

ITV Cymru Wales response to the Welsh Assembly's Culture Committee Consultation on the future of S4C

ITV Cymru Wales welcomes the opportunity to provide evidence to the Welsh Assembly's Culture, Welsh Language and Communications Committee's inquiry into the future of S4C that will feed into the UK Government's review of the broadcaster.

1. *ITV's provision*

ITV has two production arms that supply programmes to S4C on a commercial basis: ITV Cymru Wales and ITV Studios.

ITV Cymru Wales

1.1. ITV Cymru Wales provides a slate of high quality current affairs and factual programming for S4C. Our Welsh language provision, while not part of our Channel 3 licence obligations, makes an important contribution to public service broadcasting in Wales.

1.2. Our contribution enhances S4C's mix of programming, offering fresh voices and perspectives. Critically, given that the BBC provides S4C's news output, it is important that the channel continues to offer plurality with our current affairs provision.

1.3 Our flagship current affairs programme *Y Byd Ar Bedwar* has been investigating national and international stories for more the 30 years. *Hacio*, our current affairs strand for young people, engages the youth audience with democratic and social issues relevant to their lives, while rural documentary series *Cefn Gwlad* remains one of S4C's most popular programmes.

1.4 We also have a track record of making factual and entertainment programmes for S4C, with quiz show *Sion a Sian* and a reality series with footballer's wife Jude Cisse among our 2016 slate.

1.5 In 2017 we will be making 20 (30 minute) editions of *Y Byd ar Bedwar* and 12 (30 minute) editions of *Hacio*. We'll be making 11 hours of *Cefn Gwlad* plus an edition of *O'r Galon* with an hour-long documentary following one man's battle with cancer.

1.6 Whilst we compete with S4C for audiences and advertising revenue, we also work in partnership with the channel to our mutual benefit. One example of this is *Y Ditectif*, a series investigating some of Wales' most notorious crimes, produced

“back-to-back” with our English language version, *Crime Files*, on ITV Wales. There will be a second series this year.

1.7 It is also important to note that ITV Cymru Wales helps to drive audiences to S4C through our news coverage. We frequently produce news “cut downs” of significant *Y Byd A Bedwar* and *Hacio* investigations for our flagship news programme *ITV Wales A Six*. With *Wales at Six* having incrementally grown its audience share over the past four years, now attracting around 200,000 viewers per night, this provides significant promotional benefit to S4C via the UK’s most popular commercial mass-audience channel, ITV.

ITV Studios

1.8 ITV Studios also contributes programmes to S4C. As part of its growth strategy, ITV Studios now owns the Two Four Group of independent production companies of which Boom Cymru is a part. As well as making programming for UK broadcasters, in 2016 Boom Cymru supplied some 400 hours of programming to S4C across all genres outside of news and current affairs and including children’s programming.

2. The financial challenge

2.1 The programmes we make for S4C are of a high journalistic standard and are expensive to make. The cuts on S4C’s budget in 2012 has posed challenges. *Y Byd Ar Bedwar* has won widespread acclaim over many years for the investigative nature of its journalism. It also brings stories of international importance to viewers in Wales as well as unearthing stories which do not form part of the mainstream news agenda. With its reliance on rigorous research and challenging journalism, the programme takes time and money to make.

2.2 As a commercial company, we have made great strides to improve productivity to control costs; we have also looked to work in partnership with S4C to create economies of scale. ITV is now one of the leanest and most efficient producers around, having embraced, for example, new technology and multi-skilling. There are limited potential future efficiencies if we are to continue to make quality content for S4C. Accordingly, we would be concerned if the future financial settlement for S4C led to further reductions for the funding of investigative current affairs.

3. *Future funding*

3.1 We believe the future funding arrangement for S4C should be informed by the need to have security of supply that delivers high quality programming as part of a strong plurality of provision across genre.

3.2 ITV welcomes competition as long as there is equal treatment for all - in other words, a level playing field. As a rival to S4C for advertising and sponsorship revenues in Wales, ITV would be concerned about any prospect of S4C further extending its commercial activities in ways that distorted competition with commercially funded rivals such as ITV. In this respect, the competition from publicly funded S4C has analogies with competition from the BBC.

3.3 Commercial ITV faces colossal competition for both viewers and revenue in TV and online. It would be a matter of concern to us if S4C, as the beneficiary of significant public money, was encouraged to compete further in commercial terms. There are particular concerns, for example, about the substantial amount of public money available to S4C being used in part to subsidise advertising rates (whether directly or indirectly).

4. *Future Remit*

4.1 ITV Cymru Wales believes that plurality in programme supply should remain a cornerstone of the new remit, contributing as it already does to both the fabric of the channel and to the Welsh creative economy.

5. *An independent S4C*

5.1 We believe that the continued independence of S4C is important to protect the existing plurality of provision in its supply. While mainly funded by the licence fee, we believe the continuation of separate accountability and governance arrangements through the S4C Authority are key for the future independence of the channel, particularly with the creation of BBC Studios. It would appear that the Operating Agreement with the BBC Trust has been a success and we support its continuation beyond 2017 in conjunction with the BBC's new Unitary Board, though we believe that this will need to be overseen more actively by either Ofcom or government given the new arrangements for regulating the BBC.

5.2 In this context, particular attention will need to be paid to the risk that BBC Studios ends up with some sort of preferred programme supply relationship with S4C given the substantial licence fee funding of S4C. There is a strong public interest in BBC Studios competing on an equal basis with any other potential programme

suppliers to ensure that the best ideas and programmes win through and that plurality is maintained.

6. Prominence and visibility

6.1 ITV believes that the UK Government needs to continue to modernise the PSB system generally, ensuring that it remains fit for purpose and capable of continuing to offer all the people of the UK easy access to the best original UK content.

6.2 In particular, we believe that the government should address issues around ensuring the continued relevance of the appropriate prominence regime which is fundamental to ensuring that PSB content can be easily found. This applies to S4C as much as it does to the other public service channels.

6.3 As the number of ways in which people access content multiply, as control over key content access interfaces globalizes, and as the visibility and accessibility of content is increasingly determined by commercial considerations, the government needs to look hard at ways of effectively sustaining PSB prominence in this more challenging environment.

6.4 This should be basic housekeeping to ensure that a valued and effective PSB system featuring S4C continues to underpin the economics of the TV ecology and offers everyone the ability to participate in the life of Wales (and the UK more generally), regardless of means.

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