

Task and Finish Group on the future outlook for the media in Wales

Meeting Venue:
Committee Room 2 – Senedd

Meeting date:
3 November 2011

Meeting time:
12:30

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



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Agenda

1. Introductions, apologies and substitutions

2. Inquiry into the future outlook for the media in Wales (12.30 – 15.00)

Broadcasters (TV and Radio) (12.30 – 14.00) (Pages 1 – 28)

Media(4)-02-11 : Paper 1
Media(4)-02-11 : Paper 2
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Rhodri Talfan Davies, Director, BBC Cymru Wales
Phil Henfrey, Head of News and Programmes, ITV Wales
Huw Jones, Chairman, S4C
Terry Mann, Station Manager GTfm, Community Radio Wales

Independent Producers (TV and Radio) (14.00 – 15.00) (Pages 29 – 41)

Media(4)-02-11 : Paper 5
Media(4)-02-11 : Paper 6 – paper not received
Media(4)-02-11 : Paper 7

Iestyn Garlick, Chair, TAC

Gareth Williams, TAC
John Geraint, Creative Director, Green Bay



**National Assembly for Wales,
Communities, Equality and
Local Government Committee**

Task and Finish Group inquiry into the media in
Wales

BBC Cymru Wales management evidence

October 2011

1. Overview

BBC Cymru Wales has always been more than just a broadcaster – it is one of the nation’s cornerstones. High quality content, in both Welsh and English, across television, radio and interactive services, helps the audience to make sense of modern Wales and explore the nation’s cultural, social and political diversity. Our growing slate of high-profile content for the BBC’s networks provides a pan-UK and global stage for the very best talent.

BBC Wales’ centres in Cardiff, Bangor, Wrexham, Swansea, Carmarthen and Aberystwyth employ approximately 1200 staff, as well as several hundred freelancers and contractors during peak production periods.

In 2010/11, BBC Wales spent £72m¹ on content and services for audiences in Wales. This investment delivered:

- 708 originated hours of Wales-specific programmes for BBC One Wales and BBC Two Wales, and an average reach of 1 million – the best performance for many years
- BBC-produced programming for S4C, under the statutory requirement to supply at least 10 hours of television programming each week to the channel. This provision for S4C is built around three core pillars that are mainstays of S4C’s schedule – journalism, daily drama and live rugby. BBC programming on S4C reached an average of 190,000 each week in 10/11
- Two national radio services – BBC Radio Wales and BBC Radio Cymru. The stations attracted a weekly reach of 468,000 and 150,000 respectively in 10/11. A recent BBC Trust review found that both services are providing high-quality, distinctive programmes, and are valued by listeners
- A broad range of interactive digital services in both languages attracting 1.4m weekly unique users per week.

BBC Wales makes a major contribution to BBC network services across TV, radio and online. The value of BBC TV network production in Wales – produced both in-house and by independent companies – was £52m in 2010/11. Programming highlights included *Sherlock*, *Human Planet*,

¹ This figure excludes pan-BBC overhead adjustments

Doctor Who, Upstairs Downstairs, Crimewatch and Being Human. They made an indelible mark with audiences in Wales, across the UK, and beyond. *Sherlock*, for example, attracted an average UK-wide audience of 8.7m and has been sold to 183 territories worldwide.

In September the long running BBC One medical drama *Casualty* began production at Roath Lock. The studios will provide a permanent purpose-built home to BBC Wales drama. The 175,000 square foot facility was completed in 13 months and its recent opening marks the beginning of a new chapter for drama production in Wales.

The BBC National Orchestra of Wales is the only professional symphony orchestra in Wales. It is housed in BBC Hoddinott Hall, a bespoke facility at the Wales Millennium Centre, and regularly performs across Wales and beyond.

2. Delivering Quality First

2. 1 Context

In October, the UK Government and the BBC agreed the licence fee should remain at £145.50 until the end of the Charter in 2017— giving certainty of funding for the next six years— and that the BBC would fund extra broadcasting-related activities consisting of:

- The BBC World Service and BBC Monitoring
- An expanded partnership with S4C
- Support for new local television services
- Raising and extending the current ring-fence in the licence fee for digital TV switchover from £133m a year to £150m a year, repurposed to support broadband roll-out.

In order to allow the BBC to absorb inflation and fund these new commitments, the BBC's Director-General set the organisation a challenge, under the Delivering Quality First initiative, to deliver savings of 20% over the five years between 2012/13 and 2016/17. Reaching this target figure will enable the BBC to reinvest 4% in new priorities, including digital innovation.

2.2 BBC Wales' Financial challenge

Under Delivering Quality First – and subject to the current consultation by the BBC Trust – BBC Wales has been tasked with reducing its expenditure by 16% over the next five years. That equates to a total of £10.7m by

2016/17. This figure excludes BBC Wales' spend on programming for S4C, the orchestra and network commissioned productions².

BBC Wales has decided to protect programmes and content spend as far as is possible by seeking deeper savings from overhead costs and support departments.

Over the five-year period between 2012/13 and 2016/17, BBC Wales expects to deliver a 25% reduction in its non-content spend. As a result the level of content budget reductions facing output areas is expected to be limited to an average of 10% between 2012/13 and 2016/17.

The majority of these savings will be delivered in 2012/13 and 2013/14. This means that whilst the next two financial years will undoubtedly be challenging, BBC Wales' financial position will remain relatively stable for the final three years of the licence fee period.

Achieving these savings targets will lead to the estimated closure of between 110 and 125 posts over the next five years, whilst between 18 and 24 new posts will be created in priority areas such as news and peak radio hours.

While DQF will lead to an overall reduction in BBC network production budgets, Wales will enjoy significant new investment due to the BBC's ongoing commitment to increase the share of network production produced by the devolved nations.

2. 3 BBC Wales' approach to reducing editorial budgets

BBC Wales' response to the DQF challenge was based on a root and branch review of BBC Wales services, led by workstreams across the organisation and informed by the BBC's Putting Quality First strategy.

That work was instrumental in shaping the key priorities of BBC Wales. These priorities fall into six areas:

- High-quality, agenda-setting journalism that reflects every part of Wales
- factual and knowledge-building output that gets under the skin of Welsh life
- expert coverage of major events and sports that bring the nation together

² The BBC's expenditure on programmes for S4C from 13/14 will be informed by a new strategic partnership, to be agreed between the BBC Trust and S4C Authority. A review of all BBC Orchestras is currently being conducted.

- developing Wales' reputation as a world class centre of drama, factual and music production
- supporting contemporary culture and music
- partnering with others for the benefit of audiences and national life to build a stronger, shared public space for Wales.

By setting these clear priorities in Wales, BBC Wales has been able to carefully protect the content that matters most and in some cases to increase or ring-fence budgets in key areas of spend. For example, there will be reinvestment in political, specialist and agenda-setting journalism on daily news and the proportion of spend on Radio Wales and Radio Cymru's peak time schedules will increase.

Reductions in programming have been targeted, wherever possible, at times in the radio and television schedules where fewer people watch or listen. In television, this means that there will be a higher level of reduction to BBC Two Wales output. Radio savings will be delivered in off-peak hours as far as possible.

2.4 Content impact overview

In October 2011, BBC Wales announced the following editorial changes – both to protect key areas of output and to meet the 16% savings challenge.

2.4.1 News, politics and current affairs

- BBC Wales will not be reducing the volume of daily news output and will apply a lower efficiency target in this area given its very obvious importance to the audience
- In order to strengthen specialist news coverage of Wales, Economics and Culture Correspondents will be appointed. An additional reporting post for the south Wales valleys will be created.
- To encourage a wider range of perspectives and voices in our journalism, a new weekly programme will be launched in 2012 on BBC One Wales. This flagship programme will have politics at its heart but will also encompass a wider Welsh public life agenda. This will be produced by the independent sector and will replace the current *Dragon's Eye* next Autumn
- The *Week In Week Out* budget will be ring-fenced and independent producers will be invited to contribute to the run

- BBC Wales will increase coverage of politics in daily news output, with the creation of two new reporting posts. The current Wednesday afternoon edition of am:pm broadcast on BBC Two Wales will cease and our live TV coverage of the Spring Conferences will be reviewed.

2.4.2 Radio

- Radio Cymru and Radio Wales will continue to showcase new Welsh music, invest in drama and comedy, and commission weekly arts programmes. Dedicated weekly political programming will continue on both services
- Comprehensive coverage of major sporting and cultural events will be maintained, including the National Eisteddfod and Royal Welsh Show
- The number of off-peak programmes broadcast on both services will be reduced over the five-year period. Investment in long-form documentary and feature programming on Radio Wales and Radio Cymru will decrease by up to 25%
- Both services will continue to seek further efficiencies in content production
- Investment in peak time radio schedules will increase, including the establishment of a dedicated team on Radio Wales and Radio Cymru to deliver high impact journalism for our flagship news programmes *Post Cyntaf* and *Good Morning Wales*. This team will be partly funded through a reduction in the number of long-form current affairs programmes currently broadcast by the stations outside peak hours
- The FM coverage of BBC Radio Wales will be increased, enabling a potential 200,000 extra listeners in south-east Wales to listen to the station on FM for the first time.

