenges**

- This pathway requires the engagement and co-operation of the UK Government;
- The complexity of devolved accountability would involve dismantling or fragmenting existing regulatory structures, which is complex and takes detailed strategic consideration, multi-stakeholder involvement, and administrative time and investment.

**Pathway 5: Oversight and regulation of all Welsh public service broadcasting is devolved to the Senedd****Benefits**

- This pathway would make significant changes in the governance arrangements of public service broadcasters in Wales, potentially including greater engagement and influence for communities across Wales;
- This would allow for a coherent public service broadcasting strategy for Wales, with the needs of the people of Wales at its heart;
- Full devolution of broadcasting and communications may be the way in which news and stories about Wales are best portrayed, and therefore an option that closely links with the provision of content that serves a developed and fully informed democracy.

**Challenges**

- This pathway requires the engagement and co-operation of the UK Government;
- It would require the de-coupling of regulation, presenting a significant administrative challenge; additional complexities would be involved in the case of privately owned UK wide public service broadcasters, such as ITV;
- It presents significant challenges in relation to the structure and governance arrangements of the BBC, including the question of whether the change might mean the break-up of the BBC across the UK;
- Such a change might mean loss of the pan-UK investment which creates content currently loved by audiences;
- Wales is currently a net beneficiary of the licence fee. If this degree of devolution is pursued, it will be vital to ensure audiences in Wales are not negatively affected.

- 79.** The Panel was acutely aware of the complexity, potential pitfalls, and nuances involved in the mechanisms for either wholly or partly devolving broadcasting and communications to Wales. Some action can be taken quickly, with a view to building the insight and the public discourse to drive the creation of effective models for further devolution into the future.
- 80.** A significant amount of progress may be made without further devolution, and it is the recommendation of this Panel that the Welsh Government initially pursues actions within the scope of its current legislative powers. If tangible progress is not possible as work progresses, the Welsh Government may wish to seek further devolution. The potential risks of devolving broadcasting and communications should not be a barrier to innovative, sophisticated thinking about how it could be done, and the benefits it could bring.

**Non-executive Advisory Members**

The following expertise and skills must be represented fully among the overall pool of members selected:

- Ability to think strategically;
- Capability for future-thinking, including connection to emerging trends and imaginative capacity for new ways of working;
- In-depth knowledge of broadcasting, communications and journalism;
- In-depth understanding of the legislative and regulatory environment around broadcasting, communications and journalism;
- Understanding of the breadth of devolved policy areas across the Welsh Government and the technical or legislative business of devolved government;
- Understanding of digital platforms and the emerging digital environment globally, including experience of operating within this environment in reality;
- Practical understanding of broadband and mobile signal rollout in a Wales context;
- Welsh and non-Welsh speakers, with nuanced understanding of our bilingual nation;
- Expertise in community engagement, including new and emerging ways of working;
- Insight into the lived experiences of diverse communities across Wales, including from a socio-economic perspective.

**Executive Team**

Director	<£80,000
Policy & Strategy Officer	<£70,000
Research Coordinator	<£40,000
Administrative Coordinator	<£30,000
Contracted expert provision	£ 100,000
<b>Total maximum staff costs</b>	<b>£320,000</b>

## Section 9: Remuneration, staffing, key costings and governance of the SBCA Working Group and Shadow Authority

**81.** The Expert Panel recommends that the Shadow Authority should operate with the structure, staffing and expertise outlined at Table 1, above:

**82.** In addition to ensuring Shadow Authority members have the range of expertise and knowledge outlined in Table 1, the Panel recommends the group is selected with keen attention to:

- Members being diverse across the group, with particular attention to lived experience, but with absolute clarity that any individual group member’s lived experience will not be relied upon to ‘represent’ a wider demographic or set of experiences during the fulfilment of their role;
- Inclusion of expertise from outside the sector, where appropriate, particularly where it might bring innovative or emerging practice into the group’s work.

Table 1. Recommended Shadow Authority Model

Area of expenditure	SBCA Working Group Key Costs 2023/24	Shadow Authority Key Costs 2024/25	The Authority Key Costs 2025/26	Commentary
Budget agreed/ committed	£1m	£1m	£0	Budget agreed/ committed
Staff Team	£120,000	£320,000	£320,000	
Commissioned research	£200,000	£300,000	£400,000	The research budget builds to account for lead-in time in determining priorities and commissioning work
Other costs	£50,500	£84,000	£84,000	Board remuneration
<b>Total Costs</b>	<b>£370,500</b>	<b>£704,000</b>	<b>£804,000</b>	

83. The Panel recommends that both the SBCA Working Group and Shadow Authority members are remunerated for their contribution in line with Welsh Government guidelines and should be accountable to the Deputy Minister and the Designated Member. Indicative key costs are outlined at Table 2, below:

**Table 2. Indicative key costs of SBCA Working Group and Shadow Authority**

84. The Panel strongly recommends the Shadow Authority should be independent of Government. The constitution and governance arrangements of the body will depend on a range of factors, including but not limited to:

- The availability and prioritisation of investment;
- Political direction and the wider political context in Wales and at Westminster;
- The outputs of the SBCA Working Group, which will form the set-up of the Shadow Authority.

## Section 10: The work of an Authority for Wales from 2025

- 85.** Depending on the insight and findings of the Shadow Authority's work there might be significant movement towards further devolution of broadcasting and communications to Wales. If so, the Shadow Authority should be reconstituted as an official Authority from 2025, no longer operating in shadow format.
- 86.** Consideration should be given to whether the Authority goes on to be shaped as a Commission, similar to the Future of Media Commission established in Ireland in 2020. The Commission in Ireland was tasked with developing recommendations on sustainable public funding and other support to ensure media in Ireland remains viable, independent and capable of delivering public service aims. This Panel believes the format of a Commission could provide the rigour needed to inform a set of strategic, sustainable, long-term actions along a pathway to full devolution.

## Section 11: The work of an Authority for Wales into the future

- 87.** By 2028 we will have passed a number of milestones: a General Election at Westminster, the Senedd Elections of 2026, changes to both the BBC and S4C as a result of the current BBC Charter coming to an end in 2027, and any ramifications from renegotiated ITV licenses after 2024.
- 88.** The combination of these factors means it is unhelpful to outline or predict in any detail what the requirements might be of a fully-constituted Authority for Wales from 2028 onwards.
- 89.** Devolution of specific functions to the Welsh Government would bring with it the necessity for a Transfer of Functions Order, and a shift in the financing and governance arrangements needed to effectively carry out those functions. At that point, an Authority that had built a locus of expertise and credibility in the sector in Wales, would likely need to pivot quickly again, to meet the changes and challenges of the new landscape head-on.
- 90.** If the Welsh Government wishes to move towards increased devolution, it will be essential to retain the expertise and insight of a body such as an Authority, building on the work of the SBCA Working Group and Shadow Authority, as recommended by this Panel.



## Conclusion

- 91.** Over the past 10 months, the Expert Panel for Broadcasting and Communications has heard evidence from a wide range of sources, commissioned extensive research and engaged in considerable discussion to explore the creation of a Shadow Broadcasting and Communications Authority and the evidence-base for the devolution of those powers to Wales.
- 92.** It is clear to the Panel that there is a real need for increased scrutiny of broadcasting and communications in this rapidly changing landscape. There is also a need to gather significantly more research, insight and data specific to Wales, and to horizon-scan to develop a co-ordinated future-focused strategy for Wales.
- 93.** It was particularly evident that there is no single body with a responsibility for meeting the needs of broadcasting and communications to best serve the people of Wales.
- 94.** This Panel therefore concludes that the Welsh Government should establish a Shadow Broadcasting and Communications Authority, whose remit should also include journalism. This body will be publicly funded and independent of government.

# Appendix 1: Expert Panel Terms of Reference

## 1. Title and Type

**1.1** The Expert Panel is an advisory body reporting to the Deputy Minister for Arts and Sport and the Chief Whip and the Designated Plaid Cymru Member. The Panel is established and appointed on a task and finish basis for a period not exceeding one year from April 2022.

## 2. Purpose

**2.1** The main purpose of the Panel is to provide options and recommendations on delivery of the Welsh Government and Plaid Cymru Co-Operation Agreement commitment to explore the creation of a shadow Broadcasting and Communications Authority for Wales.

**2.2** In offering an outlook and perspective based upon individual knowledge and expertise, the Panel will complement and add value to wider sources of advice provided by the civil service, industry partners and other mechanisms, such as community engagement.

## 3. Scope and Remit

**3.1** The Panel will have specific regard to the above shadow Broadcasting and Communications Authority commitment. Its work will be guided by the wider context of the broadcasting and media commitments set out in the Co-Operation Agreement. Further detail is set out at Doc 1.

**3.2** The Co-operation Agreement details the types of functions a shadow Broadcasting and Communications Authority could deliver, including action to close the information deficit in Wales, to align existing efforts to strengthen media in Wales with innovations to support the Welsh language on all media platforms and in the digital sphere and development of plans for an alternative framework in Wales in readiness for the devolution of broadcasting and communication powers.

**3.3** The Panel will be expected to build on the initial thinking set out in the Co-operation Agreement to consider and make recommendations on achieving those aims. This work will need to include recommendations on:

- Remit and scope;
- Structure and position in the wider government and regulatory framework;
- Transparency and accountability;
- Governance arrangements;
- Funding implications and ongoing sustainability;
- Any other relevant options for realising the ambitions of the broadcasting commitments in the Co-operation Agreement.

**3.4** As an element of its work, the Panel will be expected to identify best practice and learning from other nations and regions in the UK and internationally and demonstrate how such examples might be used to inform thinking in Wales. The work of the Panel will be integral to developing the evidence base and business case for the devolution of broadcasting and communication powers to Wales.

## 4. Membership

**4.1** The Panel is established on an Expert Panel basis and will comprise the following individuals:

- Shirish Kulkarni
- Richard Martin
- Nia Ceidiog
- Mel Doel
- Geoff Williams
- Elin Haf Gruffydd Jones
- Dr Llion Iwan
- Dr Ed Gareth Poole
- Clare Hudson
- Ceri Jackson
- Arwel Ellis Owen
- Carwyn Donovan

months.

**4.2** The Panel will be chaired by Mel Doel and Elin Haf Gruffydd Jones.

**4.3** Membership will be reviewed periodically with the option to co-opt additional members or expert advice to ensure all relevant stakeholder are represented as needed for specific discussion items.

## **5. Meetings and Ways of Working**

**5.1** The Panel will meet regularly and at a frequency determined by the Co-Chairs.

**5.2** Meetings will be held both virtually and in Welsh Government premises with the agreement of members and depending on the current COVID-19 regulations.

**5.3** Meeting agendas and accompanying papers will be circulated to members in advance of meetings. Agendas will be agreed in advance with the Chair(s). Any conflicts of interest will need to be declared at the start of each meeting or as such matters arise.

**5.4** The organisation of meetings, circulation of papers and other related matters will be undertaken through a secretariat function provided by Welsh Government officials. The secretariat will produce a note of each meeting, recording key points of discussion and actions.

**5.5** The Panel will provide regular updates on its work to Ministers and Designated Members. The Panel will aim to provide an interim report after 6

**5.6** Documentation, including meeting notes may be subject to access to information requests made under the Freedom of Information Act 2000. Where such requests are received, the Welsh Government's standard Freedom of Information procedures will be followed.

**5.7** The discussions of the Panel will be held in Welsh and/or bilingually; papers will be supplied in Welsh and simultaneous translation provided.

## **6. Accountability**

**6.1** The Panel is ultimately accountable to the Welsh Government and reports will be provided to both Welsh Ministers and the Designated Plaid Cymru Member.

## **7. Review**

**7.1** These Terms of Reference will be subject to review and change as agreed with Welsh Ministers and the Designated Plaid Cymru member.

## Appendix 2: Relevant Co-operation Agreement Commitments

### 24. Broadcasting

While the pandemic has raised the profile of Wales and Wales's democracy in the UK media, there is a broad consensus that the current broadcasting and communications framework is inadequate, is hampering the democratic life of our country and is not serving the needs of, or ambitions for, the Welsh language. The current system is therefore not capable of delivering the media Wales needs. There are also ongoing threats to, and attacks on, public service broadcasting from the UK Conservative Government. Plaid Cymru and the Welsh Government agree that broadcasting and communications powers should be devolved to the Senedd.

- We will work together, and with industry experts, communities and wider partners, to explore the creation of a shadow Broadcasting and Communications Authority for Wales.
- The remit of this body would include aiming to strengthen Welsh democracy and close the information deficit; bring together and coordinate in a structured way the Welsh Government's existing efforts to strengthen the media in Wales and innovations to support the Welsh language in the digital sphere such as amam.cymru; enhance media pluralism and the use of the Welsh language on all media platforms.
- The new Authority would also be tasked with drawing up plans for, and steps towards, an alternative broadcasting and communications framework for Wales in readiness for the devolution of broadcasting and communications powers

This approach will allow us to strengthen the sector despite the challenges posed by a UK government that is failing to engage constructively with Welsh devolution.

### 25. Media financial support

As an initial intervention, we will provide additional investment to develop existing and new enterprises seeking to improve Welsh journalism and to support Welsh-based media to tackle the information deficit.

## Appendix 3: List of Evidence considered by the Expert Panel

### Oral evidence in chronological order of presentation

05/10/22	TAC (Teledwyr Annibynnol Cymru) Ofcom
24/10/22	S4C Wales Federation of Entertainment Unions
10/11/22	ITV BECTU
16/11/22	BBC Wales Wales Governance Centre
17/01/23	Alan Esslemont (TG4, Ireland) Andrew Jeffreys (Treasury, Welsh Government)
21/02/23	Institute of Welsh Affairs (IWA) Wales Public Interest Journalism Working Group
10/03/23	Alun Llwyd (AM Cymru)

### Written Submissions received from:

- Arqiva
- Channel 4
- ITV Cymru Wales
- National Communications Council
- Netflix
- NUJ (Available at: <https://www.nuj.org.uk/resource/nuj-submission-to-the-expert-panel-on-a-shadow-broadcasting-and-communications-authority-for-wales--october-2022.html>)
- Race Council Cymru
- TAC
- Ofcom: information on PSB provision of news and current affairs content
- Cymdeithas yr Iaith

### Evidence Commissioned by the Expert Panel

- School of Journalism, Media and Culture, Cardiff University (January 2023) 'Review of the broadcasting powers and responsibilities in selected countries: report for the Expert Panel on a Shadow Broadcasting and Communications Authority for Wales'
- Enders Analysis (February 2023) 'Broadcasting Trends - Prepared for the Expert Panel on the Devolution of Broadcasting'
- Kids Industries (February 2023) 'Children's media in 2023 and the need for regulation' (Kids Industries')

### Other material

Annual reports and publicly available reports from the PSBs (S4C Annual Reports and annual management reviews from BBC Wales)

Creative Wales funded activities: Available at: [Homepage | Creative Wales](#)

Welsh Affairs Select Committee. Inquiry into Broadcasting in Wales. Available at: [Broadcasting in Wales - Committees - UK Parliament](#)

Enders Reports (not available to non-subscribers; temporary access while Future Trends contract underway)

- Sports rights: Will streamers bid up prices?
- The UK's ongoing status as a cultural powerhouse
- Public service television: Something for everyone
- Analysing UK sports rights: The different value components
- UK's Creative Industries: Boosting the regional economy
- Free-to-air television: Consolidation and the public interest
- Outsourcing culture: When British shows aren't 'British'

# Appendix 4: Classification of Public Bodies in Wales: Classification Guidance

## Types of Public Body

**A. Non Ministerial Departments (NMDs)**

**B. Executive Agencies (EAs)**

**C. Welsh Government Arm’s Length Bodies (WG ALBs)**

**C1.** Executive ALBs

**C2.** Advisory ALBs

**C3.** Tribunal ALBs

**D. Limited Companies**

**D1.** Government-Owned Companies

**D2.** Public Corporations

**E. Advisory Bodies**

**E1.** Public Sector Working Groups

**E2.** Advisory Panels

**E3.** Task and Finish Groups

**F. NHS Bodies**

**G. Other Bodies**

**G1.** Independent Statutory Office Holders

**H. Joint Arrangements and Public Private Partnerships**

**List of Devolved Public Bodies in Wales.**

Categories and Characteristics	Governance Arrangements for WG
<b>A. Non-Ministerial Departments (NMDs)</b>	
<ul style="list-style-type: none"> <li>• Separate Government departments in their own right, established to deliver a specific function, but do not have their own Minister.</li> <li>• Powers are generally derived from statute headed by a Statutory Board.</li> <li>• Precise nature of their relationship with the Welsh Ministers will vary according to their statutory functions and framework. Distance day-to-day administration of the activity from direct Ministerial control, while retaining some Government input to wider policy.</li> <li>• Staff are civil servants. Senior official is the accounting officer, who is normally appointed by the Treasury.</li> <li>• Produce their own accounts.</li> <li>• Appointments to the board are regulated by the Commissioner for Public Appointments and must be made in compliance with the Code of Governance.</li> </ul>	<ul style="list-style-type: none"> <li>• Memorandum of Understanding/Concordat defines the working relationship between the WG and NMD.</li> </ul>

Categories and Characteristics	Governance Arrangements for WG
<b>B. Executive Agencies (EAs)</b>	
<ul style="list-style-type: none"> <li>• Executive Agencies are part of Welsh Government or a UK Government Department.</li> <li>• They are defined business units set up to carry out a particular service or function from within the WG.</li> <li>• Policy is set by Welsh Ministers. They operate with a degree of autonomy from WMs and their ‘parent’ Director General.</li> <li>• They are headed up by a Chief Executive (CE) who may also be supported by a Management Board. The CE is also designated as the Accounting Officer by the appropriate WG Additional Accounting Officer. All staff are civil servants.</li> <li>• WMs do not concern themselves with day to day running but are accountable to the Senedd for its overall performance. WMs approve and provide funding.</li> <li>• They are set up administratively and do not have a separate legal personality. EAs produce their own accounts and annual report. Their accounts are consolidated into the Whole of Government accounts.</li> <li>• The Chief Executive may be designated as the agency Accounting Officer.</li> </ul>	<ul style="list-style-type: none"> <li>• Framework document</li> <li>• Code of Conduct for Board Members (if there is a board)</li> <li>• Letter of Appointment for Accounting Officer, including terms and conditions.</li> </ul>

Categories and Characteristics	Governance Arrangements for WG
<b>C. Welsh Government Arm’s Length Bodies (WG ALBs)</b>	
<b>C1. Executive ALBs</b>	
<ul style="list-style-type: none"> <li>• Executive ALBs are usually established under statute, although a small number have been established by Royal Warrant or Royal Charter.</li> <li>• Not part of the Crown but have own legal personality.</li> <li>• Operate within a strategic framework determined by WMs.</li> <li>• Carry out a wide range of administrative, commercial, executive and regulatory or technical functions which are considered to be better delivered at arms length from WG.</li> <li>• The CEO is usually designated as the Accounting Officer. Through the Accounting Officer, they are directly accountable to the Senedd and Parliament although Ministers are ultimately accountable for their performance.</li> <li>• Headed by Boards (or occasionally an office-holder) whose members are appointed by Ministers. Some members may be Crown Appointments on the advice of Ministers or appointments may be made by the body itself. Appointments are regulated by the Commissioner for Public Appointments and must be made in compliance with the Code of Governance.</li> <li>• The board appoints the CEO, usually with the agreement of the WM.CEO and staff are not civil servants but employed by the body itself.</li> <li>• Funding is delivered through grant or, more commonly, grant-in-aid although some may generate additional income through other sources. Produce own accounts and annual report.</li> </ul>	<ul style="list-style-type: none"> <li>• Framework document</li> <li>• Code of Conduct for Board Members</li> <li>• Code of Conduct for Staff</li> <li>• Remit Letter</li> <li>• Register of Interests</li> <li>• Letter of Appointment including terms and conditions.</li> </ul>
<b>C2. Advisory ALBs</b>	
<ul style="list-style-type: none"> <li>• Advisory ALBs are set up to provide Welsh Ministers with independent, expert advice on an ongoing basis. They are bodies which have a lifespan in excess of two years.</li> <li>• No new Advisory ALBs are being created by Welsh Ministers at the moment. Advisory Groups or Panels should be set up instead - these are not separate bodies and can be created and dissolved more easily.</li> </ul>	



Categories and Characteristics	Governance Arrangements for WG
<b>C3. Tribunal ALBs</b>	
<ul style="list-style-type: none"> <li>• Normally operate under statutory provisions.</li> <li>• Usually concerned with tasks and advice relating to specialist areas of the law, and undertake judicial functions, such as determining the rights and obligations of private citizens. They are not part of the court system.</li> <li>• Vary widely in the type and quantity of their work, as does their administrative support.</li> <li>• Following report to Counsel General, structure of Tribunals in Wales is under review.</li> </ul>	<ul style="list-style-type: none"> <li>• Concordat between Welsh Tribunals Unit and Tribunal, setting out roles and responsibilities, dispute resolution etc.</li> <li>• Appointment letters for lay members, detailing terms and conditions.</li> </ul>
<b>D. Limited Companies</b>	
<ul style="list-style-type: none"> <li>• There are a range of companies set up by Welsh Ministers, which they own fully or partly.</li> </ul>	
<b>D1. Government- Owned Companies</b>	
<ul style="list-style-type: none"> <li>• Established as public companies limited by shares or by guarantee in accordance with the Companies Acts.</li> <li>• The Company’s “basis of trading” must be clearly set out in the Memorandum and Articles of Association.</li> <li>• Welsh Minister appointments to the board will fall within the remit of the Commissioner for Public Appointments and must be made in accordance with the Commissioner’s Code of Practice.</li> <li>• Board will appoint the CEO, with the approval of the WM, who will be designated accounting officer by the Permanent Secretary, if appropriate.</li> <li>• The freedoms granted to the company will depend very much on the degree of intervention and control that Ministers would wish to exercise.</li> <li>• Staff will be employees of the company not civil servants.</li> </ul>	<ul style="list-style-type: none"> <li>• Management Agreement</li> <li>• Memorandum and Articles of Association, if set up under the Companies Act.</li> <li>• Code of Conduct for Board Members</li> <li>• Code of Conduct for Staff</li> <li>• Remit Letter</li> <li>• Register of Interests</li> <li>• Letters of Appointment</li> </ul>

Categories and Characteristics	Governance Arrangements for WG
<b>D2. Public Corporations</b>	
<ul style="list-style-type: none"> <li>• These are mainly trading bodies operating either commercially or recovering most of their costs from fees charged to customers or levies.</li> <li>• Usually classified where at least 50% or more of its costs are met from such outside income. The 50% criterion should be applied by looking over a range of years to avoid frequent reclassifications through minor fluctuations in one year, which are not repeated or expected to be repeated in the future.</li> <li>• Advice should be sought from Financial Control Team regarding treatment for budgeting and accounting purposes.</li> </ul>	<ul style="list-style-type: none"> <li>• Concordat between Welsh Tribunals Unit and Tribunal, setting out roles and responsibilities, dispute resolution etc.</li> <li>• Appointment letters for lay members, detailing terms and conditions.</li> </ul>
<b>E. . Advisory Bodies</b>	
<b>E1. Public Sector Working Groups</b>	
<ul style="list-style-type: none"> <li>• Provide advice on a wide range of issues including policy issues, usually non-statutory.</li> <li>• Comprised of at least two-thirds civil or public servants.</li> <li>• Members often serve in an ex-officio capacity and are accountable to their employers. The lifespan of this type of body is not limited to two years.</li> </ul>	<ul style="list-style-type: none"> <li>• Terms of Reference</li> <li>• Appointment letters</li> </ul>
<b>E2. Advisory Panels</b>	
<ul style="list-style-type: none"> <li>• Provide advice on a wide range of issues including policy issues, usually non-statutory.</li> <li>• Comprised of at least two-thirds civil or public servants.</li> <li>• Members often serve in an ex-officio capacity and are accountable to their employers. The lifespan of this type of body is not limited to two years.</li> </ul>	<ul style="list-style-type: none"> <li>• Modus Operandi (covering but not limited to, its purpose, terms of reference, membership and appointments process)</li> <li>• Code of Conduct for Members</li> <li>• Appointment Letters detailing terms and conditions</li> <li>• Conflicts of Interest Declaration</li> </ul>

Categories and Characteristics	Governance Arrangements for WG
<b>E3. Task and Finish Groups etc</b>	
<ul style="list-style-type: none"> <li>• Set up quickly to provide independent, expert advice to Welsh Ministers on a specific issue in a short period of time.</li> <li>• Short lifespan of less than two years.</li> <li>• Remit focused on a single dominant issue.</li> <li>• Membership drawn from the wider public sector, third sector or the private sector.</li> <li>• Appointments do not fall within the remit of the Commissioner on Public Appointments due to their short term nature.</li> <li>• Do not incur expenditure in their own right or produce accounts accounted for by the sponsor department.</li> </ul>	<ul style="list-style-type: none"> <li>• Letters of Appointment</li> <li>• Terms of Reference</li> <li>• Register of Interests</li> <li>• Code of Conduct for Members</li> </ul>
<b>F. NHS Bodies</b>	
<ul style="list-style-type: none"> <li>• To manage, administer and deliver the NHS in Wales.</li> <li>• LHBs, SHAs and Trusts are responsible to their Boards to deliver national and regional healthcare services and locally informed needs.</li> <li>• LHBs and Trusts prepare their own annual accounts, which are included in the Welsh Government's Resource Accounts.</li> </ul>	

Categories and Characteristics	Governance Arrangements for WG
<b>G. Other Bodies</b>	
<b>G1. Independent Statutory Office Holders</b>	
<ul style="list-style-type: none"> <li>Individual office holders whose appointment is specified in statute. Legal status is that of a ‘corporation sole’.</li> <li>Independent of Ministers, established to operate outside of any political influence.</li> <li>Oversight, enforcement, adjudication or monitoring powers or advocacy role.</li> <li>The office holder is appointed by Senedd or the First Minister but is usually made on the advice of an all-party committee.</li> <li>They may employ staff but they will not be civil servants.</li> <li>They produce their own accounts and annual report and the AGW is their external auditor.</li> <li>The office holder is the accounting officer.</li> </ul>	<ul style="list-style-type: none"> <li>Founding legislation will determine the nature of any control documents. Some form of funding letter will be required if funded from WM resources. Some may drawdown funds directly from the Consolidated Fund.</li> <li>An MoU may also be required depending on the nature of the relationship with WM.</li> </ul>
<b>H. Joint Arrangements and Public-Private Partnerships</b>	
<ul style="list-style-type: none"> <li>To work with private sector partners to maximise funding and/or expertise in the target area.</li> <li>A special purpose vehicle, such as a partnership or limited company, may be established to run in conjunction with a private sector partner.</li> <li>The arrangements between the partners, e.g. governance, financial management, reporting, appointments etc, must be documented and clearly understood by all parties.</li> <li>Senior Responsible Officer (SRO) is appointed to manage the Joint Arrangement.</li> </ul>	<ul style="list-style-type: none"> <li>Policy Statement</li> <li>Legal Agreement</li> <li>List of Public Bodies to be updated.</li> <li>Register of interests</li> <li>Memorandum and Articles of Association and usually a Shareholders Agreement.</li> <li>Business Plan</li> </ul>

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**Review of the broadcasting powers and responsibilities  
in selected countries  
Report for the Expert Panel on a Shadow Broadcasting and  
Communications Authority for Wales**

January 2023

Dr Tom Chivers, Professor Stuart Allan, Dr Cynthia Carter,  
Dr Eva Nieto McAvoy and Dr Caitriona Noonan

School of Journalism, Media and Culture  
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## **About this report**

This report provides a review of the broadcasting powers and responsibilities in the Basque Country, Canada, Denmark, the Republic of Ireland and Estonia. The research is based on analysis of official policy documents, industry data and academic literature published over the last 15 years from these countries and across European and international media policy domains.

Through five profiles the report presents a factual summary of each country's media system, supported by in-depth case studies of contemporary debates within that country on public media governance, regulation, funding and content provision. The report examines specific issues relating to serving the needs and interests of distinct linguistic and cultural communities, as well as exploring the countries' strategies for adapting policy and public service organisations to the digital media landscape.

The report also offers a summary of our findings and general observations on the structure of these various media systems, their distinct approaches to policymaking, and the implications of different models or methods for governing and regulating public media. We hope the cases presented are interesting, informative and useful for the Expert Panel's deliberations on the prospects for the devolution of broadcasting powers to Wales.

