

Media 16

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

**Response from Rondo Media**

## **INTRODUCTION AND INFORMATION ABOUT RONDO MEDIA**

Rondo Media welcomes the invitation to contribute to the work of the task and finish group at the National Assembly for Wales in order to inquire into the future outlook for the media in Wales.

Rondo was established in April 2008, and it employs 60 full-time staff in offices in Caernarfon, Menai Bridge and Cardiff. The company produces a number of popular series, including the youth drama series *Rownd a Rownd*, the football series *Sgorio*, and the provision of events such as the Llangollen International Eisteddfod and the *Côr Cymru* competition.

At present the company is working on producing a second series of the drama series *The Indian Doctor* for BBC1, a film version of Michael Sheen's production of *The Passion*, the FA Cup match between Wrexham and Cambridge, the new youth drama series *Zanzibar* for S4C, the popular cookery format *Pryd o Sêr* and a documentary on the singer Wynne Evans for BBC Wales. With a turnover of £14.6 million, the company was ranked number 19 in a recent review of production companies in Britain: 'Production 100' by Televisual. 3

## **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.**

The Ofcom Report on the communications market published in August this year gives a fairly negative picture of broadcasting, and offers evidence that raises serious questions about levels of funding and the commitment of public broadcasters to services in Wales:

Although television viewing hours per head are higher in Wales and Scotland than the rest of the UK (4.5 hours a day on average in 2010) the total spend by public service broadcasters on television content being broadcast for the first time for viewers in Wales has fallen by 13%. This is the largest year-on-year fall among the four countries of the UK, the total spend in Wales having fallen by 33% over the past five years.

Spend on programmes that are not news or current affairs programmes in Wales has fallen by 32%, while spend on content for viewers in Wales by BBC and ITV has fallen from £37m in 2005 to £25m in 2010. The steady decline in funding for English-language programmes in Wales is a very real concern. Ten years ago there was a much broader range of content and types of English-language programmes available to viewers in Wales.

Furthermore, S4C faced the challenge of providing substantial additional hours as it became a fully digital channel, and then came the substantial cut in its budget along with a new funding formula which, from 2013 to 2017, will be mainly dependent upon a proportion of the BBC licence fee.

### **THE PRODUCTION SECTOR**

The production sector is a vital investor in talent, people, ideas, intellectual property, technology and resources and it contributes substantially to the Welsh economy. In the midst of recent negative stories in the press, and in the context of the disappointing statistics above, it is important to recognise the successes of a number of companies in winning network and international contracts beyond Wales including the following examples:

The success of the series *Rastamouse* for Dinamo and also the series *Abadas*, a joint production between CBeebies, RTE and S4C; the drama series *The Indian Doctor* by Rondo for BBC 1, a second series of which was filmed recently; international series on the islands and rivers of Green Bay along with series for National Geographic and Channel 5; new commissions by Channel 4 for *Cwmni Da*; the *Heath Wilson* documentary for BBC 4 and the *Wallace Simpson* documentary for Channel 4 by Telesgop; the Ryder Cup opening concert for Sky by Avanti; a series on the Paralympic Games for Channel 4 by Boomerang along with its 4

'extreme' sports provision and substantial success in the field of AFP (Advertiser Funded Programming); the popular drama series by Hartwood Films, *Sherlock*, which has a second series in the pipeline; a new drama series by Ruth Jones, *Stella*, which has been produced by Tidy Productions for Sky, a quiz series by Presentable, *Only Connect*, for BBC4; a series by Bruce Parry on the Arctic by Indus for the BBC; Machine Productions company has produced a drama series for children *Tati's Hotel* for itv and TVO in Canada. Tinopolis owns some of the most successful production companies in Britain, including Mentorn, which produces *Question Time* for the BBC and the popular series by Karl Pilkington for Sky. More recently Tinopolis has bought substantial companies in the United States – BASE Productions and A. Smith & Co, making it one of the largest production companies in Britain and an important player in the international market.

Far too often we forget about successes such as these, not to mention successful and high-quality productions on S4C, BBC Wales and itv Wales.

There is a relatively healthy mix here of provision and quality and of what the sector can achieve. Of course, far more could be achieved. There is also a mix in the size and structure of the various production companies. There is also a range of specialisms among companies in Wales – nature and countryside programmes, sports, children's programmes, factual programmes, drama, events and performances. As so many of these genres are recognised as content priorities by broadcasters, there should be further opportunities for production companies in Wales over the next five years.