2.4.3 English language TV:

- Investment in landmark documentaries and drama will be maintained with the aim of broadcasting more content in peak on BBC One Wales.
- The volume of BBC Two Wales output will reduce, particularly outside peak hours

- Additional investment will lead to the launch of BBC One Wales HD in 2012 across Freeview, satellite and cable
- BBC Two Wales will be maintained in standard definition (SD), pending a further strategic review of the long-term future of the BBC Two variants in Wales, Scotland and Northern Ireland in 2015
- Sports rights investment will be focused on those events that provide greatest value and impact for audiences (including live TV coverage of domestic and international rugby, and, where possible, coverage of international football)
- BBC Wales will continue to seek productivity efficiencies within production areas – both in-house and independent
- BBC Wales will work with BBC network teams and S4C to identify opportunities for co-commissions that maximise the impact of more limited investment funds.

2.4.4 Network production

The opening of the purpose-built drama production facility, Roath Lock, underlines the BBC's commitment to the continued development of Wales as a major network production centre. *Casualty* and *Upstairs Downstairs* have begun production at the centre since its opening in September 2011 with productions such as *Doctor Who* and the daily Welsh language drama, *Pobol y Cwm* set to follow. The 'Doctor Who Experience' centre, run by BBC Worldwide, is being built next to Roath Lock in partnership with Cardiff Council, and is scheduled to open in 2012.

As part of the BBC's Delivering Quality First initiative, the BBC has committed to continue to grow its investment in network production in the nations on television and radio. It expects the existing 17% target for network television programmes to be produced in Wales, Scotland and Northern Ireland to be met earlier than the target date of 2016, and to be exceeded by 2017. Under these proposals, BBC Wales' strength as a key base for Drama will be maintained and its specialism in Documentaries and Features will grow.

Alongside the growth in network production, the BBC recognises the need to develop portrayal and representation of Wales on network services. This will be achieved in part by seeding more programme development funding across the UK and through further shifts of commissioning outside London. As part of these proposals, a new BBC Head of Documentaries post will be based in Wales.

The BBC believes that showcasing more content made specifically for the Welsh audience on network channels could also strengthen portrayal of the nation to the rest of the UK. There is scope to bring output such as *Snowdonia 1890*, *Baker Boys* and *Rolf on Art* to audiences around the UK.

3. Preparing for a digital future

Innovation in technology has always been a vital part of the BBC's mission, and it remains committed to ensuring that the benefits of digital technology are as widely and freely accessible as possible.

The BBC is preparing for a fully digital, interactive future. The current media consumption habits of a small but significant part of the audience point to the changing nature of media engagement. These 'early adopters' are prodigious media consumers – accessing content across TVs, PCs, mobiles and tablets.

This seamless consumption of content across platforms is set to develop into mainstream behaviour. The use of the mobile web, in particular, is increasing exponentially. Fuelled in no small part by social networking, it is forecast that 50% of UK adults will own smartphones by the end of next year.

The first priority for Wales should be to lay the foundations for digital access – this means the development of universally accessible, high speed, fixed and mobile broadband networks. As part of the licence fee agreement the BBC will contribute £150m per annum to support broadband rollout across the UK, for the duration of the current licence fee period.

As these digital foundations are put in place, the BBC will initiate a major new approach to digital innovation focused on uniting BBC channels, networks and online content across four screens of the digital age – TVs, PCs, mobiles and tablet devices. It will deliver richer content through integrating linear and non-linear services and by making its content more social and personal. It will present the audience with greater choice by allowing access to services seamlessly across platforms. These services and content will be open to all.

Beginning this year, 'nations editions' of bbc.co.uk will be rolled out which will help audiences in Wales find content about their nation more easily. As BBC Wales approaches its 50th anniversary, it will also aim to provide audiences with permanent access to its extraordinarily rich back catalogue which is of historical importance to the nation.

BBC Wales will also explore new ways of enabling others to benefit from its investment in content and innovation – through increasing access to

content, by supporting initiatives such as local television and by sharing technical platforms and expertise.

In the Welsh language interactive sphere, the challenge is to grow usage on platforms that are dominated by global international languages. BBC Wales believes that achieving impact with a broad Welsh speaking audience can only be delivered through producing content that adds value and complements services available in English, rather than attempting to replicate content available elsewhere.

4. The BBC's partnership approach

The commercial sector, across print and broadcasting, is facing severe challenges in the face of structural and consumer change. Whilst the licence fee settlement has presented the BBC with its own funding challenges, the BBC recognises that its certainty of funding grants it a privileged position within the Welsh broadcasting landscape.

This external weakness means that the BBC has unique responsibilities in sustaining a diverse public space in Wales. It will seek to be more open and ambitious in the way it partners with others for the benefit of audiences and national life, by adopting a more proactive approach to reaching out to other organisations.

BBC Wales can leverage its scale, funding, creativity, innovation and heritage to deliver considerable additional value to Wales' media and cultural sectors. At a time of constrained finances there is an even greater imperative to focus on creative partnerships and collaborations.

In recent years there have been a number of highly visible partnerships between BBC Wales and other bodies – ranging from Cadw's work on Coal House to our partnerships with the Welsh National Opera and the National Theatre of Wales.

BBC Wales is committed to working with others to develop the next generation of creative and media talent. It has entered into a broad range of partnerships with Higher Education Institutions across Wales. Examples include the offering of bursaries and work experience placements to students at the Cardiff University School of Journalism and the opening in January 2011 of BBC Wales offices at Glyndwr University's new Creative Industries building – leading to a deeper relationship between both partners.

In conjunction with Skillset Cymru and the independent sector, BBC Wales has recently established Apprenticeships in Creative and Digital Media to provide a broad introduction into working in the creative media industries. Up to 24 Apprentices will gain on-the-job, practical training

and experience as well as classroom-based learning, leading to an industry recognised qualification. Twelve-month work placements will be available with BBC Cymru Wales and with independent companies.

4.1 Partnership with S4C

The BBC has, of course, a long history of partnership with S4C. Since the establishment of the channel in 1982, the BBC has contributed at least 10 hours of licence-fee funded programming a week to S4C. In 2010, the Government unveiled a significant extension to this partnership, with the decision that the channel would, in future, be primarily funded by the licence fee, rather than the UK Government.

On the 25th of October 2011, the BBC Trust, S4C Authority and DCMS announced that an agreement had been reached on the future funding, governance and accountability of S4C until 2017.

The arrangements will protect the editorial and managerial independence of S4C, whilst safeguarding appropriate accountability to the BBC Trust for licence fee funding spent by the service. The establishment of a broadly stable funding position until 2016/17 reflects the BBC Trust's commitment to supporting a strong Welsh language service.

Work on this new partnership took many months but BBC Wales believes that those negotiations have resulted in a sensible and balanced agreement which respects the roles of both broadcasters. It will allow for the beginning of a new chapter in the relationship between BBC Wales and S4C. The detail of that agreement is included in Appendix A.

BBC Wales' programme supply to S4C is governed by a strategic partnership between the BBC Trust and S4C Authority. In order to provide further certainty for S4C in relation to the BBC's financial support over the next six years, the BBC wish to begin work immediately on renewing the existing strategic partnership to run until the end of the licence fee period in 2016/17.

BBC Wales will continue to work together with S4C to explore the scope for collaboration across a wide-range of areas, including marketing, research, distribution and technology. There is potential to release considerable additional investment for content through elimination of unnecessary technological and operational duplication.

Whilst recognising the paramount importance of safeguarding the editorial independence of both broadcasters, BBC Wales believes that the audience in Wales will benefit from a more open and trusting editorial partnership between both broadcasters. There is considerable scope to jointly explore programme ideas, to engage in more strategic discussions

about the challenges facing the Welsh language and to collaborate more in the online, digital space.

BBC Wales and S4C will continue to assess longer-term partnership options, including the strategic benefits of co-locating both organisations – and potentially ITV – at a single media centre. The potential to develop an integrated hub for content production in Wales has been prompted by the technological and infrastructure challenges posed by BBC Wales' existing HQ building; significant investment is required to maintain and improve its ageing broadcast infrastructure.

Such a development could encompass not only the major broadcasters, but also the wider media sector. It would hold the prospect of also bringing together independent producers, academic and training institutions and facilities houses to create a significant media cluster that would maximise synergies and spark sustainable creative and economic growth in Wales. But at a time when the BBC is making significant cuts across the organisation, turning this vision into reality can only be achieved if the development is cost-effective, delivers value for money and ensures that BBC Wales is fit for the future.

Appendix A

S4C GOVERNANCE AND ACCOUNTABILITY SUMMARY POSITION

For the period when S4C will be majority funded by the licence fee, we agree the following position on governance, accountability and funding. This position is subject to successful passage of the Public Bodies Bill.