## About the authors

**Dr Tom Chivers** is a Research Associate in the School of Journalism, Media and Culture at Cardiff University. For the last two years he has worked as a researcher on the 'Arts, Culture and Public Service Broadcasting' workstrand for the Creative Industries Policy and Evidence Centre (co-ordinated with Nesta, funded by AHRC grant number AH/S001298/1), with a specific focus on investigating the public value of public service broadcasting in the UK. His wider research interests include press and broadcast policy, public policymaking and British media history, and he has lectured on these subjects at King's College London, Goldsmiths University of London and Bournemouth University.

**Professor Stuart Allan** is Professor of Journalism and Communication in the School of Journalism, Media and Culture at Cardiff University. He recently completed an extended term as Head of School and is currently the lead of the 'Arts, Culture and Public Service Broadcasting' workstrand for the Creative Industries Policy and Evidence Centre. Currently, he is conducting research into a number of topics, including the evolving nature of public service broadcasting within the wider cultural and creative industries. He has led and contributed to a range of research projects over the years, with grants awarded by several national research councils.

**Dr Cynthia Carter** is a Reader in the School of Journalism, Media and Culture at Cardiff University. She is a co-investigator with the 'Arts, Culture and Public Service Broadcasting' workstrand for the Creative Industries Policy and Evidence Centre, with a specific focus on PSBs for the under-30s audience. She is on the Academic Advisory Board of The Children's Media Foundation, member of the Voice of the Listener and Viewer and Ofcom's Making Sense of Media Network focusing on issues around children, media and citizenship. She obtained two AHRC/BBC funding grants for audience research on what children expect from the BBC children's news programme Newsround, along with related grants from the British Film Institute, the Bavarian Broadcasting Corporation and the Open Data Institute.

**Dr Eva Nieto McAvoy** is visiting fellow in the School of Journalism, Media and Culture at Cardiff University. For the last three years she has been a research associate on the 'Arts, Culture and Public Service Broadcasting' workstrand for the Creative Industries Policy and Evidence Centre. She has conducted research into public service broadcasting in the UK and beyond as a researcher for the Cultural Value Project and Infomigrants, a collaboration led by France Médias Monde, Deutsche Welle, and the Italian press agency ANSA at the Open University. She has contributed publications on the work and history of the BBC World Service and led research on the impact of Covid19 on the Welsh screen sector.

**Dr Caitriona Noonan** is Senior Lecturer in Media and Communication in the School of Journalism, Media and Cultural Studies. Her expertise is in the areas of television production, public service broadcasting, creative labour and cultural policy. She is co-author of the book 'Producing British Television Drama: Local Production in a Global Era', and is also lead investigator on an AHRC-funded project 'Screen Agencies as Cultural Intermediaries: Negotiating and Shaping Cultural Policy for the Film and TV Industries within Small Nations'.

# Summary of findings and observations

Across the five media systems examined in this report, we have identified common themes influencing the quality, sustainability and public value of different broadcasting systems. These themes draw on our analysis and observations of the broadcasting powers and responsibilities in the selected countries, and seek to highlight the implications of (and opportunities for) exploring alternative models of funding, governance and regulation in local, national and international media contexts.

## **1. Constrained funding for public service broadcasters**

While governments within the UK, across Europe and around the world look to restate or revise the role of public service broadcasting (PSB) in their respective media systems, there remains an enduring support for the fundamental public service principles of universality, diversity, impartiality and accountability. Yet despite this enduring support, the main PSB organisations in the five selected countries have experienced severe financial challenges in recent years: freezes or cuts in public funding; declining revenues from commercial sources; and rising costs from inflation and growing international competition. Inadequate funding has led to substantial cuts in the level of services and programmes offered by the countries' PSBs, leading to tensions and difficult choices in how these broadcasters fulfil their core public service objectives set by policymakers – especially as these objectives are being expanded to include increasing online service delivery.

In addition, the current models for collecting and distributing funds pose a further difficulty for the sustainability and reliability of producing public service media content. PSB funding via government grants (employed in all five countries) has shown to be highly susceptible to fluctuating political and financial circumstances, while licence fees (currently the primary source of funding for RTÉ in Ireland) are increasingly perceived as anachronistic and suffer from high rates of household evasion. While Canada, Denmark and Ireland operate various schemes for subsidising content in commercially under-served genres, these funds are typically 'top-sliced' from PSBs rather than provided from new sources. However, options for reform or intervention in funding models will also need to fully examine the unintended consequences on the level and quality of services expected by the public.

**In evaluating the scale and mix of funding used to finance broadcast media content, policymakers will need to examine whether new or existing funding models are sufficient for delivering a level of service that fulfils the wider social and cultural objectives inherent to public service broadcasting.**

## **2. Politicised media governance and policymaking**

While the five countries share common models of media governance – e.g. arms-length regulators defined in statute, PSB remits and quotas set by cyclical government agreements – each media system also features novel approaches to editorial, political or public oversight, particularly within the main PSB organisations. These include variously constituted councils, boards, ombudsmen and advisors aimed at representing cultural, linguistic and other under-served communities, providing a forum for audience complaints, and consulting on broadcasters' services and strategy. Many of these roles are, however, typically filled by industry figures or individuals from professional 'high office', and the role and influence of these various bodies is not always clear.

In all five countries there are clear tensions between the primary mechanisms of independent media governance and political or government involvement in regulation. In almost all cases the governing boards of the countries' PSBs and media regulators are appointed by politicians, either directly through the executive decision of a government minister or on the approval of national parliaments. The power of governments to appoint senior media governance figures, agree public funding levels and set PSBs' contracted requirements is entrenched in the countries' respective media legislation, and in only a few cases are these decisions contingent on public consultation or confirmatory votes by legislators. Regulatory reviews of PSB systems have also struggled to strike a balance between broader public interest ideals and industrial objectives for open market competition. As we have observed from recent cases in Denmark and Estonia, the lack of separation between political or commercial interests and media governance has resulted in ad-hoc policy decisions that risk disrupting public service delivery and undermining public trust in media institutions.

**Policymakers should ensure that the need for legal accountability does not allow for undue interference in the political and commercial independence of public media institutions. In considering new modes of governance policymakers should consider subjecting media appointments to greater public (rather than solely political) scrutiny and consultation, as well as promoting more direct public participation in key decisions concerning public media funding, governance and content strategies.**

### **3. Limited support for languages, local cultures and specialist genre content**

Each of the broadcasting systems in the five countries features dedicated broadcasters, services or content initiatives aimed at preserving and protecting the representation of national identities and/or serving distinct linguistic, cultural and minority communities. Regulatory provisions, such as 'European origin' quotas and Canada's regime for certifying 'Canadian content', comprise the main official requirements for original national or local content production, together with specific expectations set out in PSBs' public contracts. In all five countries, public service broadcasters are the primary (if not the sole) providers of original, culturally distinct content made specifically for local, regional and national linguistic or cultural communities. These interventions have proven to be valuable and valued measures for meeting the needs and interests of historically marginalised or under-represented people and communities.

However, as recent cases in Ireland, Estonia and the Basque Country demonstrate, public funding and support for services aimed at 'smaller' language communities has stagnated. Particularly where broadcasters are reliant on commercial revenue, language services and genres (beyond some dramas and entertainment formats) may offer limited domestic or international audience appeal. As the levels of overall funding for PSBs have fallen, bespoke television and radio language services have often been the first to face cuts or consolidations that have limited their ability to fully serve their respective audiences. While subsidy schemes like those in Ireland, Denmark and Canada have helped to open production of language and specialist genre content (such as educational and children's programming) to new providers beyond PSBs, long-term support for these schemes is ultimately dependent on financial commitments from regulators and governments, whose priorities may shift. Although international streaming services have made tentative steps towards funding or co-producing content that reflects local languages and cultures, it is similarly unclear whether this is a sustainable model for preserving and promoting distinct national identities in broadcast media.

**Policymakers, broadcasters and regulators should identify more secure funding options to ensure that under-represented audiences are not marginalised in the evolving media landscape. Strategies to investigate may include means to further develop and retain local talent and production capacity, specifically for local language and specialist genre content.**

#### **4. Intense competition and regulatory imbalance in the online media landscape**

One of the biggest pressures facing broadcasters in the five countries stems from the rapid growth of new digital media technologies and international streaming video-on-demand (SVoD) services. Companies like Netflix, Amazon, Apple and Disney have created intense competition for domestic broadcasters both in terms of the media services audiences use and the production, supply and distribution of content within national markets. Public and commercial broadcasters alike have adopted wide-ranging strategies for providing their 'traditional' services online, including distributing their own-produced content on commercial streaming services to reach wider audiences and generate additional revenues. However, there is a risk that the cultural distinction and public service aims of nationally based broadcasters (especially those in smaller countries) are becoming less apparent or relevant to audiences, who can access tens of thousands of hours of content across different genres and formats.

The growing popularity of these new media services also poses a significant regulatory dilemma for the supply and production of domestic content that reflects the lives and experiences of distinct national audiences. Whereas PSBs in the five countries are required (both in their legally defined purposes and their specific programming quotas) to show content that reflects the lives and interests of their national communities, content on streaming services is mostly unregulated and predominantly features internationally targeted, culturally homogenous content. Recent and ongoing efforts at reform in Denmark, Spain and Canada have proposed to expand existing broadcast regulations to streaming services, including content standards, quotas for investment and hours of 'local' content and levies on revenues to support public service subsidy funds. The effectiveness of these measures will depend heavily on whether these international companies will conform, and what powers national regulators or governments afford themselves for ensuring compliance. In smaller markets, where streaming services may not generate significant revenues, there is a risk that these companies may simply evade these measures, reduce their local investment or withdraw services altogether, rather than agree to increased regulatory requirements.

**Public service broadcasters (especially those serving smaller national populations or distinct communities) should explore ways of 'doing digital differently', to distinguish their services and content from what is already widely offered by international streaming services and commercial broadcasters. Alternative approaches might include increased 'trans-media' programming that spreads content over multiple formats, increasing public participation in content commissioning and distribution, and redefined content distribution and algorithm-driven recommendations that prioritise public service values over audience maximalisation.**

**New strategies should not, however, focus exclusively on online content delivery at the expense of established terrestrial television and radio. Large parts of national audiences, especially those from lower socioeconomic backgrounds and geographically isolated areas, continue to depend on 'traditional' formats for their media use or often cannot access reliable or cheap internet connections. 'Doing digital'**

**will also require stable funding and clear mandates to ensure all audiences benefit from expanded and existing services.**

#### **5. Divergent practices for transparency and data collection**

The varying and often limited availability of public reporting on broadcasting and regulatory activities within the selected countries has created a recurring barrier in our research. Although primary documents such as PSBs' annual reports, public service contracts and regulatory decisions are published regularly, we have noted a significant divergence across the countries in the collection and presentation of survey data (e.g. audience habits and public perceptions), production statistics (e.g. funding allocations and hours of content produced), consultations or internal regulatory and governance decisions.

Several of the PSBs in the five countries outsource their audience and market research to private consultancies and analysis groups, using proprietary methodologies and unclear objectives, rather than broadcasters employing their own internal researchers. While we recognise that this is in part a reflection of differing legal and institutional approaches to corporate governance in the five countries (not to mention the financial and organisational resources required for routine monitoring), it nonetheless highlights an essential and often under-valued aspect of media governance, regulation and policymaking.

**Effective policymaking and public media planning requires meaningful public accountability and scrutiny, and should be informed by comprehensive, authoritative and transparent research. Policymakers, regulators and broadcasters should be expected to provide reasonable public accounts of their governance and decision-making processes, and should produce extensive research on market trends, audience behaviour and records of content production and funding.**

## Introduction

Around the world, domestic media systems face a series of pressing challenges. Rapid changes in media platforms and digital technologies, rampant competition between media producers and distributors, and shifting media consumption habits are transforming how audiences find, use and value media content across television, radio and online formats.<sup>1</sup> In the last decade the rapid proliferation of ‘SVoD’ (streaming video-on-demand) services such as Netflix, Amazon Prime, Apple TV and Disney+ has afforded audiences with a widening range of choice in content and formats. However, this rush of investment has favoured programming that is predominantly US-centred, designed to appeal to transnational, culturally homogenous audiences, rather than reflecting the lives and experiences of the national, let alone local, communities who consume this content.<sup>2</sup>

Looking across national contexts, a number of common trends have emerged. Public service broadcasters (PSBs) have faced significant financial pressures in recent years, leading to diminished investment in the production of socially and culturally significant content, particularly news, children’s programming and services for local, regional and minority-language audiences.<sup>3</sup> In recent years sustained freezes or cuts in public media funding have limited PSBs’ operating revenues, while declining commercial income and rising inflation have further squeezed domestic broadcasters’ finances. The EBU estimates that across Europe public service media organisations experienced a 6.9% fall in revenues between 2016 and 2020.<sup>4</sup> In the UK, as in many countries around the world, public trust in ‘legacy’ media organisations has fallen markedly amongst lower socio-economic backgrounds.<sup>5</sup> Surrounding these issues are growing concerns over media independence and the accountability of government powers relating to funding settlements, senior appointments and the future strategy for public media institutions.<sup>6</sup>

However, against these perennial challenges, public service broadcasters are still the most used and most trusted media sources for audiences in the UK and across Europe. Averaged across Europe, public service media outlets reach 60% of audiences and receive a 25% daily share of daily television market share.<sup>7</sup> Public service news outlets are the most trusted sources of news and information in 28 out of 31 European countries, and publics continue to highly value the integral role of PSBs in fostering a diverse information environment, promoting cultural expression and sustaining democratic processes.<sup>8</sup> While governments within the UK, across Europe and around the world look to restate or revise the role of PSBs in their respective media systems, there remains an enduring support for the fundamental public

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<sup>1</sup> EBU (2022) [Audience Trends: Television 2022](#), July 2022; Ofcom (2022) [Media nations: UK 2022 report](#), 17 August 2022.

<sup>2</sup> Enders Analysis (2021) [Outsourcing culture: When British shows aren’t ‘British’](#), 9 March 2021.

<sup>3</sup> D’Arma, A. and Labio A. (2017) [Making a difference? Public service broadcasting, distinctiveness and children’s provision in Italy and Spain](#); Enli, G. (2013) [Defending Nordic children against Disney: PSB children’s channels in the age of globalization](#); McElroy, R. and Noonan, C. (2018) [Public Service Media and Digital Innovation: The Small Nation Experience](#).

<sup>4</sup> EBU (2022) [Funding of Public Service Media](#).

<sup>5</sup> Reuters Institute for the Study of Journalism (2019) [Old, Educated and Politically Diverse: The Audience of Public Service News](#); RISJ (2021) [Digital News Report 2021](#).

<sup>6</sup> Senedd Culture, Language and Communications Committee (2017) [The Future of S4C; Future of TV Inquiry Report 2016](#); House of Lords Communications Committee (2016) [BBC Charter Review: Reith not Revolution](#).

<sup>7</sup> EBU (2022) [Audience Trends: Television 2022](#), July 2022.

<sup>8</sup> EBU (2022) [Trust in public service media 2022](#), October 2022.

service principles of universality, diversity, impartiality and accountability, and the significant public value these ideals create.<sup>9</sup>

These intertwined factors demonstrate the importance for policymakers of a detailed understanding of how different local, regional and national broadcasting models have been affected by, and are responding to, the emerging media environment. This report explores the broadcasting powers and governance arrangements of the Basque Country, Canada, Denmark, the Republic of Ireland and Estonia. The five selected countries and their respective media systems offer ideal examples for analysing various models of media governance, regulation, funding and public service obligations. These territories share distinctive features for comparison with the media system in Wales, including: populations comprising a substantial proportion of bi-lingual, multi-lingual or minority language speakers; varying degrees of devolved political, legal and communication powers within a national and/or European Union framework; mixed public and private provision of television, radio and online media services, including public funding across TV licences, commercial revenues, direct taxation and/or government grants; a policy for PSB governance, established in law, which specifies the ethos, objectives, and regulatory arrangements of the respective broadcaster(s); and the provision of broadcast media services (either public or private) serving distinct linguistic or cultural communities with programmes.

## Methods and search strategy

In producing this report we undertook an extensive evidence search process to gather the broadest range of relevant materials and data that would inform a comprehensive analysis of each country's media system and broadcasting powers. Our research strategy and evidence analysis were led by five core Research Questions modelled on the Expert Panel's interests and objectives:

1. What factors have influenced the growth and development of each country's broadcasting sector and its respective regulatory/governance frameworks?
2. What kinds of public service objectives are defined in legislation or broadcasters' constitutions, and how? What principles are prioritised and how is the delivery of these measured or assessed?
3. Which bodies are officially responsible for policy and regulatory decision-making, and how are these decision-making processes constituted? What requirements are in place for ensuring that local, regional and minority community interests are consulted or have devolved authority over aspects of decision-making?
4. How are broadcasting organisations, industry groups and policymakers responding to contemporary issues arising from changing audience habits, new digital technologies and market pressures? What reforms or initiatives have been introduced in the last 15 years and how effective have these been?
5. What specialist services do these national broadcasting systems provide for serving minority language communities and under-represented groups? How are these services targeted and funded?

Our primary evidence search strategy involved a series of searches for each country, identifying, sourcing and evaluating pertinent materials concerning the country's broadcasting policy and related developments in governance. This research strategy focussed on collating

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<sup>9</sup> Chivers, T. and Allan, S. (2022) [A public value typology for public service broadcasting in the UK](#), Creative Industries Policy & Evidence Centre.



evidence published about (and ideally in) the five selected countries, while also incorporating secondary international or comparative evidence from other PSB contexts.

The main types of documents we collected consisted of:

- Legal statutes, regulatory schema and government policy statements
- Public media bodies' constitutions, mission statements and corporate charters
- Official reports and studies published by national governments, legislatures, devolved bodies, regulators
- Broadcasters' annual reports, consultation responses and regulatory compliance statements
- Reports and studies published by research organisations, interest groups, charities and other forms of 'grey literature'
- Peer-reviewed academic journal articles, papers, monographs and edited volumes
- Online news reports and blog posts.

The principal databases and search resources used for this search process were academic literature platforms (e.g. Cardiff University library, JSTOR, Scopus, ERIC etc.), national libraries and digital repositories, corporate websites of media companies, regulators and research groups, as well as news media websites and new search tools such as LexisNexis and ProQuest. Where possible we included full references and hyperlinks for all data and supporting evidence used in our analysis of the countries' media systems.

We were also aided in our searches by country-level academic experts and policy contacts, who kindly provided us with references, suggestions, access to unpublished documents and points of clarification. We are deeply grateful for their time and their valuable contributions to this research.

## EU broadcasting law and media directives

The five selected countries have distinct broadcasting systems and governance arrangements that reflect unique historical, political and cultural dynamics. However, four of the countries – Ireland, Denmark, Estonia and the Basque Country – are also subject to a shared regulatory framework deriving from their national membership of the European Union.<sup>10</sup> Notwithstanding general EU requirements for the free flow of goods, capital and labour, the Treaty of Amsterdam in 1997 codified the importance of public broadcasting for “the democratic, social and cultural needs of each society and to the need to preserve media pluralism”. The Treaty further devolved to the Member States the powers to

provide for the funding of public service broadcasting insofar as such funding is granted to broadcasting organisations for the fulfilment of the public service remit as conferred, defined and organised by each Member State.<sup>11</sup>

As in the four EU states explored in this report, these remits have been implemented in national legislation that detail core principles and organise their public media organisations in

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<sup>10</sup> Although Canada is clearly not subject to EU laws or Directives, it is nonetheless party to international agreements like NAFTA that include requirements and free trade allowances for cross-market access with the USA and Mexico. Notably, Canada was able to lobby for a [cultural exemption in the original 1994 agreement](#), to protect its national broadcasting market from excessive American cultural influence.

<sup>11</sup> EUR-Lex, [Treaty of Amsterdam – protocol on the system of public broadcasting in the Member States](#).

particular ways. Although each country has interpreted and revised these principles to reflect their national contexts and broadcasting systems, they share a set of normative ideals and values that are commonly considered essential to the public service media 'compact'. These include universality of content and services that serve the needs and interests of all audiences; accessibility and availability, in particular making services free to use; high quality and cultural range across genres and formats; impartial, trustworthy news and journalism content; pluralism and diversity in views, perspectives and representation; and accountability and independence.<sup>12</sup>

The development of pan-European cable and satellite broadcasting services from the 1980s onwards also prompted the introduction of a growing regulatory framework for television, radio and latterly video on-demand broadcast operations.<sup>13</sup> The European Commission's 1989 'Television Without Frontiers' Directive (TWFD) sought to both standardise and liberalise the European broadcasting market, setting public interest expectations for broadcasters while also establishing competition and State Aid rules to limit PSBs' negative impact on commercial media competition. In 2007 TWFD was replaced by the Audiovisual Media Services Directive (AVMSD), which inherited the core framework of TWFD while introducing new regulatory requirements to implement at national level. A new "country of origin" principle stated that broadcasting services could only be regulated according to the rules and standards of the state where the broadcasts originate, rather than by the state where transmissions are received. AVMSD also established quotas for 'European works' (50% of television broadcasts) and programming created by independent European producers (10%).

The AVMSD was expanded further in 2018, with the most significant reform eliminating the previous 'two-tier' regulatory model between linear broadcasters and other 'television-like' services.<sup>14</sup> The 2018 Directive introduced a level playing field approach, with broadcasters, video-on-demand platforms and video-sharing sites all subject to the same framework. Together with new requirements for online platforms and social media to protect minors from harmful content, the quotas for 'European works' have been extended to video-on-demand services, who are expected to devote at least 30% of their content catalogues to European content. The Directive also allows Member States to impose financial obligations on media services targeting their own consumers to support financial 'cultural contributions' to domestic media production. As we explore in the following country profiles, the implementation of the 2018 AVMSD into national legislation has met with various responses: Ireland and Spain (along with Czechia, Slovakia and Romania) have been referred to the EU Court of Justice for their failure to transpose the AVMSD into state law, while Denmark has recently proposed a draft bill for a 'Netflix tax' alongside wider reforms to its public service media legislation.<sup>15</sup>

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<sup>12</sup> Chivers, T. and Allan, S. (2022) [A public value typology for public service broadcasting in the UK](#); Freedman, D. and Goblot, V. (2018) [A Future for Public Service Television](#); Public Media Alliance, '[What is PSM?](#)'.

<sup>13</sup> Broughton Micova (2020) [The Audiovisual Media Services Directive: Balancing Liberalisation and Protection](#).

<sup>14</sup> EUR-Lex, [Audiovisual Media Services Directive 2018](#).

<sup>15</sup> Iordache, C. et al. (2022) [The "Netflix Tax": An analysis of investment obligations for on-demand audiovisual services in Europe](#).

# The Basque Country<sup>1</sup>

## Demographics:<sup>2</sup>

- Population: 2.1 million (out of 47.4 million in Spain), 0.6% growth since 2016.
- Languages: 936,812 people report speaking and understanding Basque well. 1.3 million (62.4%) have some knowledge of Basque, up 34% from 1981.
- 13.5% of households use Basque within the family unit; 7.5% of households identify as bilingual; and 80% of households use Spanish only. There are stark age differences in Basque use: 90.5% of people aged 10 to 14 speak Basque compared to 22.1% of those aged 70 and over: more than 70% of those aged 30 and under are Basque speakers.<sup>3</sup>
- 76,000 Basque nationals live abroad, however there is a wider Basque diaspora (est. 10 million people) that is considered culturally part of the Basque Country.<sup>4</sup>

## Main broadcasters:

- *Euskal Irrati Telebista (EITB)* – public service broadcaster in the Basque Autonomous Community, established 1982.

EITB is the leading media group in the Basque Country, providing five television channels, six radio stations, a news and media content website and a digital broadcast video-on-demand (BVoD service) *EITB Nahieran*. It is funded through a mix of a public grant from the Basque Government and commercial revenues from advertising and services. EITB's total budget for 2022 was €176.1 million, with €164.1 million of that (93.2%) comprised of the public grant – giving the Basque Country a monthly per capita cost of €6.25 for its public media, over double the European average. EITB's remit, as defined in its 2030 Strategy, is to

respond to the needs of Basque society with a range of audio-visual products including news & current affairs, educational content and entertainment of a plural, attractive, high-quality nature; to promote the Basque language and culture; and to help normalise and extend the use of Basque in the current audio-visual ecosystem.<sup>5</sup>

Terrestrial broadcasts from ETB1, EITB's primary television channel, cover both the Autonomous Communities of the Basque Country and Navarra, also reaching some areas in bordering Spanish territories and residents of the French Basque Country.

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<sup>1</sup> This section focuses on the Autonomous Community of the Basque Country (*Euskadi*), one of the 17 administrative divisions of Spain. The Community is one of several regions that are part of the Basque Country (*Euskal Herria*), which also includes the Autonomous Community of Navarra and the Northern Basque Country in France. The region shares a national Basque identity and language, comprising 3.1 million inhabitants. This section primarily uses data for the Basque Autonomous Community and its local media system, adding data for the wider region where appropriate.

<sup>2</sup> Figures from [Instituto Nacional de Estadística](#) (Spanish National Institute of Statistics) and [Eustat](#), Instituto Vasco de Estadística (Basque Institute of Statistics).

<sup>3</sup> Figures from [Eustat Population and Housing Census 2021](#). Spanish and Basque are co-official in all territories of the autonomous community – Basque is also spoken in the Autonomous Community of Navarra and in the French Basque Country.

<sup>4</sup> [Basque Cultural Institute](#).

<sup>5</sup> [EITB 2030 Strategy](#).

- Radio y Televisión Española (RTVE) – national public service broadcaster in Spain, established 2006.

Spain's national public service broadcaster, which offers five free-to-air television channels, three satellite channels, six radio stations, an online news portal, a BVoD platform and a pay-TV service in the Americas. RTVE is funded by a state grant (€473 million in 2020) and levies on private media companies. Though RTVE's programmes and services are predominantly Spanish-speaking, it is nonetheless a significant media provider in the Basque Country.

### **Market context**

Across Spain the two main commercial broadcasting groups *Artesmedia* and *Mediaset* are the audience leaders, respectively recording 26.8% and 26.4% TV audience shares in 2022 versus RTVE's 13.8%.<sup>6</sup> In the Basque Country in 2021, EITB TV channels (ETB) had their highest audience shares of the last 10 years, with an audience share of 13.2% beating *Artesmedia*'s A3 (10.8%) and RTVE's La1 (8.8%). 39.9% of the Basque audience listens daily to EITB radio stations, both for news (Radio Euskadi in Spanish, Euskadi Irratia in Basque and Radio Vitoria for the province of Alava) and music (Gaztea and EITB Musika). ETB channels have been the leading TV news sources in the Basque Country during the last ten years. In 2021, ETB news programs held an audience share of 25.4%, its highest since 2006 and twelve more points above its main competitor. In 2021 57.5% of the audience who consumes news had at least one daily contact with the two flagship news programmes, the Basque-language *Gaur Egun* (ETB1) and Spanish-language *Teleberri* (ETB2).

For digital media, in 2021 70% of those aged 18-44 year olds had subscriptions to one or more video-on-demand services – slightly lower than the 79.4% figure for Spain, where available figures show Netflix as the largest platform with 55.1% audience reach.<sup>7</sup> Digital media are the first choice for consumption of audiovisual content among 18-29 year olds in the Autonomous Community of the Basque Country. YouTube occupies the number one spot with 84.9%, followed by pay-per-view TV platforms with 76.3%, while conventional TV accounts for 67.1% (2021).<sup>8</sup> Across EITB's online services, its *eitb.eus* website attracted over 162,000 daily unique users in 2021 and the EITB *Albisteak* news apps was downloaded 100,000 times.<sup>9</sup>

### **Legislation, governance and regulation**

The 19<sup>th</sup> article of the Statute of Autonomy of the Basque Country (granted in 1979 as part of the post-Francoist Spanish Constitution) permits the Basque Country to “regulate, create and maintain its own television, radio and press, and, in general, all social communication media for the fulfilment of its purposes”.<sup>10</sup> This was a significant moment for the Basque people

<sup>6</sup> Monthly average figures from [Barlovento Comunicación](#), Informe Audiencia TV Oct-22. These commercial companies also attract 85% of advertising revenue, after RTVE ceased advertising on its services in 2010.