Nor is there any reason why companies should not consider S4C or/and BBC Wales as their main source for work and as a commissioning body. After all, there are many companies in Britain that are mainly dependent on one or two broadcasters – BBC or Channel 4, for instance. It is vital that young producers and directors, along with newcomers, should have adequate opportunities to produce television and radio programmes and on-line content in Welsh. None of them should have to apologise or justify their existence because of that.

Healthy and fair competition is important with regard to developing the talent and creativity of the industry. It should also be noted that the process of consolidation has been important to promote successes in other markets. Companies that are substantial employers have been able to develop and nurture a new generation of programme makers, while also investing heavily in the industry.

A wide variety of companies, in terms of their size and geographical distribution across Wales, is important to the plurality of the creative industries, and Professor Hargreaves is quite correct to emphasise this in his report. Large companies are important to their communities and to local economies. They also bring benefit to the industry by investing in the necessary infrastructure 5

and technology in order to develop further. From our point of view as a company, Rondo has invested £650K in new post-production resources and offices in Cardiff over the last 18 months, and as part of our business plan we intend to invest further in our resources in Cardiff.

## **S4C**

Professor Hargreaves's report acknowledges quite clearly the importance of S4C to the sector: 'Without S4C, Wales may well not have any independent production companies at all. Almost all of the Welsh indies have their roots in making programmes for S4C and they are spread across Wales in a way that has helped to broaden the geographic base of the Welsh creative industries sector.'

One factor that will very much influence the potential and reach of S4C content over the coming years will be securing an adequate content budget. The budget for programmes until 2015 has been capped by the broadcaster at £65m, which is a cut of 28.61% according to S4C. We feel the presumption that this is the correct amount should be challenged, especially if S4C is to maintain quality and a full schedule, and increasing the number of viewers. It is vital that the new Chief Executive should be able to look at effectiveness and savings in running and maintaining the service in order to take full advantage of the budget to spend it directly on content.

With the S4C response to this committee also stating that the average cost per hour of an original programme has fallen from £41K to £32K and a fall of about 230 in the number of Welsh programmes being broadcast every year, there is certainly a challenge here for the Welsh production sector.

As for expenditure on elements apart from content, should the substantial S4C commercial fund not be responsible for paying for aspects such as research, marketing, the press and the internet? We are also in danger of paying to safeguard administrative processes and systems at the expense of content. The administrative costs of production companies as a direct result of S4C editorial requirements and processes are also unsustainable if the whole sector is to work more effectively and on a smaller budget.

It would be good to see S4C developing a commissioning framework that is not over dependent on tendering, but rather, encourages partnerships as well as competition within the sector.

As for the commercial income of S4C, the UK Government has already confirmed that S4C has the power to use this money to carry out its statutory duty to broadcast content in Welsh.

Huw Jones referred at the IWA conference on 18 October this year to a leaner but more effective S4C and to financial plans by 2014 for reductions in S4C's internal costs which, as a percentage, will match cuts in the programme budget. We wonder whether internal S4C costs, in fact, should not face more substantial cuts than the content budget in order to maintain and increase the spend on the screen and achieve the required levels of effectiveness? 6

S4C has commendable ideas on co-production, and the announcement about a co-production fund to be funded from the channel's commercial fund is a positive step. Certainly, the considerable expertise of the new Chief Executive, Ian Jones, in the world of business, co-production and distribution will be of huge benefit to the channel in further developing this field. It is vitally important to the wider profile of the channel, to content sales and to the influence and effect of S4C beyond Wales.

## **The BBC**

We feel that the DQF scheme (Delivering Quality First) announcements by the BBC and its commitment to increase content from Wales, Scotland and Northern Ireland is a development to be welcomed. However, BBC Wales's potential as an English-language television service in Wales is often hampered because the service has to opt out of the network timetable, and because those slots are restricted. In a multi-channel age, this is quite an archaic concept. It highlights a fundamental weakness in broadcasting in Wales, namely that it is not possible to broadcast more English-language content for our viewers. The failure of the BBC2W service should not hamper any ambition to have more English-language Welsh visual content on television.

Having being involved with the production sector recently, the BBC in Wales has been more prepared to share information and provide details of commissioning processes. The recent commissioning rounds at BBC Wales for radio and television, for example, have shown an improvement in the system for imparting and sharing information so that the sector can better understand the priorities of broadcasters. Publishing what has been commissioned by Radio Cymru and Radio Wales in previous rounds has also been of benefit to producers who are preparing ideas for them.