Governing board: S4C Authority

- The governing body of S4C will be a reconstituted S4C Authority.
- There should be nine (9) members of the Authority, including the Chairperson.
- The chair of the Authority will be appointed solely by the Secretary of State, through a public appointments process.
- The other members of the Authority shall be selected through a public appointments process including a panel that includes: the BBC Trust, S4C, DCMS and Welsh Government representation.
- The BBC Trust member for Wales may be one of the members, if the Trust wishes.
- All members of the Authority will agree to successful delivery of the S4C Operating Agreement and S4C's statutory remit as part of their terms of appointment.
- There should be transitional arrangements agreed prior to licence fee funding being provided (e.g. for the selection of new members and appointment of BBC Trustee).

Operating Agreement

- The Operating Agreement will be the key accountability document between the BBC Trust and S4C.
- The Operating Agreement will be developed collaboratively in partnership with S4C and will involve audience/public consultation. In the unlikely event that a collaborative process does not reach mutual agreement, the BBC Trust reserves the right to set out the final provisions of the Agreement before transferring funding to S4C. The Operating Agreement will last for the period until the end of the BBC's Charter.
- The Operating Agreement will specify the scope of the service to be funded through the licence fee, incorporate a requirement and set a target for efficiencies to be achieved in S4C's operations, establish the performance targets and accountability requirements, and shall be consistent with S4C's statutory remit.
- It will ensure the editorial and managerial independence of the S4C service

- The BBC Trust will undertake an annual performance assessment, measuring performance against the terms of the Operating Agreement, this assessment will be made public.
- If, in the reasonable opinion of the BBC Trust, the terms of the Operating Agreement are not being met there will be provisions that require the BBC Trust to allow time for S4C to rectify the issue. There will also be a dispute resolution clause that provides for discussion between the respective chairmen. There will be the ability for the BBC Trust, in extremis, to reduce or withdraw funding if these provisions have been exhausted without satisfactory resolution and, in the reasonable opinion of the Trust, the terms of the Operating Agreement are still not being met. Any decision to do this will be made openly and transparently.

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- The existing programming provided by the BBC to S4C will continue to be governed by a separate agreement.
- The Secretary of State will not be a party to the Operating Agreement, however his duty to secure sufficient funding for S4C to provide its public service duties is set out in the Public Bodies Bill.

S4C management structure

- The S4C management board will be chaired by the S4C Chief Executive and will consist solely of S4C executives. There will be no BBC membership of the management board.
- The Operating Agreement will require that there be joint quarterly meetings of the S4C management board and the BBC Wales management board to oversee progress on efficiencies, with a joint partnership board focused on delivery. The chair of this group will rotate between the S4C CEO and Director, BBC Wales.
- The joint partnership board will deliver closer collaboration between S4C and the BBC, contributing to the efficiency targets established in the Operating Agreement, as well as BBC Wales' own efficiency targets. Any savings that S4C realised from such collaboration would be reinvested in S4C content.

Funding

- The BBC Trust has confirmed that, subject to final agreement on governance and accountability as above, it will provide the following amounts of funding from the licence fee to S4C: in 2013/14, £76.3m; in 2014/15, £76m; in 2015/16 £75.25m; in 2016/17 £74.5m.
- Funding for S4C in the future will be from three sources: the licence fee, HMG grant-in-aid, and commercial income.

Accountability

- Accountability for the licence fee will be to the BBC Trust.
- Accountability for the grant-in-aid will be to Parliament.
- S4C Authority will produce a single set of annual accounts, presented first to the BBC Trust and then to the Secretary of State, who will present it to Parliament. The BBC Trust will provide a covering statement to be included within the report prior to transmission to the Secretary of State/Parliament. The report will be published.
- S4C will retain its commercial freedom and S4C's commercial activities shall continue to operate in accordance with the statutory framework.

- NAO access to the licence fee being spent on S4C service will be in the same manner that is provided to any other licence fee funded service, i.e. via the BBC Trust.
- The Trust will continue its Charter-defined role as guardian of the licence fee revenue.

AGREED BETWEEN THE BBC TRUST AND S4C AUTHORITY
25 October 2011

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**National Assembly for Wales
Communities, Equality and Local Government
- Task and Finish Group on Media in Wales -**

Submission by ITV Wales

ITV Wales is pleased to contribute to the Welsh Assembly's inquiry into the future outlook for the media in Wales.

The current Channel 3 licences¹ expire on December 31, 2014. We set out below ITV plc's thinking in relation to its desire to remain a public service broadcaster beyond this date in a way that makes economic sense for ITV.

We hope this paper will help to inform the committee's considerations relating to the provision of media plurality in Wales.

Introduction

It is a critical time for broadcasting in Wales where many key questions – economic, cultural, technological and regulatory – are demanding an answer.

ITV plc understands that Wales has unique requirements when it comes to public service broadcasting (PSB) in the UK. There's recognition that Wales has its own distinctive dual language culture, identity and devolved political imperatives.

ITV has a proud record of making programmes in Wales. Even in today's tougher and more competitive climate we want to find a way to continue to support them on a sustainable, commercial basis.

Under the old analogue system of broadcasting, ITV's significant but otherwise uneconomic PSB contribution - including its extensive programming within Wales - was supported by access to analogue broadcasting spectrum worth many millions of pounds.

But in today's digital multi-channel world where the explosion of online, mobile and social media has dramatically changed the ways people are consuming news, information and entertainment, things are far less straightforward.

Simply expressed, the value to ITV of analogue spectrum fell dramatically whilst the costs to ITV of PSB obligations often did not. It is a graphic example of the way in which regulated markets, in this case digital television, can outpace the ability of legislators to keep up.

¹ The 11 regional English and Welsh licenses are currently held by ITV Broadcasting Limited (a wholly owned subsidiary of ITV plc). The national Channel 3 breakfast licence is currently held by ITV Breakfast Ltd (a wholly owned subsidiary of ITV plc). On 18 October ITV plc announced that it has entered into an agreement with Yattendon plc to acquire Channel Television subject to the approval of the Jersey Competition Regulatory Authority. The two Scottish licences are held by STV Central Ltd and STV North Ltd, both subsidiaries of STV Group plc ("STV"). The licence in Northern Ireland is held by UTV Ltd ("UTV").

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However, ITV wants to find a way to continue to provide a news service for Wales (and for the English Regions) in a way that makes economic sense for ITV.

Today, with a new senior management team in place at ITV plc and with our five-year Transformation Plan providing a clear vision for the future, we are eager to continue to serve audiences in Wales with high-quality, well-resourced independent and impartial news and current affairs that competes with the BBC.

This objective is part of our “One ITV News” strategy, in which we have invested considerably, to produce high quality news services on television, online and mobile.

We have a desire to continue to improve and enhance our news services, but at a level of cost that ITV can commit to over the long term.

ITV Wales

ITV Wales has made, and continues to make, a significant contribution to broadcasting in Wales. Amid the debate over the effects of the public sector cuts on Wales’ other public service broadcasters, this may have been overlooked.

We employ nearly 100 people - producers, correspondents, reporters, journalists, technical and support staff - many of whom operate from our digital, multi-skilled newsroom in our headquarters at Culverhouse Cross, Cardiff. Journalists also work out of ITV’s offices in the National Assembly for Wales, Colwyn Bay, Carmarthen, Caernarfon and Swansea University.

ITV Wales delivers four hours of news and 90-minutes of non-news programmes – most of them in peak or shoulder peak – every week on ITV1 Wales.

Wales Tonight, our flagship news programme, and our other news bulletins across the day reach a million viewers every week.

The current affairs strand *Wales This Week* and factual series such as *The Ferret* and *Fishlock’s Wales* are also important parts of the schedule, delivering distinctive ITV programming to significant audiences. We also provide comprehensive political coverage in *Sharp End* with political editor Adrian Masters. The annual *Welsh Politician of the Year Awards* are an established part of the calendar.

ITV Wales also provided bespoke coverage of the 2011 *Rugby World Cup*, reflecting ITV’s approach in televising a major global sporting event for audiences across the UK and, in Wales, tailoring coverage to the needs of audiences here. This combination was highly popular with viewers in Wales with record audiences throughout the tournament.²

Significantly, these programmes all appear on ITV1 - one of the two major mass audience channels in the UK, home to *Downton Abbey*, the *X Factor* and *Coronation Street* – providing impact and reach for ITV Wales output.

² Coverage of the semi-final match between Wales and France on 15 October delivered a resounding 88% peak share audience on ITV1 Wales – 918,000 viewers.

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ITV Wales is also the producer of high quality Welsh language programmes for S4C such as the current affairs series *Y Byd Ar Bedwar* and *Hacio*. We are eager to broaden our programme offer to S4C, underlining ITV's commercial and creative ambitions in Wales.

Channel 3 Licences

The future make-up of the UK's valued PSB system and how this will impact on Wales in 2014 when the current Channel 3 licence expires is a key issue.

In its recent statutory advice to the Culture Secretary on the Channel 3 licences³, Ofcom put forward three options for consideration: renewal; extension; or re-tendering.

Ofcom said that regulatory certainty may help to provide the stability that would enable broadcasters to take creative risks and make the investment to support PSB delivery. ITV is in full agreement with that.

We also note Ofcom's analysis that "in the medium term licence renewal is the approach most likely to ensure the continuing delivery of the key public service objectives of supporting investment in original programming and news provision".