<sup>7</sup> EITB (2021) [Memoria Integrada](#). Data for the whole of Spain, rather than the Basque Country. Barlovento Comunicación. 2022. Barometro TV-OTT 2a Ola. 2022. Data for 10-20 June 2022. Share of SVoD/OTT ('over the top') audience for Amazon Prime Video (18,4%), Movistar+ (13,1%), HBO (8,7%) y Disney+ (6,0%).

<sup>8</sup> [EITB Strategy 2030](#).

<sup>9</sup> Bartolome, A.M. (2022) [Between competition and survival: new digital strategies of the Basque Public Radio and Television \(EITB\)](#). Data by author sourced from LOCALCOM project.

<sup>10</sup> [Estatuto de Autonomia del Pais Vasca](#).

whose cultural expression (including the Basque language) had been persecuted during Franco's dictatorship (1939-1975). EITB has two main corporate bodies: the governing Board of Directors (*Consejo de Administración*) and the General Management (*Dirección General*). As per EITB's founding legislation,<sup>11</sup> the 20 members of the Board (including the General Director) are appointed by a majority vote of the Basque Parliament and hold responsibility for agreeing with the government EITB's four-year Programming Contract. This contract establishes the parameters for EITB's operations, including the series of commitments it should fulfil and the performance indicators against which its services will be measured. The General Management, responsible for the delivery and management of EITB's services, is appointed by the Board.

Developments in Spanish legislation over the last 15 years have shifted EITB's position as a smaller regional media company. The General Audiovisual Act 2010 established a new legal framework for public and private Spanish media, with a 2012 amendment affording greater flexibility to regional broadcasters in how they provide their audiovisual media services.<sup>12</sup> This included allowing Spain's autonomous communities to opt for direct or indirect management of their public service broadcasters through various public-private partnerships. This led to EITB creating its own commercial subsidiary company, EITB Media, allowing it to expand its revenue streams through shares in an advertising company. More recently, the Spanish parliament approved the General Audiovisual Communication Bill (to be implemented in 2023, replacing the 2010 Act), which provides for a belated adoption of the 2018 EU AVMS Directive into national legislation. The 2023 Act will introduce regulation of new media players that target Spanish audiences, and require these services to allocate 5% of their revenues generated in Spain to content of European origin – with 70% of this going to independent Spanish productions. This new law dovetails with the Spanish Government's 2021 'Audiovisual Hub of Europe' plan, involving €1.6 billion of investment in the sector by 2025 with a goal of expanding Spain's media industries by 30%.<sup>13</sup>

### **Normalizing the Basque language**

In light of these shifting terrestrial and digital Basque media landscapes, EITB has set out its guiding challenge for the next decade:

What is the role of a public audiovisual group in a small country set in Europe, with the goal of preserving our local culture and minority language in the era of digitalisation and globalisation?

Among the main challenges EITB identifies are the "legitimacy of public media" and the "loss of emotional connection with young people".<sup>14</sup> In the recent events commemorating EITB's 40<sup>th</sup> anniversary, the *Lehendakari* (President) of the Basque Government highlighted EITB's role in the "institutionalization of Euskadi" and the "normalization of the Basque language":

Through information and entertainment, it [EITB] has strengthened our language and our culture, our way of life and our identity. It has created a rich audiovisual heritage of our people and our society.<sup>15</sup>

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<sup>11</sup> Ley 5/1982 de Creación de EITB.

<sup>12</sup> [Ley 7/2010 General de la Comunicación Audiovisual](#).

<sup>13</sup> [Spain Audiovisual Hub website](#).

<sup>14</sup> [EITB 2030 Strategy](#), pg. 24.

<sup>15</sup> Iñigo Urkullu speech, 16 May 2022.

EITB offers content in both co-official languages of the Autonomous Community of the Basque Country. Basque-language ETB1 was inaugurated in 1982, and the Spanish-speaking channel ETB2 was created in 1986.<sup>16</sup> The beginnings of both channels were not without controversy, as they have often been at the centre of disputes between the Spanish central government and the Basque government, particularly the Basque Nationalist Party (PNV/*Partido Nacionalista Vasco*). Both EITB channels started operating before their constitution was accepted by the Spanish central government, and the creation of a Spanish-speaking Basque channel was seen by many as a betrayal of the initial objectives of EITB.<sup>17</sup> For others, the logic of a public service broadcaster that served a majority of the Basque community which did not speak or understand Basque won over linguistic considerations.<sup>18</sup>

Across the four 'domestic' EITB television channels, ETB1 and ETB3 (for children and younger people) broadcasts wholly in Basque, ETB2 broadcasts in Spanish and ETB4 broadcasts in both (focussing on original domestic productions). ETB Basque, which is aimed at the international Basque community in the Americas, also broadcasts primarily in Basque. The main challenge to fulfilling its public service mission of representing Basque culture and society, and in Basque-language, is the need to produce domestic content. Until recently, there has been an unequal balance between factual and fictional content. While news, current affairs, sport and game shows are all locally produced – with some in Basque-language – series, films and children's programmes are often imported and dubbed into Spanish or Basque-language where necessary.

Building a strong and sustainable Basque audiovisual ecosystem has therefore been a priority of EITB. The broadcaster recently renewed its agreement with the associations representing independent Basque production companies, with the new contract placing special emphasis on the collaborative production and dissemination of Basque content across different media platforms. All the parties agree on the importance of reiterating and reinforcing their commitment to defend, promote, and disseminate the Basque cultural heritage and on the need to promote the use and standardization of Basque in the audiovisual sector.<sup>19</sup>

EITB has successfully localised established television genres in terms of casting, location, and subject matter. The comedy sketch *Vaya Semanita*, for example, analyses and pokes gentle fun of Basque society and traditions, while *El conquistador del fin del mundo*, a 'survival' reality show, has been successfully broadcast on its Spanish-language channel ETB2 since 2005.<sup>20</sup>

Despite these efforts, the audience share of the flagship Basque language channel ETB1 has been slowly decreasing. While EITB's financial position, like many PSBs, does not depend directly on attracting large or profitable audiences, it often attracts political tension. The extreme right wing party VOX has recently demanded EITB reports on audience figures for ETB1 in Basque in relation to the funds it receives. One of the main challenges in retaining audiences is the unfair competition (in terms of resources) presented by commercial media

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<sup>16</sup> Zabaleta, I. and Xamardo, N. (2022) [Economy and Funding of European Minority Language Media: Reality and Impact of Digitalization and Economic Crisis](#).

<sup>17</sup> There are other media providers of content in Basque language, mostly public at local level, particularly printed media and radio although also some local TV channels (e.g. [Goiena](#) and [Hamaka](#), a regional private TV channel).

<sup>18</sup> Amezaga, A. et al. (2013) [The Public Sphere and Normalization of Minority Languages: An analysis of Basque television in light of other experiences in Europe](#); Larrea, C. (2012) [Globalization, Regional Television and National Identity: The case of Vaya Semanita/What a Week](#).

<sup>19</sup> EITB, 2022.

<sup>20</sup> Larrea, C. (2012) [Globalization, Regional Television and National Identity: The case of Vaya Semanita/What a Week](#); Tolosa, I. et al. (2020) [El Conquis: ¿un reality demasiado vasco? Análisis de una adaptación de un formato internacional](#).

groups and SVoD services, including global media players. This has been a point of contention between regulators and the PSBs across Europe. While national media is bound to quotas for funding and content production to comply with Spanish co-official language policy, international media companies that crowd the audiovisual landscape do not. It was expected that the new General Audiovisual Communications Act would change that and, while it has introduced some measures, it has fallen short of what the industry and political forces expected. Quotas for content in co-official languages are limited to an audience share of 3.8% for linear TV and 6% of on-demand. Funding for production in co-official languages will be 0.63% of revenue for RTVE and 0.32% for SVoD services.<sup>21</sup> A risk of the new law, some analysts suggest, is that it would relegate regional televisions to the periphery of their respective audiovisual ecosystems, and place them at a financial and regulatory disadvantage, restricting their ability to adapt themselves to technological change.<sup>22</sup>

Aside from the challenges faced by media ecosystems in minoritized languages, some have observed that the distribution of funds and support within EITB between the TV channels has created an unbalanced hierarchy whereby the Basque-language ETB1 risks being slowly pushed into the background.<sup>23</sup> This situation worsened during the Covid-19 pandemic when the audience share for ETB1 lowered to an unprecedented level of less than 1%, though has since begun to recover to 1.8% in 2022. Since the use of Basque language has increased, particularly among younger audiences, some blame the low appeal of ETB1's programming rather than a division in linguistic communities. In September 2022, for example, the political party Bildu noted in a parliamentary session that, in the previous four months, ETB1 had not broadcast a single film while ETB2 had broadcast 130 titles, all in Spanish.

### **Engaging younger audiences**

The Spanish national government and devolved administrations have been slow to react to the disruption of digital platforms and video-on-demand platforms.<sup>24</sup> The resulting audience fragmentation and changes in consumer habits has dramatically affected EITB's audience figures for younger audiences. A key focus of EITB in recent years for attracting Basque-speaking youth has been to develop digital strategies with Basque-language content to compete with streaming platforms. As noted in the new 2030 Strategy, "EITB must be the body that guarantees audiovisual content on Basque topics and in Basque in the context of new forms of consumption and digital media".

EITB's multiscreen and multiplatform strategy has included the simultaneous launch of factual and fiction programmes on both TV and digital platforms. In 2020, the web series *Pikuak* and three television series, including the thriller *Hondar ahoak*, premiered on ETB1, eitb.eus, and EITB Nahieran. The comedy program *Vaya Semanita Xtream* began broadcasting on eitb.eus

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<sup>21</sup> The new Act also includes "the promotion of the official languages of the autonomous communities", the creation of a fund to help dubbing and subtitling in co-official languages, and the creation of a fund between the state and the autonomous communities that will be transferred to the competent bodies.

<sup>22</sup> CTXT/Gorka Bereziartua Mitxelena, [Interview with Ramón Zallo \(Professor Emeritus, University of the Basque Country\) - "PSOE y PP entendieron que la Ley Audiovisual era una cuestión de Estado, no de derechos ciudadanos"](#), 22 July 2022.

<sup>23</sup> ETB2 channel is aimed at the population as a whole, including Basque speakers, thus attracting potential viewers that could also watch the Basque-language channel. See Amezaga, A. et al. (2013) [The Public Sphere and Normalization of Minority Languages: An analysis of Basque television in light of other experiences in Europe](#).

<sup>24</sup> Bartolome, A.M. (2022) [Between competition and survival: new digital strategies of the Basque Public Radio and Television \(EITB\)](#).

after years of success on ETB2, and is also available on social networks, mobile applications, and connected televisions. In March 2021 EITB inaugurated a channel on Twitch to stream the final of the *Baserría* contest, a reality show of coexistence between urbanites and *baserritarras* (inhabitants of farmhouses). As a result of the new EITB Twitch channel, a community of video gamers launched the #3000Twitz initiative on Twitter so that Basque is accepted as a broadcast language on the platform. Aside from their digital strategy, EITB also has plans to create a 'Basque Netflix' to compete with other SVoD and digital media services.

EITB has recently produced specific transmedia programmes that tell a single story across several media platforms, generating experiences for (hyperconnected) publics and encouraging them to participate in and interact with the content.<sup>25</sup> One of these transmedia productions is *Go!azen* – a Basque-language programme addressed to teenagers. EITB has recently signalled its success, crediting it with attracting larger young audiences to ETB1. The programme follows the adventures of a group of teenagers in the Basakabi Summer Camp, with the show's accompanying app stating that it will "allow you to discover stories that are not seen in the TV series ... and it will allow you to see special videos that will not be available anywhere else". The launch of the app increased viewers who incrementally used this platform to access the content on demand. Its success is an example of the possibilities of transmedia content in engaging younger audiences with the cultural and social values represented by PSBs.<sup>26</sup>

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<sup>25</sup> Larrondo-Ureta, A. (2020) [Scope and difficulties of the transmedia practice: A case study on the Spanish PSM system.](#)

<sup>26</sup> Larrondo-Ureta, A. et al. (2020) [Hacia una mayor participación de la audiencia: experiencias transmedia para jóvenes.](#)



# Canada

## Demographics:<sup>1</sup>

- Population: 36.9 million, with 90% of inhabitants living within 150 miles of the Canada-US border.
- Languages: 27.6 million (74%) speak English as their primary language, 7.8 million (21%) speak French. 6.5 million (17%) reported being English-French bilingual.
- In Québec (population 8.4 million), French is the majority language (6.9 million, 82%) while the share of English primary speakers (1 million, 11%) has grown in recent years.
- About two hundred thousand people identified their first language as Indigenous to the country in the most recent census, with Inuktitut and Cree being the most widely spoken.

## Main broadcasters

- **CBC/Radio-Canada** – dual-language public service broadcaster, established 1936.

CBC/Radio-Canada is Canada's national public broadcaster (CBC is English language, Radio-Canada is French language), operating television, radio and online media services across multiple platforms. Its two television networks, CBC TV and Radio-Canada Télé, produce national and local programming broadcast across 27 conventional TV stations targeted at cities and regions. CBC Radio provides eight services, five in English and three in French. The wider CBC/Radio-Canada service portfolio includes a 'freemium' BVoD platform (CBC Gem)<sup>2</sup> and three speciality pay-TV channels.

CBC/Radio-Canada's funding model consists of a mix of a government grant, advertising revenue, subscription fees for discretionary services and additional income from estates, commercial sales and subsidies, such as the Canada Media Fund. In 2022 CBC/Radio-Canada's total income was \$1.89 billion, \$1.24 billion of which (65.6%) came from government funding, while advertising revenue comprised the greatest share of its remaining budget.<sup>3</sup>

Concerns have been consistently raised about the relative autonomy of CBC/Radio-Canada from politicians' influence – or possible interference, in the eyes of some critics – given its substantial reliance on a government grant set in the annual Federal Budget to fund operating activities. At the same time, the prospects for the continued generation of advertising revenue across its platforms appear increasingly uncertain, not least because of growing competition from major digital players. In response to recent press criticisms about whether CBC/Radio-Canada represents good value for public money, the corporation calculated that it costs \$34 per Canadian per year. For this modest sum, it argued, 'Canadians get great television, radio, and digital content in English, French and eight Indigenous languages, in every corner of the country'.<sup>4</sup>

## Market context

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<sup>1</sup> Figures from [Statistics Canada 2021 census](#).

<sup>2</sup> CBC Gem offers free access to live and on-demand CBC content, with an additional subscription access option that removes in-stream advertising.

<sup>3</sup> [CBC/Radio-Canada Annual Report 2021-22](#), pg. 68.

<sup>4</sup> CBC/Radio-Canada, [CBC/Radio-Canada is a bargain](#), 22 November 2022.

In 2021, there were 961 radio stations in Canada. The majority (716 or 74%) were commercial, for-profit operations. Total revenue was estimated to be \$1.15 billion in 2020, consistent with a trend of decreasing revenues over recent years.<sup>5</sup> Privately-owned stations broadcast in French, English, Indigenous and third languages. The main five ownership groups are BCE, Corus/Shaw, Rogers, CBC/SRC, and Québecor, which together accounted for 64% of total commercial radio revenues in 2019.<sup>6</sup>

Recent research commissioned by the CRTC found “Canadians have more affinity for their ad-supported radio stations than any other audio medium”, with an estimated 68% of Canadians listening “to commercial radio on at least a weekly basis, with 39% listening daily, more than any other audio broadcast platform”.<sup>7</sup> By comparison, 39% listen to streaming music weekly (20% daily) and 32% listen to CBC/Radio-Canada (16% daily).

There are 93 privately-owned conventional television stations in Canada. The six largest commercial networks are BCE, Corus, CBC/SRC, Rogers, Québecor, and Groupe V Média, respectively, which together accounted for 91% of total television revenues in 2019.<sup>8</sup> In the English language, the CTV Television Network is owned by BCE Inc., and the Global Television Network is owned by Corus Entertainment. Citytv, a television network privately owned by Rogers Media, operates stations in Quebec, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia. TVA, the privately-owned French-language television network, is controlled by Groupe TVA.

### **Legislation, governance and regulation**

The principal legislative foundation of Canada’s broadcasting system is the Broadcasting Act 1991, which details the purposes and structure of CBC/Radio-Canada as well as establishes the **Canadian Radio-television and Telecommunications Commission (CRTC)**, the country’s ‘arms-length’ sector regulator. Appointments to the CRTC are made exclusively by the federal Cabinet of the Canadian government, while the Directors of CBC/Radio-Canada are appointed through an independent committee whose recommendations require final approval from the government Heritage Minister.

The CRTC has significant powers and oversight relating to CBC/Radio-Canada, in particular setting the five-year licence that defines CBC/Radio-Canada’s services and objectives. Under the most recent licence agreement, renewed for the 2022-27 period, the CRTC introduced a series of new requirements on the public broadcaster.<sup>9</sup> As well as allowing CBC/Radio-Canada to include digital productions and expenditure in fulfilling its core programming requirements, the new licence expands CBC/Radio-Canada’s obligations for serving and representing Canada’s diverse communities within its programming and decision-making.

Most notable amongst these are minimum quotas for both programming time and production expenditure dedicated to content aimed at indigenous and official language minority communities (‘OLMCs’), LGBTQ audiences and people with disabilities. A new “women intersectionality credit”, offering 50% of production funding from the CRTC, is also intended to incentivise more productions made by women from under-represented groups. These initiatives bolster CBC’s broader governance and public accountability framework, which

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<sup>5</sup> [Radio industry operating revenue in Canada from 2007 to 2021](#), Statista.

<sup>6</sup> CRTC, [Annual highlights of the broadcasting sector](#), 2019-2020

<sup>7</sup> Media in Canada/Josh Kolm, [How Canadians feel about commercial radio stations](#), 23 February 2021.

<sup>8</sup> CRTC, [Annual highlights of the broadcasting sector](#), 2019-2020

<sup>9</sup> CRTC, [Broadcasting Decision 2022-165](#).

features separate English- and French-language broadcasting committees. English and French ombuds for monitoring journalistic standards, an annual public meeting for consultation with audiences, and a requirement to consult directly and separately with Indigenous, OLMC, BAME and LGBTQ communities.

The Broadcasting Act declares that the Canadian broadcasting system should strengthen the country's cultural fabric by supporting its creative industries and, in so doing, encourage the development and accessibility of Canadian content on a universal basis within the country. This is to be achieved by:

- Providing a wide range of programming that reflects Canadian attitudes, opinions, ideas, values, and artistic creativity
- Displaying Canadian talent in entertainment programming
- Offering information and analysis concerning Canada and other countries from a Canadian point of view.<sup>10</sup>

In recognising the diversity of Canadian communities from one region to the next, the Act places an onus on Canadian broadcasting (primarily through its programming and operational employment opportunities) to:

- Reflect the circumstances and aspirations and ensure the equal rights of Canadian men, women, and children
- Support the linguistic duality and multicultural and multiracial nature of Canadian society
- Recognise the special place of aboriginal peoples within our society.

These priorities reflect legislative amendments to the 1991 Act, known as Bill C-11, proposed in 2020.<sup>11</sup> The main intention of this amendment is to situate online digital media within the broadcasting regulatory framework. Given the popularity of internet streaming services, such as Netflix, Amazon Prime and Disney+ with Canadian subscribers, parliamentary debate continues regarding how best to equip the CRTC with effective enforcement and oversight measures.

CBC/Radio-Canada's legislated mandate is to inform, enlighten and entertain all Canadians. In addition to English and French content, it offers programming in eight Indigenous languages (Chipewyan, Cree, Gwich'in, Inuktitut, Inuvialuktun, Sahtu Got'ine Godi, Dehcho Dene Yati and Tlicho) via CBC North. Radio Canada International (RCI) is currently available in seven languages: English, French, Spanish, Arabic, Chinese, Punjabi and Tagalog. The Mandate and Vision Perception Survey for 2021-2022,<sup>12</sup> with its representative sampling of Canadians' perceptions of CBC/Radio-Canada's relative success in fulfilling its mandate, found that "75 % of Canadians use at least one of our services in a typical month." Evidently some 82% of those surveyed believe 'it is important for Canada to have a national public broadcaster like CBC/Radio-Canada'.

### **Defining 'Canadian content'**

CBC/Radio-Canada is the largest investor in original Canadian content, its own calculations indicating its support for the information and creative sector amounts to a \$54.6 billion

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<sup>10</sup> CRTC, [Guidance on 'Content that Meets the Needs and Interests of Canadians'](#).

<sup>11</sup> LEGISinfo, [C-10](#) and [C-11](#).

<sup>12</sup> CBC/Radio-Canada, [Annual Report 2022: Our Performance – Mandate and Vision](#).

contribution to the Canadian economy every year, inclusive of providing 630,000 jobs in Canada. It estimates that every dollar invested creates two dollars of economic benefit for the Canadian population.<sup>13</sup>

The CRTC is charged with the responsibility of ensuring high-quality Canadian-made creative content is delivered to audiences from sufficiently diverse sources on a variety of platforms. In its words, it engages in public processes to 'generate content policies, encourage linguistic duality, support public affairs programming,' and sustain 'broadcasting for Canada's diverse communities' while, at the same time, striving to ensure Canadian artists have the financial means to create and promote their work within Canada and globally.

In the case of radio, Canadian Content Development (CCD) support is provided to artists by the CRTC and other industry organisations (e.g., commercial radio licensees are required to contribute financially) through various funding incentives and initiatives. Radio stations are obliged to meet Canadian content quotas, which vary based on the type of broadcasting license (i.e., commercial, CBC/Radio Canada, community, ethnic, Native, campus-based, or not-for-profits) held by the station. In the case of popular music, for example, CBC/Radio Canada stations must ensure at least 50% of their selections broadcast each week are Canadian content, while for commercial radio stations it is at least 35% between 6 am and 6 pm Monday to Friday.

For musical works to be qualify as Canadian content (sometimes dubbed 'CanCon'), at least two conditions under the Music, Artist, Performance, and Lyrics (MAPL) system need to be met: the music is composed entirely by a Canadian; a Canadian artist primarily performs the music or lyrics; the performances are recorded entirely in Canada or performed wholly and broadcasted live in Canada; or the lyrics are written entirely by a Canadian. Variations apply for performances of instrumental works, international collaborations, and the like.<sup>14</sup>

For television, CBC/Radio-Canada must ensure at least 60% of the overall schedule (6 am to midnight) is Canadian content on a yearly basis, while privately-owned station stations have a little more flexibility, with 50% deemed sufficient during the evening (6 pm to midnight) broadcast period.

Canadian Program Certification (CPC), awarded by the CRTC through a points scheme, assists independent Canadian producers and broadcasters to secure recognition for productions mainly relying on Canadian crews and talent. To meet their Canadian content regulatory obligations, including their on-screen quotas via a point system, certification is designed to ensure that productions include significant involvement from Canadian producers, directors, screenwriters and talent, as well requiring 75% of expenses are paid to services provided by Canadian companies.<sup>15</sup>

Special rules apply for animation, as well as co-productions between Canadian and non-Canadian producers (overseen by Telefilm Canada), or 'treaty productions' (negotiated between national governments), amongst other variations. Further sources of financial support for Canadian productions include federal and/or provincial tax credits (certified by the Canadian Audio-Visual Certification Office or CAVCO), as well as the Canada Media Fund which requires productions to meet a full points requirement for access.

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<sup>13</sup> CBC/Radio-Canada, [CBC/Radio-Canada is a bargain](#), 22 November 2022.

<sup>14</sup> du Plooy Law/Tyler Anthony, ['A Musician's Guide to Canadian Content and Radio Quotas'](#), 1 June 2022.

<sup>15</sup> [CRTC – Content Made by Canadians, 'CanCon' certification system](#).

Supporters of Canadian content rules recognise how efforts to satisfy the criteria improve the prospects for their work to be selected for broadcast. Such measures are seen to help foster more equitable, diverse and inclusive media spaces than would be possible otherwise, they argue, given the scale of the international – particularly US-centred – media rivals’ influence. Many Canadians actively seek out original Canadian content, much of which would not be produced, some believe, were it left to market decisions based on profit maximisation.

Critics, in contrast, tend to use terms such as ‘exclusionary,’ ‘elitist,’ ‘unwieldy’ or ‘anachronistic’ when expressing their views about ‘overly bureaucratic’ Canadian content rules. Canadianness is defined too ‘narrowly’ or ‘rigidly,’ some contend, while others are convinced that such ‘prescriptive’ measures are ‘patronising,’ ‘tax creativity,’ or worse, ‘reward mediocrity.’ Innovation risks being stifled under the pressure of quota-eligible conformity, related lines of reasoning maintain, possibly homogenising ‘safe’ content at the expense of representing alternative, challenging perspectives and experiences.

Current parliamentary debate is underway regarding how best to update the Broadcasting Act to situate streaming platforms within the scope of regulation more effectively, in general, and with respect to promoting Canadian content creators, in particular. Amongst the myriad of concerns being raised is the fear algorithms based on Canadian criteria may distort search results, playlists, feeds or recommendations, hindering discoverability of material that would be otherwise brought to the fore based on user interests. Some believe the CRTC is predisposed to favour legacy media (well-attuned to such obligations) at the expense of small, indie or niche digital-first content creators.

Canadian legislators are looking abroad for policy comparators, such as the Australian government’s demands on Google and Facebook to help underwrite the costs of producing the news content shared across their sites by compensating publishers and local media outlets. Similar initiatives vis-à-vis global SVoD platforms (Netflix, Amazon Prime, Disney+, and Apple TV+ are not subject to Canadian content obligations) have been introduced in France and Italy where quota laws for European content are concerned, while Denmark now compels streaming companies to pay a 6% levy on their revenue in the country to support local television productions.

Precisely what constitutes Canadian content in a digital age, and how best to nurture its creative expression, clearly present pressing challenges facing the country’s policymakers today.

# Denmark

## Demographics:<sup>1</sup>

- Population: 5.9 million, 58,000 in Greenland and 54,000 in Faroe Islands.
- Languages: 5.1 million Danes (86%) speak English as a second language, 2.7 million (47%) speak German (recognised as an official minority language) and 767,000 (13%) speak Swedish.<sup>2</sup>
- Greenlandic and Faroese are also recognised as official minority languages.

## Main broadcasters

- **DR** (Danish Broadcasting Corporation) – public service broadcaster, established 1925.

DR operates three nationwide free-to-air TV channels (DR1, DR2 and DR *Ramasjang*, a TV and online service for audiences aged 4-8). DR also provides seven radio channels and in 2021 launched two online-only services for children: *minisjang* for 1-3 year olds and *Ultra* for 9-14 year olds. DR also operates its own BVoD service, DRTV, offering live and on-demand content. Originally financed through a Media Licence on households, since 2022 DR has been funded through public taxation with its annual income set as part of the state budget. Following the reform of its funding model, DR experienced a 20% reduction in its overall budget. As a PSB, its remit is to provide independent media content and services for the benefit of all groups across Denmark, reflecting the life of the country's diverse communities and cultures to foster national unity and a sense of shared purpose. In 2021, DR1 & DR2 together had 33% of audience share for television viewing and DR's total revenue amounted to 3.4 billion DKK (€465 million).

- **TV 2** – public service broadcaster, established 1986.

TV 2 Danmark A/S is a publicly-owned commercial broadcasting company that operates five national television channels and a network of eight regional television stations, with programming ranging across news, entertainment and youth programming.<sup>3</sup> Originally funded through a licence fee and advertising revenues, licence fee funding was dropped in 2004. Now TV 2 services are funded by advertising and a subscription service. In 2020, TV 2 generated ad revenues of 1.43 billion DKK and subscription revenues of over 1.7 billion DKK. TV 2 is mainly entertainment focused, but also provides regional news programming and other local content. Its services regularly record the largest national audiences, reaching 48% of the daily viewing share in 2021.

- *Kalaallit Nunaata Radioa* (**KNR**, Greenlandic Broadcasting Corporation) – public service broadcaster in Greenland, established 1958.

KNR is Greenland's independent public service television and radio station, owned and part-funded by the Government of Greenland. Despite DR's funding reforms and consequential 20% budget reduction, its co-funding for KNR was protected – KNR received a subsidy of 3.1 million DKK in 2021, but its finances remain under "severe pressure" if grants are not increased. KNR provides broadcasts from the government, local associations, collaborations with private local broadcasters and shared content from DR. With the advent of home rule in

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<sup>1</sup> Figures from [Statistics Denmark, national population survey 2022](#).

<sup>2</sup> Eurobarometer (2012) [Europeans and their languages](#), June 2012. Pg. 21

<sup>3</sup> [TV 2 independent regions map](#).