We welcome the recent announcement by the Director of BBC Wales, Rhodri Talfan Davies, that the post of head of network documentary programming will be based in Wales. We need more heads and managers who can commission content directly rather than act as some kind of 'editorial go-between' between Llandaff and London.

It should be acknowledged that a cut of 10% in expenditure on content between now and 2013-17, compared with a cut of 25% in expenditure on non-content programmes, is likely to be more sustainable in the long term. But once again, it perpetuates the pattern highlighted at the beginning of this response, namely of cutbacks and budgetary reduction which are so damaging to our industry.

The substantial drama development in Cardiff Bay has attracted much attention, and the Welsh Government has played a prominent role in its development. There is more room to promote and support efforts by production companies in Wales to develop and provide a quality drama 7

network for the BBC so that the independent sector also can benefit from this substantial development.

### **ITV Wales**

In the past itv Wales would commission a number of productions for the independent sector. But with the tremendous reduction over the years in the budget and the timetable, the broadcaster now broadcasts only 90 minutes of non-news or current affairs programmes per week. These are produced mainly in-house by itv Wales.

This decline has certainly had a very detrimental effect on the plurality of broadcasting in Wales and is a lost opportunity for the production sector. Since itv Wales have said that it is eager to produce more programmes in Welsh for S4C, the body in fact is becoming more of a competitor for the production sector rather than a broadcaster that offers commissioning opportunities for the sector.

### **THE RELATIONSHIP BETWEEN S4C AND THE BBC**

Naturally, it is this which has attracted the most attention from the point of view of the broadcasting situation in Wales over the past year. A number of organisations, associations and politicians, as well as the production companies themselves have contributed substantially to the discussion and to the evidence. We hope very much that the campaigning and the lobbying have had an effect.

One recommendation by the Welsh Affairs Committee drew attention to the fact that the commitment to S4C should extend beyond 2014-15, since the current licence fee period will continue until 2017. It is good to see that this is reflected in the new agreement between the BBC Trust and S4C. We feel that the vital role of the discussion between the BBC Trust representative in Wales, Elan Closs Stephens, and the Chairman of the S4C Authority, Huw Jones, should be acknowledged. It is good to see an agreement which maintains and safeguards the independence of S4C as a broadcaster and a commitment to part of the licence fee until 2017.

The announcement recently about the relationship between S4C and the BBC gives us a clearer picture of the situation by now. Of course, it is essential that S4C also should be given assurance about the money that will not come from the licence fee, and that the three-part funding system remains as suggested by the Chairman of the BBC Trust, Lord Patten, in his letter to Huw Jones:

‘funding for S4C in the future will be from three sources: the licence fee, HMG grant-in-aid and commercial income.’ 8

It is vitally important that S4C should retain its own authority and remain independent of the BBC's control. The BBC can be an effective partner for S4C, of course, but it is vital that S4C should have the freedom to work with other broadcasters such as Sky, Discovery, National Geographic and on joint productions such as the new animation series with the Cartoon Network.

Lord Patten also states in his letter:

'With our executive teams working together to reduce unnecessary operational duplication, I would expect that the funding available to S4C for commissioning Welsh language programming from the independent sector in Wales can be maintained, or indeed increased, in the period of the licence fee funding from 2013/14 to 2016/17.'

The outline arrangement between the broadcasters mentions establishing a new partnership board:

'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.'

The new partnership board between S4C and the BBC concentrates on targets and economies. If the board also discusses content, it is important that a representation of the production sector should also be able to contribute to those discussions.

S4C, BBC Wales and the production sector should certainly co-operate more closely to safeguard and ensure comprehensive broadcasts of Wales's main national events, such as the National Eisteddfod, the Urdd Eisteddfod, Llangollen International Eisteddfod and the Royal Welsh Show. Having both broadcasters to promote, jointly, the awareness of users, viewers and listeners of their programmes and their various services is something which should be acknowledged by all means. It would also be good to see them co-operating on saving broadcasting costs, which are very substantial at the moment.

In addition, we are pleased to see that the Welsh Government has a formal role in selecting members of the S4C Authority. 9



## **2. What should the priorities be from a Welsh perspective, as the UK Government brings forward proposals for its Communications Bill.**

The new Broadcasting Act should reflect and acknowledge the increasing value of broadcasting in Wales. Any agreement which is adequate as regards finance and budget in the short term, should not have a detrimental effect on the long-term creative and cultural future of Wales. Securing an adequate budget is also vital to encourage private sector companies to invest further in the industry.