ITV is an important contributor to the UK creative economy and the country's largest commercial investor in UK television content. We're making long-term investments in content and technology to help transform the company to meet the challenges of the highly competitive and fast-changing world of digital media.

We're also a significant exporter of UK programmes to broadcasters around the world and we plan to increase international sales and presence.

In order to enable us to sustain these investments – and to continue to provide effective competition to the BBC and BSkyB - we're asking Ofcom and the UK Government to provide longer-term certainty for commercial public service broadcasters through sustainable licences that reflect the market we are in today.

The starting point is self-help. We are now a year in to our Transformation Plan. Our vision is for a lean ITV that can create world class content, provided across multiple platforms - both free and pay – and sold around the world.

News Plurality

Part of this vision is the continuing importance of news in the nations and regions of the UK. Another crucial part of ITV's contribution to the UK as a whole is its role in ensuring plurality in the provision of high quality, impartial and widely accessible news.

ITV is the second largest news provider in the UK, investing over £100m a year in national, international and regional news and uniquely placed to provide choice for consumers and competition for the BBC and Sky.

³ [advice requested by the Secretary of State for Culture, Olympics, Media and Sport](#)

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The Government's plan for the development of Local TV stations is an interesting new development in the UK broadcasting ecology. However, for the foreseeable future there will clearly still be a public policy case for:

- high quality, commercially-provided, impartial nations and regions news;
- offering well resourced professional journalism;
- reaching large audiences;
- providing an alternative voice to the BBC; and
- covering all of the UK - including services for Wales, Scotland and Northern Ireland.

Channel 3 nations and regions news services continue to serve large audiences across the UK and compete head-to-head with the BBC. In 2010 the 6 pm regional and nations news programmes on ITV1 secured an average of nearly 3.3 million viewers – an average 18% share of the audience at that time.

Ofcom's figures show that over 80% of people believe that it is important for there to be more than one provider of regional/nations news, and that figure rises to 90% in the devolved nations.

We know that guaranteed plurality in high quality news services is highly valued by viewers and will continue to be an important part of the UK democratic process for the foreseeable future.

Next steps

Over the coming months ITV will be continuing discussions with the UK Government and Ofcom regarding the Channel 3 licence proposals as we look beyond 2014.

ITV believes that decisions relating to the commercial PSB licences should be a key priority for the UK Government to ensure that the guaranteed free provision of key existing regional and national TV news services for viewers in all parts of the UK continues.

In Wales, this would mean the continuation of a highly valued television service that has been part of the lives of audiences for the past 50 years.

21 October 2011

Contacts at ITV Wales

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**National Assembly for Wales,
Communities, Equality and Local Government Committee**

Task and Finish Group on the future outlook for the media in Wales

**S4C Submission
1 November 2011**

National Assembly for Wales, Communities, Equality and Local Government Committee

Task and Finish Group on the future outlook for the media in Wales

S4C Submission 1 November 2011

S4C offers its view on the future of the media in Wales under each of the key themes identified by the inquiry.

Key Theme 1 - The current state of the media in Wales and how new technology and other developments are impacting on this, in the context of continuing concerns about the future of the Welsh broadcast and print media.

A year ago, there were profound concerns for the future of S4C, in particular for its continued independence and funding. A turbulent twelve months has come to an end with the conclusion of an agreement between the BBC Trust, the S4C Authority and the UK Government's Department for Culture Media and Sport which protects the editorial and managerial independence of S4C, whilst safeguarding appropriate accountability to the BBC Trust for licence fee funding. The supplementary funding which has been agreed for the 2015-2017 period, while challenging, will provide stability for S4C and the production sector in a difficult financial climate. A new partnership with the BBC will be built to identify and deliver efficiencies so that spending on programme content is maximised. The S4C Authority will continue to be the statutory body with responsibility for delivering S4C's remit, with its members being appointed by the Secretary of State, advised by a panel now including a representative of the BBC Trust as well as those from the UK Government, S4C and the Welsh Government. The BBC Trustee for Wales will also be an Authority member.

This agreement and the principles on which it is based will provide a vitally important degree of stability and an opportunity for forward planning at a time of financial uncertainty. At the same time, S4C has been successful in appointing as its new Chief Executive a Welshman with a particularly distinguished track record in television internationally. He will be joining no later than April next year – sooner if he is able to finalise any commitments to his current employer. Ian Jones's arrival, coupled with the forward-looking impetus which will be provided by the new agreement with the BBC will drive S4C forward to a new future.

The financial challenge which the new Chief Executive and his team will face, together with the production sector with whom they will be working closely, is a daunting one. The change from a funding regime based on an inflation-based formula to one in which a substantially reduced baseline is compounded by the absence of provision for inflation will inevitably have a considerable effect on the funding available for programming and for programme support within S4C. Although every effort will be made to minimise the impact on viewers, for example by concentrating investment on the peak hours, it is inevitable that there will be some impact on S4C's services. It is anticipated that the reduction in funding will result in a reduction of around 230 hours of Welsh language programmes transmitted every year, and a reduction in the cost per hour of original programming from £41k to £32k per hour. This is in addition to the reduction in spending by BBC Wales on the programming provided to S4C under the statutory requirement and the strategic partnership from £25.1m in 2009 to £19.4m in 2012/13.

S4C has already announced the loss of 31 internal jobs, through voluntary redundancy, and has committed to ensuring that the reductions in non-programme costs will be on a similar scale to programme cost reductions by 2013/2014. It is worth noting in this context that savings in non-programme costs of 10% had already been achieved between 2006 and 2010.

In television terms, the digital revolution has left S4C, like other public service broadcasters, facing the hugely increased challenges of competition from multiple channels and platforms. In S4C's case, the competitive challenge has been compounded by the loss of Channel 4 programmes. While this has been detrimental in terms of pure viewing figures, the upside has been that the additional capacity made available to S4C on its digital channel has resulted in the availability of increased broadcasting hours which have been exploited for the benefit of viewers, particularly with the introduction of Cyw, the extended hours service for children. One of the continuing challenges for S4C is to identify and deliver the optimal mix of programmes which, on a single channel, will meet the needs of the whole range of Welsh-speaking viewers.

The S4C service will continue to make an important contribution to public affairs and debate in Wales. Its news service, provided by BBC Wales, provides the only news programme in the devolved nations which combines both national and international stories. Its current affairs and factual programmes, drawing on a wide range of sources, including ITV Wales, provide an important element of media plurality and diversity of approach.

The challenge posed for the Welsh language by new media is immense. New frameworks for interaction, from Facebook to LinkedIn, from YouTube to Twitter have proliferated, crossing national and traditional cultural borders. New communities of interest are created in which the use of international languages is favoured so as to maximise reach.

At the same time, digital networks offer the means for Welsh-speakers across the world to access content previously confined to Wales, where copyright allows. Several hundred thousand viewers from other parts of the UK tune in annually to S4C's digital television services on satellite and via the internet. S4C's "Clic" catch up service offers opportunities to watch programmes online for 35 days after initial transmission. S4C also has a series of popular websites including many for children which are used and appreciated. A web-based service is provided to enhance the value of programmes as a powerful support tool for Welsh learners.

S4C recognises that it is in a key position, as a publicly-funded provider of digital audio-visual content, to support more widespread use of the Welsh-language in new media. But it also recognises the challenge of developing an appropriate strategy in this regard – one which offers the best chance of facilitating widespread creative use of the Welsh language in new media, and one whose ambition is correctly aligned to its ability to deliver.

To this end, it has established a New Media Forum under the chairmanship of an Authority member. The Forum has produced a report which will shortly be the subject of a wide-ranging consultation. Its main recommendations include:

- Appointing a digital director at S4C.
- Reaching agreement with copyright holders and unions to enhance the distribution of new and archive material online.
- Researching how S4C can make more and better use of its content for educational purposes.
- Developing a digital commissioning strategy.
- Changing S4C's statutory remit to encompass media other than television.

S4C has announced its intention to develop S4C Lleol/S4C Local – a means of sharing local and community content across Wales, based on the principle of being open to partnership with a wide range of educational, voluntary and community groups, drawing on the skills of the *papurau bro* and local radio. S4C is also happy to discuss partnerships with potential local television providers in Wales, which might be based on access to content, shared advertising sales and technical resources and skills.

Key Theme 2 - What the priorities should be from a Welsh perspective as the UK Government brings forward proposals for its Communications Bill.

The Public Bodies Bill currently being discussed in Parliament will, if passed, effectively remove the statutory funding formula which S4C has received since 1982. Irrespective of the value of the recent Agreement between S4C, the BBC and DCMS, the Communications Bill provides an opportunity to discuss and restore statutory funding, based on a publicly acceptable formula, clearly aimed at enabling S4C to carry out its statutory remit.

S4C's current remit is to provide a television service substantially in the Welsh language. The Communications Bill should provide the opportunity to update this remit to make it fit for purpose in a multi-media, non-linear age. This should include a stronger digital element to S4C's remit and empower it to create digital content beyond that which is merely ancillary to TV content.

S4C will also seek a relaxation of the statutory constraints on S4C's commercial activities which do not involve any use of public monies.