1979, KNR's main purpose has been to help strengthen the Greenlandic language and culture.<sup>4</sup>

## **Market context**

The Eurobarometer 2022 media use index indicates that Denmark's population use a variety of television, radio and online media sources daily far more frequently than the European average.<sup>5</sup> In the 4th quarter of 2020, 2.1 million households had at least one television, a decrease from 2013 when there were 2.5 million. Daily television consumption has been steadily decreasing over the past decade, and watching online television or other streaming services steadily increasing. In a 2019 Kantar/NORDICOM survey, almost two thirds of respondents streamed movies, series, television programmes and video clips at least once per week. Younger people consume more online video than older people with more than half of the 15-25 year olds watching online videos weekly in 2018, while only 21% of over 56 year olds did so.<sup>6</sup>

The most watched TV content in Denmark are PSBs – with an audience share of 61% in 2019, a figure which has remained stable through 2020 and 2021.<sup>7</sup> There are a number of commercial channels, but they have very low audience share. In 2019, Danish audiences spent less than one hour per day watching non-PSB television.<sup>8</sup> Most channels tend to be globally-based, primarily in Sweden, UK and USA. One of the largest channels is the Viaplay Group, a Swedish based media and entertainment group headquartered in Stockholm. A range of channels are also available through paid subscription, across international news, history, BBC, CNBC, Sky, CBS. Streaming services available in Denmark include Netflix, HBO and TV2 Play, with the most popular being Netflix (72% of all individuals), DRTV (50%), T2 Play (41%), Viaplay (40%), YouTube (38%), Disney+ (20%).

28% of Danes watch television via the internet almost every day with a further 17% watching this way two or three times a week. The most common users are 19-34 year olds (87% of whom watch television online) while the lowest use of online viewing is amongst audiences aged over 71 (12%). Overall, television is still the preferred platform for viewing films and series (83%) followed by computer (24%), smartphone (16%) and tablet (14%). Preferred services/channels are paid subscription services – e.g. Netflix, HBO, TV2 Play (62%) followed very closely by free to air channels (57%). SVoDs, not commercial television channels, are fast becoming the main competitor to PSBs.

Two recent developments have demonstrated the growing tensions between the new global media giants and Denmark's domestic broadcasting industry. In June 2022, following a new trading framework agreement between the Danish independent producers' association and other industry representative bodies, Netflix and Viaplay halted all commissions and current productions in Denmark.<sup>9</sup> The agreement, pitched as a statement of collective bargaining by large parts of Denmark's production industry, sought to guarantee greater remuneration for international streaming and rights distribution – in particular through calculating returns based on the size of streaming services' subscriber bases. Viaplay have argued that the agreement

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<sup>4</sup> Ravn-Højgaard, S. (2021) [Media policy in Greenland](#).

<sup>5</sup> [Standard Eurobarometer 96 – Winter 2021-2022 – Media Use in the European Union](#), pgs. 9-27.

<sup>6</sup> Kantar Gallup/NORDICOM, Media Development in Denmark survey. Accessed via [Statista](#).

<sup>7</sup> Nielsen audience survey, 28 March to 3 April 2022. Accessed via [Statista](#).

<sup>8</sup> Ibid.

<sup>9</sup> Nordisk Film & TV Fond/Annika Pham, '[Danish productions in turmoil – Netflix, Viaplay and TV 2 put commissioning on hold](#)', 8 June 2022.

risks making Denmark “a low-priority market in relation to investments in local content”,<sup>10</sup> while numerous Danish production companies have called for an immediate renegotiation to ensure agreed and future commissions can go ahead.

Separately, in December 2022, DR announced its plans to replace its ‘Disney Fun’ children’s programming block on Friday evenings with a new tranche of children’s animated content sourced primarily from Denmark and the Nordic countries. The strategic shift is intended to develop greater investment and productions in Danish children’s content, supported by partnerships with various talent funds and industry associations. While some content sourced from Disney (and other international producers) will still feature in the traditional ‘family gathering’ slot, the end of the Disney monopoly (and its hold over redistribution rights) will allow for more children’s content to be viewed on DR’s on-demand streaming platform DRTV.<sup>11</sup> Given growing concerns about the worldwide domination of children’s media production and distribution by a handful of transnational (and predominantly American) companies,<sup>12</sup> the success of DR’s significant shift in strategy is likely to provide valuable lessons for providing content that better reflects the unique local lives and experiences of children in their own countries.

### **Legislation, governance and regulation**

The Radio and Television Broadcasting Act 2010<sup>13</sup> serves as the primary Danish legislation establishing DR and TV 2 as public broadcasters, along with detailing their accompanying regulatory and governance frameworks. The Act outlines the overarching purposes of Danish PSB as providing “quality, versatility and diversity” in all programming, together with objectivity and impartiality in news and informational content and the promotion of Danish language and culture. Separately, the Media Liability Act 2018 (originally implemented 1992) established the Danish Press Council (*Pressenævnet*) as the regulator for all Danish media outlets including television and radio (though not including Greenland and the Faroe Islands), specifying its role in the monitoring of press ethics and provisions for a statutory right of reply.<sup>14</sup>

The majority of appointments to the Board of Directors for each PSB are made by politicians. Three of DR’s 11 directors (including the Chair) are selected by the Minister for Culture, six are appointed by the Danish parliament and the remaining two are made by nomination of the permanent staff of DR itself. The DR Board holds responsibility for the broadcaster’s budget and appoints its core general management figures, along with a listeners’ and viewers’ editor. For TV 2, six of the nine board members are appointed by the Minister and the remaining three are appointed at employee representatives. The TV 2 board also employs a viewers’ editor as an independent monitor for audience complaints and internal compliance with editorial/programming standards. The 2010 Act also establishes the Radio and Television Board, which serves as the national regulator and licence granting body for Denmark’s terrestrial and digital broadcasting services. Its board comprises seven ministerial

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<sup>10</sup> Filippa Wallestam, ‘[Open letter to Creative Denmark and the Producers’ Association](#)’, 7 June 2022.

<sup>11</sup> Kidscreen/Cole Watson, ‘[DR drops Disney content and plans to invest locally](#)’, 1 December 2022. See also announcement on [DR Sales LinkedIn profile](#).

<sup>12</sup> Ofcom (2019) [Children’s content review](#); Potters, A. and Steemers, J. (2019) [Transforming Markets for Children’s Television Industries](#); Steemers, J. (2019) [Invisible Children: Inequalities in the Provision of Screen Content for Children](#).

<sup>13</sup> Danish Ministry of Culture, [Radio and Television Broadcasting Act 2010](#).

<sup>14</sup> [Media Liability Act 2018](#).



appointments and one appointee from the Danish Listeners and Viewers Association, a cooperative forum encompassing numerous civil society groups.<sup>15</sup>

For both of Denmark's PSBs, their governing boards are required to lead the fulfilment of (and report on) the four-yearly Public Service Contracts set for the broadcasters by the Culture Ministry. These Contracts detail the government's expectations for the services and content provided by DR and TV 2 throughout their contract period, with the wider strategic policy for the broadcasters deriving from the national Media Agreement negotiated by the parliamentary parties in the governing coalition. As explored below, the latest Media Agreement<sup>16</sup> set in March 2022 further revised the service expectations for DR following its funding reform and reduction in 2018.

However, this Agreement also demonstrates the Danish government's broader interests and concerns with the sustainability of its domestic media market and particularly the growth of global streaming and tech giants. It includes proposals for a new ministerial 'Centre for Tech and Democracy', designed (amongst other fact-finding tasks relating to the new digital landscape) to investigate and prepare for greater regulatory authority over tech giants' content and user algorithms. The Agreement also states the government's intent to revise the composition and appointments to DR's board of directors, with a focus on improving 'grass roots' representation and introducing fixed term limits. The Media Agreement's proposals for a 'Digital Streaming Services Tax', taking advantage of the new tax powers granted under the EU AVMSD, have also been introduced as a draft bill.<sup>17</sup> The new 'cultural levy' is expected to raise 170 million DKK (€22 million) from a 6% tax on video-on-demand companies' Danish turnover, with the proposed law also requiring these companies to provide independently-audited financial statements to the Danish Ministry of Culture.<sup>18</sup>

### **Challenges to the Danish public service broadcasting model**

In 2018, the Liberal Conservative government together with the right wing, populist Danish People's Party tabled an Agreement to gradually phase out of DR's licence fee from 2018-22 and cut its budget by 20% until 2023. DR shut down some of its channels and dismissed a considerable number of its employees. In Denmark the shift from a Media Licence fee (applied to all devices capable of receiving broadcast TV, including smartphones) to direct taxation, which came into force from 1 January 2022, has been interpreted as an attempt to reduce the independence of DR as a PSB and limit its ability to hold government to account.<sup>19</sup> Under this new model, DR's funding would not come from a ring-fenced source (as in the Finnish model), separate from the government's state fiscal budget. Many feared this would lead to greater political control over DR.<sup>20</sup> Follow-up cross-party negotiations in September 2018 raised this as a serious concern. In June 2019, a general election ushered in a new Social Democratic

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<sup>15</sup> However, as far as we can discern, this forum appears defunct or inactive and the current role of its representation on the Radio and Television Board is unclear.

<sup>16</sup> [Medieaftale for 2022-2025: Dendemokratiske samtale skal styrkes](#), Culture Ministry 21 March 2022.

<sup>17</sup> [Høring over forslag til Lov om visse medietjenesteudbyderes bidrag til fremme af dansksproget indhold](#), Ministry of Culture.

<sup>18</sup> Bloomberg Tax/Poul Erik Lytken, '[Denmark considers implementing a Digital Streaming Services Tax](#)', 18 October 2022.

<sup>19</sup> Holtz-Bacha, C. (2021) [The kiss of death: Public service media under right-wing populist attack](#).

<sup>20</sup> Steemers, J. (2020) [The Funding of Public Service Broadcasting in Europe – Funding Systems and Decriminalisation – Selected Territories](#).

minority government in alliance with a range of parties to the political left, and a renewed promise to revisit the 2018 agreement as a matter of urgency.

On 21 May 2021, the Social Democratic-led government executed a substantial volte face to the previous government policies on PSB. The new national Media Agreement assessed the previous agreement and funding reform as a weakening of free, democratic, and enlightened public conversation. The new policy statement states that government has a duty to increase support for free and independent media, particularly the local and regional media “whose business models have increasingly been challenged by the changes brought about by the entry of the tech giants.”

At a time of rapid technological change, signatories argued for the need to “future-proof” government support for public service media, particularly since PSBs remain the favourite and most trusted media source of the Danish population. The state should seize opportunities afforded by digital developments to increase public accessibility, particularly to critical journals, films, series, documentaries, and high-quality entertainment. Moreover, PSBs are a particularly important service for children and young people who “feel the consequences” of technological developments, including its “dark side.” Government has a duty of care to young audiences, including the provision of “a real alternative to the tech giants’ own platforms and the foreign content.” The Agreement also suggests an upgrade to the state’s monitoring of SVoDs and other online media giants to ensure they are best serving young audiences.

Furthermore, parties to the Agreement note that fierce competition leads to fragmented media that can “challenge the cohesion and democratic conversation in our country.” The only remedy for this is a strong PSB sector that serves the whole country, which is appealing to children and young people, and “which can gather us around a common starting point in Danish culture, society and history.” Also singled out for concern are SVoDs which are taking an ever-increasing share of Danish television viewing. The worry is that this development has been at the expense of Danish media platforms as SVoD content is primarily international and thus makes little contribution to Danish culture. Increased support for PSB should ensure the indigenous media sector is strengthened, which would in turn emphasise the importance of reflecting Danish life.

The Agreement goes on to set out requirements for the media sector, with a landmark requirement for SVoDs to produce more high-quality Danish content (in alignment with the AVMSD). This expanding expectation for “cultural contribution” also introduces a levy of 6% on SVoDs’ turnover made in Denmark, with half of these proceeds going to support the modernisation of Danish PSBs and the other half funding an expanded “public service pool”. This pool will provide subsidies for original Danish films, increased Danish language radio and podcast productions, programming for children and younger audiences and support for other specific genre content. The rest of the Agreement sets out in detail government commitments to support PSB widely across media content, funding and regulation, including the creation of a new media ombudsman and revised rules for a transparent financial accounting framework.

Particularly pertinent in the 2022 Agreement is the concern that growing commercialisation and globalisation of media content available in Denmark was undermining media pluralism, cultural diversity, the relevance and distinctiveness of PSBs, and Danish media’s wider contributions to civic belonging and social inclusion. Both DR and TV 2 are becoming increasingly vulnerable to market pressures, impacting their capacity to respond to rapid technological changes. As with PSB systems in many other national media markets, there remains a long-term danger of younger audiences – attracted by a range and diversity of new media choices offered from online global providers – holding little loyalty or favour for Denmark’s PSB interventions in the future.

## **KNR: growth and decline for Greenland's public service broadcaster**

Despite its limited resources and the innate challenges of serving a small population over a considerable geographic area, the Greenlandic broadcaster KNR has achieved some notable successes in recent years. In 2021 KNR exceeded its contracted public service requirements for hours of own-production content by 9% for radio and 18% for TV – with programming in news, arts and culture and young audiences' content being especially well-served.<sup>21</sup> KNR also remains a vital and well-used media source: with 88% of the population using television daily, 91% of those viewers watch KNR's TV services, which also record high viewer satisfaction ratings.<sup>22</sup>

KNR's governance structures have enabled it to become an important (and arguably the leading) institution for the preservation and promotion of Greenlandic culture and the Greenlandic language. Two members of its five-person governing board are appointed by the autonomous home-rule Greenlandic government (*Naalakkersuisut*), while the remaining three are nominated based on expert, cultural and staff representation: one figure with local media expertise recommended by the University of Greenland, another by national arts and culture organisations, and a third by the permanent employees of KNR. Together with a "User Council" of local association and civil society members, KNR's board and management follow a strict policy for ensuring that Greenlandic language broadcasts make accurate and effective use of the language in a way that both reflects its current use and ensures wide accessibility to all audiences.<sup>23</sup> The broader public service strategy of KNR emphasises that this language policy is an important cultural contribution in its own right, promoting bi- and multi-lingualism as a means to strengthen social cohesion and encourage cultural exchange, while preserving Greenlandic perspectives and experiences in original productions.

These efforts are, however, inevitably constrained by several factors. First amongst these is KNR's arms-length relationship with the Greenlandic government, and the absence of long-term strategy for the development of KNR as Greenland's primary media service and leading cultural institution. As Ravn-Højgaard notes, media policy in Greenland is not viewed as a political priority and as such "media regulation in Greenland is often put in place suddenly to address a pressing problem on a case-by-case basis".<sup>24</sup> This also leads to issues arising from KNR's public funding grant, with the company's 2021 annual report noting that finances for core broadcasting services "will be under severe pressure in coming years if the grants are not increased".<sup>25</sup> Although KNR generates some revenues from advertising, Greenland's market is too small for additional commercial income to serve as a viable alternative to increased public grants. Whether this is sourced from the Greenlandic or Danish governments, or from an increased subsidy from DR, KNR will be limited in its ability to expand in the evolving digital media marketplace (and thus serve its audiences' changing media habits) without significant investment.

Lastly, KNR's staff size and talent retention pose a trickier challenge to the future sustainability of a distinct Greenlandic public media service. With just under 100 permanent staff, staff turnover and even illness can result in significant interruptions to KNR's services, with daily

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<sup>21</sup> KNR [Public Service Statement 2021](#), pg. 11.

<sup>22</sup> Epinion [Watching and listening survey](#), February 2020.

<sup>23</sup> KNR Language policy, '[sprogpolitik i KNR](#)'. These obligations are derived substantially from requirements under the Greenlandic [Language Act 2010](#).

<sup>24</sup> Ravn-Højgaard, S. (2021) [Media policy in Greenland](#), pg. 47.

<sup>25</sup> KNR/Deloitte, Annual Report 2021 ([Årsrapport 2021](#)), pg. 13.

news bulletins particularly susceptible to unpredictable staffing changes. Relatively low public sector pay and “brain drain” to Denmark and continental Europe further restrict KNR’s ability to retain local editorial and creative talent, and increases reliance on ‘imported’ content and staff with limited knowledge of Greenlandic culture or language. Taken together KNR presents a unique microcosm of the opportunities and challenges common to many smaller broadcasters serving distinct linguistic, cultural or geographic communities.

# Republic of Ireland

## Demographics:<sup>1</sup>

- Population: 5.12 million in 2022, 7.6% growth since 2016.
- Languages: 1.76 million Irish speakers (39.8%). 73,803 people (1.44%) report speaking Irish daily.
- In April 2016 there were 535,475 non-Irish nationals living in Ireland. Ten nationalities accounted for 70% of this figure, with Polish nationals (122,515 people) making up the largest group.

## Main broadcasters:

- Raidió Teilifís Éireann (RTÉ) – public service broadcaster, established 1961.

RTÉ broadcasts four television channels and ten FM/DAB radio stations – including *Raidió na Gaeltachta*, the only Irish-language radio station – and operates its own live streaming/BVoD service RTÉ Player. RTÉ is funded from a mix of TV licence fees (€196 million in 2021, 59% of total) and commercial revenue (€148 million), the majority of which comes from television advertising.<sup>2</sup> 92% of the population use one or more RTÉ services each week, and in 2021 RTÉ remained Ireland’s most trusted source for news.<sup>3</sup> RTÉ produces daily Irish-language television news bulletins, *Nuacht*, broadcast on RTÉ One and TG4, and also provides a dedicated Irish-language daily online news service on RTÉ.ie. In 2017 RTÉ spent €24 million on Irish language output.<sup>4</sup> RTÉ also operates SAORVIEW, Ireland’s free digital terrestrial television service.

- Teilifís Na Gaeilge (TG4) – public service broadcaster, established 1996.

TG4 is Ireland’s dedicated Irish language broadcaster, regarded as “the key victory secured by Irish-language campaigners during the economic boom period in Ireland”.<sup>5</sup> TG4 is funded principally by a €36.7 million grant from the Irish government (87% of total), with some additional income from advertising and programme sponsorship.<sup>6</sup> Its single TV channel is the sixth most popular in Ireland with an average viewing share of 1.83%, and together with its live streaming/BVoD service offers a mixture of original Irish-language programmes, exclusive live TV rights for GAA competitions, hurling and Ladies Gaelic Football, and international content dubbed or subtitled in Irish. Following an additional €7.3 million of government funding announced in Budget 2023, TG4 is due to launch a new television channel for children building on the programming strand *Cúla 4*.<sup>7</sup>

- Virgin Media Television – commercial broadcaster, established 1998.

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<sup>1</sup> Figures from Central Statistics Office: [Census of Population 2016 Profile 10, Education, Skills and Irish Language](#); [Census of Population 2022 Preliminary Results 23 June](#).

<sup>2</sup> [RTÉ Financial Review 2021](#).

<sup>3</sup> [RTÉ Annual Report 2021](#), pg. 20; [Reuters Institute Digital News Report](#), pg. 86.

<sup>4</sup> [RTÉ Language Scheme 2019](#).

<sup>5</sup> Ó Ceallaigh, B. (2022) Neoliberalism and Language Shift: Lessons from the Republic of Ireland Post-2008.

<sup>6</sup> [TG4 Annual Report 2021](#), pg. 27.

<sup>7</sup> Northern Ireland Screen, [‘TG4 announces multiple commissioning rounds for new children’s channel Cúla 4’](#), November 15 2022.

Virgin Media Ireland is the largest digital cable television provider within the country offering broadband internet, pay-TV and digital telephony to 1 million customers. Its subsidiary TV network, Virgin Media Television, is Ireland's number one commercial broadcaster offering three free-to-air television channels and its own live streaming/BVoD platform, Virgin Media Player. Revenue for Virgin Media Television declined in 2020, falling from €59 million to €50 million with losses jumping from €1.6 million to €16.1 million. The network broadcasts mainly international programming (e.g. The Chase, Love Island) with some domestically produced content including Ireland AM, a popular morning television show. In 2016 Virgin Media bought UTV Ireland from ITV plc, which in turn gave the broadcaster a 10-year supply deal for ITV-produced programmes including Coronation Street and Emmerdale. The network also offers Virgin Media Sport and other Sports channels, with rights to live broadcasts of the UEFA Champions League and Europa League.

### **Market context**

Ireland is one of Europe's most competitive national television markets. There is a very high penetration of multi-channel, pay-TV services from overseas companies and their subsidiaries (e.g. Virgin Media Television Ltd, Sky Ireland), coupled with a large percentage of Irish homes subscribing to any one or multiple satellite, cable and SVoD platforms.<sup>8</sup> This market structure simultaneously increases competition for the purchase of content rights amongst Irish broadcasters, but also takes advertising revenue out of the Irish market. The economic downturn in Ireland (2008-2013) severely impacted the market for television advertising, with a 25% fall in revenue during that period.<sup>9</sup> This reduction was keenly felt by the two Irish PSBs - RTÉ and TG4 – as both rely heavily on funding from advertising to supplement licence fee revenue (in the case of RTÉ) and government funding.

There has been some recovery in the advertising market with both spot advertising and sponsorship revenues growing in 2021,<sup>10</sup> and television continues to be a prominent element in the media diet of Irish audiences. TAM Ireland, the national agency for audience measurement, reports that viewing of linear TV remains “exceptionally strong”, though dispersed across many Irish and UK-based channels, with 86% of households having access to BVoD on a TV set.<sup>11</sup> Like in other nations, Irish audiences during Covid turned increasingly to new platforms and services, with 68% of internet users reporting to watch video content from sharing services (YouTube, TikTok, etc.), 55% watching video on demand (from commercial services such as Netflix, Disney+, HBO GO, Amazon Prime) and half of internet users watching internet streamed TV (live or catch up from TV broadcasters).<sup>12</sup> Again, this data points to a hugely competitive market in Ireland for television broadcasting.

Ireland's most recent (and pre-Pandemic) strategic framework for the development of the audiovisual industries in Ireland is set out in the 2018 Audiovisual Action Plan.<sup>13</sup> Published by Department of Culture, Heritage and the Gaeltacht, the Plan is part of a broader policy framework that represents an ambition to make Ireland “a Global hub for the production of

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<sup>8</sup> Mediatique (2020) [Annual Review of Performance and Public Funding of PSBs 2019 – A Report for the Broadcasting Authority of Ireland](#), pg. 3.

<sup>9</sup> Crowe Howarth (2013) Final Report to the Broadcasting Authority of Ireland in respect of a Statutory Review of the Sound and Vision Scheme. 10 July 2013.

<sup>10</sup> Irish Times/Laura Slattery, [‘Irish advertising market to grow 10.9% this year’](#), 9 March 2022.

<sup>11</sup> TAM Ireland (2021) [TV Advertising in Ireland](#).

<sup>12</sup> Central Statistics Office (2020) [Information Society Statistics, Households 2020](#).

<sup>13</sup> DCHG (2018) [Audiovisual Action Plan: Creative Ireland Programme Pillar 4](#). See also O'Brien, M. (2019) [The Audiovisual Action Plan: A new audiovisual policy for Ireland](#).

Film, TV Drama and Animation”. Attracting overseas investment through its ‘Section 481’ tax credit system has been a fundamental pillar of Ireland’s cultural and economic policy for some considerable time.<sup>14</sup> This has drawn high profile investment and record breaking spend to what is one of Europe’s smallest nations.<sup>15</sup> It has also resulted in award winning domestically produced content including Irish language film *An Cailín Ciúin* funded by TG4, Screen Ireland and the Broadcasting Authority of Ireland.

However, this narrative of success must be tempered with the precarious state of its public broadcasting system which is the main outlet for its Irish language content and the majority of the original content made in Ireland for Irish audiences. Whilst the sector and policymakers are alert and agile to the changing media environment (as with the developing regulatory framework, explored below), there are critical issues that undermine Ireland being a pluralistic, diverse and sustainable media market.

### **Legislation, governance and regulation**

The legal foundation of the broadcasting system in Ireland is the Broadcasting Act 2009. The Act established the **Broadcasting Authority of Ireland** (BAI, *Údarás Craolacháin na hÉireann*) as broadcasters’ principal regulatory authority, which prepares and regulates a variety of codes and standards relating to news balance, children’s programming and advertising/programme sponsorship, and adjudicates public complaints about broadcast content. Of the nine members of the BAI’s executive Authority, five are directly appointed by the Minister for Tourism, Culture, Arts, Gaeltacht Sports and Media, while the remaining four are appointed by the Minister in consultation with the joint committee in the Oireachtas, Ireland’s national parliament.<sup>16</sup> The BAI has further responsibility for granting channel, station and multiplex licences and is empowered to fine broadcasters for breaches of its codes or in extreme cases revoke broadcasting licences altogether.

The Broadcasting Act also establishes the corporate structures of the two Irish PSBs. The boards of both RTÉ and TG4 comprise six members appointed directly by the government and four by government with Oireachtas consultation (all following a competitive selection process).<sup>17</sup> Each PSB is required to establish its own advisory Audience Council, with 15 members appointed by the broadcaster to be representative of “the viewing and listening public and, in particular, of Gaeltacht communities and persons with sight or hearing disability”.<sup>18</sup>

In respect of the purposes and mission of Ireland’s public service broadcasters, the 2009 Act requires that the two PSBs

be responsive to the interests and concerns of the whole community, be mindful of the need for understanding and peace within the whole island of Ireland, ensure that the

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<sup>14</sup> In place since 2015 ‘[Section 481](#)’ is a tax credit, incentivising film, TV drama, animation and creative documentary production in Ireland. The rate of tax relief is worth 32-35% of eligible Irish expenditure. The payable tax credit is based on the cost of all cast & crew working in Ireland, regardless of nationality. Projects substantially produced in the regions (outside Dublin/Wicklow and Cork City and County) benefit from or up to 3% uplift subject to specific training related requirements.

<sup>15</sup> Screen Ireland (2021) [Industry Insights](#).

<sup>16</sup> Broadcasting Act 2009, §8(2)

<sup>17</sup> See [recent appointment of new Chairs for both RTÉ and TG4](#) by the Minister for Tourism, Culture, Arts, Gaeltacht, Sport and Media, November 2022.

<sup>18</sup> Broadcasting Act 2009, §96

programmes reflect the varied elements which make up the culture of the people of the whole island of Ireland, and have special regard for the elements which distinguish that culture and in particular for the Irish language.

TG4's provisions under the Act include an additional requirement to provide comprehensive programming across news, sport, entertainment religious and cultural activities "primarily in the Irish language" and to "cater for the expectations of those of all age groups in the community whose preferred spoken language is Irish or who otherwise have an interest in Irish".

RTÉ and TG4 are required to publish Public Service Statements and four-year Statements of Strategy that further detail how their respective services and programmes will fulfil and advance public service goals.<sup>19</sup> Both PSBs are further required to prepare an Annual Statement of Performance Commitments (ASPC), which details how the broadcasters intend to fulfil the aims outlined in the strategy statements. The ASPCs are subsequently used by the BAI and the Oireachtas to scrutinise and monitor performance. Recent ASPCs suggest varied approaches to this method of service accountability: RTÉ's most recent ASPC enumerates a range of specific service targets (e.g. that RTÉ's share of television audiences is at least 27.5%), whereas TG4's Commitments have more typically represented broader strategic proposals for expanding or developing services.<sup>20</sup> A review by industry analysts Mediatique found that both broadcasters "substantially met their targets", albeit with lingering concerns regarding service delivery to and appeal for young audiences.<sup>21</sup>

### **Reform of the TV licence fee system**

One of the main sources of funding for the PSB system in Ireland is the licence fee, as legislated in the Broadcasting Act 2009. The TV licence in Ireland costs €160 for both homes and businesses. Citizens over 70 years old are entitled to a free TV licence under the Household Benefits package. *An Post*, the Irish postal service, is responsible for issuing TV licences and collecting TV licence fees. Of the licence fee collected 85% goes to RTÉ to carry out its Public Service Media commitments, a further 7% is paid to the BAI for the operation of the Broadcasting Funding Scheme, and *An Post* is paid approximately 6% in respect of TV licence collection activities.

Initial assessments of RTÉ and TG4 suggested that they weathered the 2008-2013 economic downturn relatively well through extensive cost-cutting and expansion of their revenue streams.<sup>22</sup> However, the long-term sustainability of public broadcasting in Ireland has been a recurring (and politically tricky) issue, particularly in relation to its funding. For many years, it has been a matter of public discussion how precarious RTÉ's financial situation is and there has been sustained scrutiny around how it spends its funds (e.g. salaries for key talent). Successive cuts have been made within the broadcaster, however there is general consensus that it is the licence fee system itself that is broken.

