

Introduction

1. Rondo Media is a major Wales-based independent production company with offices in Cardiff, Caernarfon and Menai Bridge. The company produces drama, sport, music, events, factual and entertainment content. Rondo has a post-production facility in Caernarfon and a Cardiff post production base which is currently expanding to house a 40 hour Channel 4 daytime series. Rondo has two studios in Caernarfon, for our sport-based output (*Sgorio* and *Clwb*) and also for factual and entertainment-based formats. The twice-weekly S4C drama series *Rownd a Rownd* is produced at our base in Menai Bridge.
2. Our subsidiary Yeti Media, which focuses on winning network commissions outside of Wales, produced *Frozen at Christmas* in partnership with Disney and the daytime co-production *Find it, Fix it, Flog it*. Rondo's football coverage has included Wales's international games, the Welsh Premier League, FA Cup and FA trophy matches and Swansea City's European qualifier matches.
3. Rondo's productions have won several international awards, including Broadcast and RTS awards for the BBC1 drama *The Indian Doctor*. In 2016 Rondo won Bafta Cymru awards for the best Entertainment Programme (*Les Misérables: The Journey*) and Best OB Coverage (*Côr Cymru*). Rondo produced the broadcast of Karl Jenkins's S4C commissioned work to commemorate the fiftieth anniversary of the Aberfan tragedy. *Cantata Memoria* was broadcast on S4C, BBC Wales, BBC 4, BBC Radio Wales and Classic FM. A documentary on the Vietnam war photographer Philip Jones Griffiths, co-produced with South Korea's JTV, won a Hollywood International Independent Documentary Award in 2017.
4. Rondo is a member of Teledwyr Annibynnol Cymru (TAC), the trade association for the independent TV production sector in Wales. Rondo is also a member of PACT.

What sufficient funding for the channel looks like. For example, who should provide it, and how should it be calculated – should it be linked to a formula? How should this be supplemented with revenue raised by S4C?

5. S4C's funding has, as documented by the Committee in its recent report 'The Big Picture', seen dramatic changes, beginning with the decision in 2010 for the most substantial part of its funding to come from the TV Licence Fee, with the remainder being a DCMS grant in addition to S4C's commercial revenues (which it puts at around 2% of its total income). Since 2010 there have been further cuts, both as a result of reductions in the TV Licence Fee income, and also further cuts imposed by reductions in the DCMS funding following subsequent Government spending reviews. Rondo concurs with the CWLC committee statement: 'We are deeply concerned at the severe impact of repeated cuts to S4C's budget since 2010.'¹ Achieving long-term sustainable funding is critical for the future of S4C and its ability to further develop and keep in line with audience's appetites and expectations. Any further cuts makes the current service unsustainable and seriously curtails its ambitions to expand the provision.
6. The independent sector, whilst seeking to be as efficient as possible, needs to be able to plan ahead and gain commissions at budgets which allows S4C to broadcast a variety of high quality content particularly during the highly competitive peak-time hours in the schedule. These budgets have become increasingly challenging with S4C's average cost per hour of £10,802 and its current schedule consisting of 57% of repeated content. Our sector has worked hard and efficiently to reduce costs, but there is a limit to the extent by which budgets can be reduced. Ofcom stated in its last UK PSB review: 'demand for production staff and studio costs in now increasing and savings – in terms of producing the same programme with smaller crews and fewer filming days – have largely been realised.'²
7. Nowhere is this more challenging than in the production of the costliest genre – drama. The S4C drama cost per hour in 2015/16 stood at £150,300 as opposed to £188,600 in 2011. Audience expectation with

¹ The Big Picture: The Committee's Initial Views on Broadcasting in Wales. National Assembly for Wales – Culture, Welsh Language and Communications Committee, February 2017, p21

² Public Service Broadcasting in the Internet Age: 3rd Review of Public Service Broadcasting. Ofcom, July 2015, p9 para 3.15

drama is immense and a single series for Netflix can command the same budget as S4C's total annual content spend.

8. Given their low budgets, Welsh language dramas are not able to qualify for high end TV tax credits. An increase in large-scale network and international drama productions makes a significant economic impact in Wales but has the tendency to distort the market somewhat and inflate freelance rates.
9. It is crucial for S4C to be able to reach audiences across all platforms. This is particularly important in relation to younger audiences who are increasingly watching TV and consuming content through alternative devices. Companies in Wales are in a position to help S4C become increasingly visible across more platforms. Rondo's digital subsidiary Galactig3, for example, has already produced a number of educational and broadcast-based digital projects.
10. Rondo welcomed the decision to re-open S4C's HD broadcast capacity in time to see the Welsh football team perform so well in the European Championships. It would be a backward step for S4C to once again move away from broadcasting in HD due to financial constraints.
11. In terms of what sustainable funding should look like, we feel that the TV Licence Fee funding model is workable, provided the funding is entirely separated from the BBC and that S4C continues with its operational and editorial independence.
12. We note the letter from BBC Trust Chair Rona Fairhead to S4C Authority Chair Huw Jones on 7th September 2016, which offers a fixed sum of funding for the duration of the licence fee agreement to 2021/22:

'I see this as the right thing to do in recognition of the important role played by S4C for Welsh speaking licence fee payers in particular and as a solid basis on which the S4C Authority and the new BBC board can work together and maintain the very positive relationship which the BBC Trust has enjoyed with you and your colleagues'.