Following the Communications Act 2003, S4C amended its Terms of Trade, in light of Ofcom's revised Code of Practice, to enable content producers to retain ownership of content and to have the opportunity to generate secondary and commercial revenues from their catalogues. In the period leading up to the Communications Bill, S4C wishes to engage in discussions with producers and other rights holders since it appears, after seven years of operating under these Terms of Trade, that there has been limited commercial exploitation of the secondary rights in content funded by and licensed to S4C. S4C wishes to discuss with the production sector whether more creative ways of sharing and exploiting rights could exist. The disadvantage of the current Code of Practice and the Terms of Trade which derive from it is that they limit S4C's ability to fully exploit, for the benefit of viewers, content which it has already fully funded. The Communications Bill should address this issue.

Key Theme 3 - The opportunities for new media business models to be built in Wales.

S4C has announced its intention to launch a Digital Fund to invest in content and development. The scope of this fund and the criteria on which funding from it will be based will be announced following the consultation on the New Media Forum report referred to above. The intention, however, is to release £1m per annum from S4C's commercial reserves for the next four years, over and above that which is allocated to the statutory service, to support a range of new media projects. There will clearly be opportunities here to form links with Welsh Government-supported initiatives, resulting from the priority which has been given to supporting and developing the creative industries in Wales.

Though not a "new media" business model, it is worth referring here also to S4C's new co-production television fund. The fund will be operated through one of S4C's subsidiary commercial companies on a commercial basis and will be worth £4 million over four years. The funding comes from S4C's commercial monies and is additional to its programme budget. The fund will invest in:

- Co-productions to be broadcast on S4C.
- Co-productions for S4C which are co-financed.
- Content or formats for S4C which have commercial potential.
- Marketing S4C content or brands and associated characters.

The fund aims to create a profit to be reinvested in content. It will attract additional funding from different sources for content and will encourage production companies to be more competitive.

Though S4C's income from advertising has decreased substantially after the loss of Channel 4 programming, its commercial arm is investigating the potential for increased revenue from a stronger relationship with local advertisers and from online commercial opportunities.

Key Theme 4 - What the Welsh Government is doing to implement the Hargreaves report recommendations and what other steps could be taken to strengthen the media in Wales in terms of content and plurality of provision.

Professor Hargreaves made several recommendations in his report regarding the role S4C can play in complementing the Welsh Government's creative industries strategy. It notes that S4C could incentivise companies to co-operate internationally and also take part in a new digital investment fund. The creation of the two new funds, Digital and Co-production, outlined above are a direct response to the Hargreaves report.

The report calls on S4C, the BBC and Channel 4 to conduct annual reviews of their economic impact. S4C commissioned a report by DTZ/Cardiff University's Wales Economic Research Unit of its economic impact between 2007 and 2010. It showed that S4C supported more than 2,100 full time employees in the creative and related industries in Wales. The full report can be found at http://www.s4c.co.uk/abouts4c/corporate/e_econrep.shtml

Professor Hargreaves also called for a timetable for public discussion between S4C and the National Assembly for Wales, and suggested the appropriate committee take evidence and that there be regular meetings between the Chief Executive and the Creative Industries Board. S4C recognises the complexity of discussion on matters which span devolved and non-devolved areas and seeks to ensure an appropriate and continuing level of engagement with the National Assembly, the Welsh Government and Welsh Government-sponsored bodies. The aim is to maximise the cultural, economic and linguistic impact which can be generated as a result of the statutory broadcasting and other activities, for which S4C is accountable to Parliament. The Chair and Chief Executive of S4C meet Welsh Government ministers and officials regularly. There are bimonthly meetings between S4C officials and the creative industries unit to discuss areas of mutual interest and co-operation. Other avenues may well be developed as new partnerships are formed. S4C welcomes the increasing interest taken by the National Assembly and the Welsh Government in the media and wishes to contribute fully to an understanding of the issues. For example, S4C looks forward to contributing to the impact study to be carried out by the Department of Business, Enterprise, Technology and Science on the contribution of the BBC and S4C to the creative industries of Wales and the potential impact of any changes to their funding arrangements.

The Hargreaves Report calls on the Department of Media, Culture and Sport (DCMS) to conduct a review of S4C which would require the S4C Authority to ensure the best possible economic impact of its activities consistent with its cultural and public service aims. The Secretary of State has already indicated that a review of S4C's strategy and finances will be conducted prior to the end of the period covered by the current Comprehensive Spending Review. S4C welcomes the opportunity this will provide for a widespread debate on the issues in question. It also notes the opportunities for public involvement in consideration of related issues which will be provided, firstly, by the public consultation on the Agreement recently arrived at between the S4C Authority, the BBC Trust and the DCMS, and the subsequent public consultation on the terms of the Operating Agreement between the BBC Trust and the S4C Authority, which will be developed in partnership by the two organisations before being set by the Trust prior to the funding from the licence fee being made available to S4C in 2013. This Agreement will then run until 2017.

Professor Hargreaves also called for Channel 4, the BBC and S4C to ensure that an appropriate amount of digital interactive media was produced in Wales. It is likely that S4C's commissioning for digital content will follow a similar Fair Trading Policy to that which applies to other content. Though there is no quota for Wales based commissions, it seems highly likely that content in the Welsh language which reflects the heritage, culture and everyday life of Welsh communities will primarily be produced by companies based in Wales.

Media in Wales

A submission by Terry Mann to the Welsh Government Consultation

Terry's Background (for fuller career details see www.terrymann.co.uk)

Terry is celebrating forty years in British local radio, a medium he clearly believes in! He has worked in all three industry sectors, the BBC (1971-74; 77-80 & 2003-7), Independent Local/Commercial Radio (1974-77 & 1980-2002) and Community Radio (2006-present).

A resident of Swansea, he is currently Station Manager of GTFM in Pontypridd. The first Community station in Wales, GTFM was established in 2002 as the only Welsh participant in the Radio Authority 'Access Radio' Pilot Study. By co-incidence Gtfm's station 'sound' is modelled on the original 1970's locally-focussed style of Wales' first local station 'Swansea Sound', which Terry helped launch in 1974.

After working successfully in London and Southern England he returned to Wales as MD of Swansea Sound 21 years later to establish sister station 'The Wave', which he designed and launched in 1995, doubling the audience reach of the station. He also established Valleys Radio based in Ebbw Vale. After that he worked as a Rajar-interpreting Consultant, helping various stations improve their audience delivery and ending up at BBC Radio Wales prior to joining GTFM in 2006.

Terry has a good grasp of broadcasting technology and project-managed Real Radio's coverage extension west of Swansea, which included locating suitable transmitter sites and negotiating frequencies with Radio Authority engineers. Last year GTFM acted as a local information hub for Digital TV Switchover, helping its listeners (especially the elderly ones) through the process, which included personal re-tuning visits!

My View of Media Issues from a Welsh Perspective

Digital Radio

DAB radio is generally unsuitable for the digital conversion of smaller scale local stations (commercial and community). The main reasons for this are prohibitive transmission costs, unsuitable coverage 'footprints' and the lack of available multiplex capacity in the larger cities – a problem compounded due to continued use of the now obsolete Mpeg 2 coding system. A way needs to be found to re-specify this medium very quickly to allow the introduction of AAC (DAB+/Mpeg 4) coding alongside Mpeg 2, for a transitional period – though the fact several million existing DAB sets would become prematurely redundant is very regrettable. Nevertheless, the UK government should be encouraged to specify a date after which Ofcom can introduce AAC alongside Mpeg 2 on DAB and the manufacturing industry be obliged to make multi-standard digital radios available which are capable of decoding DAB and DAB+ signals as well as FM. I think these sets should also be able to also decode DRM signals, as well as be software upgradable over the air, like Freeview TV equipment.

Coding 'u' turns are not unknown after-all, evidenced by the fact the specification of Freeview was changed (thankfully) at the (very) last moment to accommodate High Definition broadcasts alongside SD. Otherwise that system would have been largely redundant even before switch-over is completed next year. I think the same applies to DAB.

The DRM digital system, already in use by international broadcasters on Short Wave, allows individual stations to broadcast digitally on existing AM and FM wavebands at much lower cost than via Band 3 DAB multiplexes. Therefore, DRM might be especially useful in rural

Wales. For example if the BBC Radio Wales Medium Wave (AM) sites were modified to broadcast DRM signals, FM quality (mono) reception would instantly become possible in remote valleys too expensive to reach via DAB.

DRM might also eventually allow very small stations like GTFM to operate their own digital transmitters from their existing FM transmission sites, therefore very closely duplicating their FM coverage footprint - especially if some of the FM band is re-allocated for use by low power DRM+ (stereo) transmitters post 2015 when many of the bigger stations migrate to DAB only delivery.

Community Radio

The very low operating costs of this medium, coupled with the very real social benefits of high levels of community involvement/interaction make this an ideal vehicle for widespread deployment in Wales, but only if the Welsh Government (continues to) support it financially, especially as launch funding streams come to an end. For example, despite being very well established and offering the only popular 'mainstream' (broad-appeal) local radio service originated within Rhondda Cynon Taff (the second biggest local authority areas in Wales), GTFM has very nearly been forced to close several times during the past two years due to recession inspired budget cuts, including the unexplained loss of Welsh Government advertising which suddenly stopped a year ago but continues on other media.