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<sup>19</sup> See [RTÉ Statement of Strategy 2015-2019](#) and [TG4 Public Service Statement 2021](#).

<sup>20</sup> See [RTÉ 2022 Performance Commitments](#) and [TG4 Statement of Performance Commitments for 2017](#).

<sup>21</sup> Mediatique (2020) [Annual Review of Performance and Public Funding of PSBs 2019 – A Report for the Broadcasting Authority of Ireland](#).

<sup>22</sup> Crowe Howarth (2013) Final Report to the Broadcasting Authority of Ireland in respect of a Statutory Review of the Sound and Vision Scheme. 10 July 2013.



Following the downturn, the government announced plans to replace the television licence with a charge on all primary residences and certain businesses, but then postponed those plans. In 2017 a report from the Committee on Communications<sup>23</sup> declared again that the current TV licence funding model was “not fit for purpose” and recommended it be replaced by a broadcasting charge applied to every household. The severity of situation that the PSBs were in cannot be underestimated, as a Mediatique report commissioned by the BAI warns:

We reviewed the adequacy and sustainability of public funding at RTÉ and TG4 and conclude that neither currently receives adequate public funds to fulfil its public-service obligations to the fullest extent. However, TG4 has been able to ‘live within its means’ with the public funding it receives each year, and we expect it will be able to do so in future years, meaning that while the funding it receives is not adequate, TG4’s operations are sustainable on the amount given. ... By contrast, underfunding at RTÉ has led to a situation where it is difficult to see how the organisation could remain sustainable on the current public funding level without either a significant reversal of commercial fortunes or changes to its public service mandate (implying alterations to the size and scope of its activities). This is the case even with the significant cost cutting envisaged in the revised strategy.<sup>24</sup>

Despite the stark warnings, in 2022 the possibilities of changing the system were still being debated. The recent Report of the Media Commission reiterated that the TV licence fee system as a source of public funding was unsustainable.<sup>25</sup> Like its predecessors, the Commission recommended that the current system be scrapped, observing:

RTÉ’s recurring deficits are symptomatic of a more profound challenge, which can be seen in the interplay between its inherently volatile and unpredictable annual income, its high fixed operating costs, its demanding public service obligations and the increasingly urgent need for capital investment to mitigate and reverse the impact of chronic underinvestment.

The report recommended the system be replaced in the short term by funding from the Exchequer and from 2024 with funding derived from general tax revenue, with an adjustment in taxation, if necessary, to meet this cost.<sup>26</sup> Additional safeguards were also recommended to ensure editorial independence and value for money for the taxpayer.

Nevertheless, in the government’s response to the report it decided not to scrap the licence fee - one of the only recommendations it rejected from the Media Commission’s report. Speaking about the decision, the Taoiseach Micheál Martin said abolishing the licence fee and having RTÉ fully funded by the taxpayer represented a “danger to democracy” and was “not realistic”, adding:

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<sup>23</sup> Joint Committee on Communications, Climate Action and Environment (2017) [Report of the Joint Committee on the Future Funding of Public Service Broadcasting](#). 28 November 2017.

<sup>24</sup> Mediatique (2020) [Annual Review of Performance and Public Funding of PSBs 2019 – A Report for the Broadcasting Authority of Ireland](#), paras. 8.5-9.7.

<sup>25</sup> The [Future of Media Commission](#) was established by Government in September 2020 and published its findings in July 2022. The group of experts was tasked with developing recommendations on sustainable public funding and other supports to ensure media in Ireland remains viable, independent and capable of delivering public service aims. The Commission was also asked to make specific recommendations in relation to RTÉ’s financing.

<sup>26</sup> In the interim period until 2024, the Commission recommended additional public funding in the case of RTÉ, to be €219 million in 2021, €213 million in 2022 and €214 million in 2023. In the case of TG4, total public funding should be €40.7 million in 2021, €44.7 million in 2022 and €48.7 million in 2023.

[T]he temptation for any future government could be to significantly cut the media fund or whatever if it didn't like the particular orientation media was taking at a given time.<sup>27</sup>

Minister for Tourism, Culture, Arts, Gaeltacht, Sport and Media, Catherine Martin added that the Government had agreed to retain the TV licence fee, but to reform it through a technical working group that will examine how to increase the revenue yield from the licence fee and to make the system more equitable and sustainable. The technical group will include the Revenue Commissioners, ComReg (the Commission for Communications Regulation) and *An Post*, and is due to report back to Cabinet in March 2023.<sup>28</sup> A decade of debate and political inaction in relation to the licence fee continues.

There are several factors driving the weaknesses in the funding system in Ireland. Some factors are likely to be felt in other small nations and broadcast markets, including: a small advertising market in which revenues for broadcast advertising are threatened by declining consumer confidence and the migration to digital outlets; the need for ongoing investment in digital infrastructure (e.g. investment in both RTÉ Player and TG4 Player); inflationary pressures around programme costs in terms of both rights competition with transnational providers and rising production costs due to a burgeoning market for inward investment of high-end content (e.g. *Vikings*, *Penny Dreadful*, *The Borgias*, *Game of Thrones*, and *Star Wars* were all filmed in Ireland).

However, a critical factor unique to Ireland is the level of licence fee evasion and avoidance. The EBU estimates that around 15% of households which should pay do not.<sup>29</sup> For context, in the UK, this figure is just over 7%. The EBU highlights that Ireland's levels of evasion is significantly higher than other EU countries.<sup>30</sup> RTÉ's Annual Report adds that the number of homes without a TV (the only device on which the licence is issued) is 15%, and that the collection costs for the fee in Ireland are more than double other European systems.<sup>31</sup> Ireland is also one of only four EU countries where the licence fee also funds the regulator. This means there is chronic leakage within the TV licence fee system in Ireland with estimates at €65 million lost every year.<sup>32</sup>

The precarity and uncertainty of the funding system has severely impacted the competitiveness of RTÉ and, amongst other things, its provision of Irish language content. Due to the decline in income for RTÉ as a whole, as well as cuts to direct state support, between 2008 and 2012 RTÉ's overall budget fell by 8% yet its Irish language budget decreased by 20%.<sup>33</sup> *Raidió na Gaeltachta*, the only Irish medium radio station, has absorbed a significant element of these cuts with staff numbers decreasing by 30-40% in this period. The recent Media Commission acknowledged the long-term marginalisation and decline of Irish language provision in the strategy of the broadcaster, recommending that the new media regulator in Ireland be charged with ensuring that RTÉ give greater priority to the Irish

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<sup>27</sup> Cited in Irish Examiner/Daniel McConnell, '[Abolishing TV licence fee "a danger to democracy" – Taoiseach](#)', 12 July 2022.

<sup>28</sup> Irish Times/Laura Slattery, '[Government promises to reform TV licence fee by third quarter of 2024](#)', 18 January 2023.

<sup>29</sup> Figure cited in Murray, S. (2022) [RTÉ and the licence fee issue: What does the future hold for the broadcaster?](#) The Irish Examiner, 24 July 2022.

<sup>30</sup> Horgan-Jones, J. (2019) [Ex-RTÉ chiefs call for political leadership to solve broadcaster's 'dilemma'](#). The Irish Times, 12 November 2022.

<sup>31</sup> RTÉ (2021) [Annual Report and Group Financial Statements 2021](#), pg. 23.

<sup>32</sup> Public Media Alliance, '[Ireland: RTÉ pushing for changes to funding](#)', 3 February 2022.

<sup>33</sup> Ó Ceallaigh, B. (2022) *Neoliberalism and Language Shift: Lessons from the Republic of Ireland Post-2008*, pg. 80.

language in its general programming and on all platforms, and that responsibility for all Irish Language Content should be assigned to a senior executive.<sup>34</sup>

The impact on Irish language provision of the broken funding system is not contained to RTÉ. TG4 receives 365 hours of Irish language programming annually from RTÉ, at no cost to TG4, an arrangement specified in the Broadcasting Act 2009. However, RTÉ reduced its support for TG4 in 2019 and 2020. In 2019 the *Coimisineir Teanga* (the Irish Language Commissioner) ruled that RTÉ was failing to meet its statutory duty with regard to the creation of TV programming in Irish, including in its provision of news content to TG4. RTÉ responded by citing the loss of €100 million as part of the reasons for this reduction.<sup>35</sup>

### **A new regulatory framework for the 'Digital Age'**

The media sector operates in a highly uneven regulatory environment. On the one hand, some media like public service broadcasters are subject to extensive statutory regulation; other media actors like social media companies are subject to self-regulatory codes and remain largely outside national and transnational systems of media governance. Ireland is particularly notable in terms of its regulatory position as it is host to the European headquarters of some of the largest technology companies in the world (e.g. Google, Apple, Facebook, Twitter, Paypal). This gives it greater responsibility in developing effective platform accountability, but also the potential to become a hub for innovation in online safety.

In January 2021, the General Scheme for the Online Safety and Media Regulation (OSMR) Bill was published by the Irish Government.<sup>36</sup> At the time of writing the bill was before Dáil Éireann, the lower house of the Oireachtas. This General Scheme proposes to transpose the Audiovisual Media Services Directive (AVMSD) into Irish Law and make provision for online safety regulation in Ireland. A new body, the Media Commission (*Coimisiún na Meán*), will assume the role and responsibilities of the BAI and will also incorporate the Online Safety Commission, including the appointment of an Online Safety Commissioner. The creation of this new platform-neutral regulator is intended as an update to the way in which radio and television broadcasters, on-demand services, video sharing platforms are regulated in Ireland.

Furthermore, the to-be Media Commission will be responsible for regulating many of the major social media companies on behalf of all EU member states. For example, the commission will have to ensure compliance by video-on-demand services with all AVMSD requirements, including that they have at least 30% of European works within their catalogue. The Media Commission will also create Media Codes and Rules directing the standards that broadcasters and services must adhere to in relation to programme content. They will be able to investigate the compliance of audiovisual media services with Media Codes, Media Rules, both on its own initiative and on the basis of a complaint. Possible sanctions available to the Media Commission could include the imposition of a fine of up to €20 million or 10% of turnover.

As the Media Commission has yet to be established, the BAI continues with its current regulatory remit. This includes the regulation of public, commercial and community radio and television services, the making of broadcasting codes and rules, and the provision of funding for programmes relating to Irish culture, heritage, and language. The main intervention that the BAI makes in relation to this latter role is the Sound and Vision Scheme. The Scheme

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<sup>34</sup> [Report of the Future of Media Commission](#), pg. 6.

<sup>35</sup> Irish Times/Éanna Ó Caollaí, '[RTÉ's Irish language output "seriously deficient", says commissioner](#)', 4 April 2019.

<sup>36</sup> House of the Oireachtas, [Online Safety and Media Regulation \(OSMR\) Bill 2022](#).

offers grant funding to new television and radio programmes which are financed from the Broadcast Fund (7% of the annual net receipts from television license fees).<sup>37</sup> Developing programmes in the Irish language is one of the scheme's objectives. The BAI allocates monies using a funding rounds system and for each round, the BAI determines the amount of funding available and the types of applications that can be submitted (for example, in May 2022 under Round 44 of the Scheme, funding focused on climate change and climate action).<sup>38</sup>

Delivery of the Sound and Vision Scheme is very likely to be transferred from BAI to the new Media Commission. Indeed, the Report of the Media Commission argues in relation to the provision of Irish language, that the regulator should as part of its new actions:

- Conduct a comprehensive review of the provision of Irish language services across the media system, including the roles of TG4 and RTÉ, opportunities for collaboration, strategies for youth engagement, and strategies to support Irish language education.
- Ensure the allocation of 25% of Sound and Vision funding to Irish language content and give consideration to increasing it further.
- Strengthen its internal capacity for research and evaluation.

In the 2022 Budget the Government allocated €5.5 million to support the establishment of this new regulator. The Media Commission's ongoing work will be funded through the introduction of industry levies. Traditional broadcasters have historically paid levies, but video-on-demand services and designated online services will now also pay the levy.

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<sup>37</sup> The Fund was established under the Broadcasting (Funding) Act 2003, which requires the BAI to invite applications for funding of programmes that support Irish culture, heritage and experience, adult literacy and content archiving.

<sup>38</sup> BAI [Sound & Vision Scheme 4](#).

# Estonia

## Demographics:<sup>1</sup>

- Population: 1.33 million in 2021, 1.2% growth since 2016.
- Languages: 1.1 million Estonian speakers (84%, 67% as 'mother tongue' and 17% as a foreign language), 406,000 (30%) people declare Russian as their 'mother tongue'.<sup>2</sup>
- The 919,000 Estonian nationals in the country (69.1% of total) make up the vast majority of the estimated 1.1 million people of Estonian origin living worldwide.<sup>3</sup>
- 315,000 ethnic Russian nationals living in Estonia comprise 23.7% of the total Estonian population and 77.8% of the non-Estonian minority.

## Main broadcasters:

- *Eesti Rahvusringhääling (ERR)* – public service broadcaster, established 2007.

In 2007 the Estonian public TV and radio broadcasters were merged into *Eesti Rahvusringhääling (Estonian Public Broadcasting or ERR)*. ERR is funded via an allocation in the state budget, with the annual funding level set by the Ministry of Culture and Ministry of Finance. In 2022 ERR's total budget was €45.99 million, equivalent to a monthly cost per Estonian citizen of €2.87 (6% lower than the European average).<sup>4</sup> The Estonian Public Broadcasting Act sets out the core objectives of ERR: to support the development of Estonian language and culture, increase social cohesion, provide balanced and accurate news, guarantee universal access to information, and "enhance the family-based model of society".<sup>5</sup>

To fulfil its public service aims, ERR operates a suite of national broadcast and online services:

- **ETV** – free-to-air DTV channel, broadcasting a mix of fiction series, infotainment, documentaries and news/current affairs programming.
- **ETV2** – free-to-air DTV channel launched in 2008, primarily airing programming for children as well as cultural, religious and educational content.
- **ETV+** – free-to-air Russian-language DTV channel launched in 2015, broadcasting fiction and entertainment content together with bulletins from the Russian-speaking edition of ERR's daily news programme, *Aktuaalne Kaamera*.
- Five radio stations: **Vikerraadio** (mixed-format), **Raadio 2** (a young audiences-oriented station), **Klassikaraadio** (classical, folk and jazz music), **Raadio 4** (programming for Russian-speaking audiences and Estonia's minority dialect communities) and **Raadio Tallinn** (service for international listeners akin to the BBC World Service).<sup>6</sup>
- **ERR.ee**, online news and media portal including Russian- and English-language versions.

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<sup>1</sup> Figures from [Statistics Estonia, national census 2022](#).

<sup>2</sup> [National census database RL227](#)

<sup>3</sup> Figures from the 2022 national census, [Statistics Estonia](#). See also "[The global Estonian diaspora](#)", Estonian Ministry of Foreign Affairs.

<sup>4</sup> [Eesti Rahvusringhäälingu eelarve](#). The initial ERR budget for 2022, agreed in December 2021, was revised in April 2022 to provide additional funds for ERR's Russian-language programmes and services. EU funding averages taken from EBU (2022) [Funding of Public Service Media report](#), March 2022.

<sup>5</sup> Articles 4 and 6 [Eesti Rahvusringhäälingu seadus](#).

<sup>6</sup> Loit (2012) [Radio in Estonia: Meagre but Enduring](#).

- **Jupiter**, ERR's video-on-demand streaming platform launched in 2020, and **Lastekraan**, a dedicated on-demand and activities hub for children.

### **Market context**

While ERR provides the only free-to-air TV channels available to Estonian audiences, in 2019 the Estonian media market was served by over 350 domestic and international channels across cable, satellite and on-demand services, with just 36 of these broadcast in the Estonian language.<sup>7</sup> ERR's main domestic competition comes from the media networks led by Kanal 2 and TV3, commercial pay-TV channels respectively owned by Estonian media conglomerate Postimees Group and global private investment firm Providence Equity Partners. Beyond ERR, Estonia's small media market has high levels of concentrated cross-media ownership, with Postimees Group and publishers Ekspress Group dominating the commercial broadcast and print industries.<sup>8</sup>

Available ratings figures suggest that ERR channels and stations are Estonian audiences' most used broadcast services – in 2018 the three ERR TV channels received a 19% audience share, compared to 14% and 12% for the Kanal 2 and TV3 networks respectively.<sup>9</sup> *Vikerraadio* is claimed to be the most listened to radio station in Estonia, earning a weekly audience of 230,000 listeners compared to 212,000 for Sky Plus and 186,000 for Radio Elmar.<sup>10</sup> Compared to Estonian commercial broadcasters, ERR transmits on average twice as much news content per day across its TV and radio portfolio, as well as almost three times as much cultural programming and seven times as much informative and documentary content.<sup>11</sup> Content on ERR channels consists of a far smaller proportion of foreign imported/acquired programmes than commercial broadcasters like Kanal 2, however over the last decade original Estonian content has declined as a share of total ERR output while airtime given to imported content on ETV2 and ETV+ has gradually risen.<sup>12</sup>

Despite being widely regarded as a world leader in digitally-integrated public service delivery, the uptake of new digital media services in Estonia appears relatively modest. Estimates suggest that around 300,000 people in Estonia (22%) use video-on-demand services, with research by the Estonian telecoms company Elisa suggesting that YouTube is by far the most used platform.<sup>13</sup> However, there is not yet any substantial independently sourced data to indicate the longer term use or changing uptake of various VoD platforms – including domestic services such as ERR's Jupiter – or the extent to which Estonian audiences divide their consumption habits between broadcast and online providers.

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<sup>7</sup> Figures from the European Audiovisual Observatory's [MAVISE database](#), compiled by Jõesaar (2022) [Building Bridges: Estonian- and Russian-speaking TV Audiences](#), pg. 84.

<sup>8</sup> Loit and Harro-Loit (2016) [Media Pluralism Monitor – Country Report: Estonia](#); Loit, Lauk and Harro-Loit (2018) Estonia: Conflicting views on accountability practices (in European Handbook of Media Accountability, pgs. 63-72).

<sup>9</sup> Kantar Emor, figures cited in Jõesaar and Kõuts-Klemm (2019) [Is the role of Public Service Media in Estonia changing?](#), pg 106. See also European Audiovisual Observatory (2022) [Yearbook 2021/2022 Key Trends](#), pg. 32.

<sup>10</sup> ERR News, [Vikerraadio ranked Estonia's most popular radio station](#), 11 July 2022.

<sup>11</sup> [National census database KU16](#).

<sup>12</sup> Ibrus et al. (2022) [Quantifying public value creation by public service media using big programming data](#), pg. 14.

<sup>13</sup> [Statista Digital Market Outlook](#), August 2021; BroadbandTVNews, ['Estonians opt for YouTube and Netflix'](#), 17 January 2022.

## **Legislation, governance and regulation**

Like other smaller EU nations, the development of Estonian broadcasting regulation has been driven by a conflict between (a) sustaining a culturally distinct domestic media ecology and (b) closer alignment with the EU's liberalising, free market media policy directives.<sup>14</sup> From 2000 onwards, deregulation of broadcasting licences and legislative reforms has resulted in a steady stripping away of public service interventions.<sup>15</sup> A quota on all broadcasters requiring at least 5% of daily airtime dedicated to news was reduced to 2% in February 2022, and Estonian implementation of the EU AVMSD into the 2010 Media Services Act also reduced the requirement for broadcasters to include 'own productions' – content that concerns Estonian current affairs or cultural heritage – from 25% of monthly programming to just 10%.<sup>16</sup> Commercial media groups have used the changing economic and policy landscape to argue for more restrictions on ERR's public services, claiming it is distorting fair competition in emerging digital media markets and contravening EU state aid laws.<sup>17</sup>

The 'Europeanisation' of audiovisual policy has also impacted Estonian broadcasting's contributions to wider social and cultural objectives. Co-regulation of the audiovisual sector by the Ministry of Culture and the Ministry of Economic Affairs has led to a conflict in strategy between protecting Estonian cultural interests and attracting businesses and consumer services to a small market, as in the case of Estonian high-end drama and films. While ERR's funding limits its ability to produce its own original content in these popular (and globally exportable) genres, the Estonian Film Institute and the national government have increased investment in professional training to attract foreign companies to the burgeoning Estonian production sector. "The audiovisual culture," as one Estonian media academic has described it, "is becoming less a public affair and more the domain of the private industry".<sup>18</sup>

ERR is governed by several different bodies with varying powers over the broadcaster's funding, strategy and regulation. The Public Broadcasting Council (*nõukogu*) is ERR's sovereign corporate body, with responsibility for approving the annual financial plan, appointing the ERR Chair and executive management board (*juhatus*) and supervising ERR's fulfilment of its public service objectives. The Council is comprised primarily of elected politicians, with one member appointed from each party faction in the Estonian parliament on the proposal of the Cultural Affairs Committee. The Council also includes four 'expert' members – typically media executives, presenters, journalists and academics – who are also appointed by the parliament. There is a growing perception that the expert appointments have become increasingly politicised, although their exact role and influence within the Council's operations is not detailed or publicly reported. Drafting of the ERR board's strategic development plan<sup>19</sup> has also been subject to political interference, with party representatives on the Council seeking to imprint their own faction's agenda onto ERR strategy.<sup>20</sup> However

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<sup>14</sup> Ibrus (2016) [The EU digital single market as a mission impossible](#). See also Lowe and Nissen (2011) [Small among giants: Television broadcasting in smaller countries](#), and Puppis (2009) [Media regulation in small states](#).

<sup>15</sup> Jõesaar (2017) [The winding road on the media landscape: The establishment of Estonian television broadcasting between 1992 and 2016](#).

<sup>16</sup> Articles 8 and 10 [Mediateenuste seadus](#).

<sup>17</sup> ERR News, [Private media enterprises file ERR complaint with European Commission](#), 8 September 2020.

<sup>18</sup> Ibrus (2015) [Audiovisual policymaking in Estonia at times of convergence](#), pg. 107.

<sup>19</sup> [Eesti Rahvusringhääling arengukava 2023-26](#), see also [ERR development plan archive](#).

<sup>20</sup> One country-level expert indicated that conservative representatives on the Council, appealing to ERR's founding objective to enhance a "family-based model of society", had sought to diminish ERR's representation of the LGBTQ+ community in its programming.

the Council's specific powers over the ERR budget are somewhat limited, as although the Council must approve the board's plans for each financial year, ultimate authority over the level of the state grant rests with government ministries.

Other official elements of ERR's governance and regulation demonstrate similarly unclear lines of accountability. The management board is supported by a 'social advisory board' (*ühiskondliku nõukoja*), which serves as a voluntary non-executive panel advising management on content strategy, programme structure and the annual development plan. The advisory board is made up of nine to fifteen members appointed by the Council (following proposals by management), who are intended to represent "the interest groups and walks of life in society".<sup>21</sup> Its recent membership spans a wide range of expertise – Estonian diplomats, business leaders, lawyers, academics and media executives – however this composition suggests its advice is more representative of Estonia's leading professions than of the communities and interests across Estonian society.

The Public Broadcasting Act also establishes an ethics ombudsman (*eetikanounik*) for ERR, appointed by management (with the agreement of the Council), to monitor ERR's compliance with journalistic standards and review audiences' complaints and feedback on ERR content. Tarmu Tammerk, a former newspaper editor, has served as ERR's ombudsman since the post was created in 2007 and publishes a regular online summary of recent ethical issues or audience comments on ERR output.<sup>22</sup> However, there are concerns that the role serves more as an internal complaints handler than as an actual standards regulator, and as one academic review has argued, the ombudsman "does not always act with full transparency for the general public, but often glosses over problems and criticizes the rest of the media".<sup>23</sup> It is not apparent what formal powers the ombudsman holds to correct or remedy findings of ethical misconduct by ERR. News output is regulated by the industry self-regulatory Press Council (*Pressinõukogu*) and ERR operates its own good practice guide (*hea tava*) for promoting accuracy, trustworthiness and transparency in all its services<sup>24</sup> – yet it remains to the decision of the Council for how ERR responds to critiques or rulings from the ombudsman. Across the whole structure of Estonian media regulation and ERR governance, what is most apparent is the absence of any mechanism for the Estonian public to influence ERR decision-making, and the lack of meaningful representation of audiences or distinct communities on any ERR boards or councils.

### **ETV+: balancing questions of social cohesion, national security and funding for Russian-language broadcasting**

ETV+, ERR's Russian-language television channel, offers a unique recent example of a public broadcaster developing a dedicated service for a linguistically distinct community within a 'smaller' media territory that is also facing significant cultural and economic pressures. Launched in September 2015, ETV+ offers original and acquired Russian-language content across a mix of scripted series, popular entertainment, documentaries and news. The channel also features regular broadcasts in the *Kihnu* dialect, for the island community of the same name, as well as airing news bulletins in *Seto* and *Võro* from ERR's regional correspondents.

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<sup>21</sup> Article 30 [Eesti Rahvusringhäälingu seadus](#), see also [ERR ühiskondliku nõukoja](#).

<sup>22</sup> [ERR eetikanounik](#).

<sup>23</sup> Loit, Lauk and Harro-Loit (2018) Estonia: Conflicting views on accountability practices (in European Handbook of Media Accountability, pg. 69). A [2017 amendment to the Public Broadcasting Act](#), seeking to replace the ombudsman with an independent ethics council, was not adopted by the parliament.

<sup>24</sup> [Pressinõukogu](#) and [Hea Tava](#).



In just the last few years ETV+ has achieved a notable turn-around in Russian-speaking audiences' engagement with ERR: its weekly reach has risen to match that of Russian channels broadcast in Estonia, and more than one-fifth of Russian-speakers considered ETV+ to be their main source of news and information.<sup>25</sup>

This success is in part a reflection of ETV+'s strategic focus within ERR's then-shifting public service development plan: creating local content for and presented by the Russian-speaking community, provided on the platforms and devices modern audiences use most and made available in formats that best suit their habits.<sup>26</sup> ETV+'s online viewing offers a clear example: throughout 2022, the number of people viewing ETV+ content on 'catch-up' was regularly double the number using the online platform for 'live' TV viewing.<sup>27</sup>

However, the history behind ETV+ also offers valuable insights into the cultural, political and economic challenges that have shaped Estonia's Russian-language media ecosystem. Since Estonia's independence, the large community of Russian-speakers in the country has perceived various forms of discrimination from Estonian society.<sup>28</sup> This is marked by contrasting attitudes towards public institutions, with people of non-Estonian nationalities (of which Russians make up more than three-quarters) expressing higher distrust in political and media institutions than Estonian nationals.<sup>29</sup> For most of the last two decades the only dedicated Russian-language TV services broadcast into Estonia originated from media organisations based in the Russian Federation or neighbouring Baltic states. Amidst deepening social and cultural divisions – epitomised by violent protests in the Russian community during the April 2007 'Bronze Night' controversy – academics and policymakers registered growing separation between “two radically different information fields” in Estonia: an Estonian-language field promoting “European values” against a Russian-language field promoting “Putin's values”.<sup>30</sup>

Although ERR's Russian-language radio service *Raadio 4* (launched in 1993) has long held larger audiences than commercial Russian-speaking stations, public and commercial funding for Russian-language television programming declined substantially throughout the 1990s and early 2000s. Between 2003 and 2014, the weekly reach of ERR services amongst the Russian-speaking audience dropped from 40% to almost 15%. Initial efforts to remedy this were stymied by a variety of factors: the commercial unattractiveness of trying to serve a relatively small audience in direct competition with dominant Russian Federation outlets; reluctance amongst policymakers to deploy state intervention in the liberalised and increasingly pan-Baltic media market; the unpredictable scale of costs, production capacity and talent development required to sustain a popular service for attracting audiences with high-quality programming; and concerns that introducing a Russian-language service would undermine the preservation of Estonian national identity through promoting Russian culture and interests.<sup>31</sup>

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<sup>25</sup> Jõesaar, Rozukalne and Jastramkis (2022) [Trust in public service media in the Baltic states](#), pgs. 603-4.

<sup>26</sup> [Eesti Rahvusringhääling arengukava 2016-2019](#), see also [ERR development plan archive](#).

<sup>27</sup> GemiusPrism 2022, private data provided courtesy of country-level contact.

<sup>28</sup> [National census database RL227](#); Danylyuk (2018) [Causes and Consequences of Perceptions of Discrimination among Russian-speakers of Estonia](#).