Although it appears that the UK Government will have a more dominant role in the future of S4C, we would welcome a more formal relationship between the Department of Culture, Media and Sport in the UK Government and the Welsh Government with regard to the task of public broadcasters in Wales.

The Communications Act 2003 declared that S4C should be reviewed every five years. That did not happen in 2008. The failure to do so has had a detrimental effect on the situation and on the last minute decisions made in 2010 as part of the Public Expenditure Review by the present UK Government. In such a competitive world, working in partnership with other businesses becomes increasingly vital to secure new agreements and for working across platforms. The Welsh Government and the UK Government could do more to encourage enterprise and joint investment by the creative industries.

We need a better definition of the real purpose of public broadcasters. Within these definitions, comparisons can be dangerous e.g. between S4C and BBC Alba. This was a comparison that was presented as a fledgling idea in the original letter by the Secretary of State Jeremy Hunt to the Chairman of the BBC Trust at the time, Sir Michael Lyons. It is a comparison which led to considerable tension. There has been another example recently, namely comparisons of expenditure and listener numbers for BBC Radio Cymru and BBC Radio Cornwall. These comparisons may be a symptom of cuts in the broadcasting world at the present time, but once again this leads to arguments and tensions that are extremely damaging to the Welsh language and culture.

By relying solely on listening or viewing figures, we ignore other factors that are equally important from the point of view of the role of Welsh language broadcasters: audience satisfaction, reaching a new audience, the knock-on effect of particular types of programmes along with a valuable cultural contribution. There is real need for firm and relevant evidence by the end of the present CSR period. 10

We agree with the view expressed by S4C in its response to this committee—that is, that the purpose and role of S4C should be revised and broadened to make it more relevant to the needs of users and viewers in Wales today.

We are certain that broadcasters and the production sector would be interested in closer collaboration with the Welsh Government on measures that analyse the value of spending public money on broadcasting. Isolated viewing figures alone are no longer sufficiently reliable evidence of success and the new Act should acknowledge this.

The Act should also protect the system of quotas and the percentages of output that are commissioned from the 'Nations and Regions'. Public service broadcasters must be accountable to these percentages.

Above all, public service broadcasters are accountable to their audiences and they must always be given priority. It is they who are set to lose the most when we consider outcomes, such as those published by Ofcom on the position of the communications market in Wales and the substantial decline in expenditure on content by broadcasters in Wales.

We strongly suggest that broadcasters, the production sector and relevant Welsh Government officials should attend the Westminster Media Forum on 7 February 2012 – a forum that will consider the recommendations for the Green Paper on Communications that will be published soon. 11

### **3. The opportunities for new media business models to be built in Wales.**

The relatively conservative attitudes towards broadcasting in Wales tend to restrict and stifle the potential of new media. We have a shortage of online content services and we need to assess how to create a substantial amount of appropriate and sustainable content for the multimedia platforms.

There is no shortage of ideas or a shortage of enterprise. In the recent IWA conference on broadcasting in Wales, Wil Stephens from Cube Interactive Ltd gave a presentation that set several challenges. He emphasised the importance of ownership and managing that final interactive mile between content and the user. Wil, along with other individuals and companies, have ambitious ideas and vision. It is a shame that these are so often thwarted in Wales as a result of regulatory and legislative restrictions (which is another issue that the new Communications Act must address). Similarly, Professor Hargreaves's recent ambitious ideas regarding services that exploit Intellectual Property are likely to face the same kind of restrictions.

As producers in Wales, we tend to be very cynical about the value of our own content. However, the international market provides countless opportunities and specialist distributors who are eager to get hold of content of all kinds. If they are correctly and effectively exploited, there are certainly opportunities available.

It appears that the main emphasis at present is on the possibilities of local television. In the recent conference on local television (part of the Westminster Media Forum), there was a detailed discussion on the types of models that could work. However, as is so often the case in the context of local television, there was more focus on the problems than the possibilities. Among those problems were securing the availability of local services on electronic program guides, creating a sufficient amount of content, the standard of content, attracting commercial income, concerns about the influence of monopolies and the tender publication process for local television licences before the regulatory and legislative issues are solved.