³ www.galactig.com

13. This was obviously welcomed, however we would argue that this should be extended to match the current charter period, which runs until the end of 2027. This £74.5m of sustainable annual funding is crucial for S4C's financial stability.
14. In terms of the UK Government contribution from DCMS, this needs to be re-examined in the light of the Government's other investments in the creative industries. The Government has created several tax breaks for sectors such as games, live theatre and also for high-end drama and animation. However it needs to be noted that as S4C's budgets are much lower it is not in a position to take advantage of the high-end tax credit in the way some other UK PSBs can.
15. It makes economic sense to invest in public broadcasters which in turn invest in the UK's creative economy. S4C's position as an economic enabler is demonstrated by the fact that for every £1 it invests, £2.09 of wealth is created⁴. The UK Government can literally double the value of its money if it invests more in S4C.
16. We therefore believe that the UK Government should take the positive step of raising S4C's funding. We support TAC's proposal for a one-off 10% rise in the total level of S4C's public income, which must be linked, along with S4C's TV Licence Fee money, to inflation. We also support TAC's suggestion that the part of the TV Licence Fee which goes to S4C should be ring-fenced to make it immune to any further obligations placed on the BBC itself. The continuation of the multi-source funding of S4C is vital – to underpin the channel's independence and for it not to be solely reliant on one source of funding via the TV Licence Fee.
17. The UK Government has been consulting on a pilot contestable fund for public service content. This could provide a much needed boost for underserved genres and be of benefit to S4C in relation to music/arts/children's programming. Some of that funding could be ring-fenced for Welsh language production and content from the Nations. However this should not in any way replace the need for a greater and more secure level of public funding for S4C.

⁴ Annual Report 2015–16. S4C, 2016, p4

18. Likewise, whilst we welcome the BBC's recently stated and much-needed increase in budgets for English language programming in Wales (£8.5m p.a. of new funding by 2019/20), this should not be viewed as something which compensates for any reduction in S4C's funding.
19. S4C needs additional finance to make it fit for the Netflix and Amazon Prime generation. It needs the resources to create sufficient impact on these platforms and to make proper strides in commissioning new content for non-linear platforms beyond its core service.

What S4C's statutory remit should be. Is its current remit fit for a contemporary broadcaster, and if not, how should it change? How should it reflect the digital role of a modern broadcaster?

20. Rondo produces Welsh language multi-genre content and believes these are all valid forms of programming for S4C. With only one Welsh language television channel, it is essential that audiences can access a wide range of material in that language. In the process of re-examining S4C's remit therefore we would assert that it should continue to provide a wide range of content.
21. The current remit (as defined in section 204 of the 2003 Communications Act) is too limited and outmoded. It does not take into account or accurately reflect the changing landscape of media and audience engagement with content. There has been a notable increase in recent years in viewers across the UK and in online views of content. S4C's brand needs to be extended onto other platforms and it should be able to commission non-linear digital content beyond its principal traditional S4C channel. (Channel 4 by comparison has 15 sub-brands and related services.)
22. With other production entities now taking their place in the UK market, the most prominent being BBC Studios, we would like to see a clearer commitment in S4C's remit to the supplier relationship with independent production companies. This is important in order that S4C continues to bring creative diversity and economic growth to all parts of Wales.
23. S4C's remit should make implicit that, beyond the statutory 10 hours a week provided by BBC Cymru, all of its content should be commissioned from the independent sector and that its current publisher-broadcaster model should be retained. S4C has been a key enabler for the growth of the independent

sector in Wales since the channel was first established in 1982. We would like to see a clearer commitment to this supplier relationship with independent production companies. This is key in order that S4C's role as an enabler for the sector based all around Wales, can continue to bring creative diversity and economic growth to all parts of the country.

24. To give an example, Rondo's twice-weekly drama series Rownd a Rownd celebrated its twenty first birthday in 2016. Produced in Menai Bridge, it has brought significant employment opportunities, to the region and continues to nurture new acting, writing and technical talent. Having a regular production has enabled us to invest and grow as a production company – in terms of staff and key investments in development and technology. The series makes a significant contribution to the local economy and has helped grow the creative industries in North Wales, developing creative, technical and administrative talent.
25. Core to S4C's remit is its relationship with its audience. S4C's most recent annual report stated that there were 629,000 viewers throughout the UK in an average week – the highest number in 9 years and an encouraging statistic.
26. Relying on one set of viewing figures (as currently supplied by BARB) has its limitations – due to the small sample size, inconsistency of viewing patterns and lack of measuring viewing sessions on catch-up services and online.
27. S4C also has public service broadcaster obligations – not least in the case of S4C serving a minority language audience and broadcasting content and genres that are not well served by its commercial rivals – children's, arts and music programming for example.