<sup>29</sup> Turu-Uuringute AS [Public Opinion Monitoring Survey](#), conducted on behalf of the [State Chancellery \(Riigikantselei\)](#), October 2022.

<sup>30</sup> Jõesaar (2017) [Day After: The impact of the launch of the Russian-language television channel ETV+ on Estonian Public Broadcasting's viewing trends](#), pg. 45.

<sup>31</sup> Jõesaar and Rannu (2017) Estonian Broadcasting and the Russian Language, in Horsti, K., Hultn, G. and Titley, G. (eds.) *National Conversations: Public Service Media and Cultural Diversity in Europe*,

The launch of ERR's second TV channel ETV2 in 2008 prompted a temporary increase in the production of Russian programming (rising from 183 hours in 2008 to 547 hours in 2010), but changes to ETV2's remit (towards more Estonian educational and cultural content) and sporadic funding commitments led to a fall in ERR's overall Russian viewership. Consecutive ERR yearly development plans proposed increased Russian content investment and targets for attracting larger Russian audiences, yet these plans were not matched with sufficient support from the state budget. Following the Russian Federation's 2014 annexation of Crimea, and Russian state media's increasingly belligerent 'information war' targeting Central and Eastern European countries, non-Estonian audiences' trust in ERR shrank to 45% (from 60% in 2010) and *Raadio 4* saw a substantial drop in listeners. These events led to widespread demands for a more concerted program of cultural and social integration, including Russian-language public service media in Estonia,<sup>32</sup> and in late 2014 the Estonian government approved a €2.5 million increase in the ERR's state budget to fund ETV+.

The launch of ETV+ thus marked a significant change in ERR's public service strategy: from treating Russian-language programmes as supplementary content, to providing a dedicated service (with regular funding) for meeting the needs and interests of Estonia's Russian community. Yet, as recent analyses suggest, this new strategy has not always been directed by 'traditional' public service values. Much of the political support for a Russian-language channel in 2014/15 emphasised the primary role of the new service as providing 'counter-propaganda' and supporting Estonia's national security,<sup>33</sup> rather than creating a space of cultural expression and self-identification for an historically under-served community. The funding for these services, while more established, is also still susceptible to unpredictable changes that undermine the sustainability of Russian-language programming: between 2018 and 2022, ETV+'s budget as a share of the total ERR state grant fell from 8.5% to 5%, and its funding for 2022 was 20% less than its initial allocation in 2015.

The unprecedented decision by Estonia's telecoms regulator in February 2022 to ban broadcasts of four Russian TV channels, following Russia's invasion of Ukraine, led to ETV+ effectively doubling its TV viewing share of Russian-language channels in just one month.<sup>34</sup> However over the last few years more than 60% of ETV+'s content has consisted of foreign 'acquired' programming,<sup>35</sup> meaning this larger audience is benefitting from less Estonian-produced content that reflects their own lives and identities. With an increasing reliance on imported content, an absence of Russian community representation within ERR's governance framework, and with ETV+'s funding highly dependent on policymakers' mercurial interest in Russian-language Estonian media, it remains to be seen how effectively this service can continue to serve its unique audience and contribute to a shared cultural and civic space that benefits all.

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pp. 205-223; Lavrentjev (2020) [The Securitization of Russian-speaking Media in Estonia](#); Parhsukob (2017) [Media, Memory, and Minority: The Russian-language TV channel ETV+ and its role in the long-lasting "War of Memories" in Estonia](#);

<sup>32</sup> *Lõimuv Eesti 2020*, 'Strategy of Integration and Social Cohesion in Estonia'.

<sup>33</sup> Lavrentjev (2020) [The Securitization of Russian-speaking Media in Estonia](#), pgs. 36-7.

<sup>34</sup> Kantar Emor 2022, private data provided courtesy of country-level contact. See also: ERR News, [Four Russian TV channels banned from Estonian airwaves](#), 25<sup>th</sup> February 2022.

<sup>35</sup> Ibrus et al. (2022) [Quantifying public value creation by public service media using big programming data](#), pg. 14.



Llywodraeth Cymru  
Welsh Government

PUBLICATION

# Broadcasting trends: analysis for the Shadow Broadcasting Expert Panel

How future technology developments will impact audiences' viewing and audio consumption.

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# Video and audio consumption in the UK

The Co-operation Agreement between the Welsh Government and Plaid Cymru sets out a series of policy commitments to be delivered within the current Senedd term. This includes a commitment to ‘explore the creation of a shadow Broadcasting and Communications Authority for Wales, to address our concerns about the current fragility in the media and the attacks on its independence. This body would support the use of the Welsh language, particularly in digital and encourage media plurality’.

This report has been produced for the panel and reviews: the changing broadcast landscape; the challenges and implications from future tech developments and how these will impact audiences’ viewing and audio consumption. Finally, we will focus on the implications in Wales.

Linear TV viewing has been in decline, with viewing falling by 37% since 2010 and accelerating over the past two years. This decline has been driven by younger age groups, who watch c. 75 to 80% less TV than they did a decade ago.

At the root of these changing viewing habits is the rollout of superfast broadband across the UK since 2008 and the 20x growth of UK broadband speeds that have occurred as a result, which enabled video content to be distributed over the internet.

Broadcasters have adapted to these technological changes by launching video on-demand platforms of their own, but their resources are dwarfed by global Subscription Video on-Demand (SVOD) services such as Netflix, which have spent billions of dollars commissioning original content and enjoyed rapid growth. Over two-thirds of UK households now have a subscription to a streaming service.

The rapid rise of SVOD platforms has been complemented by the growth of online video platforms and social media sites. Although TikTok has enjoyed spectacular growth in recent years, YouTube remains the undeniable leader in this category, seeing more video viewing than TikTok, Facebook, Instagram and Snapchat put together.

With these trends set to continue over the next five years, we forecast that broadcaster TV will make up half of all video viewing in 2027, down from 64% today. However, these top-line statistics obscure a huge variation by age group. We predict that 15 to 24s will spend just 12% of their video time with broadcasters' traditional programming in 2027, while it will make up half of 45 to 54s, two-thirds of 55-64s, and 85% of over-65s viewing.

Radio listening has remained very resilient over the past decade, but over the past few years listening among under-24s has started to decline significantly. The advent of online audio such as podcasts and streaming services raises challenges and opportunities.

## Video and audio consumption in Wales

TV viewing in Wales is typical of all other regions, save that the average person watches slightly more than the UK average (2 hours 39 minutes vs 2 hours 32 minutes). However, more homes have satellite TV, and SVOD viewing is also slightly higher than the UK average, despite the population skewing older.

The BBC and ITV invested £27.5 million in content specifically for Wales in 2021 (excluding the BBC's contribution to S4C), of which the majority is for news and current affairs programming. While this figure has declined, all content budgets have been squeezed. Satisfaction with public service broadcasting (PSB) is higher in Wales than any other nation, but ITV in Wales significantly underperforms STV in Scotland in perceptions of delivering programming about

their respective nations.

Viewing of BBC and ITV's Welsh programmes accounts for just 4% of total TV viewing time, with viewing heavily skewed towards the over-65s. In line with all TV viewing this is declining over time, but at a slightly slower pace.

S4C accounts for just 1% of TV viewing and 3% among Welsh speakers, but viewing has held up well over the last five years. Sports is the most watched genre. Its on-demand service, Clic, partly through its partnership with the BBC and being on the iPlayer has proved successful. Clic also has a presence on online platforms such as YouTube and TikTok.

Over a quarter of adults access Welsh news through social media platforms, especially Facebook, while TikTok is highly popular among young adults in Wales.

We forecast that broadcasters share of viewing in 2027 will be slightly higher in Wales than across the UK (52% v 51%), in part due to the older population profile. Broadcasters' traditional programming will be just 14% of under-24s viewing in 2027 (half an hour each day) and less than 30% of 25-44s. In contrast, it will be 86% of viewing for those over the age of 65, which is just over five hours per day.

Radio listening across Wales is similar to the UK, except that the BBC is much more popular. BBC Radio Wales and Cymru command just 8% of radio listening, with three quarters of BBC Radio Wales' listening hours to the over-65s. They both provide a good service, but they do not satisfy the needs of younger non-Welsh speakers and BBC Sounds is unlikely to be the answer as it is today.

Local commercial radio has just over 20% of radio listening, but very few obligations to produce programming in Wales, let alone in Welsh. Given the commercial model of small stations, we believe it would be very difficult to change licence obligations to increase the level of Welsh, unless it is financially

worthwhile. The radio company may choose to simply hand back the licence.

## Implications for strengthening media in Wales

As television viewing, and to a lesser extent radio listening, continues its transition from broadcast to online, this places great challenges on the entire broadcasting model. While older people will continue to watch and listen to as much broadcast media as ever, younger people are increasingly moving to other platforms, whether SVOD, YouTube, social media, online music services and podcasts, most of which are outside the UK regulatory system.

The BBC and ITV are clearly delivering a valuable service to older people in Wales through their Welsh TV programming and they will continue to do so over the next few years. However, the issue is how to achieve the same outcome for younger audiences who will watch less and less TV. The BBC and ITV have invested heavily in the iPlayer and ITVX and the programming for Wales will be available on these platforms. However, just distributing content between their own broadcast assets is not enough.

ITV, the BBC and S4C need to ensure that this content is available on TikTok, YouTube, Facebook and wherever else the audience is available. This is all achieved through negotiation as the UK government cannot compel the platforms to carry any particular content, nor sit round the negotiating table. However, companies like YouTube want premium, brand-safe and reputable content on their platforms and can incentivise PSBs with sweetened revenue-share deals and ad-sale agreements that allow sales houses to sell advertising around their content on the platforms, or through heightened visibility on the platform's algorithms. The BBC and ITV are likely to strike deals across all their content, and therefore it is important that content made specifically for Wales is included within this. S4C does not have the scale and would benefit from distributing their content to these platforms via the BBC, ITV and even C4.



Audio partnerships with the BBC and commercial radio are required in light of disruption of audio distribution. Older people will continue to listen to radio and will be well served by the BBC. Younger people are moving towards podcasts and there is a clear public service argument for BBC Sounds to carry a significant number of Welsh language podcasts. However, currently the BBC carries very few podcasts from independent suppliers. This should change and the BBC (and commercial sector) should be encouraged to form partnerships with audio production companies or local organisations across Wales to develop podcasts that can be accessed via BBC Sounds as well as their radio stations apps and websites. With the rise of smart speakers and Google/apple in cars the US tech companies are starting to become the de-facto gatekeepers of UK radio listening. Broadcasters must reach arrangements with these intermediary platforms to enable their content to be discovered by consumers. While larger players such as the BBC, Global and Bauer may be able to reach some form of agreement it is harder for smaller operators and podcast creators, further strengthening the case for encouraging such partnerships.

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Llywodraeth Cymru  
Welsh Government

PUBLICATION

# A new future for broadcasting and communications in Wales: children's media in 2023

An assessment of how the recommendations affect children's media.

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# Introduction

The Expert Panel wanted to ensure that their report is based on the needs of future generations and felt that children's programming is an area that warrants further investigation for inclusion in their report. The Expert Panel sought advice from a wider group of individuals to help provide specialised input as part of their evidence gathering stage. The key questions they want to explore are: 'is there a need for a more defined public service for children in broadcasting in Wales?' and if it is needed 'how would it be regulated?'

Kids Industries has been asked to devise and present an expert, validated opinion focused on how the future of children's media is developing and where there may be need for regulatory support. Much of the data points that are included in this report are taken from KI's Global Family Study. This study garnered the responses of 20,147 individuals in 10 countries. The UK was proportionately represented. Various other sources are cited throughout the document. This summary provides a synthesis of Kids Industries' collective knowledge and desk research focussed on children's media use.

## Indigenous attitudes and content

### Identifiable differences in Wales in terms of children's media consumption

The [Ofcom Children and Parents: Media Use and Attitudes Report \(2022\)](#) identifies some differences in relation to Welsh parental attitudes towards their children's media consumption relative to the rest of the UK. Parents in Wales seem to be more concerned about certain aspects of their children's media consumption than parents in other UK nations, for example, children giving out

personal details to people online or seeing age-inappropriate content online or on TV. Welsh parents were more likely to be very concerned about:

- their child giving their personal details to inappropriate people
- their child being bullied online
- their child damaging their reputation now or in the future
- their child seeing any type of content which is not appropriate for their age (in terms of violence, bad language, disturbing content, and so on)
- their child seeing content which encourages them to hurt or harm themselves
- their child being influenced by extreme views online
- and the pressure on their child to spend money online

In relation to gaming specifically, parents in Wales were more likely than other nations to be concerned about:

- the possibility of their child talking to strangers while gaming
- the possibility of their child being bullied by other players
- the content of the games their child plays
- the pressure on their child to make in-game purchases

Parents in Wales were also more concerned about who their child is in contact with when they use their phone as well as the potential of them being bullied via their mobile phones.

Children in Wales were also more likely than the UK average to feel pressure to be popular on social media.

## **Considerations in terms of the future of kids' content consumption**

Below are some of the evolving trends Kids Industries think will be pertinent over

the short to medium term in impacting children's content consumption:

- Content consolidation: the sheer volume of content available today with the proliferation of streaming services is contributing to overload for audiences. There is evidence to suggest that audiences feel overwhelmed and there may be a push towards the consolidation of subscription video on demand services.
- Resistance to a race to the bottom: social media platforms that are focussed on ever shorter form content are likely contributing to shortening attention spans amongst children, as the platforms' designs shape content expectations. High stimulation videos on TikTok, featuring split screens, with multiple different content windows, are proliferating. These videos have been termed 'sludge content' and potentially have adverse effects on children. There is likely to be a continued parental backlash against the sorts of low-value content kids are able to access online and the platforms they are served on ([Sludge content is consuming TikTok. Why aren't we talking about it? | CBC News](#)).
- Immersive entertainment experiences: platforms like Roblox in which children inhabit online worlds are examples of the nascent Metaverse. These immersive digital experiences are deeply popular with children and are likely to redefine entertainment in the future. Brands such as Nickelodeon are increasingly creating entertainment worlds on Roblox - marking a radical departure from passive video consumption, towards far more interactive and collaborative experiences ([Understanding Kids in the Metaverse | CMC 2022 | Sessions | The Children's Media Conference \(CMC\) \(thechildrensmediaconference.com\)](#)).
- New devices and new realities: the Kids Industries Global Family survey showed that there is a rise in smart tech use amongst kids. Conceivably this may have an impact on how entertainment brands tell stories to children with greater potential for more tailored, personalised content experiences and greater interactivity.

# Celebrating indigenous languages through content

There are a number of countries which have invested money into the protection of indigenous languages through the provision of children's content:

- Ireland: TG4 is a public broadcaster that provides programming in Irish, including children's television shows. The broadcaster has received funding from the Irish government to produce original programming in the Irish language. Most recently it announced the launch of a dedicated children's channel: Cúla4 for TG4 ([TG4 | A new children's channel for TG4 approved by Minister Catherine Martin | 2022 | Press Releases | Press | Irish Television Channel, Súil Eile](#)).
- Canada: The Canadian government has established the Indigenous Screen Office, which provides funding and support for the creation and production of Indigenous-language content, including children's television shows ([Indigenous Screen Office funding programs - Canada.ca](#)).
- Mexico: The National Institute of Indigenous Languages (INALI) provides support for the creation of educational materials and media content in Indigenous languages, including children's television shows ([National Institute for Indigenous Languages \(INALI\) \(mexicoescultura.com\)](#)).
- New Zealand: The Maori Television Service is a government-funded broadcaster that produces and airs a range of programming in the Maori language, including children's television shows ([Our Shows | Māori Television \(maoritelevision.com\)](#)).
- Australia: The Australian Broadcasting Corporation (ABC) has produced children's television shows in Indigenous languages, including Little J & Big Cuz, a show produced in English and Indigenous languages ([Little J And Big Cuz : ABC iview](#)).

Content focussed on the preservation of indigenous languages and culture,

appears to be quite niche, garnering a small audience. Examples include:

- Pukana (1999 - ongoing) - New Zealand show which takes contemporary kids' culture cues, and features game shows, send-ups, talent quests and music. It emphasises 'street' rather than marae-style language. It has won three awards for best show in its category, and two nominations for children's programmes ([Pūkana | Series | Television | NZ On Screen](#)).
- Wapos Bay (2005 -2012) - Canadian stop motion animated family drama comedy television series. Aired across Canada by the Aboriginal Peoples Television Network (as part of APTN Kids) and in the United States on the First Nations Experience Network (FNX). It was aired in the languages of Cree, English, French and Inuktitut.

There is clearly scope for smaller countries to punch above their weight when it comes to content production but there is generally a necessity to dub content in order to distribute it globally. The Icelandic children's television programme Lazy Town, for example, known as Latibær in Icelandic, was nominated for the International Emmy Kids Awards in the 'Kids: Preschool' category. The educational television series was created by former gymnast champion and fitness aficionado Magnús Scheving. The show was aired in over 170 countries and dubbed into more than twenty languages ([Icelandic children's programme nominated for an Emmy award | Icelandmag](#)).

## The role of regulation

Ofcom regulates the TV and radio sectors, fixed line telecoms, mobiles, postal services, plus the airwaves over which wireless devices operate. The regulator has a duty to protect children from harmful or inappropriate materials on TV, radio and video-on-demand services ([Protecting children: Ofcom](#)).

Ofcom's Broadcasting Code governs what can be aired on TV and radio.



There's a whole section of the Broadcasting Code dedicated to protecting children from unsuitable content on TV and radio, including rules about the 9pm watershed on TV.

As mentioned above, the development of online platforms and content has far outstripped regulation. In 2020 Ofcom's remit was expanded to include the regulation of harmful online content. It is only recently that Ofcom has set out its 27 plans to implement new online safety rules. The roadmap is available here: [Online Safety Bill: Ofcom's roadmap to regulation](#).

It is the view of Kids Industries that any regulator or shadow regulator should focus on online platforms such as video sharing platforms, gaming platforms and social media, given their potential to cause demonstrable harm to children.

## Final words

Having worked in the children's media space for 25 years we have been witness to an almost unbelievable rate of change and evolution. It is clear to us that the existing regulatory bodies and the regulatory powers that they hold are not fit for purpose. The institutions whose role it is to protect our children and guide the content creators are failing to keep pace with the rate of change and are, in fact, and undeniably at least two years behind where the children actually are. There is no satisfactory way of protecting children from the potential harms of Roblox - children can find disturbing content a few short clicks from their favourite games and they can be on the receiving end of grooming and bullying at almost every turn. There is no protection. The opportunity to lead the world in the regulation of children's media is yours. The need is to prepare your regulatory body for what is to come in children's media not, as is the sorry case for the UK as a whole, where it has been. This is a significant challenge but we can see where things are going and so surely, with focus and determination a body can be created that will enable and empower the digitally native Welsh children of today and tomorrow to flourish as a result of their digital experiences.

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Delyth Jewell,  
Culture, Communications, Welsh, Sport, and International Relations Committee

[Delyth.Jewell@senedd.wales](mailto:Delyth.Jewell@senedd.wales)

19 July 2023 Dear Delyth,

### Welsh Language Commissioner's Assurance Report 2022-2023

As you know, I took up my role as Welsh Language Commissioner in January 2023, and wanted to inform that I will be publishing my first assurance report on 11 October 2023. He will discuss my office's findings on the performance of public institutions with statutory duties relating to the Welsh language.

The report will also discuss the performance of organisations with their duties, as well as drawing the attention of public bodies to issues that are my priority as a Commissioner – including how public bodies can do more to increase levels of use of Welsh in terms of the services they provide and internally as important workplaces. The report also gives consideration for the need for better arrangements by organisations in assessing the need for Welsh language skills in recruitment to jobs in order to improve their ability to deliver services in Welsh.

I know as I am appointed that there is a desire from the Committee to invite me back to discuss my work, perhaps publishing this Report is a suitable opportunity to do so. I would be delighted to do so.

I look forward to hearing from you. Yours

sincerely

**Efa Gruffudd Jones**  
Welsh Language Commissioner  
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Correspondence welcomed in Welsh and English

## INWARD VISITS – JULY 2023

**10 July Visit by Slovak Ambassador to the UK**

The Minister for Economy met with the Slovak Ambassador to honour the 30th anniversary of the establishment of the Slovak Republic as an independent nation. The Ambassador also joined Cardiff Business Club as an opportunity to strengthen ties and establish relationships.

**17 July Visit by the Chair and the Chief Executive of the UK National Commission to UNESCO**

The First Minister met with the representatives to UNESCO to reflect on his visit to UNESCO earlier this year, the importance of managing sustainable tourism and to discuss UNESCO's Decade of Indigenous Languages through Wales Arts International's Gwrando initiative.

## OUTWARD VISITS – JULY 2023

Nil Nil

## **MINISTERIAL INTERNATIONAL ENGAGEMENT**

**AUGUST 2023**

### **INWARD VISITS**

Nil

Nil

### **OUTWARD VISITS**

- 02 August**    **First Minister meeting with Australian High Commissioner**  
The First Minister travelled to London to meet with the Australian High Commissioner. The meeting included discussions on Economy, Free Trade Agreement, CPTPP and a potential visit to Wales Autumn/Winter 2023.
- 02 August**    **First Minister meeting with the New Zealand High Commissioner**  
The First Minister travelled to London to meet with the New Zealand High Commissioner. The meeting included discussions on Free Trade Agreement, Well-Being Alliance, Student mobility and a potential visit to Wales Autumn/Winter 2023.
- 04 August**    **First Minister's Visit to Brittany**  
The First Minister travelled to Brittany for the Celtic Forum and the Lorient Festival. During the visit the First Minister re-signed the Wales/Brittany MOU. Bilateral meetings were also held with:
- President of the Regional Council of Brittany
  - Minister of Culture at the French Government
  - British Ambassador to France
  - Former French Minister for Europe and Foreign Affairs and Minister for Defence (Jean-Yves Le Drian)
  - Deputy First Minister of Scotland
  - General Director of EU and Foreign Affairs at the Galician Government,
  - Leader of Cornwall Council

# Agenda Item 2.12

## **AN OPEN LETTER TO THE WELSH GOVERNMENT, CREATIVE WALES AND THE BOOKS COUNCIL OF WALES TO SAVE WELSH MAGAZINES & WEBSITES.**

Without exception, since the dawn of devolution a quarter of a century ago, every review of the Welsh cultural or political landscape has mentioned the **paucity of Welsh media**. For many historic reasons often restated, it has proved stubbornly difficult to sustain an economically viable independent media sector within this small nation.

For decades, a **minuscule amount of funding** – only ever a tiny proportion of the full amount spent on culture – **has gone a very long way**. It has helped build cultural connections within a fragmented public sphere, provide platforms for vital dialogue and pave the way for the political and perceptual development of the nation. It has helped foster publications and periodicals in both national languages that have commanded attention and considerable respect far beyond Wales.

Despite its financial limitations, the small subsidised Welsh magazine and periodical sector has developed into a **model of good practice**. Publications are their own unique and **dynamic micro-businesses**, progressive in outlook and upholding the highest ethical values from the grassroots up. They strive to be sufficiently structurally independent from undue, top-down influence from a sponsor, funder or the state in order to be a crucial voice **speaking truth-to-power**. They attract **loyal and committed teams** of staff, freelancers and contributors, happy to go the extra mile in pursuit of excellence.

In recent years however, that extra mile has become untenably long. Successively **worsening grant levels** and often **more stringent funding conditions** have become normalised, creating a precedent which has led to a race to the bottom in working conditions for magazine and website employees, and low contributor fees. This not only affects those currently in operation, but also any potential new entrants into the sphere.

Four years ago, the Welsh Government published *Fair Work Wales*. A detailed commitment to decent employment conditions, it defined their characteristics:

Fair reward; employee voice and collective representation; security and flexibility; opportunity for access, growth and progression; safe, healthy and inclusive working environment; legal rights respected and given substantive effect.

Furthermore, it recommended that

Public money should be provided only to organisations fulfilling, or working towards fulfilling our definition and characteristics of fair work (organisations meeting the Fair Work Wales standard).

It is hard to see that the current working conditions for many of these Welsh micro-businesses fulfil the ambitions of their ultimate funding source, not due to any fault of their own but explicitly due to successive cuts to the funding made

available since 2008. In the case of one example, *Planet: The Welsh Internationalist*, the hugely respected periodical founded in 1970, its **core funding is now less than half of what it was in the pre-devolution era**, not even factoring in inflation. In other cases, existing publications have often experienced standstill funding for years, despite fast rising costs, and newer entrants have not received viable grant levels at the outset. The funding reductions bear no relation to need nor performance, and are largely a legacy of a pre-Brexit misinterpretation of EC state aid regulations from within Welsh Government. This endured despite the Head of Office at the European Commission Office in Wales and his colleague at the Directorate General for Competition in Brussels concluding that such magazines would have been exempt from these regulations to begin with.

In her editorial in the November 2022 edition of *Planet* arguing for better funding conditions for all magazines and websites, editor and *Planet* board director Emily Trahair detailed how, despite being paid to work only 27 hours a week, she was in fact working between 40 and 70 hours, “and occasionally well over 80 ... necessitated by the grant franchises and cuts”. In the last decade, grant conditions have stipulated that publications raise over a certain amount of additional income in order to receive this (reduced) core funding: publishers don’t lack expertise in how to address this, rather the problem is the **unpaid hours** needed to *implement* these activities, at **huge cost to staff wellbeing**.

The situation she outlined is similar to that experienced by many other funded publications. She wrote that not only have all *Planet* staff received the same wage per hour (£12) since 2012, but that without a huge grant boost it would be impossible to fully provide pensions or statutory sick pay, or in most cases working hours suitable for a parent, carer or someone recovering from an illness. With rising costs, it’s now more difficult than ever for publications to balance their budgets at all. While efforts by BCW to lobby Welsh Government for improved funding are to be very much welcomed, as was emergency funding in 2023 to partially address the cost-of-living crisis in the short term, all bodies responsible for grant provision need to recognise that **the current settlement is not sustainable**.

Things must change rapidly. **Increased core funding is essential**. To do so is the stated policy of the current Senedd administration. The December 2021 Co-operation Agreement between the Labour government and Plaid Cymru says it clear:

As an initial intervention, we will provide additional investment to develop existing and new enterprises seeking to improve Welsh journalism and to support Welsh-based media to tackle the information deficit.

Not only would sustainable core funding help tackle the information deficit, and enable publications to reach more than a fraction of their potential readership, it would also enable ethical working conditions, make the sector far more open to entrants from non-traditional backgrounds and fulfil many more of the noble ambitions of the Fair Work Wales strategy.

Throughout this century, much emphasis has of course moved into the digital arena. The plethora of Welsh news, culture and current affairs sites online is testament to a new national confidence and self-expression, one for which print media has unquestionably acted as a seedbed. **It is important that public funding goes into online and multimedia publications**, for this is how we so often consume our news and opinion, but the value of print media is becoming increasingly clear and urgent.

**Long-form print endures.** It is of a standard to have lasting value: readers keep copies of our political and cultural magazines for posterity. They are a crucial resource in education, libraries and archives in Wales and worldwide, telling the ongoing stories of an evolving nation. Writers know the value of this intimately. Even more importantly, there is an experiential factor. We read print differently. **The words are often written with greater care, and read that way too.** Fifteen years ago, book publishers were in freefall panic that their business model was fast disappearing. The opposite has happened; the number of independent bookshops is at its highest in history. **People need print and digital.** Indeed, the complementarity and distinct qualities of print and digital media are all reflected in how most Welsh print publications also provide digital editions and online content.

It often takes decades to build up projects of serious cultural value, but they can be lost in no time. **We in Wales aspire to do things differently, to do things better than the austerity-driven Westminster model.** This must mean something, and in the instance of funding for magazines, periodicals and websites, it must mean that we unashamedly proclaim their value, so very much greater than the sum of public money seeded within them. If we fail to challenge the miserable orthodoxy, intellectually as well as materially, we will have failed the nation.

- We call on all bodies responsible for the funding of magazines and websites – the Welsh Government, Creative Wales and the Books Council of Wales – to come together and co-ordinate efforts to improve core funding as a matter of urgency.
- Core funding for all magazines and websites successful in the forthcoming English-language grant franchise needs to be increased per publisher to a level that enables ethical working conditions for each employee, freelancer and contributor, in exchange for producing exemplary content; and core funding for Welsh-language magazines and websites needs to be boosted to also achieve this objective. All funding targets and conditions need to factor in the paid hours required to fulfil complex operations to a professional standard.
- A new fair funding settlement for magazines and websites needs to be based on core funding pledged for the duration of the forthcoming English-language grant franchise, the remainder of the Welsh-language



grant franchise, and beyond: ad hoc funding is not sufficient for the survival of a viable media. A boost from supplementary project funding alone, tied to external policy priorities, and undue intervention via targets (beyond requisite scrutiny) would not serve the needs of a grassroots media that for the health of our democracy needs to remain structurally independent of the state and funding bodies.