Therefore, what are the opportunities? In the long term, are there any sustainable options that will not be dependent on government grants for a portion of their grant? As commercial models alone, perhaps local television services are unlikely to succeed. Or, it is possible that a range of small and medium-sized companies and businesses would see an opportunity. Perhaps those that are not familiar with advertising on television or in the press, or who cannot afford to do so, would be more likely to look at online marketing and advertising opportunities.

As regards the possible content of the new services, broadcasters and the production sector in Wales are certainly obvious partners. Thus far, broadcasters in Wales have responded quite positively and they are willing to look at the possibility of releasing content for the new local services. 12

Our educational institutions should also play a prominent role in this. Rondo has benefited from collaboration with institutions such as the Atrium (which contributed resources for the filming of Michael Sheen's production of *The Passion*), Aberystwyth University (for the drama series *Zanzibar*) and University of Wales Trinity Saint David (for the Trinity Arts Festival and the Aberglasney Concert). Many of these institutions (and other such as Glyndŵr University the University of Wales, Newport) have up-to-date and high-quality filming and broadcasting resources. They have the potential to provide substantial content for the new local television services.

If there was any consensus at all in the IWA conference and the Westminster Media Forum on local television, it was a general agreement that an online enterprise was most likely to succeed. It would be this, rather than a model that tries to emulate the values and tasks of more traditional broadcasters and services.

The Welsh Government could play a more prominent role as regards encouraging the dispersal and distribution of Welsh content, which is one of the priorities of Professor Hargreaves's report and the creative industries strategy. The challenge for us all is to create, distribute and exploit a sufficient amount of content and to be ready to respond to the changes in viewing habits that stem from new technologies.<sup>13</sup>

#### **4. What is the Welsh Government 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.**

Within the creative sector generally, we do not feel that enough has been done yet to implement the recommendations of Professor Hargreaves's report. We also feel that more could be done to raise the sector and the public's awareness of the purpose and role of the Creative Industries Board.

As Professor Hargreaves stated in his report:

'The disappointment has been that so few companies in the Welsh independent production sector have matured into units capable of operating through the UK and beyond.'

We very much hope that the examples given at the beginning of our response demonstrate that a large number of companies are aspiring to succeed beyond Wales while continuing to make a substantial contribution to the production of Welsh content.

As regards the steps taken by the Welsh Government to strengthen content and plurality, we would like to refer to one specific example: that of the BBC1 drama series, *The Indian Doctor*. The first series of *The Indian Doctor* (Rondo's first network drama commission) received support from the Welsh Assembly Government: first, because of its commitment to the 'Talent Attraction Scheme' (with Skillset) and, secondly, because of investment from the 'Single Investment Fund'. We have just finished filming the second series, which has been jointly funded by BBC Daytime, BBC Wales and BBC Drama. The series has offered network opportunities for the first time for producers, directors, writers and actors from Wales. It won the RTS award for the best 'daytime' series.

The series already achieves some of the BBC's DQF scheme objectives, including increasing UK-wide broadcasts of series that have been produced in Wales and broadcasting content on several services bringing added value to audiences. In the case of *The Indian Doctor*, the series has already been broadcast on BBC 1 Daytime, BBC 1 Wales and network BBC 2. It is unlikely that Rondo would have won this substantial commission without the Welsh Government's positive intervention and support.

We feel that the Welsh Government has a vital role to play in promoting and supporting broadcaster's plans to increase commissioning levels from Wales, through similar schemes to the Alpha Fund with Channel 4, the BBC's XM25 scheme and the Talent Attraction Scheme. 14

We welcome the objectives outlined in goal 11 of the 'Digital Wales Delivery Plan' to support and develop the creative sector and we are pleased to see that production companies are considered to be important stakeholders in any consultation process.

We also welcome the following objective, which is outlined in the same document:

'We will create an evidence base for future goal setting and benchmarking by carrying out a comprehensive analysis of the sector including: the size and makeup of the sector in Wales, skills shortages, use of new technologies, market barriers and opportunities to develop new markets.'

Rondo is looking forward to contributing further to discussions and collaboration with other partners to ensure that Wales continues to increase its share of content and public broadcasting service revenue. There is also room to develop commercial opportunities and there is potential for new content services in Wales.

Securing sufficient funding and an increase in expenditure are vital to the growth and success of the media in Wales. The way that we as a country and as people are portrayed in our media (in Wales and beyond) is vitally important to our identity and our confidence as a nation.

**Gareth Williams**

**Chief Executive, Rondo Media 10 November 2011**