As well as continuing to operate its Community Radio Fund grant support scheme towards core station operating costs beyond the initial five-year period therefore, the Welsh Government could also demonstrate its support for Community Radio by automatically placing all its 'public service' radio advertising campaigns on *all* the Community stations in Wales, alongside commercial radio and TV. Advertising charges on community stations are usually only a fraction of those charged by the larger commercial stations so I'd guess that using all nine existing stations would still leave enough cash for commercial radio and TV campaigns.

Other possible discussion topics

Local TV – The apparent UK Govt proposal to use large scale transmitter sites like Wenvoe for these broadcasts may mean that transmission costs are so high there will be little money left to produce 'tidy' looking TV output on any reasonable scale. Budget TV looks far worse than budget radio sounds. So, while local TV is a nice idea, don't let engineers (who might also own all the big transmitters) hold it back.

Commercial Radio - Not all the existing stations are networked from miles away – or even from another country – much of the time. So please encourage the ones who still broadcast 'live' and 'local' Welsh output to continue doing so!

BBC Radio Wales – should this excellent station be encouraged to offer a consistent 'national' service on its Medium Wave, Satellite and Freeview outlets, while developing more regional 'opt-outs' on its FM network (which should be expanded when more frequencies become available), mirrored by the same regional services appearing on local DAB multiplexes as they roll-out. At present there are inconsistencies in this pattern, largely caused by technical considerations which can be overcome with a bit of investment. At present regional output is also confined to split-frequency soccer game coverage, but could easily be expanded to include regional news, weather and travel at peak listening times within the same national programming. For example, while Swansea is still lucky enough to have a commercial radio local news service broadcast from a local newsroom (on Swansea Sound & The Wave), should Radio Wales provide more Cardiff & Newport news on local FM/DAB?

I was asked to prepare no more than 2 sides of A4 – so that's about it for now – except to pose the question: **Will all existing forms of transmission and reception be replaced by**

a consumer preference for all their media to be delivered via internet powered 'smart' devices within the next decade?

Terry Mann - 26th October 2011.



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**TAC Paper for National Assembly
Communities, Equality and Local Government Committee**

The Future Outlook for the Media in Wales

Introduction

1. Formed in 1984, Teledwyr Annibynnol Cymru / Welsh Independent Producers (TAC), represents around 30 active independent TV production companies primarily involved in the production of programmes and content for the Welsh based broadcasters and other providers of audio visual services, either as production companies, or in a support capacity. Their combined turnover is in excess of £100 million. Our members diversify into making radio and multiplatform content.
2. As with all independent production sectors, we have the ability to scale up to meet any new challenges, and to ensure that, with low overheads and business discipline, we can maximise the amount of money spent on programming that makes it onto the screen.
3. TAC members offer the Industry is variety, diversity, talent, wide geographic range, specialists and impact on 2,500 people directly involved in the Media in Wales. Being based around Wales allows our members to reflect the lives, humour and concerns of those living there.

Key Themes of the Inquiry

4. TAC welcomes the task and finish exercise undertaken by the Committee. Much has been occurring in this area and, with such developments as the new agreement published by the BBC and S4C, we can now take a clearer view on the current state of play and measures required.
5. Overall, the priorities for the Welsh Assembly Government should be to protect and maintain, encourage and facilitate any outward investment.
6. The Committee provided four areas of consideration, and we give here brief views on each of these in turn.

The current state of the media in Wales and how new technology and other developments are impacting on this, in the context of continuing concerns about the future of the Welsh broadcast and print media

7. The indie TV sector is doing fairly well at present, but the recent uncertainty around the future of S4C, combined with changes in S4C's commissioning strategy, have created problems in terms of companies being able to develop sustainable business plans.
8. Increasing use of online services by the consumer brings both benefits and challenges – there is the potential for proliferation of Wales-originated content of all kinds, but there is also the need to ensure the rights skills are developed to ensure that the industry can keep pace with technological and market developments

What the priorities should be from a Welsh perspective as the UK Government brings forward proposals for its Communications Bill

9. TAC responded to the Government's Open Letter calling for views on Communications regulation.
10. We particularly welcomed the Open Letter's statements that
 - "Our ambition is to establish UK communications and media markets as amongst the most dynamic and successful in the world".
 - "Our aim is to drive the growth of UK content production across all platforms".
11. TAC argued that the provision of public service content must continue to be a crucial aim of Government media policy – in terms of their quality, range and diversity, the UK rightly has the most respected TV and radio services in the world, This has brought with it much income to UK plc via the export of programmes, formats and other content, demonstrating that public policy objectives can simultaneously be both culturally and economically beneficial.
12. Key points put forward related to: the future of S4C, and the need for the BBC and other broadcasters to continue to maintain and if possible increase their investment in Wales
13. Regarding S4C, since mid-2010 TAC has worked hard to explain to Government and Parliament the importance of S4C to Welsh culture and its creative industries.
14. TAC has liaised closely with Government, in addition to the BBC and BBC Trust, over the future of S4C, to seek assurances that the following would be guaranteed:
 - That S4C's funding is set at a guaranteed level in legislation, to ensure a secure level of funding beyond 2015
 - That S4C continues to commission solely from independent producers, and that none of the funds are diverted to productions made by the BBC
 - That S4C remains operationally and editorially independent

- That the BBC Trust alone, as opposed to the BBC Executive, is party to conversation on S4C's future strategy and direction, and that its oversight of such matters is kept within clearly defined boundaries relating only to S4C's provision of value for money
- That the majority of the S4C authority is made up of independent members, with only the BBC Trust and ideally a representative of the independent production sector
- That a fully independent review of S4C should be carried out every 5 years

15. The agreement announced on 25th October between S4C and the BBC Trust contained within it much that was promising, and several of the above points of concern appear to have been either fully or partially met. Going forward TAC will ensure that it is doing everything it can to see that the enactment of the agreement leaves Wales with a service that works independent of the BBC and closely with the independent production sector. We note specifically that the BBC Trust representative in Wales, Elan Closs Stephens, will have a place on the new board and welcome this.

16. Although it is clear for now that the UK government will continue to have a role in S4C's future, TAC would welcome the establishment of a more formal relationship between the DCMS and the WAG over S4C and Welsh broadcasting in general, in order to inform DCMS and keep regular review on the agenda. This would help guarantee that we prevent another situation where guidance from Whitehall had not been maintained, leaving S4C to operate without proper oversight of its remit or purposes. This relationship would also allow the Welsh Assembly Government to have a context in which to ask some important question, for example, whether DCMS still be providing £7M to S4C beyond 2015, something which is still not known and prevents to an extent precise mid-to-long terms planning on S4C's part, as well as for the production companies which supply its content.

17. Funding structures: The licence fee settlement meant that a greater strain was placed on the TV licence fee, by making it pay for the World Service and S4C. Any further cuts in the services of BBC Wales and ITV would be dangerous. According to Ofcom Wales:

“Over a five-year period, investment in English-language programmes for viewers in Wales was down 11% per year since 2004 (a decrease of 44% in absolute terms), a slightly faster decrease than the UK average fall of 9% per year (a decrease of 36% in absolute terms).”¹

18. TAC does welcome Channel 4's recently announced initiative to increase their out-of-London commissioning, and to spread that commissioning amongst a wider number of businesses. We would like to see the Welsh Assembly press for a new requirement for other public service broadcasters to spend more in Wales.

19. There also needs to be thought given to the increasing phenomenon of high-end drama being filmed outside the UK due to tax incentives deployed by other countries, for example some EU nations but also South Africa and other nations.

¹ Ofcom Wales, Communications Market Report 2010, p55

The opportunities for new media business models to be built in Wales

20. The 'Digital revolution' means that location is less and less important, so in that sense it should be easier for Wales to compete with firms in London, Manchester etc
21. To enable this broadband rollout is clearly important to companies all over Wales, to create and build new media businesses. We welcome the Welsh Assembly Government's delivery plan in relation to this, as providing it is followed through it will be of major benefit to new and existing production companies based around Wales.
22. Again some broadcasters are bringing in initiatives, for example Channel 4 has said that at least 35% of its annual spend on digital media commissioning, will be from new or emergent companies outside London. It has also introduced an Alpha Fund to help the newest companies – the Welsh Assembly Government could look at this scheme, to see whether it is something which could be introduced specifically for Wales.

What the Welsh Government is doing to implement the Hargreaves report recommendations and what other steps could be taken to strengthen the media in Wales in terms of content and plurality of provision.