Yours sincerely,

1. Mike Parker
2. Michelle Stanistreet, General Secretary of the National Union of Journalists
3. Christopher Meredith, on behalf of the Society of Authors Wales Steering Group
4. Emeritus Professor Charlotte Williams OBE
5. Patrick McGuinness
6. Laura McAllister
7. Gillian Clarke
8. Jay Griffiths
9. Rachel Trezise
10. Professor Richard Wyn-Jones
11. Eric Ngalle Charles
12. Menna Elfyn
13. Jon Gower
14. Gwyneth Lewis
15. Niall Griffiths
16. Ifor ap Glyn
17. Andrew Green (Chair of *New Welsh Review*)
18. Dr Daryl Leeworthy
19. Amy Wack
20. Owen Shiers (musician)
21. Katell Keineg
22. Pascale Petit FRSL
23. Mabli Siriol Jones
24. Dr Dan Evans
25. Dr Kieron Smith
26. Steve Griffiths
27. Leanne Wood
28. Pamela Petro
29. Norena Shopland
30. Dr Peter Wakelin
31. Nia Davies (poet)
32. Eluned Gramich
33. Sophie McKeand
34. Iwan Bala
35. Peter Stevenson
36. Dr Mary-Ann Constantine
37. Gareth Leaman
38. Polly Manning

39. Professor Tony Curtis
40. Helen Sandler
41. Alison Lochhead
42. Nigel Jarrett
43. Mike Joseph
44. Rebecca Roberts
45. Taz Rahman
46. Siân Melangell Dafydd
47. John Geraint
48. Shara Atashi
49. Myfanwy Alexander
50. Bethan Miles
51. Sam Adams
52. Sharon Morgan
53. Francesca Rhydderch
54. John Barnie
55. Carole Hailey
56. Lottie Williams
57. Richard John Parfitt
58. Ifor Thomas
59. Peter Finch
60. Steve Andrews
61. John Osmond
62. James Stewart
63. Wiliam Owen Roberts
64. Dr Gemma June Howell
65. Sarah Tanburn
66. Greg Hill
67. Jane Fraser
68. Rebecca George
69. Mike McNamara
70. Gaynor Funnell
71. Geraint Lewis
72. Nick Murray
73. Samantha Wynne-Rhydderch
74. Gorwel Owen
75. Anthony Evans (artist)
76. Emeritus Professor David Ian Rabey MA MA PhD CCDC/FLSW
77. Colin Thomas
78. Sara Penrhyn Jones
79. Darren Chetty
80. Adam Johannes
81. Dylan Huw
82. Harriet Protheroe-Soltani
83. Emily Blewitt
84. Harry Waveney
85. Charmian Savill
86. Huw Williams, Dean for the Welsh Language at Cardiff University
87. Stevie Davies

88. Bridget Keehan
89. Frances Williams
90. Ant Evans
91. Katie Gramich
92. Michelle Deininger
93. Steven Lovatt
94. Prof. Paul O'Leary, FLSW, FRHistS
95. Jonathan Edwards (poet)
96. Prof. Deri Tomos
97. Catrin Evans
98. Catrin Elis Williams
99. Elinor Wyn Reynolds
100. Dr Elen Ifan
101. Aled Islwyn
102. Geraint Lewis (composer)
103. Elin Llwyd Morgan
104. Tracey Rhys
105. Dr Tim Rhys (playwright and Creative Writing lecturer)
106. Rita Singer
107. Kaite O'Reilly
108. Adam Coward
109. Iestyn Tyne
110. Robert Minhinnick
111. Aled Llion Jones
112. T. Robin Chapman
113. Rhianwen Daniel
114. Carl Morris
115. Steve Thompson
116. Mark S. Redfern
117. Selwyn Williams, Cwmni Bro Ffestiniog
118. Martin Wright
119. Morgan Owen
120. Aidan Byrne
121. Rhian E. Jones
122. Kathryn Gray
123. Ben Gwalchmai
124. Lynne Rees
125. Dr Sioned Pearce
126. Meic Birtwistle
127. Professor Jeremy Hooker FRSL
128. Joshua Jones
129. Dr Nia Edwards-Behi
130. Dr Carrie Etter
131. Vicky Morris
132. Dr Sam Christie
133. Ed Garland
134. Jim Pratt MBE
135. Graham Mort
136. Paul Cabuts

137. Gwen Davies
138. Ness Owen
139. Richard Gwyn
140. Jo Dahn
141. Katherine Cleaver
142. Mark Blayney
143. Russell Todd
144. Liz Jones
145. Dr Ceri Thomas (artist, art historian, curator)

Dear Delyth Jewell,

Good afternoon.

We're writing to you in your capacity as Chair of the Culture and Communications Committee to give an update on the open letter campaign we contacted you about on the 11th of August. The campaign to safeguard magazines and websites funded by BCW has taken on extra momentum as more writers have contacted us wishing to sign, with signatories now totalling 178. Also, Cymdeithas yr Iaith Gymraeg, the Association for Welsh Writing in English and Wales PEN Cymru have now joined the National Union of Journalists and Society of Authors Wales in adding their signatures.

With ever rising costs and pressures on working conditions becoming desperate, the clock is ticking for this campaign to succeed in order for publications in both languages to survive and to safeguard the wellbeing of those who work in the sector.

In media coverage of the open letter, the Welsh Government has responded with reference to £135,000 additional support for magazines. This was very welcome. However, this is only for Welsh-language magazines, is for one year only, and established Welsh-language magazines have not received sufficient resources from this fund to substantially address chronic underfunding and consequent poor working conditions. (For example, O'r Pedwar Gwynt receive £34,000 annually as a core grant, and £10,000 as a one-off from the £135,000 fund.)

They also refer to £200,000 provided for journalism under the Plaid-Labour co-operation agreement as helping address the issues, but none of this has been pledged (as yet at least) to improve core funding for magazines & websites funded by BCW.

We will be reporting back to our signatories on the progress of the campaign. If adequate provision for core funding schemes in both languages has not been secured by the end of the month we will request an online meeting with Welsh Government, Creative Wales and Books Council of Wales at an appropriate time that also takes into account the urgency of the situation, to help resolve this constructively.

Yours sincerely,

The campaign team

# Of and For Wales:

Towards a Sustainable Future for  
Public Interest Journalism

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# Our vision: Journalism as a public service

We want to live in a Wales where all citizens have access to trustworthy, high-quality information and healthy debate about their own communities, local and national institutions, as well as the wider world, so that everyone can play a full part in democratic culture and decision-making processes. We want a media that plays a vital part in helping to build and shape national and local identity, contributing to Welsh language, culture and a sense of shared history and a shared future, binding communities together, contributing to social cohesion and supporting the wellbeing of Wales' people, now and in future generations.

In order to realise this vision we need a thriving, diverse and editorially independent media landscape, accessible to every community in Wales - in both English and Welsh. Journalists providing content in the public interest will be well trained and well paid, and will be not only representative of the people and communities they serve, but fully engaged in local life. A diverse media also means a mixed ecology: providers of public interest journalism in Wales will range from large commercial operations to smaller independent outlets. Important public information will be widely disseminated throughout the entire information ecosystem in Wales.

## Public interest journalism - our definition

Defining public interest news has become an area of engaged discussion in the policy sphere, academia and the media itself, with many debates about precisely what is meant. The Working Group was informed by Terms of Reference that used a broad definition of public interest news, as information that is produced and disseminated to the public according to high standards of ethical conduct and best practice in journalism and which provides one or more of the following benefits to the public:

- informs members of the public about matters of relevance to them and their lives, as well as their role and responsibilities as members of the community.
- enables members of local communities to become aware of and understand matters of common concern and which promotes their involvement and cooperation in such matters and community cohesion accordingly.
- enables members of the public to participate in an informed manner in relevant democratic processes and, as a result, supports the legitimacy of the democratic process as a whole.
- benefits the public by promoting greater understanding of issues that affect everyone, for example health and medical matters or the conservation of the environment.



**We believe:**

**Public interest journalism should be defined, understood and promoted as a public service,** vital to the health of local, national and global democracy. In the light of the numerous challenges outlined in this paper, and the various precedents that exist in Wales, particularly in the Welsh language, and elsewhere, there should be no reticence about using public funds to support public interest journalism.

**Public interest journalism must be able to operate independently, without fear or favour,** and therefore separation between government and the fourth estate is vital.

# Foreward: Journalism of and for Wales

Wales is not alone in grappling with the critical challenges facing public interest journalism in the digital age. The Cairncross Review was a comprehensive report focused on ‘a sustainable future for journalism’ commissioned by the UK Government in 2019<sup>1</sup> and a DCMS committee inquiry considered similar issues in January 2023<sup>2</sup>. The global Forum on Information & Democracy published its New Deal for Journalism in 2021<sup>3</sup>. Scotland’s News: towards a sustainable future for public interest journalism made recommendations in the Scottish context that same year. And a Guardian editorial summarised the severity of the crisis as recently as March 5, 2023, opening with the claim that ‘there are probably fewer local newspapers in Britain now than at any time since the 18th century’<sup>4</sup>.

The digital age has revolutionised the information climate globally, with hugely significant effects – both positive and negative – at national and local levels. As a result, a small number of technology companies, primarily based in the United States, have become immensely rich and powerful. Amazon, Apple, Alphabet (Google), Microsoft, Meta (Facebook and Instagram), Twitter, and Snapchat between them generate revenue of more than \$900 billion, carrying market valuations of over a trillion dollars. As a result all democratic governments are grappling with issues of how to ensure ‘Big Tech’ can be regulated to ensure its positive effects are enhanced and promoted and its negative effects mitigated.

Meanwhile, long-term decline has accelerated in the printed newspaper industry with more than 320 local titles closed in the UK between 2009 and 2019 as advertising revenues fell by about 70%<sup>5</sup>. Meanwhile, the Reuters Institute for the Study of Journalism reports just seven per cent of online adults in the UK currently pay for digital news services, while 50% have said that they would be unwilling to pay<sup>6</sup>. Where business models are broken, market failure follows. And while the challenges for public interest journalism are undoubtedly global, there are additional issues that pertain specifically to Wales, and therefore demand Welsh solutions. The 2022 Ofcom news consumption survey confirms two trends that have often been noted in recent years: the dominance of London-based titles, and low levels of readership for traditional newspapers generally. For example the Daily Mail / Mail on Sunday reaches 14 per cent of the Welsh population and the Western Mail / Wales On Sunday / WalesOnline app reaches 10 per cent, a figure that doesn’t include the circulation of the Daily Post, South Wales Echo and South Wales Evening Post<sup>7</sup>.

In Scotland, UK titles often have a different front page story to their ‘England and Wales’ editions, and report on Scottish stories, including sports stories, and have reporters based in Scotland. In Wales, the ‘democratic deficit’ is acute. Of the British daily newspapers produced from outside Wales only the Morning Star employs a reporter in Wales. None of the mainstream ‘national’ UK papers employs a journalist

<sup>1</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/779882/021919\\_DCMS\\_Cairncross\\_Review\\_.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/779882/021919_DCMS_Cairncross_Review_.pdf)

<sup>2</sup> <https://committees.parliament.uk/publications/33635/documents/183838/default/>

<sup>3</sup> [https://informationdemocracy.org/wp-content/uploads/2021/06/ForumID\\_New-Deal-for-Journalism\\_16Jun21.pdf](https://informationdemocracy.org/wp-content/uploads/2021/06/ForumID_New-Deal-for-Journalism_16Jun21.pdf)

<sup>4</sup> <https://committees.parliament.uk/writtenevidence/107475/html/>

<sup>5</sup> [https://committees.parliament.uk/writtenevidence/107659/html/#\\_ftnref4](https://committees.parliament.uk/writtenevidence/107659/html/#_ftnref4)

<sup>6</sup> [https://reutersinstitute.politics.ox.ac.uk/sites/default/files/2020-06/DNR\\_2020\\_FINAL.pdf](https://reutersinstitute.politics.ox.ac.uk/sites/default/files/2020-06/DNR_2020_FINAL.pdf)

<sup>7</sup> [https://www.ofcom.org.uk/\\_\\_data/assets/pdf\\_file/0019/242704/wales-report-2022.pdf](https://www.ofcom.org.uk/__data/assets/pdf_file/0019/242704/wales-report-2022.pdf)

based in Wales, and this inevitably leads to a lack of coverage of news from and about the country, even by comparison with Scotland and Northern Ireland. In addition, the Press Association (PA) has only one reporter to cover the whole of Wales and carries very little Welsh news on its dashboard for media outlets to use. For example, PA Media included Sir Keir Starmer's speech to the 2023 Welsh Labour conference (which was sent out to the media by the UK Labour Party's press office) but did not cover the First Minister of Wales' speech an hour later at the same conference. PA Media rarely cover proceedings at the Senedd, despite covering developments at the Scottish Parliament. At 2.30pm on March 13, 2023 PA Media had 18 stories listed for Scotland, including a daily diary schedule, compared to just two stories from Wales. There remain six daily print newspapers produced in Wales, one Sunday title and more than 30 local weekly titles. In some cases print circulation decline has been offset by digital readership growth as well as a proliferation of newer online-only providers. However, print revenues are declining and online operations are less profitable, meaning that there are fewer journalists working across all of these publications, and less journalism about Wales and its communities being done.

We must also acknowledge that while the primary focus of the Wales Public Interest Journalism Working Group has been news provision via traditional newspapers and online, there are also a range of significant challenges for the broadcasting sector in Wales. Under the Cooperation Agreement between the Welsh Government and Plaid Cymru, an Expert Panel was set up to look at the issues here, and we anticipate that our findings will strongly align with those of this panel.

The public London-based news sources often reported developments in England and English Covid-19 restrictions, which were sometimes different to Welsh Government restrictions, confusing media users in Wales. In one instance in May 2020 the UK Government paid for advertising in the Wrexham Leader in the paper edition and on its website which included guidance and restrictions for England, but which were different at the time to the restrictions in Wales<sup>8</sup>. The Covid-19 pandemic was a very challenging time to report in Wales but the Welsh media made huge efforts to report clearly the announcements from Cardiff Bay and Westminster and the impact these had on Wales.

Our report sets out recommendations for strategic, systemic interventions to build a sustainable public interest journalism sector in Wales. News provision should ensure all citizens have access to trustworthy, high quality information and healthy debate about their own communities, local and national institutions, as well as the wider world, so that everyone can play a full part in democratic culture and decision-making processes as part of our diverse Welsh society. Our recommendations are also intended to complement the proposed creation of a shadow Broadcasting and Communications Authority for Wales, to address wider concerns about the fragility of the Welsh media.

The Welsh Government has already shown its commitment to grip the challenges outlined in this report by facilitating the creation of the Wales Public Interest Journalism Working Group, as well as its commitment to 'fund existing and new enterprises to improve Welsh-based journalism to tackle the information deficit' as part of its Cooperation Agreement with Plaid Cymru. These challenges are well documented, and many of the solutions are not easy to implement - but the consequences of failing to support the flow of reliable information in our society are too dire to contemplate. The time for action is now.

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<sup>8</sup> <https://record.assembly.wales/Committee/6409>

## Summary of recommendations

The Welsh Government should declare public interest journalism as defined in this report as a public service and establish a Wales Media Institute. The Institute should have a broad remit to engage citizens, serve audiences and support and improve public interest journalism in Wales, and be the vehicle for a series of specific strategic funding mechanisms to ensure the long-term sustainability of the sector in Welsh, in English and multilingually.

- (i). Support the development of a **diverse, resilient journalism workforce** in Wales at all levels by developing training programmes through further education and apprenticeships; supporting innovation including co-creational models for local communities; and offering advice and support to journalists.
- (ii). Commission robust, evidence-based research to better **understand the needs of media users in Wales**.
- (iii). Initiate research and development to identify the specific needs of public interest journalism in **the Welsh language**, making further recommendations accordingly.
- (iv). Work with providers and users of public interest journalism to develop healthy levels of **media literacy** for all citizens of Wales.
- (v). Be set up as a body that could **raise funds** in support of the above objectives, and **administer grants**.
- (vi). Set up a **contestable fund** for new and existing news outlets, administered at arms-length, with clear criteria based on the needs of citizens and communities.
- (vii). Prioritise coverage of **'news deserts'** in Wales.
- (viii). Guarantee that providers of public interest journalism can bid for **public advertising and marketing campaigns**, with commitment to a minimum spend.
- (ix). Ensure that **statutory public notices** are disseminated via a range of appropriate providers of public interest journalism in Wales.
- (x). Support and confer **'asset of community value'** status on local newspapers to ensure titles are preserved.

### Next step

Welsh Government should support a robust and transparent process to appoint a steering committee to oversee the establishment of a Wales Media Institute, and commit to a budget of at least £1m a year to arms-length support for public interest journalism.

# Wales Media Institute

## Context

Given that the Welsh Government's work on strengthening the media in Wales also involves exploring 'the establishment of a shadow broadcasting and communications authority for Wales', we believe there is considerable merit in considering how the functions of such a body might overlap and dovetail with the aims of a public interest journalism Wales Media Institute.

The establishment of a public interest journalism Wales Media Institute would be at arm's-length from the government, allowing it the ability to invest directly in local news and innovative journalistic projects.

The purpose of the Institute would be to serve citizens and media users in Wales by scrutinising the quality, reliability and sustainability of media outlets operating here, and it would be tasked with delivering the majority of the recommendations contained within this report.

Considering our report together with that produced by the Expert Panel on the devolution of broadcasting has the added benefit of supporting the stated ambition to 'bring together and coordinate in a structured way the Welsh Government's existing efforts to strengthen the media in Wales and innovations to support the Welsh language in the digital sphere'.

## Actions

- Appoint a steering group to work toward the establishment of the Wales Media Institute, fully funded on an ongoing basis by the Welsh Government. It could also be set up as a body with the ability to raise its own funds.

## (i) A diverse, resilient journalism workforce

The Wales Media Institute should support the development of a diverse, resilient journalism workforce in Wales through training programmes, further education and apprenticeships; supporting innovation including co-creational models for local communities; and offering advice and support to journalists.

### Context

Public interest journalism has faced a number of significant challenges in recent years, including declining newspaper circulations, an increase in alternative news sources, the challenge of tech firms both as sources of content and as vehicles for advertising, and ongoing questions about the reliability and objectivity of news sources. Many are long-term problems, but the pandemic also deepened and accelerated the challenges faced by the sector.

The number of positions in traditional mainstream journalism in Wales is declining (with the BBC newsroom cutting jobs and many newspapers in Wales reducing their staff), while journalists are increasingly faced by precarious working conditions.

Addressing diversity requires concerted action to reduce barriers for minoritised groups to train for and progress careers in journalism. Studies undertaken by the industry itself, including the National Council for the Training of Journalists (NCTJ), demonstrate that the industry at a UK level is not representative of the people and communities it serves, particularly in relation to class and ethnicity<sup>9</sup>. Although there is a widespread assumption that this is true for Wales, there is a scarcity of data, and, in response to these challenges, Creative Wales used some of the pilot funding made available to the Wales Public Interest Journalism Working Group to commission a research project, ‘Mapping the Welsh Journalism Sector:

Understanding the barriers and enablers for successful Public Interest Journalism in Wales’.

Led by researchers from Cardiff University, the project will be supported by the Institute of Welsh Affairs and Inclusive Journalism Cymru and the study is due to be completed by December 2023. It will provide comprehensive baseline data to help us:

- Understand the sector landscape.
- Identify strengths, weaknesses and areas where we can make the most difference.
- Focus on inclusion by mapping the diversity of journalists and relevant organisations across Wales, including the diversity of commissioners and decision makers, as well as identifying ‘news deserts’ within Wales.
- It will provide understanding of the range of content created, who is making it and who is consuming it, as well as the user experience of journalism in Wales, assessing the extent to which content is meeting user needs.
- It will map working conditions, contracts, pay, seniority, recruitment, retention and progression routes and processes and evaluate the efficacy of schemes and funding programmes in diversifying talent.

### Actions

- The Wales Media Institute should be resourced to use the results of ‘Mapping the Welsh Journalism Sector: Understanding the barriers and enablers for successful Public Interest Journalism in Wales’ as a baseline for further research and concerted action to address recommendations arising, including education, skills development and training.

<sup>9</sup> <https://www.nctj.com/publications/diversity-in-journalism-2022/>

## (ii) Understanding the needs of media users

The Wales Media Institute should regularly commission robust, evidence-based research to better understand the changing needs of media users in Wales.

### Context

Although it is clear that the journalism industry itself needs support in order for public interest journalism to flourish in Wales, there has also rightly been a growing focus on the needs of the audiences for whom the journalism is produced: citizens who rely on news sources to gain the understanding they need and to have the day-to-day life of their community reported. It has been widely documented that in many respects media users in Wales are not being served with the information they need to understand society, democracy and the opinions of others<sup>10</sup>. At the heart of many of these challenges lie issues with trust and engagement, with growing polarisation, a preponderance of mis- and disinformation and high levels of ‘news avoidance’. Ofcom surveys repeatedly show a low level of knowledge within Wales of devolved and reserved decision-making powers. The Covid-19 pandemic helped redress the lack of knowledge about health as a devolved area as national broadcasters and news outlets began to recognise there was a story in the different rules and approach taken by the devolved nations and the UK Government. But this was a double-edged sword as the majority of London-based newspapers sold in Wales failed to distinguish between English and Welsh Covid regulations, sowing some confusion. Although these problems are complex and multifaceted, one of the key issues in relation to ‘underserved’ media

users is the phenomenon known as ‘news deserts’, described by the Charitable Journalism Project as a ‘slow burning crisis’<sup>11</sup> (see vii). ‘News deserts’ are not only geographical. Certain communities or interest groups can also be characterised as ‘news deserts’ due to being chronically underserved by existing media; in Wales, these might include Welsh speakers, those whose first language is neither English nor Welsh, Black, Asian and minority ethnic communities and socio-economically deprived communities among others. However, more research is required in order to broaden the evidence base in this area.

### Actions

- The Wales Media Institute could support pilot projects exploring co-creational media models, e.g. The People’s Newsroom run by The Bureau of Investigative Journalism<sup>12</sup>.
- The Institute should engage with the findings of the local news plan project run by the Public Interest News Foundation in Bangor<sup>13</sup>.
- The Institute should scope and commission further research as necessary to better understand and support media users and providers in Wales<sup>14</sup>.

<sup>10</sup> [www.iwa.wales/wp-content/media/IWA-OU\\_Citizens-Voice-Peoples-News\\_ENG.pdf](http://www.iwa.wales/wp-content/media/IWA-OU_Citizens-Voice-Peoples-News_ENG.pdf)

<sup>11</sup> [www.publicbenefitnews.files.wordpress.com/2022/06/local-news-deserts-in-the-uk.pdf](http://www.publicbenefitnews.files.wordpress.com/2022/06/local-news-deserts-in-the-uk.pdf)

<sup>12</sup> [Peoples' Newsroom](https://www.peoplesnewsroom.com/)

<sup>13</sup> <https://committees.parliament.uk/writtenevidence/107475/html/>

<sup>14</sup> [https://committees.parliament.uk/writtenevidence/107659html/#\\_ftnref4](https://committees.parliament.uk/writtenevidence/107659html/#_ftnref4)

### (iii) The Welsh language

The Wales Media Institute should initiate research and development to identify the specific needs of public interest journalism through the Welsh language, and make further recommendations accordingly.

#### Context

The Wales Public Interest Journalism Working Group has overwhelmingly conducted its business through the medium of English and primarily focused on issues facing English language publications in Wales. We are very aware that although there is significant overlap, many challenges affecting the production, dissemination and consumption of public interest news in Welsh are specific to the language and its overall context. For example, the Welsh Government's own research on social use of the Welsh language shows that just under a half of Welsh speakers (48%) 'mainly or always use English' on Twitter and other social media, demonstrating the scale of the challenges posed to 'normalised use' of the language by the dominance of English in the digital sphere<sup>14</sup>.

Conversely, there are also areas where the distinct culture and heritage around the production of Welsh language journalism can be instructive for the whole ecology of public interest journalism in Wales, such as the strong tradition of papurau bro, hyperlocal community newspapers that often perform many of the key functions of public interest journalism.

Much of the precedent for public purse intervention in journalism in Wales comes from the funding received by Welsh language newspapers, magazines and news websites through the Books Council of Wales, as well as their English language equivalents. We believe there is scope and good reason to expand the funding available for such schemes, and that in addition to the benefits for public interest journalism and participatory democracy, there would be additional added value for the Welsh-medium education sector and the Welsh Government's Cymraeg 2050 target. As more people are able to understand Welsh, an enhanced Welsh-language media landscape must be supported to meet their needs.

#### Actions

- In determining the process to appoint a steering group for the Wales Media Institute, Welsh Government should set a quota of group members who are Welsh speakers and have appropriate experience and expertise in relation to public interest journalism in the Welsh language.
- The Institute should prioritise issues related to the Welsh language sector and a specific R&D budget to further work on identifying the primary issues and areas for intervention in relation to journalism in Welsh (including training and workforce issues as detailed below).

<sup>14</sup> <https://www.gov.wales/social-use-welsh-language-july-2019-march-2020-html#109587>



## (iv) Media literacy

The Wales Media Institute should work with providers and users of public interest journalism to develop healthy levels of media literacy for all citizens of Wales.

### Context

At the same time as allowing a new generation of public interest news publishers into the market, the digital revolution has also made unreliable information readily available. So-called ‘fake news’, promoted by self-interested or destructive groups makes it all the more essential that open societies find ways of supporting genuine journalistic activity that keeps the public properly informed.

The rise in understanding about the prevalence of misinformation and disinformation has led to a wave of research and initiatives aimed at educating the public, and particularly young people, about the dangers of misinformation – particularly online. In Wales these include the Digital Competence Framework embedded into Curriculum for Wales; Ofcom’s Making Sense of Media network<sup>15</sup>, and its research that shows a higher level of trust in television news compared to that of news websites<sup>16</sup>; online safety workshops run by SWGfL in partnership with TikTok<sup>17</sup>; and the rise of charities devoted to promoting digital literacy, such as Newport-based WISE KIDS<sup>18</sup>.

However, there is also a need to rebalance the concept of media literacy by shifting the onus, from media users being ‘trained to decode’ content and identify misinformation, biases etc. to media literacy and transparency for producers. In line with our vision for journalism in Wales, The Wales Media Institute

should support initiatives which allow journalists working in Wales the opportunity to produce accessible, high-quality content that relies much less on putting users in a position where they have to ‘work out’ whether they can trust what they are reading, seeing or listening to, and instead instil them with the confidence to engage confidently and have their own voices heard.

### Actions

- The Wales Media Institute could become a hub for a nationwide transparency and media literacy strategy to mitigate the effects of mis/disinformation and fake news.
- The Institute should work with appropriate partners to develop resources to be disseminated via a range of appropriate methods.
- The Institute should work with journalists, news outlets and appropriate regulatory bodies (e.g. IPSO and IMPRESS) to ensure content produced in Wales adheres to the highest standards of transparency, reliability, accessibility and accountability.

<sup>15</sup> <https://www.ofcom.org.uk/research-and-data/media-literacy-research>

<sup>16</sup> [https://www.ofcom.org.uk/\\_\\_data/assets/pdf\\_file/0017/32651/wales\\_doc\\_section\\_6.pdf](https://www.ofcom.org.uk/__data/assets/pdf_file/0017/32651/wales_doc_section_6.pdf)

<sup>17</sup> <https://hwb.gov.wales/news/articles/1da6e86b-057f-4d4c-ab144f059d686a03>

<sup>18</sup> <https://wisekids.org.uk/wk/about-us/>

## (v) Raise funds and administer grants

The Wales Media Institute should be set up as a body that could raise funds in support of the objectives outlined in this report and administer grants.