What governance and accountability structures S4C should have in place. For example, should responsibility for S4C be devolved to Wales?

28. Our experience of the S4C Authority is that it with some refinement it can continue to have a useful oversight of S4C, with Ofcom also having a potential overall role in areas such as terms of trade, content standards and so forth.
29. On the matter of responsibility for S4C being devolved to Wales there is the issue that broadcasting is not a devolved matter. The principal funding of

S4C now comes from the UK licence fee. A partial devolution of one broadcaster in Wales is unlikely to prove effective. The BBC is strengthening its spend in Wales but for the BBC to have a monopoly on provision of content for the Nations would be unwise. Rondo, for example, also welcomes Channel 4's increased commitment to commissioning content from the Nations. In terms of plurality for Wales, it is essential that S4C and itv Wales also continue to commission and broadcast Welsh related content.

30. Welsh Government should certainly maintain a strong relationship with S4C and for the broadcaster to have a degree of accountability to Welsh Government: for S4C's Chair and CEO to appear before the relevant committees, for S4C's annual report to be presented to Welsh Government and for that Government to have a role in appointing non-executives and Authority members.
31. Through a new potential co-production fund Welsh Government could also enable a greater volume of international productions and attract investment into Wales from a wider range of international broadcasters and companies. Welsh Government has already supported large-scale international businesses like Pinewood Studios and provided investment for newly established production entities such as Bad Wolf. Welsh Government could, alongside S4C, establish a new international initiative in promoting and encouraging production companies to look beyond Wales for financing and distributing content.

What S4C's relationship with the BBC should look like

32. We recognise and support the partnership between S4C and the BBC which has seen savings in transmission costs and also S4C being able to benefit from its inclusion on the i-Player. In terms of the Operating Agreement between the BBC Trust and S4C, this has largely been effectively implemented and managed. However, it is worth noting that this agreement is only valid from 1 April 2013 until 31 March 2017 and as the Committee is aware there are steps being taken to what is being described as a 'contract' between S4C and the BBC to ensure the TV Licence Fee funding is being used for the service as prescribed.
33. With the removal of the arms-length BBC Trust, clarity is needed as to how a new operating agreement between the two broadcasters will work. We are uncomfortable with the BBC Executive or new Unitary Board having any

power and influence over S4C. We would prefer there to be a clear separation of the TV Licence Fee funds which go to S4C from the BBC.

34. Aside from the issues over control of funding Rondo would agree with the Committee that the BBC–S4C relationship is stronger for there being ‘a mutually–beneficial collaborative relationship, both creatively and in use of resources.’⁵ S4C’s wider partnership with the BBC has brought some costs savings and the ability for S4C to be on the enormously popular i–player. Added to increasing views on S4C’s own online platform and other views on platforms such as YouTube and elsewhere, these online viewings have risen dramatically in the last 18 months, enabling those outside Wales, both Welsh and non–Welsh speakers to engage with S4C’s content.
35. BBC Studios – the BBC’s new commercial entity presents something of a challenge in this context. The BBC Trust has now formally approved this new wholly owned subsidiary. The Welsh language daily soap opera *Pobol y Cwm* has already moved into BBC Studios. According to the objective all BBC programmes (with the exception of news and news–related current affairs) will be made open for competition over the next 11 years. This would by implication include the drama series *Pobol y Cwm*. But this series also forms a substantial portion of the current statutory hours provided by BBC Cymru for S4C. Greater clarity is needed to establish the ongoing statutory provision by BBC Cymru to S4C and where *Pobol y Cwm* and other non–news content sit in this respect.
36. With the announcement of the intention to appoint a new drama commissioner for BBC Wales, there should be greater opportunities to explore back–to–back productions but not at the expense or risk of S4C’s budget subsidising English language drama productions.

The visibility of S4C: covering issues such as S4C’s prominence on the electronic programme guide and smart TVs.

37. In a world of proliferating TV channels, those that are deemed to deliver a public service and, in the case of S4C, benefit a minority language and culture should be given due prominence on EPGs and elsewhere. Rondo agrees entirely with the recommendation of the Committee’s recent ‘Big

⁵ The Big Picture: The Committee’s Initial Views on Broadcasting in Wales. National Assembly for Wales – Culture, Welsh Language and Communications Committee, February 2017, p24

Picture' report of asking the UK Government and Ofcom to secure this greater prominence.

38. We also regard S4C's continuation as a terrestrial TV channel of paramount importance. Increasing access to audiences on other platforms is important but the reality is that linear live TV viewing still remains strong and S4C's presence here is crucial. This is not least due to the fact that the demographic of S4C viewers includes older people who are disproportionately more likely to watch live TV, plus those in areas where there may not be as many alternative options due to broadband distribution issues.