23. TAC very much welcomed the publication of Professor Hargreaves' report and much of what it contained. Publicly, there appears to have been little progress since the publication of Professor Hargreaves' report other than the establishment of the Creative Industries Panel ² and Carwyn Jones' speech of June 2011³, which centred on the creative industries. For this reason, there is a noticeable lack of a clear picture in terms of what the Welsh Assembly Government is doing in this area to devise and pursue an overall strategy.
24. The IP Fund set up to help grow business has so far met with mixed results, and does not appear to have generated an overall net growth in the value of the sector
25. Working with stakeholders is very important, and it is very important to recognise the views and experiences of those who produce the content, and run the companies that do so, as having unique expertise and perspectives to offer.
26. Indie sector very important to plurality of voice, and companies are branching out from just TV and radio to online and multiplatform etc
27. The Welsh Assembly Government can work with stakeholders to release the potential held in content archives – the Welsh independent TV producers have as a sector a large archive of material some of which could be of commercial value, but it doesn't have the business capacity and/or the expertise to exploit it well enough.
28. In his report Professor Hargreaves emphasised the importance of having a wide variety of companies to creating a thriving industry. Currently indie TV and content production sector is made up of companies of varying sizes, ownership structures,

² <http://wales.gov.uk/topics/businessandconomy/economicrenewal/sectors/creativesector/?lang=en>

³ <http://wales.gov.uk/newsroom/firstminister/2011/110616creative/?lang=en>

and many of those companies partner extensively with others, ensuring that there is a real creative mix in the nation. In this light it is important that policies are not introduced which support one type of business model – different models are needed for different businesses and the key is that they have the capacity to deliver.

BBC Wales

29. TAC does welcome some of the proposals within DQF, for example “bringing more television and radio programming from Scotland, Wales and Northern Ireland to audiences across the UK”.⁴
30. TAC also welcomes the BBC’s statement that “we expect the 17% target for network television programmes to be produced across Scotland, Wales and Northern Ireland to be met earlier than 2016 and exceeded by the end of the Charter, bringing millions of pounds of new network commissions across Wales, Northern Ireland and Scotland”.⁵
31. TAC recognises that it was necessary that the BBC address the need to make sure it is providing ever greater value for money, and that it seeks to accommodate the extra responsibility of some funding going to S4C and also for the World Service.
32. We have asked the Government to consider putting in place a stipulation that BBC Wales must retain a proper level of funding and that it must commission a higher proportion of its programmes from the independent sector. Current quotas and targets relating to the BBC and other public service broadcasters need to be retained and subject to regular scrutiny to ensure they are being adhered to.
33. We also believe that the Window of Creative Competition, introduced by the BBC at the time of the last Charter, needs to be included in the Review with a view to including it as a binding requirement set at a minimum of 25%. Currently BBC Wales has only an ‘expectation’ of an additional 10% plus 5% WoCC operating⁶, unlike the BBC as a whole which operates a 25% WoCC, and this would be encouraging for BBC Wales to be working further with the indie production sector.
34. In addition the indie radio sector is developing in Wales, and these companies are beginning to establish new ways of working following discussions with BBC Wales on radio supply, promoted by a review by the BBC Trust – the latest commissioning round has shown an improved system of co-operation with more information being provided by the BBC to assist in understanding commissioning priorities. The next step would be to bring levels of competition between in-house and indies up to the levels recommended above for TV.
35. The Welsh Assembly government could encourage the BBC to take this step ahead of any possible demands in the Communications Review.

⁴ BBC Trust Consultation – Delivering Quality First, Oct 2011, p10

⁵ BBC Trust Consultation – Delivering Quality First, Oct 2011, p10

⁶ “Independent producers are guaranteed 25% of commissioned non-news hours. They are expected to win a further 10% of the hours each year, and the remaining 5% is open to creative competition between both in-house and independent producers.” BBC Wales Website: http://www.bbc.co.uk/wales/info/sites/commissioning/pages/tv_process.shtml. Accessed June 2011

S4C

36. Through being given initial opportunities, often via S4C, many independent production companies have become success stories outside Wales. Only recently C4 announced that they had passed their “outside London quota” by 35% through the use of Independent Production Companies based in Wales.
37. Nevertheless, the internal difficulties S4C suffered over the last year are a symptom of the fact that the organisation was in urgent need of a fundamental review.
38. S4C needs to be more rigorous in its approach to delivering on its remit and this should include carrying out some form of measurement of public value over and above crude viewing figures, which do not fully reflect the effect of S4C on the culture of Wales and beyond.
39. Other broadcasters, should as Channel 4, have developed sophisticated metrics to determine how they can measure the effects of a documentary on people’s knowledge of and attitude towards a particular subject, and whether any behavioural change was caused.
40. The Welsh Assembly Government could look to establish its own measurements of the Welsh creative industries as a whole, in terms not only of the economic benefit but the cultural and education benefits also. This could lead to a development of combined strategy in terms of funding for training and assisting the creative sector.
41. Both S4C and producers need to play an important part in increasing the extent to which S4C productions and formats are saleable or adaptable for wider markets.
42. Professor Hargreaves was aware of the fact that the Welsh creative sector was a successful, but a fragmented one, with too many companies reliant wholly on business from within the nation.
43. TAC is looking forward to S4C, particularly now it has a new Chief Executive with international distribution experience, taking a much greater role in developing international distribution and co-productions
44. The Assembly should ensure it is enabling Welsh companies to take the opportunities that will come from this and other initiatives, perhaps looking to support missions to international programme trade fairs under a ‘Welsh Media’ banner.
45. Other changes needed at S4C are to avoid an over-reliance on tender processes for commissioning that are a barrier to smaller companies, as has sometimes been the case. To do so represents a false economy, as not all companies can commit to the tender requirements meaning that there is less commercial and creative competition to make that content. The Welsh independent production sector would welcome further discussions with S4C and the S4C Authority on its commissioning strategy going forward, to ensure that it fits with the nature of the creative sector.

Other Issues

46. The Welsh Assembly Government also needs to look to how it can put measures in place to reduce the risk of companies moving out of Wales – this is crucial to ensure that key businesses and key employees are not lost to the nation.
47. The Welsh Assembly Government needs to determine its own plan for how local TV, as promoted by DCMS might take shape in Wales, with its own particular community structure and media industry.
48. In terms of skills, part of the Digital Wales Delivery plan addresses ICT skills, and it is important to build into this plan a strategy to specifically promote and deliver the skills required for the creative media industries. The production of content is becoming ever more complex, with the growing multiskilling of staff to meet tighter budget costs, and the increase in the need for the right digital technology and software skills for multiplatform content. The training network needs to be simplified and managed more strategically, to ensure Wales is a centre of excellence going forward. This was a point made by Professor Hargreaves in his report⁷.
49. The Welsh Assembly Government needs to look to establishing a clearer overall strategy for training the creative industries in Wales – at the moment there are several schemes and organisation in some worthwhile initiatives, but currently they are not working to one clear skills development strategy.

⁷ Prof Ian Hargreaves. The Heart of Digital Wales. 2009, p53

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Evidence to the National Assembly's Communities, Equality and Local Government Committee Task and Finish Group on the future outlook for the media in Wales

from John Geraint, Creative Director, Green Bay Media

1. Why it matters

1.1 The mass media form a cornerstone of a healthy democracy. They are a reflection of - and stimulus to - a self-confident national culture. The way in which Wales and Welsh communities are represented in the media is a critical element in building a just and thriving society here.

1.2 Richard Dyer, a leading thinker about representation and the media, puts it this way: *'How a group is represented... how an image of a member of a group is taken as representative of that group, how that group is represented in the sense of spoken for and on behalf of (whether they represent, speak for themselves or not)... these all have to do with how members of groups see themselves and others like themselves, how they see their place in society, their right to the rights a society claims to ensure its citizens....How we are seen determines in part how we are treated; how we treat others is based on how we see them; such seeing comes from representation.'*

1.3 Wales and its communities have been historically *under*-represented in the dominant media which Welsh people themselves 'consume'. And often, even such representation as we have had has been from the perspective of the outsider rather our own. This lack of adequate, rounded representation has been a negative for us.

1.4 Even when it has been represented, Wales has struggled to ensure that its stories enjoy parity of esteem with the stories of the more powerful and privileged; and that is not only unfair in its own right, but it further entrenches inequality, injustice and lack of true respect and self-respect.

1.5 This paper argues that if media representation of Wales is to become more representative, it will require effective action in the market-place *and* in the political arena.

1.6 The arguments are focused on television. That is not to say that other media – and especially 'new media' – aren't important; but that, despite forecasts of its imminent demise, television remains dominant and robust, an immensely powerful cultural force and one where, economically, content is still 'easiest to monetise'. It is also, of course, the medium where Green Bay's expertise is located.

2. Company Background

2.1 Green Bay Media Limited was established in Cardiff in 2001, when John Geraint and Phil George left senior executive positions at the BBC to return to hands-on programme-making.

2.2 Green Bay's very first production, 'Do Not Go Gentle', a celebration of Dylan Thomas's great poem, directed by John Geraint, reached the 'Olympics of television', nominated alongside blue-chip series 'The West Wing', 'Band of Brothers' and 'Blue Planet' for the Banff 'Rockies', one of the world's foremost media prizes.

2.3 Green Bay has continued to seek to produce, from a Welsh base, world-class film and television in drama, documentary and the arts.

2.4 In 2004, facing intensified competition as a change in the 'terms-of-trade' between independents and broadcasters drove structural consolidation in the sector, Green Bay strengthened its commercial position by successfully negotiating a £300,000 equity investment from Finance Wales.