### Context

The myriad challenges outlined in this report are by no means unique to Wales; the crisis facing public interest journalism is global. Big Tech companies like Meta and Google have disrupted advertising revenue from news providers, while benefiting themselves from the journalism produced. As a result there are many useful precedents and examples of initiatives that democratic governments around the world are trialling and adopting to support public interest journalism in the face of the twin threats of market failure and mis/disinformation. Some of these are designed through direct market intervention, others through arm's length arrangements to avoid any suggestion of political interference. Wales can observe international models, where it is recognised that a viable media is essential to a healthy democracy:

- Norway: public subsidies for the press were introduced in 1969 for editorial production, distribution and innovation, distributed through the Norwegian Media Authority.
- Denmark: provides subsidies for editorial production and innovation through the Danish Media Board, with a focus on small and local media.
- The Netherlands: provides subsidies for local journalism, investigative journalism and innovation through the Dutch Journalism Fund.

- New Zealand: government launched a subsidy for 'at risk' journalism in 2021.
- Australia: government launched a News Media Bargaining Code, which aims to compel Google and Meta to negotiate fair terms with publishers for the news content they host on their platforms.
- Canada: government launched a range of fiscal measures to support journalism, including an income tax credit for journalists and a digital news subscription tax credit.

### Actions

- Welsh Government should prepare a statement of support for the principle of public interest journalism as a public service, and provide funding for a Wales Media Institute, appointing a steering committee capable of establishing it as an independent body.
- The Wales Media Institute should constitute itself drawing on best practice globally and a robust evidence base within Wales to set clear priorities for action to support public interest journalism in the Welsh context.
- The Wales Media Institute and the Welsh Government could broker conversations with 'Big Tech' companies such as Meta and Google around potential funding for the Institute to use or specific projects.

## (vi) A contestable fund

*Welsh Government should ringfence part of its funding allocation for public interest journalism to be distributed via an arm's-length contestable fund.*

### Context

If public interest journalism in Wales is to serve all audiences and citizens, it is essential for the choice of media available across Wales to be as wide and varied as possible. Strengthening public interest journalism should be about protecting established publishers, with their strong record of serving audiences and employing journalists, and also enabling a plurality of diverse new publications to thrive, even where their target audiences are small. The working group believes that a dynamic market, sustaining differing voices, perspectives and business models, will enrich Welsh society by increasing access to informed debate. The Books Council of Wales already administers funding to magazines, websites and newspapers that deliver public interest news and content of cultural value in both Welsh and English. Funding decisions are made on the basis of a four-year cycle by an independent panel of experts, and grants administered by a small team of staff. New and existing publications are supported through the application process and through the funding period, with annual monitoring, reporting and appraisals to ensure delivery against targets. The Independent Community News Network, based at Cardiff University's Centre for Community Journalism, supports a number of hyperlocal news providers across the UK (with a high number of these in Wales). The initial tranche of pilot funding made available through the Working Group was distributed via Ping! in three key areas: (i) a small seed-funding pot

to stimulate the sector by supporting people with new ideas for sustainable community news sites; (ii) support for established independent publishers who produce public interest news; (iii) emergency support<sup>19</sup>. Such schemes offer precedent, opportunity for evaluation and a clear direction for a contestable news fund to become a permanent feature of the Welsh media landscape.

### Actions

- Welsh Government should ringfence part of its funding allocation for public interest journalism to be distributed via an arm's-length contestable fund.
- The Wales Media Institute should be responsible for bringing together stakeholders with relevant expertise in administering contestable grant-funding programmes to design criteria and a distribution mechanism for the public interest journalism fund for Wales.
- The fund should be open to applications from anyone wishing to produce public interest journalism in Wales (new and existing; print and digital; national, regional and local).
- The priorities of the fund should be in line with the other recommendations made by this report: Welsh language, bilingualism and multilingualism; diversity and workforce conditions; meeting the needs of users through innovation, etc.
- Funding should be attached to robust impact tracking and appraisals to ensure accountability and to identify best practice.

<sup>19</sup> <https://www.communityjournalism.co.uk/ping-launches-public-interest-journalism-fund-for-welsh-independent-publishers/>

## (vii) Prioritise coverage of ‘news deserts’ in Wales

Welsh Government strategic funding for public interest journalism should include a fund to identify and address ‘news deserts’ in Wales.

### Context

There has been a collapse in public interest journalism in many communities across Wales, with ‘news deserts’ forming as local newspapers close, move offices away from an area, or remove journalists from the locality. Especially in remote or rural areas, this can be hidden because major titles remain in place and journalists continue to work in traditional roles. However, there are also examples of ‘news deserts’ in many sizable Welsh towns. An acute example of this can be found in Port Talbot, as outlined in the extensive work of Rachel Howells, whose PhD examined the democratic deficit in a town with no newspaper<sup>20</sup>. Howells showed how ‘zombie newspapers’<sup>21</sup> (with scaled back staff numbers and a much smaller amount of locally relevant content) and ‘news black holes’ lead to a decline in scrutiny of local institutions and of national policies and issues with local consequences.

A lack of public interest journalism to hold authorities to account and provide a voice for local communities can have catastrophic consequences, with the decline of local press cited as a factor in the Grenfell disaster, which claimed 79 lives. In the year before the disaster, just one journalist served 160,000 people in the borough<sup>22</sup>. News deserts also create a hindrance to active citizenship and studies conducted in the United States and Scandinavia show a decline in voter engagement and turnout in elections following the loss of local sources of news<sup>23</sup>.

In the wake of these structural collapses, a patchwork of solutions has developed, with one positive development in Wales the rise of community based ‘hyperlocal’ journalism: the country has twice the expected number of outlets relative to the UK average, perhaps partially as a result of the Independent Community News Network<sup>24</sup> being based at Cardiff University. However, community news publishing may depend on individuals: working from home, often part-time and reliant on other work for income. These publishers struggle to provide training or the full-time paid work that is essential for attracting new entrants from the whole range of our diverse society.

A notable success story is the advent of the Local Democracy Reporting Service<sup>25</sup>, funded by the BBC as part of its latest Charter commitment. The scheme employs 165 reporters across the UK, allocated to organisations ranging from broadcasters to online media companies to established regional newspaper groups. LDRs cover local authorities and other public service organisations, essentially to backfill some of the ‘black holes’ or ‘news deserts’ outlined above. However if a town such as Port Talbot does not have a local newspaper then the news about its council provided by LDR reporters will not reach the town’s citizens.

Despite the best efforts of hyperlocal community news organisations and LDRs, many villages, towns and regions across Wales continue to be underserved by public service journalism, and other ‘news deserts’ exist for communities marginalised by poverty, ethnicity, language or other circumstances.

<sup>20</sup> <https://orca.cardiff.ac.uk/id/eprint/87313/>

<sup>21</sup> <https://business.senedd.wales/documents/s64669/Paper%205%20Port%20Talbot%20Magnet.pdf>

<sup>22</sup> <https://theconversation.com/grenfell-tower-warnings-might-have-been-heard-if-not-for-the-collapse-of-local-journalism-117427>

<sup>23</sup> [https://moody.utexas.edu/sites/default/files/Strauss\\_Research\\_Newspaper\\_Decline\\_2019-11-Jennings.pdf](https://moody.utexas.edu/sites/default/files/Strauss_Research_Newspaper_Decline_2019-11-Jennings.pdf)

<sup>24</sup> <https://www.communityjournalism.co.uk/about-icnn/>

<sup>25</sup> <https://www.bbc.com/lnp/ldrs>

## (vii) Prioritise coverage of ‘news deserts’ in Wales

The Senedd itself suffers from a paucity of dedicated reporters deployed by media organisations to cover decision making at the heart of our devolved institutions. To redress this, the Working Group agreed that pilot funding be used to directly recruit a reporter whose specific role is to report on the Senedd. This is for a 12-month appointment with content generated by the reporter available to anyone. This initiative will help determine whether using public money in this way is a positive step towards better coverage of Welsh democracy.

### **Actions**

- The Wales Media Institute should evaluate the strengths and areas for development of the Senedd Reporter pilot, and produce a best practice framework against which future interventions can be monitored and developed.
- The Wales Media Institute could explore potential interaction between papurau bro and English language hyperlocal outlets in order to support cross-fertilisation between journalism models in English and Welsh.
- Specific strategic funding should be allocated to support areas identified as ‘news deserts’ – including institutions, geographical locations and specific community or interest groups within Wales – with dedicated reporters.

## (viii) Public advertising and marketing campaigns

Welsh Government should guarantee that providers of public interest journalism can bid for public advertising and marketing campaigns.

### Context

One of the most devastating results of the digital revolution for providers of public interest journalism has been the sudden collapse of key revenue streams. Lucrative classified advertising quickly migrated to free, non-news related, online alternatives, and display advertising became dominated by social media and search<sup>26</sup>. Although news publishers have responded to the technological challenge with new digital services, and content that now reaches far more people than their print editions ever did, maintaining advertising revenue in local and regional titles has proved virtually impossible in the face of the growing power of technology companies based overseas, which benefit from free user-generated content and data, unencumbered by editorial costs or regulatory concerns.

Where local media remains strong, it is an extremely effective way to reach people. Along with the provision of statutory public notices (see ix, below), advertising and marketing spend by public sector bodies is the most frictionless method by which the public purse can financially support public interest journalism while simultaneously promoting factual information in the public domain. This approach is also inclusive of smaller publishers who often work together to support advertising across their collective networks.

In its report, the Scottish working group on public interest journalism ‘strongly encourag[ed] the UK Government to introduce advertising tax incentives and accelerate the legislative framework necessary for the Competitions and Markets Authority’s new Digital Markets Unit to create a fairer and truly competitive digital publishing landscape’<sup>27</sup>. While we note the negative response of the Scottish Government to the idea of a spend quota that must go to news providers, we suggest instead a guarantee that any Welsh Government marketing and advertising campaign will at least give news publishers an opportunity to pitch or bid for the contract.

### Actions

- Welsh Government should publish an annual report detailing advertising and marketing investment through communications teams within Welsh Government, the Senedd, local authorities and other public bodies and assess where these investments could be better spent through providers of public interest journalism.
- Welsh Government should guarantee news publishers the opportunity to pitch or bid for the contract of any public advertising or marketing campaign.

<sup>26</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/785547/unlocking\\_digital\\_competition\\_furman\\_review\\_web.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/785547/unlocking_digital_competition_furman_review_web.pdf)

<sup>27</sup> <https://www.gov.scot/publications/scotlands-news-towards-sustainable-future-public-interest-journalism/>

## (ix) Statutory public notices

Welsh Government should ensure that statutory public notices are disseminated via a range of appropriate providers of public interest journalism in Wales, in print and online, and to include both larger regional titles and smaller community-based ‘hyperlocals’.

### Context

The publication of statutory notices in newspapers provides vital information to the community on a wide range of subjects, such as licensing applications, road closures and planning. At the same time such notices provide a vital revenue stream for news publishers, supporting coverage of national news, politics and current affairs, for example in the Western Mail. It should be noted that some local print titles in Wales, particularly smaller weekly titles, would no longer be viable if public notices were removed.

Legislation around public notices is complex. Notices of applications under the Licensing Act 2003 are allowed to be published online because of guidance issued by the relevant professional body. For planning, the requirement for public notices in newspapers is laid out in Welsh Statutory Instrument 2012 No. 801 (W.110). However the legislation around Traffic Notices to apply road closures is not so clear cut as the Statutory Instrument governing newspaper notices (The Secretary of State’s Traffic Orders (Procedure) (England and Wales) Regulations 1990 and The Local Authorities’ Traffic Orders (Procedure) (England and Wales) Regulations 1996) were issued before devolution. Temporary England-only guidance was issued during the Covid-19 pandemic allowing traffic notices to be published on newspaper websites<sup>28</sup>.

As implied in the dates of the statutes, the system of public notices has not been adjusted to the digital era and requires significant modernisation. A key question is what constitutes ‘a newspaper circulating in the area’. The fortnightly Caerphilly Observer experienced the ambiguity here when Caerphilly County Borough Council initially refused to accept the publication as an appropriate outlet for public notices based on an antiquated dictionary definition which stated a weekly or daily publication, and was only satisfied after intervention from Wales’ Minister for Local Government.

### Actions

- The Welsh Government should audit the spend from the public sector on public notices, as well as evaluating their impact.
- The Welsh Government and the Wales Media Institute should convene a conversation with the journalism industry to reform eligibility criteria for statutory public notices, as well as the distribution mechanism, with time built in to allow news providers to adjust to any changes, which should be executed carefully and gradually and signposted well in advance.

<sup>28</sup> <https://www.gov.uk/government/publications/making-traffic-regulation-orders-during-coronavirus-covid-19/traffic-regulation-orders-guidance-on-the-traffic-orders-procedure-coronavirus>

## (x) Community assets

Welsh Government should confer ‘asset of community value’ status on local newspapers to ensure titles are preserved; this should be coupled with financial and business support for local social enterprises and journalistic cooperatives taking over titles.

### Context

This is a recommendation from the National Union of Journalists’ Media Recovery Plan<sup>29</sup> for Wales previously presented to the Deputy Minister for Arts and Sport, and based on a similar scheme for community takeovers of public houses. The Glamorgan Gem series of weekly newspapers closed during the Covid-19 pandemic and never restarted. The journalists and staff at the Gem have now started a fortnightly newspaper based on the Gem but retitled the Glamorgan Star. We believe that with the prospect of further newspaper closures, there should be a simple mechanism through which anyone wishing to resurrect titles that have been completely closed should be able to leverage the heritage and reputation of those most trusted by the communities they serve.

This fits with the community empowerment agenda which has broad support across the Senedd. While a 2022 IWA report, *Our Land: Communities and Land Use*<sup>30</sup>, focused on land and buildings, conferring ‘asset of community value’ status on providers of public interest journalism would be a simple and effective way for Welsh Government to demonstrate commitment to the principle underpinning this report, that of public interest news as a vital public service for Welsh people and communities.

### Actions

- Support communities who seek to confer ‘asset of community value’ status on local newspapers to preserve titles.

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<sup>29</sup> [NUJ Media Recovery Plan for Wales](#)

<sup>30</sup> [https://www.iwa.wales/wp-content/media/IWA\\_Our-Land-Communities-and-land-use\\_v5.pdf](https://www.iwa.wales/wp-content/media/IWA_Our-Land-Communities-and-land-use_v5.pdf)



## Conclusion

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The Working Group examined a range of issues impacting public interest journalism in Wales and how this has affected the larger news organisations, as well as those in the smaller independent sector. There was a wide range of views, but all members were concerned to improve and sustain public interest journalism in Wales.

The problems facing public interest news providers in Wales have been well rehearsed over the years, along with concerns about the British newspapers produced in England and sold in Wales containing very little news about the country. A nation needs a vibrant news sector to reflect the diversity of its communities and to help the country understand the issues affecting it. The cultural life of Wales, its language and the nation's understanding of its devolved government needs a news sector that is able to provide this to a majority of the population.

The group also examined questions around the diversity of journalists working in Wales and has commissioned research to better understand this. This is aimed to help improve the diversity of journalists entering the media in Wales to better reflect the rich complexity of all its citizens and communities. The Working Group has recommended that a Wales Media Institute be set up and as part of its remit use this research to help widen pathways into journalism in Wales.

The recommendations contained in this report follow the discussions the Working Group has had. Broadcasting is not devolved, but the problems facing public interest journalism and its impact on the life and understanding of Wales and its institutions are within the remit of the Welsh Government. The recommendations the Working Group has made are positive and reasonable solutions that are within devolved competence. We believe that if these modest proposals are enacted they can secure and sustain the long-term future of public interest journalism in Wales.

## Appendix 1: The Wales Public Interest Journalism Working Group

Deputy Minister for Arts and Sport and Chief Whip Dawn Bowden instructed setting up the Wales Public Interest Journalism Working Group in November 2021. This followed a recommendation from the National Union of Journalists, based on its News Recovery Plan for Wales and developed as a response to the Covid-19 pandemic. The group's remit is to improve communication and coordination of actions on issues relating to journalism in Wales, to focus attention and advice on supporting the long-term sustainability of Welsh and English language journalism, and to address issues for public interest journalism created by the digital revolution and fast-evolving communications environment. Under the secretariat of Creative Wales, the working group represents the news publishing sector, including small community-based media outlets, larger media organisations, union representation and academia.

### Members of the Working Group

Matt Abbott - JOMEC / Independent Community News Network (ICNN)  
 Hussain Bayoomi - Newsquest (November 2021 - August 2022)  
 Sally Griffith - Media Cymru  
 Richard Gurner - Caerphilly Observer  
 Natasha Hirst - Wales Trades Union Congress (WTUC)  
 Rachel Howells - NUJ Training Wales (November 2021 - February 2022)  
 Helgard Krause - Books Council of Wales  
 Marlen Komorowski - Cardiff University / Media Cymru  
 Shirish Kulkarni - The Bureau of Investigative Journalism / Inclusive Journalism Cymru  
 David James - Reach / WalesOnline  
 Huw Marshall - **New Media Wales (January 2022 - September 2022)**  
 Ifan Morgan Jones - Bangor University / Nation.Cymru (June 2022 - January 2023)  
 Emma Meese - JOMEC / ICNN  
 Dylan Moore - Institute of Welsh Affairs (IWA) Pamela Morton - National Union of Journalists (NUJ) David Nicholson - NUJ  
 Frances Rafferty - NUJ  
 Gavin Thompson - Newsquest

### Secretariat

Gerwyn Evans - Creative Wales  
 Matthew Perryman - Creative Wales

## Appendix 2: Terms of Reference.

### Wales Public Interest Journalism Work Group.

#### Aim

The aim of the Wales Public Interest Journalism Working Group is to improve the communication and co-ordination of action on issues relating to the journalism sector in Wales.

#### Public Interest Journalism Definition

By ‘public interest news’, we mean information that is produced and disseminated to the public according to high standards of ethical conduct and best practice in journalism and which provides one or more of the following benefits to the public:

- Informs members of the public about matters of relevance to their role and responsibilities as citizens or
- Enables members of local communities to become aware of and understand matters of common concern to them as members of their community and which promotes their involvement and cooperation in such matters and community cohesion accordingly or
- Enables members of the public to participate in an informed manner in relevant democratic processes and, as a result, supports the legitimacy of the democratic process as a whole or
- Benefits the public by promoting charitable educational outcomes, such as improving public understanding of health and medical matters or the conservation of the environment

#### Remit

The Working Group will focus its attention and advice on actions to support the long-term sustainability of Welsh and English language public interest journalism in Wales. This will include advice on actions that could be taken in the sector to:

- Improve communication between the Welsh Government and relevant stakeholders on issues relating to journalism in Wales;
- Support innovative journalism and local and hyperlocal news initiatives, as well as mainstream media;
- Increase education about the role of public interest journalism and identify steps in helping young people better understand their active role as media consumers;
- Support drivers and initiatives to improve and support diversity and inclusivity within the sector in Wales including initiatives to increase journalistic opportunities for individuals from disadvantaged and diverse backgrounds.
- Support drivers and initiatives to improve and support the use of the Welsh Language within public interest journalism in Wales.
- Highlight initiatives to help support investigative journalism in Wales;
- Support mechanisms and initiatives for traditional newspapers to assist them to adapt to changing consumer habits;
- Address the impact of the internet and the dominance of tech firms on public interest journalism;
- Scrutinise available research on public sector journalism to help shape discussion around potential future intervention.

## Appendix 2: Terms of Reference.

### Wales Public Interest Journalism Work Group.

Recommendations will be made to the Deputy Minister for Arts and Sport, and Chief Whip as the working group sees fit and will include the production of an end of term report on findings from discussions.

The Working Group should indicate how its recommendations can be taken forward, including where industry can take the lead in implementing recommendations. Recommendations will be made in the context of the importance of the independence of public interest journalism from government and recognising the non-devolved nature of many of the key levers for change.

It is important that public interest journalism should be independent of the Government. As such, there will be a limit to how the Welsh Government might be involved in particular activities. The group should bear this in mind and, where possible, should seek to ensure that recommendations can be developed and implemented with a wide range of partners without the need for Welsh Government involvement where that would raise questions of partiality.

#### **Reporting Structure**

The Working Group will report to the Deputy Minister for Arts and Sport, and Chief Whip via Creative Wales.

#### **Chair**

Gerwyn Evans, Deputy Director, Creative Wales will act as Chair of the Working Group.

#### **Meeting Frequency**

The Working Group will meet monthly.

#### **Review**

The remit of the group is open to review on an ad hoc basis, with activity of the Working Group reviewed in December 2022.



Ein cyf/Our ref: MA/FM/2168/23

Llywodraeth Cymru  
Welsh Government

Huw Irranca-Davies MS  
Chair of the Legislation, Justice and Constitution Committee

Delyth Jewell MS  
Chair of the Culture, Communications, Welsh Language, Sport, and International Relations Committee

5 September 2023

Dear Huw and Delyth

I would like to thank you both, as well as the members of the Culture, Communications, Welsh Language, Sport, and International Relations Committee (CCWLSIRC) and the Legislation, Justice and Constitution Committee (LJCC) for considering the two Legislative Consent Memoranda laid in respect of the Data Protection and Digital Information (No. 2) Bill ('the Bill').

I appreciate the Committees detailed consideration of the issues relating to what is a very broad and complex piece of UK Government legislation. I have considered the conclusions in the two reports and have responded to the recommendations below (to note I have used clause references from the Bill as amended in Public Bill Committee, dated 9 June).

### **Legislative consent**

I am pleased that both Committees are of the view that the following provisions fall within a purpose within the legislative competence of the Senedd, under Standing Order 29, and therefore require the consent of the Senedd:

- clauses 65-81 Customer and Business Data (clauses 61 to 77 as introduced);
- clause 98 Disclosure of information to improve public service delivery to undertakings (clause 92 as introduced);
- clause 99 Implementation of law enforcement information-sharing agreements (clause 93 as introduced);
- amendment 46 change to clause 65 customer data and business data (clause 61 as introduced); and,
- amendments 8-16, along with Amendment NC5, in relation to clause 99 (clause 93 as introduced), clause 115 Regulations (clause 108 as introduced), and the meaning of "appropriate national authority".

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

I note that both Committees believe that consent is not required for clauses 56 and 60 (clauses 54 and 56 as introduced) and Amendment NC3 (now clause 58) on the basis that the provisions are not within the legislative competence of the Senedd. However, I remain of the view that these provisions are within legislative competence. The purpose of the power conferred on public authorities under clauses 56 and 60 is to facilitate the provision of Digital Verification Services (DVS) in order to improve the service offered to the user. I do not consider that the telecommunications reservation applies to material that is transmitted but rather relates to the means by which communications are transmitted. As such, I am of the view that clauses 56 and 60 relate to devolved matters of public services, economy and business and therefore fall within the legislative competence of the Senedd.

### **EU-UK relations & Data adequacy**

In terms of the UK retaining EU data adequacy, we share the same concerns that provisions within the Bill may pose a risk to this. I also note that both Committees have highlighted compliance with the Trade and Co-operation Agreement (TCA), which places duties on matters covered by the Bill, as a further matter of concern.

In line with both Committees, we do not consider the risk around data adequacy to be an issue for trade only. Being granted adequacy by the EU means that the UK is recognised as having an equivalent level of protection for personal data as the EU, enabling personal data to flow freely between the EU and the UK, supporting both public services as well as private businesses.

We have of course considered the impact of the Bill on the TCA and our view is that the Bill's provisions on the transfer of personal data to third countries comply with the TCA's provisions, which are very brief and high-level.

### **Use of powers**

I note that the LJC Committee would have found it helpful if the reference to the use of the pre-existing Henry VIII power contained within clause 98 of the Bill (clause 92 as introduced) had been included in the original memorandum.

I also note the LJC Committee's views on both the use of concurrent plus powers and the implementation of international healthcare agreements and how this could be reapplied to international agreements whose implementation falls within devolved competence.

### **Recommendations**

In addition to setting out the conclusions reached by the Committees, the reports also set out a series of recommendations and my response to each of these is set out in the table below:

#### **CCWLSIRC Recommendation**

In light of the potential risks outlined by the Welsh Government to the UK's EU data adequacy decision, we call on the Welsh Government to provide regular updates to the Committee on the Bill's impact on UK-EU relations, including intergovernmental discussions on the Bill as it progresses through the UK Parliament and on an ongoing basis should it be enacted.

**Response:** I will continue to provide updates on the potential impact of the Bill on EU-UK relations through the LCM process, in particular regarding concerns around the EU's data adequacy decision, until such time that I am content that the Bill will not impact on EU data adequacy.

**LJCC Recommendation 1.** The First Minister should provide an update to this Committee and to the Senedd by 6 September 2023 or in the laying of

any next supplementary legislative consent memorandum, whichever is the earlier, on the Welsh Government's consideration of the devolved implications of a UK-wide Code of Practice about the disclosure of information and the powers provided to the Secretary of State in relation to clause 56 of the Bill (as introduced; now clause 60 in the Bill as amended in Public Bill Committee).

**Response:** My officials are continuing to consider the impacts and suitability of this clause for Wales and Welsh public bodies and are in ongoing discussions with UK Government counterparts. I will provide an update of the outcome of those discussions through the LCM process.

**LJCC Recommendation 2.** The First Minister should provide an update to this Committee and to the Senedd by 6 September 2023 or in the laying of any next supplementary legislative consent memorandum, whichever is the earlier, on the Welsh Government's consideration of the devolved implications of the regulation making powers in clauses 61 to 77 of the Bill (as introduced; now clauses 65 to 81 in the Bill as amended in Public Bill Committee).

**Response:** My officials are continuing to consider the suitability of regulation making powers and are in ongoing discussions with UK Government counterparts. I will provide an update of the outcome of those discussions through the LCM process.

**LJCC Recommendation 3.** Where the Welsh Ministers do not make regulations to implement international agreements, and powers to do so are instead exercised by the Secretary of State, the Welsh Ministers must provide full detail and an explanation to the Senedd in advance of such regulations being made by the Secretary of State.

**Response:** Should this occur, the Senedd will be updated through the usual process.

**LJCC Recommendation 4.** The First Minister should provide an update to this Committee and to the Senedd by 6 September 2023 or in the laying of any next supplementary legislative consent memorandum, whichever is the earlier, on the Welsh Government's consideration of clause 36 of the Bill (as introduced; now clause 38 in the Bill as amended in Public Bill Committee).

**Response:** My officials are exploring the background and rationale behind clause 36 with UK Government to inform our position, and this is a matter of ongoing discussions. I will provide an update of the outcome of those discussions through the LCM process.

**LJCC Recommendation 5.** We support the Welsh Government's request to the UK Government that it should share a copy of its risk assessment on the Bill and the loss of the adequacy decision as a matter of urgency.

**Response:** We will continue to raise the issue of the potential impact of the Bill on EU data adequacy (as set out in my response to recommendation 6).

**LJCC Recommendation 6.** Given the concerns regarding the potential risk of loss of adequacy, the First Minister should escalate this issue to Ministerial level discussions as opposed to discussion at official level.



**Response:** Welsh Ministers have already raised our concerns with UKG Ministers around the impact of the Bill on the retention of EU data. We will continue to raise the issue at both official and Ministerial level.

**LJCC Recommendation 7.** The First Minister should provide to this Committee by 6 September 2023 or in the laying of any next supplementary legislative consent memorandum, whichever is the earlier, the Welsh Government's view on the Bill as it relates to compliance under the Trade and Cooperation Agreement.

**Response:** The digital trade provisions in the TCA are very brief and high level. Article 202 covers the protection of personal data and privacy in relation to digital trade. Our view is that the Bill's provisions on the transfer of personal data to third countries comply with the TCA.

Part Three of the TCA forms the basis of cooperation between the UK and the EU on law enforcement and judicial cooperation in criminal matters. This allows the UK continued access to EU databases covering fingerprints, DNA and criminal records. This cooperation between the UK and EU on law enforcement matters is crucial for the safety and security of people in Wales.

It is welcome that the maintenance of high standards of personal data protection form a basis for current and future UK-EU cooperation, as this should motivate the UK Government to maintain the standards of data protection citizens in Wales should expect to see. High standards of personal data protection should reduce the potential risk of the EU not being satisfied with UK standards of personal data protection and potentially terminating the TCA agreement on these grounds.

I agree with the Committee's view that there should be high standards of data protection as this underpins international law enforcement cooperation. People in Wales have the right to be confident and secure about how their personal data is used, including for law enforcement purposes. We will continue to emphasise this in our liaison with the UK Government on the Bill.

I am copying this letter to the Minister for Economy, Minister for Finance and Local Government, Minister for Social Justice, and the Counsel General. A copy of this letter will also be sent to all Members, and the Economy, Trade and Rural Affairs Committee.

Yours sincerely



**MARK DRAKEFORD**