2.5 Using this capital in programme development, Green Bay trebled its turnover and posted record profits in 2006, and was recognised as the fastest-growing creative business in Wales at the 2007 'Fast Growth 50' awards.

2.6 To capitalise on this success, Finance Wales invested a further £500,000 in Green Bay in September 2007, and this has been used to drive further growth.

2.7 Green Bay's current production slate includes projects for BBC Wales, S4C, BBC network television, Channel 4 and Five and international broadcasters National Geographic and France 5.

2.8 Recently Green Bay won, in open competition with other independents and the BBC in-house department, the commission to produce the BBC's authoritative and comprehensive History of Wales, which will be on air in January as BBC Wales television's number one marketing priority for 2012.

2.9 As executive producer, John Geraint has been responsible for Green Bay productions which have won a number of BAFTA awards and the Gold Torc at the Celtic Media Festival. John is a recipient of a Royal Television Society award for his outstanding contribution to television.

2.10 John chairs the Skillset Cymru National Board.

2.11 John is Chair of Zoom Cymru, a charity which offers media training and opportunities to young people, particularly in our former coalfield communities, and which is newly in receipt of a 'People and Places' grant from the Big Lottery Fund to develop further our annual Zoom Festival, based in valleys, and our year-round skills building activities.

3. The Current State of the Media in Wales

3.1 In the early years of the new millennium, the prospects for Wales in television looked relatively promising: we enjoyed increasing network and national output on a well-funded BBC; some years of plenty on S4C; a still-substantial body of output for Wales on ITV; and even a nascent English-language channel, BBC 2W.

3.2 The English-speaking audience has been used to a wide range of public service television programmes for Wales from plural sources. Historically, this extended well beyond news and current affairs, to quality documentary, arts, entertainment and drama programming which reflected the lives and concerns of the audience in a rounded way.

3.3 Welsh-language producers have enjoyed the security of a fully-funded and comprehensive pattern of commission at adequate (some might say relatively generous) tariffs.

3.4 All of the above is now under threat or already gone.

3.5 Urgent thought and action is needed if Welsh experience is to be adequately and properly represented in the media of our future.

3.6 BBC Network television has begun to commission a more balanced slate of output from Wales, but questions remain about the way in which Wales is (or isn't!) represented in these programmes, and about the split between in-house production and commissioning from the independent sector in Wales.

3.7 Channel 4 continues its positive dialogue with Welsh producers and commissions are starting to flow, although we are starting from a pitifully low base; but Channel 4 seems to find it difficult to engage in a straightforward way with the media agencies in Wales and some opportunities have been lost as a result.

We deal further with these questions of network television in section 4

3.8 S4C's investment in international programming has been crucial in opening doors for producers in Wales to the lucrative and creatively demanding international market.

3.9 For example, S4C has been a major funder of three ambitious high-definition series produced by Green Bay for the international market: 'Rivers and Life', 'Islands' and 'Deserts'. These series show how iconic landscapes - *the Amazon, the Ganges, Fiji, Cuba, the Sahara, the Atacama etc. etc.* - shape the cultures of the people who live there. Without S4C's involvement, these projects simply could not have happened.

3.10 All of these series have attracted further production funding internationally from broadcaster France 5 and all have been acquired by National Geographic. The Wales Creative IP Fund, distributors and others

(including Green Bay itself) have invested on the basis of the series' potential to make strong returns in international sales.

3.11 More series are planned on the same funding model which brings substantial foreign investment to Wales and has helped cement Green Bay's position as a player in the global market.

3.12 It is crucial to ensure that S4C continues to have the resources, scope and freedom to work with producers in the international marketplace. It is encouraging in this regard to hear of the appointment of Ian Jones as chief executive; he brings vast experience of international co-production to S4C (and indeed, whilst he was at National Geographic, it was he who opened doors for Green Bay, enabling us to work directly for them on prestigious documentaries about the Egyptian pyramids and the London 2012 Olympic Stadium). Attracting significant international funding is one way in which S4C might be able to square the circle of sustaining quality that punches through at a time of diminishing public funding.

3.13 S4C's commitment to skills and training has been exemplary. It has shouldered the burden of training the freelance and independent media workforce in Wales. S4C's ring-fenced funding has been the foundation upon which organisations like Skillset have been able to leverage substantial match funding from Europe, as well as commitments from production businesses – and, on the basis of all of this, has begun to pioneer a new, innovative partnership with the Higher Education Institutions in Wales. It's crucial to ensure that S4C's commitment to training remains strong as the financial pressures bite.

4. A Priority for Wales – A Fair Share of Network Business

4.1 The UK's network television market is large, well-funded, enjoys huge international prestige, and attracts top talent and big audiences.

4.2 As PACT has identified and highlighted, the amount of network output which the UK's terrestrial channels choose to commission from producers in Wales is small.

4.3 Building sustainable production businesses in Wales which can deliver world-class public service content without winning a larger share of this market is possible, but self-evidently much more difficult.

4.4 The problem is not only the lack of an overall strategy to deal with the almost complete absence of Welsh prime-time production from networks other than the BBC, but also a failure to recognise that this dimension of the issue even exists.

4.5 But the failure of Welsh producers to make a real mark in network programming cannot be simply blamed on others.

4.6 First, producers in Wales – and, of course, Green Bay is one – must accept responsibility for failing to penetrate these markets which mean so much to the Welsh audience. We must ask ourselves tough questions. Have we failed to organise ourselves properly? Have we failed to be demanding enough of our own talent? And failed to attract talent which could really give us breakthroughs? Have we been sufficiently ambitious? Have we been merely inward-looking? When we have looked to London and been frustrated, have we allowed ourselves to believe we can reach nirvana instead in producing for a Europe of the regions?

4.7 But asserting that it is right for us to address these issues is not to say that the structural frustrations we face in doing so aren't real. The dearth of commissions coming to Wales suggests that this is something more than a supply-side failure.

4.8 Green Bay is convinced that the BBC is genuinely committed to developing a fruitful partnership with Welsh independents (for instance, in talent recruitment and talent-sharing) and wishes to see independents playing a full part in an increased presence for Wales on the networks.

4.9 Trust could be further built by a public commitment from the BBC to commission 25% of qualifying network output from Wales from the independent sector, with a further 25% open as a 'Window of Creative Competition' – in other words, to match in network output from Wales the BBC's overall promises about the proportion of independent commissions.

4.10 In the short term, the BBC could be encouraged to increase its development funding to independents in Wales who have the potential to become key network suppliers.

4.11 The encouraging noises emerging from Channel 4 need to be met with a more enthusiastic reception from agencies in Wales and from the Welsh Government itself. And close attention should be paid to the Channel's undertakings to commission a fairer proportion of its output from the Nations.

5. Building Sustainable Production Businesses

5.1 In building robust businesses, producers in Wales have enjoyed some significant advantages – the historical stability at S4C, the plurality of commissioning in Wales and – since the advent of devolution – the material backing of the Assembly and its government in prioritising the creative industries as one of the key sector of the Welsh economy.

5.2 One of tangible manifestations of government support was the Wales Creative IP Fund – a gap funding mechanism which invested in projects which could demonstrate a strong business case for commercial return.

5.3 The Fund has now ceased to operate and we await confirmation of any successor fund.

5.4 Green Bay would like to see the establishment of an Independent Production Fund to support the production of Content for and from Wales.

5.5 Models for such a fund are to be found working in other countries.

5.6 Canada, like Wales, is a bilingual nation which borders – and receives television overspill pictures from - a much bigger Anglophone neighbour. The Canadian government regards public service content as a bulwark for Canadian culture and it has developed more than a dozen production funds designed to promote quality Canadian content. The funds have commercial and cultural remits, and contribute up to 75% of the costs of selected projects.

5.7 In Wales, the Independent Production Fund could, initially, be focused on the television market, giving producers a base funding level which they could use to attract other third-party investments, from broadcasters, distributors and private equity. From the beginning, and with an increasing importance as time passes, the content could also be distributed on other digital platforms, and might take forms other than 'traditional' linear television programmes.

6. Implementing 'Hargreaves'

6.1 In his report, 'The Heart of Digital Wales', Ian Hargreaves reminded us that media production is a cultural as well as economic activity:

'Because creative industries policy operates in a space which involves the pursuit of cultural as well as economic goals, a strong creative industries policy also requires a highly effective partnership with public service broadcasters and arts institutions, along with the bodies that fund them. That in turn calls for sharply improved working across departmental boundaries at all levels within the Assembly Government and for a new compact between the Arts Council of Wales and the Creative Industries Strategic Hub proposed in this review.'

6.2 The Task and Finish Group may wish to consider whether this balanced approach – recognising the synergies that operate and the connection between cultural and economic well-being – is continuing to guide the work of the Creative Industries Panel which has been established.

6.4 Green Bay sees itself as a business which operates in a cultural space, and believes that the work that we – and producers like us – do has a greater significance than can be calculated within the parameters of simple economic functions.

6.5 Put simply, the Creative Industries have the potential to 'make the weather for Wales' – they can help determine both how we see ourselves in the world and how the world sees us. Regarding them simply in economic terms underplays their importance and is likely to lead to missed opportunities.